

IMPORTANT NOTICE

THIS DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS (AS DEFINED BELOW) OR (2) NON-U.S. PERSONS (AS DEFINED BELOW) LOCATED OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. This notice applies to the base information memorandum dated September 6, 2023 (the “**Base Information Memorandum**”) following this page and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Base Information Memorandum. In accessing the Base Information Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer (as defined in the Base Information Memorandum) and the Dealers (as defined in the Base Information Memorandum) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DISCUSSED IN THE ATTACHED BASE INFORMATION MEMORANDUM HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U. S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED BASE INFORMATION MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DISCUSSED IN THE ATTACHED BASE INFORMATION MEMORANDUM.

Confirmation of your representation: In order to be eligible to view the attached Base Information Memorandum or make an investment decision with respect to the securities being offered, prospective investors must be either (1) qualified institutional buyers (“**QIBs**”) (within the meaning of Rule 144A (“**Rule 144A**”) under the Securities Act) or (2) non-U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)) located outside the United States. The attached Base Information Memorandum is being provided to you at your request, and by accessing the attached Base Information Memorandum you shall be deemed to have represented to the Issuer and the Dealers that (1) either (a) you and any customers you represent are QIBs or (b) you and any customers you represent are non-U.S. persons located outside of the United States and any electronic mail address that you have provided and to which the Base Information Memorandum may have been delivered is not located in the United States, its territories and possessions, any State of the United States or the District of Columbia, and (2) you consent to delivery of such Base Information Memorandum by electronic transmission.

You are reminded that the attached Base Information Memorandum has been provided to you on the basis that you are a person into whose possession the Base Information Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the attached Base Information Memorandum to any other person.

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer, and the Dealer(s) or any affiliate of the Dealer(s) is a licensed broker or dealer in the relevant jurisdiction, the offering shall be deemed to be made by the Dealer(s) or such affiliate on behalf of the Issuer in such jurisdiction.

The attached Base Information Memorandum may be distributed in the United Kingdom only to, and is directed at (1) persons who have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (2) high net worth entities falling within Article 49(2)(a) to (d) of the Order, and other persons to whom it may be lawfully communicated, falling within Article 49(1) of the Order (all such persons together being referred to as “**relevant persons**”). Any person who is not a relevant person should not act or rely on the attached Base Information Memorandum or any of its contents.

PROFESSIONAL INVESTORS ONLY / NO PRIIPS OR U.K. PRIIPS KID – Manufacturer target market (MiFID II (as defined in the Base Information Memorandum) and/or U.K. MiFIR (as defined in the Base Information Memorandum), as applicable, product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs or U.K. PRIIPS key information document (“**KID**”) has been prepared as the Notes are not available to retail in the European Economic Area or the United Kingdom.

The attached Base Information Memorandum has been prepared on the basis that any offer of securities in any member state of the European Economic Area or the United Kingdom will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) or Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**U.K. Prospectus Regulation**”), as applicable, from the requirement to publish a prospectus for offers of securities. The attached Base Information Memorandum is not a prospectus for the purposes of the Prospectus Regulation or the U.K. Prospectus Regulation.

The attached Base Information Memorandum has been provided to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Dealers, any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Information Memorandum provided to you in electronic format and a hard copy version that may be available to you on request from the Dealers.



U.S.\$ 20,000,000,000
U.S. Medium-Term Note Program

Under the U.S. Medium-Term Note Program (the “**Program**”) described in this Base Information Memorandum (the “**Base Information Memorandum**”), Danske Bank A/S (the “**Bank**,” “**Danske Bank**,” the “**Issuer**” and, together with its consolidated subsidiaries, the “**Group**”) may, subject to compliance with all relevant laws, regulations and directives, from time to time issue debt instruments (the “**Notes**”) denominated in any currency agreed by the Issuer and the relevant Dealer(s) (as defined below). The aggregate principal amount of Notes outstanding will not at any time exceed U.S.\$ 20,000,000,000 (or its equivalent in other currencies), subject to any duly authorized increase. The terms of each particular issue of Notes will be established by the Issuer and specified in the relevant Pricing Supplement (as defined below). Under the Program, Notes may be preferred senior notes (“**Preferred Senior Notes**”) or non-preferred senior notes (“**Non-Preferred Senior Notes**”), as indicated in the relevant Pricing Supplement. Any Notes issued under the Program on or after the date of this Base Information Memorandum are issued subject to the provisions described herein (as such Base Information Memorandum may be amended or supplemented from time to time).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any state securities laws and, subject to certain exceptions, may not be offered or sold, directly or indirectly, within the United States or to or for the account or benefit of U.S. persons, as defined in Regulation S under the Securities Act (“**Regulation S**”). The Notes may be offered for sale only (i) in the United States, to qualified institutional buyers (“**QIBs**”) within the meaning of, and in reliance on, Rule 144A under the Securities Act (“**Rule 144A**”) or another available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; or (ii) outside the United States, to non-U.S. persons in reliance on, and in accordance with, Regulation S, in each case, in compliance with applicable laws, regulations and directives. See “*Plan of Distribution—Selling Restrictions*” and “*Transfer and Transfer Restrictions*.”

The Notes may be issued on a continuing basis to one or more of the Dealers specified herein and any additional Dealers appointed under the Program from time to time, which appointment may be for a specific issue or on an ongoing basis (each a “**Dealer**” and, together, the “**Dealers**”). References in this Base Information Memorandum to the “**relevant Dealer**” shall, in relation to any issue of Notes, be to the Dealer agreeing to subscribe for such Notes or, in the case of each issue of Notes syndicated amongst a group of Dealers, the lead manager of such issue.

Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin (“**Euronext Dublin**”), for the approval of this Base Information Memorandum as listing particulars and for the Notes to be issued under the Program during the period of 12 months from the date of this Base Information Memorandum to be admitted to the Official List of Euronext Dublin (the “**Official List**”) and to trading on the global exchange market (the “**Global Exchange Market**”) which is the exchange-regulated market of Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EU (as amended, “**MiFID II**”) or Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) (“**U.K. MiFIR**”). References in this Base Information Memorandum to Notes being “**listed**” (and all related references) shall mean that such Notes have been admitted to trading on the Global Exchange Market and have been admitted to the Official List. However, Notes may also be issued under the Program on an unlisted basis or be admitted to listing, trading and/or quotation by other stock exchanges, listing authorities and/or quotation by other stock exchanges, listing authorities and/or quotation systems, and the Pricing Supplement applicable to a Series (as defined below) of Notes will specify whether or not the Notes of such Series have been admitted to trading on the Global Exchange Market or are unlisted or are admitted to listing, trading and/or quotation by any other stock exchange, listing authority and/or quotation system. This Base Information Memorandum has been prepared on the basis that any offer of securities in any member state of the European Economic Area (the “**EEA**,” and each, a “**Member State**”) or the United Kingdom (the “**U.K.**”) will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) or Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**U.K. Prospectus Regulation**”), as applicable, from the requirement to publish a prospectus for offers of securities. This Base Information Memorandum is not a prospectus for the purposes of the Prospectus Regulation or the U.K. Prospectus Regulation.

See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Notes.

EACH INITIAL AND SUBSEQUENT PURCHASER OF NOTES OFFERED HEREBY IN MAKING ITS PURCHASE WILL BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS AND AGREEMENTS INTENDED TO RESTRICT THE RESALE OR OTHER TRANSFER OF SUCH NOTES AND MAY IN CERTAIN CASES BE REQUIRED TO PROVIDE CONFIRMATION OF COMPLIANCE WITH SUCH RESALE OR OTHER TRANSFER RESTRICTIONS. SEE “*TRANSFER AND TRANSFER RESTRICTIONS*.”

In addition, prospective investors are referred to “*Important Information—MiFID II Product Governance/Target Market*,” “*Important Information—U.K. MiFIR Product Governance/Target Market*,” “*Important Information—PRIIPs / IMPORTANT – EEA Retail Investors*” and “*Important Information—PRIIPs / IMPORTANT – U.K. Retail Investors*.”

Arranger for the Program

BofA Securities

Dealers

BNP PARIBAS

BofA Securities

Citigroup

Credit Suisse

Danske Bank

Goldman Sachs International

HSBC

J.P. Morgan

Morgan Stanley

UBS Investment Bank

The date of this Base Information Memorandum is September 6, 2023.

IMPORTANT INFORMATION

The Bank accepts responsibility for the information contained in this Base Information Memorandum and the Pricing Supplement for each Tranche (as defined below) of Notes issued under the Program. To the best of the knowledge of the Bank (which has taken all reasonable care to ensure that such is the case), the information contained in this Base Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. References herein to this “**Base Information Memorandum**” are to this document, as supplemented from time to time, including the documents incorporated by reference into this Base Information Memorandum.

This Base Information Memorandum constitutes listing particulars for the purpose of the Listing and Admission to Trading Rules of the Global Exchange Market of Euronext Dublin. This Base Information Memorandum has been prepared on the basis that any offer of securities in any Member State or the U.K. will be made pursuant to an exemption under the Prospectus Regulation or the U.K. Prospectus Regulation, as applicable, from the requirement to publish a prospectus for offers of securities. This Base Information Memorandum is not a prospectus for the purposes of the Prospectus Regulation. The Global Exchange Market is not a regulated market within the meaning of MiFID II.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by BofA Securities, Inc. (the “**Arranger**”) or the Dealers or any of their affiliates as to the accuracy or completeness of the information contained or incorporated by reference into this Base Information Memorandum or any information provided by the Bank in connection with the Program. No Arranger or Dealer or any of their affiliates accepts any liability in relation to the information contained or incorporated by reference into this Base Information Memorandum or any other information provided by the Bank in connection with the Program.

The Bank has not authorized any person to give any information or to make any representation not contained in or not consistent with this Base Information Memorandum or any other information supplied in connection with the Program or the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Bank or any of the Arranger or the Dealers.

Neither this Base Information Memorandum nor any other information supplied in connection with the Program or the Notes should be considered as a recommendation by the Bank or the Dealers or any of their affiliates that any recipient of this Base Information Memorandum or any other information supplied in connection with the Program or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the Bank’s financial condition and affairs, and its own appraisal of the Bank’s creditworthiness. Neither this Base Information Memorandum nor any other information supplied in connection with the Program or the issue of any Notes constitutes an offer or invitation by or on the Bank’s behalf or by or on behalf of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Information Memorandum nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Program is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the Bank’s financial condition or affairs during the life of the Program or to advise any investor in the Notes of any information coming to their attention. Investors should review, among other things, the most recently published documents incorporated by reference into this Base Information Memorandum when deciding whether or not to purchase any Notes.

The Notes have not been, and will not be, registered under the Securities Act or any state securities laws. Unless otherwise specified in any supplement to this Base Information Memorandum, each Tranche of Notes is initially being privately placed exclusively to persons reasonably believed by the applicable Dealers to be QIBs within the meaning of Rule 144A or in other transactions exempt from the registration requirements of the Securities Act, including in accordance with Regulation S.

Notes offered in the United States to QIBs in reliance on Rule 144A will be represented by one or more “**Rule 144A Global Notes**” and Notes offered outside the United States in reliance on Regulation S will be represented by one or more “**Regulation S Global Notes**” (together with the Rule 144A Global Notes, the “**Global Notes**”). After their initial private placement, Notes represented by Rule 144A Global Notes may be resold to QIBs in transactions satisfying the requirements of Rule 144A or in transactions exempt from the registration requirements of the Securities Act, including in accordance with Regulation S. For a description of certain restrictions on resale or transfer of the Rule 144A Global Notes, see “*Plan of Distribution—Selling Restrictions*” and “*Transfer and Transfer Restrictions*.”

Neither this Base Information Memorandum nor any Pricing Supplement constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Information Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Bank, the Arranger and the Dealers do not represent that this Base Information Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Bank, the

Arranger or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. This Base Information Memorandum may only be used for the purposes for which it has been published. Persons into whose possession this Base Information Memorandum or the Notes may come must inform themselves about, and observe any such restrictions on the distribution of this Base Information Memorandum and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Information Memorandum and the offer or sale of Notes in the United States, see “*Plan of Distribution—Selling Restrictions*” and “*Transfer and Transfer Restrictions*.”

The rating of certain Series of Notes to be issued under the Program may be specified in the relevant Pricing Supplement. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union (the “**EU**”) and registered under Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”) will be specified in the relevant Pricing Supplement. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). A list of registered credit rating agencies is available on the European Securities and Markets Authority (“**ESMA**”) website at www.esma.europa.eu/credit-rating-agencies/cra-authorisation (list last updated on March 27, 2023).

In general, U.K. regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the U.K. and registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the “**U.K. CRA Regulation**”). In the case of ratings issued by third-country non-U.K. credit rating agencies, third-country credit ratings can either be: (a) endorsed by a U.K.-registered credit rating agency; or (b) issued by a third-country credit rating agency that is certified in accordance with the U.K. CRA Regulation. Note this is subject, in each case, to (a) the relevant U.K. registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third-country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the U.K., of existing pre-2021 ratings, provided the relevant conditions are satisfied. In particular, for one year following December 31, 2020, ratings issued or endorsed before this date by an EEA credit rating agency may continue to be used for regulatory purposes in the U.K. provided that the EEA credit rating agency is part of a group in respect of which one of its undertakings is established and registered in the U.K.

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”). If any such reference rate does constitute such a benchmark, the relevant Pricing Supplement will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmarks Regulation. Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Pricing Supplement. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the relevant Pricing Supplement to reflect any change in the registration status of the administrator.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilizing manager(s) (or persons acting on behalf of any stabilizing manager(s)) in the relevant Pricing Supplement may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilization action or over-allotment must be conducted by the relevant stabilizing manager(s) (or persons acting on behalf of any stabilizing manager(s)) in accordance with all applicable laws and rules.

MiFID II Product Governance/Target Market – The relevant Pricing Supplement in respect of any Notes may include a legend titled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue of Notes about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer

subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purposes of the MiFID Product Governance Rules.

U.K. MiFIR Product Governance/Target Market – The relevant Pricing Supplement in respect of any Notes may include a legend titled “U.K. MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. A distributor (as defined above) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**U.K. MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue of Notes about whether, for the purpose of the U.K. MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purposes of the U.K. MiFIR Product Governance Rules.

PRIIPs / IMPORTANT – EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

U.K. PRIIPs / IMPORTANT – U.K. RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the U.K. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended) (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA (“**U.K. MiFIR**”). Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**U.K. PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the U.K. has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the U.K. may be unlawful under the U.K. PRIIPs Regulation.

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OVERVIEW

The following overview should be read as an introduction to, in conjunction with, and is qualified in its entirety by, the more detailed information that appears elsewhere in this Base Information Memorandum, including the Group's consolidated financial statements incorporated by reference into this Base Information Memorandum. See "Risk Factors" for a discussion of certain factors that should be considered in connection with an investment in the Notes. Any decision to invest in the Notes should be based on the consideration of this Base Information Memorandum as a whole together with the relevant Pricing Supplement. Certain terms used in this overview are defined elsewhere in this Base Information Memorandum, including under "Terms and Conditions of the Notes."

The following overview is supplemented by, and should be read together with, the Group's Interim report – first half 2023 incorporated by reference into this Base Information Memorandum.

Business Overview

The Group is the leading financial service provider in Denmark (source: the Danish Financial Supervisory Authority (the "DFSA")) measured by total working capital as at December 31, 2022, and one of the largest in the Nordic region measured by total assets as at December 31, 2022. The Group offers customers a wide range of services in the fields of banking, mortgage finance, insurance, pension, real estate brokerage, asset management and trading in fixed income products, foreign exchange and equities. The Bank is the largest bank in Denmark (source: the DFSA), is one of the larger banks in Finland and Northern Ireland, and has challenger positions in Sweden and Norway. As at December 31, 2022, the Group's total assets amounted to DKK 3,763 billion and the Group employed 21,022 full-time-equivalent employees ("FTEs"). As at the same date, the Group had approximately 3.3 million customers and approximately 2.5 million customers used the Group's online services. The Group had 153 branches as at December 31, 2022.

The Bank is the parent company of the Group. Danske Bank is a Nordic bank with bridges to the rest of the world, and its core markets are Denmark, Sweden, Norway and Finland. In these countries, it serves all types of customers, from retail and commercial customers to large corporate and institutional customers. It also operates in Northern Ireland, where it serves both retail and commercial customers. The Group has additional offices in several other European countries including branch offices in Poland and the U.K., where its main offerings are solutions for Nordic and local businesses as well as private banking clients. The Group also conducts broker-dealer activities in the United States.

Group Strategy

In 2019, the Group launched a Better Bank transformation strategy with the ambition of being a simpler and more competitive bank in order to be able to integrate more into the lives of its customers and the Nordic societies as well as to address a number of industry- and Group-specific challenges. The Group set targets for 2023 relating to its customer satisfaction, employee engagement, society and shareholders (achieving a return on shareholders' equity of 9–10 percent and a cost-income ratio in the low 50s). The target for return on shareholders' equity was subsequently revised to 8.5–9 percent and the target for cost income ratio revised to a cost-income ratio in the mid-50s. In connection with the announcement that it had reached coordinated resolutions with U.S. and Danish authorities regarding the Estonia anti-money laundering ("AML") matter on December 13, 2022, Danske Bank announced that it maintains its ambition of a return on shareholders' equity of 8.5 to 9 percent in 2023, however, now at the upper end of the range. To reach these targets, the Group has implemented agile ways of working for more than 4,000 FTEs working with development, simplified the commercial organization from four to three business units and launched new Purpose and Culture commitments. In 2022, the Group focused on developing digital tools aimed at enabling self-service and increasing adoption rates, which is expected to allow for both a better customer experience and a lowering of structural costs in a sustainable way. The Group also increased its commercial focus and accelerated the execution of the Better Bank plan in 2022 by dividing the business unit Personal & Business Customers into two business units: Personal Customers, and Business Customers. In addition, the Group continued to work on the transformation focused on enacting its Purpose and Culture commitments.

On June 7, 2023, the Bank released its new 2028 strategy to affirm its identity as a focused Nordic bank with a strong market presence in Denmark, Sweden, Finland and Norway. The Bank aims to continue its efforts to strengthen its position as a leading bank in the Nordic region and make significant investments into four strategic focus areas: Advisory, Digital, Sustainability, and Simple, Efficient, Secure. The Bank strives to grow in focus customer segments both by means of extending its market share and growing its share of deposits. As a leading wholesale bank and business bank in the Nordics, it will serve business, corporate, and institutional customers. For retail and private banking customers, the Bank seeks to continue its strategic development to strengthen its relations with existing customers and attract new ones with a sharpened focus in each market:

- Denmark: The Group aims to reaffirm its position as the bank of choice across customer segments.
- Finland: The Group aims to maintain its position, serving customers across a broad set of segments and focusing on those customers with needs for specialist advice, for example, related to investments, in primarily urban areas.

- Sweden: The Group aims to become the premium retail and private banking bank for business owners and customers in the affluent segment or above.
- Norway: The Group has decided to exit the market for personal customers in Norway to focus its efforts, investments and capital on other parts of the Group's portfolio. The Group aims to be a leading bank for business, corporate and institutional customers, and it believes that it has a strong platform, which it intends to further strengthen and grow.

The Bank also announced that new targets for the Group had been set for 2026 reflecting the Group's ambition to deliver a solid return on equity, continue to simplify and raise efficiency, lower costs and consistently generate and distribute capital to its shareholders based on low risk levels (achieving a return on shareholders' equity of 13 percent and a cost income ratio of approximately 45 percent).

Overview of Key Risk Factors

An investment in the Notes involves risks. Such risks include, but are not limited to, the risk factors described below and in "*Risk Factors*." Any of these risks could have a material adverse effect on the Bank's business, results of operations, financial position or future prospects or the value of the Notes. Additional risks and uncertainties, including those of which the Bank's executive leadership team (the "**Executive Leadership Team**") is currently unaware or deems immaterial, may also have a material adverse effect on the business, results of operations, financial position or future prospects of the Group or may result in other events that could cause investors to lose all or part of their investment. This Base Information Memorandum also contains forward-looking statements that are subject to future events, risks and uncertainties. The actual outcome could differ materially from the outcome anticipated in these forward-looking statements as a result of many factors, including but not limited to the risks described below and elsewhere in this Base Information Memorandum. See "*Important Information for Investors—Special Notice Regarding Forward-looking Statements*."

Risks related to the markets in which the Group operates include, but are not limited to the following:

- Deterioration in the economic conditions in the markets in which the Group operates can have a material adverse effect on the Group's business, results of operations and financial position.
- Disruptions and volatility in the global financial markets may adversely impact the Group.
- The Group's profitability may be adversely affected by volatility in interest rates and is affected by periods of low to negative interest rates.
- The Group's financial performance may be adversely affected by the changes in fair value of its holdings of financial instruments and a decline in its net trading income.
- The Group's financial performance may be adversely affected by material fluctuations in foreign currency exchange rates.
- Being part of the financial services industry, the Group faces substantial competitive pressures.
- Catastrophic events, terrorist attacks, acts of war or hostilities, pandemic diseases and other unpredictable events could have an adverse effect on the Group's business and results of operations.

Risks related to the Group include, but are not limited to the following:

- The Group has significant customer and counterparty credit risk exposure.
- Deterioration in counterparties' credit quality may adversely affect the Group's business, results of operations and financial position; additionally, the Group's credit risk is concentrated in the four Nordic countries (Denmark, Sweden, Norway and Finland, together the "**Nordic countries**," "**Nordic region**" or "**Nordics**") particularly Denmark.
- The Group's other banking businesses add to the risks of the Group, including counterparty and settlement risks.
- Illiquidity or a decline in the value of the collateral securing the Group's loans could require the Group to increase its loan impairment charges.
- The Group has acquired significant goodwill through its acquisitions and, as a result of mainly higher capital requirements, has made significant goodwill impairment charges and it may be required to further write down its acquisition goodwill.
- Adverse capital and credit market conditions may negatively affect the Group's ability to access liquidity and capital, as well as its cost of funding and capital.

- The Bank's funding and competitive position depend on its credit ratings.
- Non-financial risks, including outsourcing partners and suppliers, can potentially result in financial loss as well as harm the Group's reputation.
- There are risks associated with the Group's complex information technology ("IT") systems.
- The Bank's ownership of Danica Pension, Livsforsikringsaktieselskab ("**Danica Pension**") and its subsidiaries (together, the "**Danica Group**") exposes the Group to life insurance risk.
- The Group may incur further liabilities under its defined benefit retirement plans if the value of plan assets is not sufficient to cover potential obligations.
- The risk management methods used by the Group may be insufficient to cover unidentified, unanticipated, or incorrectly quantified risks, which could lead to material losses or material increases in liabilities.
- The Group's loan portfolio may not grow, which could adversely affect net interest income.
- The Group depends on its senior management and employees and it may have difficulty attracting and retaining qualified professionals.
- The Group's accounting policies and methods are critical to how it reports its results of operations and financial condition. They require management to make estimates about matters that are uncertain.

Risks relating to the legal and regulatory environment in which the Group operates include, but are not limited to the following:

- The Group is subject to a wide variety of banking, insurance, financial services, compliance (including AML) and sanctions laws and regulations, which could have an adverse effect on its business. The Group is subject to a number of civil claims and continues to be under criminal investigation in France in connection with the AML matter related to the Bank's Estonian branch.
- The Group faces a possible increase in own funds requirements due to the finalization of the Basel III Framework.
- The Bank may be subject to bail-in under Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms (or, as the case may be, any provision of Danish law transposing or implementing such Directive) (as amended (including by Directive 2019/879 of the European Parliament and of the Council ("**BRRD II**")) or replaced from time to time, the "**BRRD**"), and the exercise of any power under the BRRD could have a material adverse effect on Holders.
- Changes in the Group's accounting policies or in accounting standards could materially affect how it reports its financial condition and results of operations.

Risks related to the Notes generally include, but are not limited to the following:

- The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks."
- Future discontinuance of certain benchmark rates (including EURIBOR) may adversely affect the value of Floating Rate Notes that are linked to or that reference any such benchmark rate.
- The market continues to develop in relation to SOFR as a reference rate.
- The Non-Preferred Senior Notes rank junior to the Issuer's other unsubordinated creditors.
- Substitution and variation of Notes without Holder consent.
- The qualification of the Notes as "eligible liabilities" is subject to uncertainty.
- The Notes may not be a suitable investment for all investors.
- The Conditions contain provisions that may permit their modification and waiver without the consent of all investors.
- The value of Fixed Rate Notes may be adversely affected by movements in market interest rates
- Changes in law could affect the governing law of the Notes.

- Trading in the Notes could be impacted by denominations involving integral multiples.
- The Notes may be subject to optional redemption by the Issuer.
- The Notes may be redeemed prior to maturity for taxation reasons.
- Notes issued at a substantial discount or premium have certain risks.
- The Notes may be subject to changes in interest rate, which could affect the value of the Notes.
- There are no events of default and limited enforcement events in relation to the Notes.
- Holders of the Issuer's covered bonds will have priority over Holders of the Notes upon bankruptcy of the Issuer.
- Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes and may be lowered, withdrawn or not maintained.
- No right of set-off, counterclaim or netting.
- Legal investment considerations may restrict certain investments.
- Exchange rates and exchange controls may affect investments in the Notes.
- Secondary market risk.
- Payments under the Notes may be subject to withholding tax pursuant to the U.S. Foreign Account Tax Compliance Act.
- The Issuer may issue additional Notes that, though consolidated with the outstanding Notes of any series, may not be fungible with such outstanding Notes for U.S. federal income tax purposes.

Summary Consolidated Financial Information and Other Data

The consolidated income statement and balance sheet data presented below have been derived from (i) the audited consolidated financial statements of the Group as at and for the year ended December 31, 2022, together with comparative figures as at and for the year ended December 31, 2021 (the “**2022 Financial Statements**”); and (ii) the audited consolidated financial statements of the Group as at and for the year ended December 31, 2021, together with comparative figures as at and for the year ended December 31, 2020 (the “**2021 Financial Statements**,” and together with the 2022 Financial Statements, the “**Consolidated Financial Statements**”). The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board (the “**IASB**”), as adopted by the EU (“**IFRS**”) and Danish disclosure requirements for listed financial companies, and are incorporated by reference into this Base Information Memorandum. The Consolidated Financial Statements have been audited by Deloitte Statsautoriseret Revisionspartnerselskab (“**Deloitte**”). The reports of Deloitte on the respective Consolidated Financial Statements are incorporated by reference into this Base Information Memorandum.

The following information is based on the financial highlights presentation used by the Group when presenting such information in its annual reports. The line items marked with an asterisk in the tables below deviate from the corresponding figures in the Group’s consolidated financial statements as discussed in more detail under “*Important Information for Investors—Presentation of Financial Information.*” See notes G1(d), G2(a) and G3 to the 2022 Financial Statements and the 2021 Financial Statements incorporated by reference into this Base Information Memorandum for information on reconciling the consolidated income statements and the financial highlights presentation.

The information below should be read together with the Consolidated Financial Statements incorporated by reference into this Base Information Memorandum and the sections “*Important Information for Investors—Presentation of Financial Information,*” “*Important Information for Investors—Non-IFRS Measures of Financial Performance*” and “*Operating and Financial Review and Prospects.*”

The following information is supplemented by, and should be read together with, the Group’s Interim report – first half 2023 incorporated by reference into this Base Information Memorandum. The unaudited consolidated financial statements of the Group as at and for the six months ended June 30, 2023, together with comparative figures for the six months ended June 30, 2022, and as at December 31, 2022 (the “**Consolidated Interim Financial Statements**”), have been prepared in accordance with “*IAS 34 – Interim Financial Reporting*” (“**IAS 34**”) as adopted by the EU and Danish disclosure requirements for listed financial companies, and are incorporated by reference into this Base Information Memorandum.

	For the year ended December 31,		
	2022	2021	2020
	(DKK in millions)		
INCOME STATEMENT DATA			
Net interest income*	25,188	22,049	22,151 ⁽¹⁾
Net fee income*	12,590	13,525	12,217 ⁽¹⁾
Net trading income*	1,426	4,126	4,297 ⁽¹⁾
Net trading income from insurance business*	63	2,088	1,669 ⁽¹⁾
Other income*	<u>1,936</u>	<u>797</u>	<u>594⁽¹⁾</u>
Total income*	41,203	42,584	40,928 ⁽¹⁾
Operating expenses*	(26,478)	(25,663) ⁽²⁾	(26,648) ⁽¹⁾
of which resolution fund, bank tax, etc.*	(962)	(687) ⁽²⁾	–
Provisions for Estonia matter	13,800	–	–
Impairment charges on goodwill	1,627	–	–
Impairment charges, other intangible assets*	–	–	<u>(379)</u>
Profit/(loss) before loan impairment charges*	(703)	16,921	13,901
Loan impairment charges*	(1,568)	(348)	<u>(7,001)</u>
Profit/(loss) before tax, core*	(2,271)	16,573	6,900
Loss before tax, Non-core*	<u>(13)</u>	<u>(2)</u>	<u>(596)</u>
Profit/(loss) before tax	(2,284)	16,571	6,304
Tax	<u>(2,784)</u>	<u>(3,651)</u>	<u>(1,715)</u>
Net profit/(loss) for the year	<u>(5,068)</u>	<u>12,920</u>	<u>4,589</u>
Attributable to additional tier 1 etc.	86	451	551

	As at December 31,		
	2022	2021	2020
	(DKK in millions)		
BALANCE SHEET DATA			
Assets			
Due from credit institutions and central banks*	191,853	320,042	345,938
Repo loans*	247,752	253,954	257,883
Loans*	1,803,955	1,834,372	1,838,126
Trading portfolio assets*	638,799	509,589	682,945
Investment securities*	302,613	303,425	296,769
Assets under insurance contracts	455,416	547,806	545,708
Total assets in Non-core*	–	– ⁽²⁾	2,797
Other assets (including Non-core)*	<u>122,611</u>	<u>166,647⁽²⁾</u>	<u>139,064</u>
Total assets	<u>3,762,999</u>	<u>3,935,834</u>	<u>4,109,231</u>
Liabilities			
Due to credit institutions and central banks*	91,159	101,786	125,267
Repo deposits*	137,920	193,391	223,973
Deposits*	1,169,879	1,167,638	1,193,173
Bonds issued by Realkredit Danmark*	685,238	770,661	775,844
Other issued bonds*	298,068	355,757	360,127
Trading portfolio liabilities*	554,321	374,958	499,331
Liabilities under insurance contracts	487,422	588,736	591,930
Total liabilities in Non-core*	–	– ⁽²⁾	2,975
Other liabilities (including Non-core)*	140,325	166,882 ⁽²⁾	135,596
Subordinated debt	38,350	39,321	32,337
Additional tier 1 capital holders	–	5,497	8,508
Shareholders' equity	<u>160,318</u>	<u>171,207</u>	<u>160,171</u>
Total liabilities and equity	<u>3,762,999</u>	<u>3,935,834</u>	<u>4,109,231</u>

	As at and for the year ended December 31,		
	2022	2021	2020
Ratios and Key Figures			
Earnings per share, ⁽³⁾ DKK	(6.1)	14.6	4.7
Return on average shareholders' equity, ⁽⁴⁾ percent	(3.1)	7.6	2.6
Adjusted return on average shareholders' equity, ⁽⁵⁾ percent	6.2	7.6	2.6
Net interest income as percent per annum of loans and deposits ⁽⁶⁾	0.84	0.73	0.76 ⁽¹⁾
Cost/income ratio, ⁽⁷⁾ percent	101.7	60.3	66.0 ⁽¹⁾
Adjusted cost/income ratio, ⁽⁸⁾ percent	64.3	60.3	66.0 ⁽¹⁾
Total capital ratio, ⁽⁹⁾ percent	22.1	22.4	23.0
Common equity tier 1 capital ratio, ⁽¹⁰⁾ percent	17.8	17.7	18.3
Full-time-equivalent staff (end of period)	21,022	21,754	22,376

* The tables above are based on the financial highlights presentation used by the Group when presenting such information in its annual reports. The line items and figures marked with an asterisk deviate from the corresponding figures in the Consolidated Financial Statements as discussed in more detail under "Important Information for Investors—Presentation of Financial Information." See notes G1(d) and G3 to the 2022 Financial Statements and the 2021 Financial Statements incorporated by reference into this Base Information Memorandum for information on reconciling the consolidated income statements and the financial highlights presentation.

- (1) As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2020," the Group has restated the comparative financial highlights as at and for the year ended December 31, 2020, in the 2021 Financial Statements incorporated by reference into this Base Information Memorandum.
- (2) As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021," the Group has restated the comparative financial highlights as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The above tables reflect the restated figures as at and for the year ended December 31, 2021, but include figures as at and for the year ended December 31, 2020, that have not been restated for these changes and, therefore, are not directly comparable in all respects with the information presented as at and for the years ended December 31, 2022 and 2021.
- (3) Earnings per share is calculated as net profit for the year divided by the average number of shares outstanding during the year. Net profit for the year is stated after the deduction of interest on equity-accounted additional tier 1 capital.
- (4) Return on shareholders' equity, percent, is calculated as net profit for the year divided by the average of the quarterly average shareholders' equity (beginning and end of each quarter) within the year. Net profit for the year and shareholders' equity are stated as if the equity-accounted additional tier 1 capital was classified as a liability. In the numerator, net profit for the year is reduced by interest expenses of DKK 86 million for 2022 (2021: DKK 451 million, 2020: DKK 551 million). The denominator represents equity excluding additional tier 1 capital and other non-controlling interests equal to a reduction in the quarterly average of equity of DKK 2,266 million for 2022 (2021: DKK 7,733 million, 2020: DKK 13,526 million) compared to a simple average of total equity (beginning and end of the period).
- (5) Adjusted return on shareholders' equity, percent, is calculated as net profit for the year, excluding the provision for the Estonia matter and the impairment charges on goodwill, divided by the average of the quarterly average shareholders' equity (beginning and end of each quarter) within the year. In the numerator, net profit for the year is reduced by interest expenses of DKK 86 million for 2022 (2021: DKK 451 million, 2020: DKK 551 million). The denominator represents equity excluding additional tier 1 capital and other non-controlling interests equal to a reduction in the quarterly average of equity of DKK 2,266 million for 2022 (2021: DKK 7,733 million, 2020: DKK 13,526 million) compared to a simple average of total equity (beginning and end of the period).

- (6) Net interest income as percent per annum of loans and deposits is calculated as net interest income* divided by the daily average of the sum of loans* and deposits*. If the ratio was calculated applying the sum of loans and deposits at the end of the period, the ratio for 2022 would be 0.85 percent (2021: 0.73 percent, 2020: 0.73 percent) due to the daily average of the sum of loans and deposits being DKK 39.9 billion higher (2021: DKK 5.4 billion higher, 2020: DKK 124.8 billion lower) than calculating the ratio by applying the end-of-period sum of loans* and deposits*. The purpose of the ratio is to show whether the growth in net interest income follows the growth in loans* and deposits*. The daily average is a more faithful representation of the growth in loans* and deposits*.
- (7) Cost/income ratio, percent, is calculated as operating expenses*, provision for Estonian matter and impairment charges on goodwill (and, for the year ended December 31, 2020, impairment charges other intangible assets*) divided by total income*.
- (8) Adjusted cost/income ratio, percent, is calculated as operating expenses* divided by total income*.
- (9) Total capital ratio, percent, is calculated as total capital divided by the total REA.
- (10) Common equity tier 1 capital ratio, percent, is calculated as common equity tier 1 capital divided by the total REA.

General Description of the Program

This general description of the Program does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Base Information Memorandum. Terms not defined in this section are defined elsewhere in this Base Information Memorandum.

Issuer	Danske Bank A/S.
Description	U.S. Medium-Term Note Program.
Program Amount	The aggregate principal amount of Notes outstanding at any time shall not exceed U.S.\$ 20,000,000,000 or the approximate equivalent in another currency calculated as at the issue date of the relevant Notes. The Program size may be increased from time to time without the consent of the holders of the Notes (the “ Holders ”).
Arranger	BofA Securities, Inc.
Dealers	BNP Paribas Securities Corp. BofA Securities, Inc. Citigroup Global Markets Inc. Credit Suisse Securities (USA) LLC Danske Bank A/S Goldman Sachs International HSBC Securities (USA) Inc. J.P. Morgan Securities LLC Morgan Stanley & Co. LLC UBS Securities LLC and any other Dealer appointed from time to time by the Issuer either generally in respect of the Program or in relation to a particular Tranche of Notes.
Fiscal Agent	U.S. Bank National Association.
Listing Agent	Matheson.
Currencies	Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer(s), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Maturities	Such maturities as may be agreed between the Issuer and the relevant Dealer(s), subject to such minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price	Notes may be issued on a fully paid basis and at an issue price which is at par or at a discount to, or premium over, par as specified in the relevant Pricing Supplement.
Form and Denomination of Notes	Notes will be issued only in registered form and in minimum denominations of U.S.\$ 200,000 (or, in the case of Notes not denominated in U.S. dollars, the equivalent thereof in such foreign currency, rounded down to the nearest 100,000 units of such foreign currency, but so that in no event will the minimum denomination be lower than EUR 100,000 or its equivalent at the date of issue of the relevant Notes) and integral multiples of U.S.\$ 1,000 (or, in the case of Notes not denominated in U.S. dollars, 1,000 units of such foreign currency) in excess thereof. Unless otherwise specified in any supplement to this Base Information Memorandum, Notes offered in the United States to QIBs in reliance on Rule 144A will be represented by one or more Rule 144A Global Notes and Notes offered

outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes. Copies of the Global Notes will be available for inspection at the specified office of the Fiscal Agent.

Global Notes representing the Notes will be held by or on behalf of The Depository Trust Company (“DTC”) for the benefit of participants in DTC, including Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”).

Status of the Notes The Issuer may issue Preferred Senior Notes or Non-Preferred Senior Notes under the Program, as specified in the relevant Pricing Supplement.

Preferred Senior Notes are intended to constitute MREL Eligible Liabilities.

Preferred Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank:

- (i) *pari passu* without any preference among themselves;
- (ii) at least *pari passu* with all other ordinary, unsubordinated and unsecured obligations of the Issuer, present and future, save for certain mandatory exceptions provided by law (including obligations benefitting from a preferred ranking to the Preferred Senior Notes); and
- (iii) senior to any Non-Preferred Senior Liabilities as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer.

Non-Preferred Senior Notes are intended to constitute MREL Eligible Liabilities.

Non-Preferred Senior Notes will constitute direct, unconditional and unsecured Non-Preferred Senior Liabilities and will at all times rank:

- (i) *pari passu* without any preference among themselves;
- (ii) *pari passu* with all other Non-Preferred Senior Liabilities, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
- (iii) senior to holders of the Ordinary Shares and any subordinated obligations or instruments that rank or are expressed to rank junior to the Non-Preferred Senior Liabilities, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (iv) junior to present or future claims of (a) depositors of the Issuer and (b) other unsubordinated creditors of the Issuer that are not creditors in respect of Non-Preferred Senior Liabilities (including, without limitation, excluded liabilities of the Issuer pursuant to Article 72a(2) of the CRR), in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer.

Issuance in Series The Notes will be issued in separate series (each, a “Series”) under the Agency Agreement and each Series may comprise one or more tranches of Notes (each, a “Tranche”) issued on different issue dates. The Notes of each Tranche that constitute the same Series will be subject to identical terms, except that the issue date, the issue price or the first payment of interest (if any) may be different in respect of different Tranches of the same Series.

Interest Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may change between the issue date and the maturity date of the relevant Series.

Notes may also have reset provisions pursuant to which the relevant Notes will, in respect of an initial period, bear interest at an initial fixed rate of interest specified in the relevant Pricing Supplement. Thereafter, the fixed rate of interest will be reset on one or more date(s) by reference to the CMT Rate (as defined in the Conditions) in each case relating to the relevant Specified Currency, and for a period equal to the Reset Period, as adjusted for any applicable margin, in each case as may be specified in the relevant Pricing Supplement.

Interest Payments	Interest may be paid monthly, quarterly, semiannually, annually or at such other intervals as are specified in the relevant Pricing Supplement.
Redemption	The Pricing Supplement will specify the scheduled maturity date for the Notes. The Pricing Supplement will indicate whether Notes may be redeemed early (other than for taxation reasons) at the option of the Issuer on a date or dates specified and at a price or prices and on such terms as are specified in the relevant Pricing Supplement.
Redemption upon the occurrence of a MREL Disqualification Event	Subject to the provisions of Condition 11.11 (<i>Conditions to Redemption etc. Prior to Maturity Date (if any)</i>), if the MREL Disqualification Event Redemption Option is specified in the relevant Pricing Supplement as being applicable, early redemption will be permitted at the option of the Issuer upon the occurrence of a MREL Disqualification Event in relation to the relevant Series of Notes as described in Condition 11.3 (<i>Early Redemption upon the Occurrence of a MREL Disqualification Event</i>).
Redemption at the option of the Issuer (Clean-up call) :.....	Subject to the provisions of Condition 11.11 (<i>Conditions to Redemption etc. Prior to Maturity Date (if any)</i>), if (i) the Clean-up Call Option is specified in the relevant Pricing Supplement as being applicable and (ii) at any time, the outstanding aggregate nominal amount of the Notes of the relevant Series is 20 percent (or such other amount as may be specified in the relevant Pricing Supplement) or less of the aggregate nominal amount of the Notes of such Series originally issued, early redemption will be permitted at the option of the Issuer as described in Condition 11.6 (<i>Redemption at the option of the Issuer (Clean-up Call)</i>).
Substitution and variation of Notes	If the MREL Disqualification Event Substitution/Variation Option is specified in the relevant Pricing Supplement as being applicable, subject to the provisions of Condition 11.11 (<i>Conditions to Redemption etc. Prior to Maturity Date (if any)</i>), if a MREL Disqualification Event has occurred in relation to the relevant Series of Notes and is continuing, or to ensure the effectiveness or enforceability of Condition 25.6 (<i>Acknowledgement of Danish Statutory Loss Absorption Powers</i>), the Issuer may substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Holders, so that they become or remain Qualifying Notes. See Condition 11.10 (<i>Substitution and Variation of Notes</i>).
Withholding Taxes	All payments in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in Denmark unless such withholding or deduction is required by law. In the event payments are subject to withholding or deduction of tax, subject to certain exceptions, the Issuer will pay such additional amounts as will result in receipt by Holders of the amount that would have been received in the absence of such withholding or deductions. The Issuer gross-up obligations with respect to the Notes are limited only to payments of interest on the Notes. See Condition 13 (<i>Taxation</i>).
Taxation	For certain Danish and U.S. tax considerations, see “ <i>Taxation</i> .”
Enforcement Events in relation to the Notes	There will be enforcement events relating only to the liquidation or bankruptcy of the Issuer, provided that a Holder may not itself file for the liquidation or bankruptcy of the Issuer. See Condition 14 (<i>Enforcement Events</i>).

Negative Pledge	None.
Cross Default	None.
Listing and Admission to Trading	Each Series of Notes may be listed on the Official List of Euronext Dublin and admitted to trading on the exchange-regulated market of Euronext Dublin and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer(s) and specified in the relevant Pricing Supplement or may be issued on the basis that a Series of Notes will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.
Governing Law	The Notes and all related contractual documentation will be governed by, and construed in accordance with, English law, except for Condition 5 (<i>Status of the Notes</i>), Condition 11.2 (<i>Early Redemption Following a Tax Event</i>), Condition 11.3 (<i>Early Redemption upon the Occurrence of a MREL Disqualification Event</i>), Condition 14 (<i>Enforcement Events</i>) and Condition 25.6 (<i>Acknowledgement of Danish Statutory Loss Absorption Powers</i>), which will be governed by, and shall be construed in accordance with, Danish law.
Selling Restrictions	The Notes have not been and will not be registered under the Securities Act or any state securities laws and, subject to certain exceptions, may not be offered or sold directly or indirectly within the United States or to or for the benefit of U.S. persons. In addition, there are certain restrictions on the offer, sale and transfer of the Notes in the EEA and the U.K. and such other restrictions as may be required in connection with the offer and sale of a particular Tranche of Notes. See “ <i>Plan of Distribution</i> ” and “ <i>Transfer and Transfer Restrictions</i> .”
Risk Factors	There are certain factors that may affect the Issuer’s ability to fulfill its obligations under the Notes. See “ <i>Risk Factors</i> ” for a discussion of certain factors to be considered in connection with an investment in the Notes.
Ratings	<p>The Program and the Issuer have been or may be rated by at least one of the following rating agencies: S&P Global Ratings Europe Limited (or any successor thereto) (“S&P”), Fitch Ratings Limited (or any successor thereto) (“Fitch”), Scope Ratings GmbH (or any successor thereto), Moody’s Investors Service Limited (or any successor thereto) (“Moody’s”) and Nordic Credit Ratings AS (or any successor thereto). Up-to-date information should always be sought by direct reference to the relevant rating agency. See also “<i>Operating and Financial Review and Prospects—Credit Ratings</i>” for information on the Issuer’s long-term debt credit ratings.</p> <p>There is no guarantee that any rating of the Program and/or the Issuer assigned by any such rating agency will be maintained following the date of this Base Information Memorandum, and the Issuer may seek to obtain ratings of the Program and/or the Issuer from other rating agencies.</p> <p>Series of Notes issued under the Program may be rated or unrated. Where a Series of Notes is rated, such rating (which may be an expected rating) will not necessarily be the same as the ratings assigned to the Program and/or the same as the rating(s) assigned to previous Series of Notes already issued, and will be specified in the relevant Pricing Supplement. There is no guarantee that any of the rating(s) of any Series of Notes will be maintained following the date of the relevant Pricing Supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Up-to-date information should always be sought by direct reference to the relevant rating agency.</p>

RISK FACTORS

An investment in the Notes involves a high degree of risk. Prospective investors should carefully consider the following risk factors, together with the information set out elsewhere in this Base Information Memorandum, prior to making any investment decision with respect to the Notes. The risks described below could have a material adverse effect on the Bank's business, results of operations, financial position or future prospects, or the value of the Notes. Additional risks and uncertainties, including those of which the Group's management is not currently aware or deems immaterial, may also have an adverse effect on the Group's business, results of operations, financial position or future prospects, or may result in other events that could cause investors to lose all or part of their investment.

This Base Information Memorandum also contains forward-looking statements that involve risks and uncertainties. Actual results of operations of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Group, described below and elsewhere in this Base Information Memorandum. The order in which the following risks are presented is not intended to be an indication of the probability of their occurrence or the magnitude of their potential effects. The risk factors set out below are the ones that the Bank believes are the most significant risks facing the Group.

The following risk factors are supplemented by, and should be read together with, the Group's Interim report – first half 2023 incorporated by reference into this Base Information Memorandum.

Risks Related to the Markets in which the Group Operates

Deterioration in the economic conditions in the markets in which the Group operates can have a material adverse effect on the Group's business, results of operations and financial position.

The financial services industry generally prospers in conditions of economic growth, stable geopolitical conditions, capital markets that are transparent, liquid and buoyant, and positive investor sentiment. Each of the Group's operating segments is affected by general economic and geopolitical conditions, which can cause the Group's results of operations and financial position to fluctuate from year to year as well as on a long-term basis. The Group's performance is in particular significantly influenced by the general economic conditions of the countries in which it operates, in particular the Nordic countries and Northern Ireland. See "*Operating and Financial Review and Prospects—Primary Factors Affecting the Group's Results of Operations—Macroeconomic Environment*" for more details on recent economic developments. As Nordic countries are small, open economies, they are sensitive to disruptions in the regional and global economies or the free flow of goods and services, such as the disruptions caused by the war in Ukraine discussed under "*—Disruptions and volatility in the global financial markets may adversely impact the Group*" below. Adverse economic developments have affected and will continue to affect the Group's business in a number of ways, including, among others, the income, wealth, liquidity, business and/or financial condition of the Group's customers, particularly its small- and medium-sized enterprise ("**SME**") customers, which, in turn, could further reduce the Group's credit quality (resulting in increased impairment charges) and demand for the Group's financial products and services. Since early 2022, there has been a large increase in inflation in the Nordic countries as well as elsewhere in Europe with rising prices across most categories of consumer spending, leading to large declines in real wages and consumer sentiment. Inflation has been declining in the Nordic countries during the spring and early summer of 2023 and consumer confidence has increased, but household real incomes have not recovered to 2021 levels and interest expenses for households have increased. Forecasts indicate modest increases in unemployment in the Nordic countries in 2023.

Any or all of the conditions described above could continue to have a material adverse effect on the Group's business, results of operations and financial position, and measures implemented by the Group might not be satisfactory to reduce any credit, market and liquidity risks.

Disruptions and volatility in the global financial markets may adversely impact the Group.

Global financial markets have experienced significant disruptions and volatility in the past. Between 2015 and early 2022, the European Central Bank (the "**ECB**") maintained a policy of extremely low interest rates in response to low inflation and low inflation expectations, but inflation increased during 2021 and 2022 before moderating somewhat during the first half of 2023. In response to rising inflation, the ECB has increased certain key interest rates by a total of 425 basis points from July 2022 through July 2023 in a series of rate adjustments. In September 2019, the ECB decided to restart net purchases of assets as from November 1, 2019. On March 18, 2020, the ECB introduced a Pandemic Emergency Purchase Program as a response to the novel strain of the coronavirus ("**COVID-19**") pandemic in order to contain the credit risk. Net asset purchases under this program were ended in March 2022 and net asset purchases under the ordinary program were ended in July 2022. However, reinvestments of coupon and principal payments continue under both programs although the reinvestment has only been partial since March 2023. In March 2020, the U.S. Federal Reserve cut policy rates to zero and relaunched the quantitative easing program to buy U.S. treasuries and mortgage backed securities, among other measures, to mitigate economic damage from the COVID-19 pandemic. Inflation increases in 2021 and 2022 have led the U.S. Federal Reserve to end net purchases under this program and instead reduce its asset holdings, as well as to increase interest rates by a total of 525 basis points from March 2022 through June 2023.

The market conditions have also been, and are likely to continue to be, affected by concerns over increased geopolitical tensions, including those related to Russia's invasion of Ukraine (and the related sanctions imposed by the United States, the EU, the U.K., Canada, Japan and Australia, among others) and the Middle East, tensions on the Korean peninsula, tensions between China and the United States and other countries and the ongoing effects of the COVID-19 pandemic. Russia's invasion of Ukraine and the related sanctions have caused large movements in the prices of oil, gas and other commodities and have also affected already challenged supply lines, which could negatively affect economic growth in the Nordic countries and has increased uncertainty regarding the economic outlook. In 2021, approximately 5 percent of Finnish goods exports went to Russia, and this trade decreased due to the sanctions. The increase in costs has further added to inflation in the Nordic countries and the rest of Europe.

In 2022, financial markets were under pressure due to the uncertainty caused by high inflation and energy prices as a consequence of the war in Ukraine, which exacerbated macroeconomic uncertainties. The Bank considered the impact of the war on critical areas such as the credit portfolio and macroeconomic scenarios. The Group has very limited direct exposures to customers in or from Russia, Ukraine or Belarus. The Bank formulated a post-model adjustment to address the uncertainties presented by the secondary effects from the economic sanctions affecting specific industries as well as industries sensitive to discretionary consumer spending but there is no certainty that such adjustments are sufficient. The post-model adjustment cut across industries that are sensitive to prices rising on, for example energy, agriculture and metals, which have been assessed for idiosyncratic risks to ensure a prudent coverage of expected credit loss in the Bank's portfolios.

There can be no assurances that a potential tightening of liquidity conditions in the future as a result of, for example, further deterioration of public finances of certain European countries will not lead to new funding uncertainty, resulting in increased volatility and widening of credit spreads. Risks related to the economic development in emerging markets have also had, and may continue to have, a negative impact on global economic activity and the global financial markets. If these conditions continue to persist, or should there be further turbulence in these or other markets, this could have a material adverse effect on the Group's ability to access capital and liquidity on financial terms acceptable to the Group. Further, any of the foregoing factors could have a material adverse effect on the Group's business, results of operations and financial position.

The Group's profitability may be adversely affected by volatility in interest rates and is affected by periods of low to negative interest rates.

The Group earns interest from loans and other assets and pays interest to its depositors and other creditors. The Group's results of operations are, therefore, dependent to a great extent on the Group's net interest income. Net interest income represented 61.1 percent of the Group's total income in 2022, as compared to 51.8 percent in 2021 and 54.1 percent in 2020. The Group's net interest margin, which is the difference between the yield on its interest-bearing assets and the cost of its interest-bearing liabilities, varies according to prevailing interest rates and is a significant factor in determining the profitability of the Group. Net interest margins, particularly deposit margins, tend to be compressed in a low to negative interest rate environment, as discussed in more detail below. Reductions in interest rates, a prolonged period of low interest rates, compression of the interest rate spread, or any sharp or unexpected increase in interest rates may result in a decrease in the amount of net interest income generated by the Group and in its net interest margin, either of which could have a material adverse effect on the Group's business, results of operations and financial position. In 2020 and in the beginning of 2021, margins, especially deposit margins, were under pressure due to the negative interest rate environment in Denmark, Finland and Sweden.

Interest rates are highly sensitive to many factors beyond the Group's control, including fiscal and monetary policies of governments and central banks in the jurisdictions in which the Group operates. In particular, the effect of the EU's Economic and Monetary Union and the policies of the governments of the four Nordic countries in which the Group operates and the U.K. are significant for the Group and are unpredictable in nature. For example, central banks reduced interest rates to record lows between 2013 and 2021, and they even reached negative levels in various jurisdictions. During this period, the lower interest rates resulting from monetary policy adversely affected the Group's deposit margin with a consequent adverse effect on net interest income. In 2022 and 2023, interest rates have increased in all Nordic countries, the U.K., the EU and the U.S., and none of these countries maintain negative interest rates. In Denmark, Danmarks Nationalbank (the "**Danish Central Bank**") has increased the certificate of deposit rate since it reached negative 0.75 percent on September 13, 2019, the lowest level historically. As of the date of this Base Information Memorandum, the Danish Central Bank's certificate of deposit rate is 3.35 percent and its lending rate is 3.50 percent. If deposit rates were to return to levels close to or below zero in Denmark, it would be difficult to compensate for any renewed decline in interest rates with further reductions in these deposit rates. A zero to negative interest rate environment may also adversely affect the Group's yield on excess liquidity placed by it with the central banks and yield on its liquidity bond portfolio and its trading and bond portfolio maintained for client facilitation. The Group cannot predict how interest rate policies will develop.

The Group's financial performance may be adversely affected by the changes in fair value of its holdings of financial instruments and a decline in its net trading income.

The Group's trading portfolio assets amounted to DKK 638,799 million as at December 31, 2022, DKK 509,589 million as at December 31, 2021, and DKK 682,945 million as at December 31, 2020. The fair value of financial instruments held by the Group, including bonds (government, corporate and mortgage), equity investments, investments in private equity and hedge funds, commodities and derivatives (including credit derivatives), is sensitive to volatility of and correlations between various market variables, including interest rates, credit spreads, equity prices and foreign exchange rates. If the fair value of the Group's trading portfolio assets were to decline, the Group would be required to record fair value losses. In addition, the fair value of certain financial instruments is determined by using financial models incorporating assumptions, judgments and estimates that are inherently uncertain and may change over time or may ultimately be inaccurate. Moreover, market volatility and illiquidity could make it difficult to value certain of the Group's holdings. Any of these factors could require the Group to recognize fair value losses, which may have a material adverse effect on the Group's business, results of operations and financial position. In addition, because the Group's net trading income depends to a great extent on the performance of financial markets, volatile market conditions could result in a significant decline in the Group's net trading income, or result in a trading loss, which, in turn, could have a material adverse effect on the Group's business, results of operations and financial position.

The Group's financial performance may be adversely affected by material fluctuations in foreign currency exchange rates.

The Group has operations in a number of jurisdictions. As a result, the Group's operations are conducted in many different currencies, all of which must be translated into Danish Kroner at the applicable exchange rates for inclusion in the Group's consolidated financial statements. Because the Group's consolidated financial statements are stated in Danish Kroner, the translation effect of these material foreign currency fluctuations may have an adverse effect on the results of operations and financial position of the Group and may affect the comparability of its results between financial periods. The Group also has liabilities in currencies other than Danish Kroner and trades currencies on behalf of its customers and for its own account, thus maintaining open currency positions. Adverse movements in foreign exchange rates may impact the Group and its customers negatively, particularly with respect to the Group's liabilities denominated in foreign currencies and its customers' open currency positions. Adverse currency movements may also impact the Group's deposit base and certain borrowers and the Group's exposure to its lenders. Accordingly, fluctuations in foreign currency exchange rates, in particular if such fluctuations are unanticipated or sudden, may adversely affect the Group's cash flows as well as its balance sheet positions, and over the long term, its results of operations, and may have a material adverse effect on the Group's business, results of operations, capital ratios and financial position.

The Danish Kroner is pegged to the euro. Following the ECB's decision in September 2019 to lower its monetary policy rates (in particular to lower its deposit facility interest rates), the Danish Central Bank followed suit and decreased the certificate of deposit rate to negative 0.75 percent. The Danish Central Bank increased the rate by 15 basis points following an increasing downward pressure on the Danish Kroner through March 2020. It further increased the rate by 10 basis points in March 2021 as part of a reform of its system of interest rates. In October 2021, in response to market pressure for a stronger Danish Kroner, the Danish Central Bank decreased interest rates by 10 basis points. The Danish Central Bank has matched each of the nine interest rate increases by the ECB in the period from July 2022 through July 2023 with increases of a similar size to the Danish certificates of deposit rate, except the increases announced in October 2022 and February 2023 where the increase in Danish rates was 15 basis points smaller in each case. The differing increases were made to counter market pressure for a stronger Danish Kroner. The Danish Central Bank's certificate of deposit rate is 3.35 percent as at the date of this Base Information Memorandum. As discussed under "*The Group's profitability may be adversely affected by volatility in interest rates and is affected by periods of low to negative interest rates*" above, low to negative interest rates can adversely affect the Group. Accordingly, any action taken by the Danish Central Bank in response to the pressure on the Danish Kroner, including interest rate cuts, could have a material adverse effect on the Group's business, results of operations and financial position.

Being part of the financial services industry, the Group faces substantial competitive pressures.

There is substantial competition in Denmark, the other Nordic countries and the other jurisdictions in which the Group operates for banking services and other products and services that the Group provides. Such competition is strongest in the Group's core geographic markets in Denmark and the other Nordic countries where it faces competition from regional banks and from a number of local banks. In recent years, for example, the Group has lost market share in lending in certain markets. See "*Description of the Group—Competitive Position and Main Markets*" for more information on the Group's market shares. The Group's banking operations in its other markets also face varying levels of competition. The Group seeks to maintain customer loyalty and retention, which can be influenced by a number of factors, including service levels, the prices and attributes of products and services, financial strength and actions taken by competitors. If the Group is unable to effectively compete through offering attractive and profitable products and service offerings, it may lose market share or incur losses on some or all of its activities.

Competition in the financial services industry is affected by a high level of consolidation, both at national and international levels, in the markets in which the Group operates as well as by the emergence of alternative distribution channels for many of the products offered by the Group. Consumer demand, technological changes disruptive to the established banking industry, regulatory actions and other factors also affect the competition that the Group faces. The failure by the Group to manage these competition risks could have a material adverse effect on the Group's business, results of operations and financial position.

Catastrophic events, terrorist attacks, acts of war or hostilities, pandemic diseases and other unpredictable events could have an adverse effect on the Group's business and results of operations.

Catastrophic events, terrorist attacks, acts of war (such as the war in Ukraine discussed under “—*Disruptions and volatility in the global financial markets may adversely impact the Group*” above) or hostilities, pandemic diseases (such as COVID-19) and other unpredictable events, and responses to those events, may create economic and political uncertainties that could have a negative impact on the economic conditions in the countries in which the Group operates and, more specifically, could interrupt the Group's business and result in substantial losses. Such events or acts and losses resulting therefrom are difficult to predict and may relate to property, financial assets, trading positions or key employees. If the Group's business continuity plans do not fully address such events or cannot be implemented under the circumstances, such losses may increase. Unforeseen events can also lead to additional operating costs, such as higher insurance premiums and the implementation of redundant back-up systems. Insurance coverage for certain unforeseeable risks may be unavailable, and thus increase the risk of the Group. The Group's inability to effectively manage these risks could have a material adverse effect on the Group's business, results of operations and financial position.

Risks Related to the Group

The Group has significant customer and counterparty credit risk exposure.

As a large and diverse financial organization, the Group is subject to a broad range of general credit risks. Through its banking operations in Denmark and in certain other jurisdictions, the Group engages in traditional banking businesses, including lending to retail, corporate and institutional customers. These activities expose the Group to credit risk. The Group is also exposed to credit risk with respect to customers and third parties who owe the Group money, securities or other assets and who may not pay or perform their obligations (*i.e.*, counterparty credit risk). These customers and third parties include borrowers of loans made to them by the Group, issuers whose securities the Group holds, trading counterparties, counterparties under swap, credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the Group due to bankruptcy, lack of liquidity, downturns in the economy or declines in asset values, operational failures or other reasons. For information on the Group's credit exposure, see “*Risk Management—Credit Risk—Credit Exposure.*”

Within the financial services industry, the default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing and other relationships. Even perceived lack of creditworthiness or questions about a counterparty's solvency may lead to market-wide liquidity problems and losses or defaults by the Group or by other institutions. This risk is sometimes referred to as “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges. The Group routinely executes a high volume of transactions with counterparties in the financial services industry and systemic risk could have a material adverse effect on the Group's ability to raise new funding and on its business, results of operations and financial position. For example, the UBS takeover of Credit Suisse and the failure of a number of small and mid-size U.S. banks caused increased volatility in credit markets during March 2023. Volatility in foreign exchange and fixed income markets could increase counterparty credit risk (*i.e.*, the risk that the counterparty to a transaction would default before the final settlement of the transaction's cash flows. An economic loss would occur if the transactions or a portfolio of transactions with the counterparty has a positive economic value at the time of default.). Credit risk also includes the risk of losses due to a country's financial difficulties, the imposition of sanctions relating to or affecting a country, political decisions on nationalization and expropriation, or if the country's credit rating is downgraded, or there is an expectation of a potential downgrade.

In addition, the Group is subject to the risk that its rights against third parties may not be enforceable in all circumstances. The deterioration or perceived deterioration in the credit quality of third parties whose securities or obligations the Group holds could result in losses and/or adversely affect its ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. A significant downgrade in the credit ratings of the Group's counterparties could also have a material adverse effect on the Group's income and risk weightings applied to the Group's assets, leading to increased capital requirements. While in many cases the Group is permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral the Group is entitled to receive and the value of pledged assets. The Group may also be unable to realize or liquidate collateral held by it at prices sufficient to recover the full amount of the counterparty exposure.

If any of the events described above materialize, it could have a material adverse effect on the Group's business, results of operations and financial position.

Deterioration in counterparties' credit quality may adversely affect the Group's business, results of operations and financial position; additionally, the Group's credit risk is concentrated in the Nordic countries, particularly Denmark.

The Group is a leading provider of credit to retail, corporate and institutional customers in Denmark and also has significant banking operations in Finland, Norway and Sweden. The Group is exposed to the risk that its borrowers may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans, if any, may not be sufficient. The Group's principal credit exposures are to retail and corporate customers, financial institutions and credit institutions. The Group's largest exposure is related to lending to personal customers, which consists to a large extent of mortgage products in the Nordic countries. The main risks in the personal customer portfolio relate to inflation, private consumption, higher interest rates and declining house prices, though the Nordic economies have shown more resilience than expected.

As of the first half of 2023, average households were in a sound financial position following a period of low unemployment, low interest rates and high levels of home equity and savings. However, the rapidly rising costs of living affected all household finances. Some households have been hit harder than others when exposed to multiple factors simultaneously. The decline in real wages affected all customers, while some customers have also been hit by rising fuel prices and/or rising interest rates. The Group is implementing several initiatives to manage risk and to advise and support its customers in the context of a challenging economic environment. Although many households have strong financial buffers, the Group continues to be vigilant about a potential decline in credit quality, such as an increase in delinquencies and defaults. Following an unprecedented period of negative interest rates, economies returned to positive interest rate environments in 2022. Residential property prices in all Nordic countries started to fall as a consequence of the rapidly rising interest rates and the deteriorating economic outlook.

In the beginning of 2023, the Nordic housing markets showed signs of stabilization. In Denmark, house prices are expected to continue to decline (they were down almost 9 percent from their peak at the end of the first quarter of 2023), especially in the more expensive areas where prices increased the most when interest rates were low. In Sweden, the unexpectedly high inflation in the beginning of 2023 is expected to trigger further interest hikes, and house prices are expected to fall further. Finnish households continued to be weighed down by high inflation and rising interest rates, while house prices are expected to fall further. In Norway, inflation remained high and the exchange rate continued to depreciate. House prices are likely to fall somewhat as Norges Bank is expected to raise interest rates.

A decline in property prices in the Nordic countries or the Group's customers' loan payment performance may have an adverse effect on the Group's business, results of operations and financial position. The number of customers with loan-to-value ("**LTV**") above 100 percent is expected to increase, leaving these customers in a more vulnerable position. In general, payment performance has remained strong, and the Bank has included a downside on property prices in the calculation of its "*IFRS 9 – Financial Instruments*" ("**IFRS 9**") provisions, as further described below.

Development of the average LTV has moved in line with increasing house prices. The Group works actively to recommend loans with a lower interest-rate sensitivity and has strengthened incentives for customers to choose mortgage products with amortization. In Denmark, 71 percent of the portfolio consisted of loans with an interest rate set for five years or more as at December 31, 2022. As at December 31, 2022, interest-only mortgages with high LTV (greater than 80 percent) that will reset before December 31, 2026, amounted to DKK 0.4 billion. Combined with a significant increase in the savings rates of Danish households since the financial crisis, this reduces the risk of losses and improves the financial stability of the households in question.

In the Group's agricultural portfolio, a major risk is low output prices and/or high input prices, which are largely dependent on global and local supply and demand, and which are in turn affected by many factors outside of the Group's customers' control, such as weather conditions and diseases. In 2020, African Swine Fever and the COVID-19 pandemic caused uncertainty and turbulence in the markets for agricultural commodities, especially the prices of piglets and pork. Despite the challenging circumstances, the Danish agricultural sector in general performed well in 2020. Due to COVID-19, all mink in Denmark were culled in the fourth quarter of 2020, which was a *de facto* closure of the industry. The Group's gross exposure to mink farmers was DKK 0.4 billion as at December 31, 2022. In 2021, the agricultural portfolio was supported by higher than average milk and crop prices; however, the restart of pig production in China and the confirmation of African swine fever in wild boars in Germany in September 2020 caused piglet and pork prices to decrease significantly. The Group's expected credit loss ("**ECL**") model included a high probability of a spread of African swine fever to Germany already before the outbreak, and it was further adjusted upwards in 2020 after the outbreak. Overall, high indebtedness and a very high proportion of variable-rate loans remained major risks, and the Group focused on reducing its customers' interest rate sensitivity and continued workout plans with its weakest customers. As at December 31, 2022, the Group's gross exposure to the agricultural industry amounted to DKK 63.7 billion.

Credit quality was weakest among pig producers and dairy farmers in 2022. In 2022, the portfolio was supported by higher-than-average milk and crop prices despite rising feed and energy costs. However, the trade-off between pork and feed prices was poor throughout the year. In the first half of 2023, the upward trend in milk and crop price cycles ended, and output prices, as well as some input prices, declined. However, the trade-off between pork prices and feed prices improved. The ECL figure included post-model adjustments to cover for potential uncertainties following the spread of African swine fever, rising interest rates and climate regulation.

Market conditions in the offshore oil and gas industry improved during 2022 and the first half of 2023, to a large extent supported by increased market prices for oil, natural gas and refined oil products, to a large extent influenced by the Russian invasion of Ukraine and the related sanctions and countersanctions. Offshore investment levels for all segments increased due to the improved price levels, which on the Norwegian Continental Shelf were additionally supported by a more accommodating, temporary tax regime that expired in the end of 2022. Economic headwinds have been exerting downward pressure on oil prices during the first half of 2023, although prices still remain at increased levels, with the outlook uncertain.

Credit quality differs significantly across segments. The offshore industry was still suffering during the first half of 2023 from the effects of previous years' challenging market conditions, including oversupply and low earnings. Performance has been stronger in other subsegments, especially within exploration and production. Consequently, most of the offshore exposure continues to be nonperforming, and some of the legacy cases were partially written off in 2022. Supported by ongoing workouts, the offshore portfolio decreased in 2021. As at December 31, 2022, the Group's gross credit exposure to these oil-related activities (mainly offshore and oil majors, which are included in the shipping, oil and gas portfolio) amounted to DKK 19.3 billion.

The credit quality of the commercial property portfolio remained stable even though the industry began to feel the impact of rising interest rates and widening credit spreads. The Bank's exposure to commercial real estate in Sweden has remained stable despite market growth in Sweden. As at June 30, 2023, Sweden represented 25 percent of the Bank's gross exposure to commercial real estate. Higher interest rates and an uncertain economic outlook are likely to lead to higher yield requirements from investors, pushing property prices down and LTV ratios up.

The Group records loan impairment charges aimed at covering estimated ECLs inherent in its loan portfolio in accordance with IFRS 9. The Group's loan impairment charges follows the IFRS 9 requirements to segment exposures into stages depending on the development in credit risk since origination. For performing loans in stages 1 and 2, the impairment levels are modelled with a focus on historical loss rates combined with economic scenarios provided by the Group's macroeconomists, which lead to a forward-looking calculation of the ECL. Management's approval of scenarios can include adjustments to the scenarios and the probability weighting for each scenario. For exposures in stage 1, the impairment amount equals the ECL over a 12-month horizon. For exposures in stage 2, the impairment amount equals the ECL over the lifetime of the exposure. Staging is primarily driven by changes to the customer's credit classification, combined with qualitative indicators of a decrease in credit quality, for instance the granting of forbearance measures to the customer. In stage 3, impairment levels on the largest customers are more specific to the individual customers and are based on, among other things, the customer's likely repayment capacity and the valuation of the underlying assets, as well as numerous other case-specific assumptions. These internal analyses and assumptions may give rise to inaccurate predictions of credit performance, and the Group may experience unexpected reductions in profitability or increased losses as a result.

The Group's loan impairment charges amounted to DKK 1,568 million in 2022, DKK 348 million in 2021 and DKK 7,001 million in 2020. Although credit quality overall remained strong in 2020, loan impairment charges increased significantly due primarily to two factors. Firstly, the Group recorded significant impairment charges in the first quarter of 2020 relating to changes in the forward-looking macroeconomic scenarios driven by the COVID-19 pandemic. Most of these impairments were later released as key economic indicators performed better than expected. The Group, however, countered these model-driven releases with sector-specific post-model adjustments of DKK 2.7 billion, as the Group continues its cautious approach to risks and visibility is limited. Secondly, the Group booked charges against oil-related exposures of DKK 3.3 billion in 2020 due to continued uncertainty in the offshore segment. In 2020, the need for charges against COVID-19 sensitive sectors was fairly limited due to government support programs and the Group's balanced portfolio. Credit quality remained strong in 2021 and loan impairment charges in core activities were at a low level as compared to 2020. In Large Corporates & Institutions ("LC&I"), the reported loan impairment charges were primarily against single-name exposures, mainly in the oil and gas industry and, to a smaller extent, in the retail industry. For personal and business customers, impairment charges were driven by the continued limited clarity relating to COVID-19 effects, but little actual credit deterioration was observed. In 2021, the credit quality of the Group's customer portfolios was supported by a positive trend in classifications that was reflected in a lower exposure-weighted probability of default ("PD") and a noticeable decrease in nonperforming loans ("NPLs") from the level at the end of 2020. As in 2020, the Group continued to remediate some of the effects of COVID-19 by supporting selected state initiatives by national governments in order to provide business customers with advice and solutions. On the basis of timely estimates in the Group's impairment model, loan impairments charges of DKK 2.2 billion remained in place to cover the effects of the COVID-19 pandemic. In 2022, the Group's loan impairment charges reflected the macroeconomic uncertainty and slowing

economic growth due to increased inflationary pressure as well as interest rate hikes, while COVID-19-related uncertainty decreased. Although the macroeconomic landscape remained uncertain and developed at a fast pace, the credit quality of individual customers was strong across the core loan portfolios as a result of the post-pandemic economic recovery. Personal Customers saw increasing impairment charges in 2022, while Business Customers had impairment charges comparable to the charges in 2021. The charges were driven by changes in the macroeconomic scenarios to account for expectations of higher inflation and interest rate hikes as well as increased post-model adjustments. For Business Customers in particular, this was partly offset by strong credit quality and reversals as customers benefited from the post-pandemic economic recovery. LC&I continued to have net loan impairment reversals in 2022 owing to improved credit quality driven by the post-pandemic economic recovery and the resulting decline in charges made against facilities to individual customers. The effect of this was partly offset by increasing post-model adjustments. The accelerated solution to the debt collection case led to a one-off increase in loan impairment charges of DKK 650 million in the third quarter of 2022, impacting the result of Group Functions. However, there can be no assurance that the Group's loan impairment charges will be sufficient to cover actual losses. Any significant increase in the size of the Group's loan impairment charges, or loan losses in excess of the Group's loan impairment charges, could have a material adverse effect on the Group's business, results of operations and financial position. See also "*Risks Related to the Markets in which the Group Operates—Deterioration in the economic conditions in the markets in which the Group operates can have a material adverse effect on the Group's business, results of operations and financial position*" above and "*Illiquidity or a decline in the value of the collateral securing the Group's loans could require the Group to increase its loan impairment charges*" below.

The Group's other banking businesses add to the risks of the Group, including counterparty and settlement risks.

In addition to its traditional banking businesses, the Group conducts investment banking and insurance businesses and holds a large securities portfolio. Such activities expose the Group to risks which, for example, can arise from holding securities of third parties, entering into derivative contracts under which counterparties have obligations to make payments to the Group, extending credit through other arrangements, executing securities, futures, currency or commodity trades that fail to settle at the required time due to non-delivery by the counterparty, or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. Adverse changes in the financial condition of the Group's counterparties or a general deterioration in general economic conditions, or adverse changes to counterparty credit risk arising from systemic risks in the financial system, could affect the recoverability and value of the Group's assets and require an increase in the level of the Group's loan and other impairment charges. The Group's failure to manage these risks could have a material adverse effect on the Group's business, results of operations and financial position.

Illiquidity or a decline in the value of the collateral securing the Group's loans could require the Group to increase its loan impairment charges.

As at December 31, 2022, the Group held collateral in core activities (after haircuts) amounting to DKK 1,395.1 billion, corresponding to 55.5 percent of the Group's credit exposure from lending activities in core business segments. The lending portfolio primarily consists of mortgage loans, with the largest exposure to customers in Denmark. In addition to the Group's mortgage portfolio, other collateral includes equity and debt securities. Downturns in the residential and commercial real estate markets, and, in particular, a correction in the Danish residential real estate market, or a general deterioration of economic conditions in the industries in which the Group's customers operate in Denmark, the other Nordic countries and the other markets in which the Group operates, or in the markets in which the collateral is located, may result in illiquidity and a decline in the value of the collateral securing the Group's loans, including a decline to levels below the outstanding principal balance of those loans. In the case of equity securities collateral, such securities may be unlisted and illiquid and the value of such securities is closely linked to the business performance of the customers. A decline in the value of collateral securing the Group's loans or the inability to obtain additional collateral may, in certain cases, require the Group to reclassify the relevant loans, record loan impairments or increase its reserve requirements.

As at December 31, 2022, the Group's net credit exposure to the residential real estate market was DKK 751.4 billion, corresponding to 29.9 percent of the Group's net credit exposure, and the Group's net credit exposure to the commercial property sector amounted to DKK 297.9 billion, corresponding to 11.9 percent of the Group's net credit exposure. Any future declines in property prices in any of the countries in which the Group offers property financing may lead to loan impairment charges. In addition, a failure to recover the expected value of collateral in the case of foreclosure may also expose the Group to losses.

The illiquidity referred to above or increases in loan impairment charges could have a material adverse effect on the Group's business, results of operations and financial position. See "*Risk Management—Credit Risk*" for a further discussion of the credit risks to which the Group is exposed.

The Group has acquired significant goodwill through its acquisitions and, as a result of mainly higher capital requirements, has made significant goodwill impairment charges and it may be required to further write down its acquisition goodwill.

The Group has completed a number of acquisitions that resulted in the Group recording goodwill on its balance sheet. Goodwill is tested for impairment at least once a year which requires management to estimate the present value of future cash flows. A number of factors affect the value of such cash flows, such as discount rates and other conditions which depend, in part, on economic developments, customer behavior and the competitive situation and, if and when events or changes in circumstances indicate impairment, such goodwill must be written down accordingly.

As at December 31, 2022, the Group's total goodwill amounted to DKK 4.4 billion, or 0.1 percent of the Group's total assets. In 2022, goodwill in Danica Pension, a wholly owned subsidiary of the Bank, arising from the purchase of the Danish companies SEB Pensionsforsikring A/S (including the property subsidiaries SEB Ejendomme I A/S and SEB Ejendomme II A/S) and SEB Administration A/S (together, "**SEB Pension Danmark**") in 2018 and amounting to DKK 1,627 million was assessed to be impaired due to increasing discount rates and the current turbulence in the financial markets and was thus written off. The Group did not recognize any goodwill impairment charges in 2021 or 2020. Should value of acquired businesses decline, the Group may be required to impair its goodwill which, depending on the amount impaired, may have a material adverse effect on the Group's results of operations and financial position.

Adverse capital and credit market conditions may negatively affect the Group's ability to access liquidity and capital, as well as its cost of funding and capital.

Liquidity risk is the risk of losses because funding costs become excessive, lack of funding prevents the Group from maintaining its business model, or lack of funding prevents the Group from fulfilling its payment obligations. Liquidity risk is inherent in much of the business of the Group and can be heightened by a number of factors, including rising interest rates, which can increase the Group's cost of funding, and reduced access to funding sources, including the capital markets, which could be attributed to market conditions generally or the perception of the Group in the credit markets. The capital and credit markets experience volatility on a recurring basis. Market volatility increased significantly through the end of January 2020 and again at the end of February 2020 continuing through the spring of 2020 as COVID-19 continued to spread. Market volatility was modest in 2021 but again increased significantly in 2022. Geopolitical tensions, including war in Ukraine, high inflation and increasing interest rates caused uncertainty and less favorable conditions for borrowers. Markets have been less volatile in the first half of 2023 in the absence of new shocks but the economic situation remains uncertain. The full effect of these developments on financial markets cannot currently be predicted. For a discussion of macroeconomic conditions, see "*—Risks Related to the Markets in which the Group Operates*" above.

A substantial portion of the Group's funding is derived from deposits and issued bonds. In addition to its core deposit base and investment portfolio, the Group is reliant on a number of funding programs (which include covered bonds) available to it in Europe and the United States. If the short-term funding sources of the Group become volatile or are unavailable, the Group would be required to utilize other, possibly more expensive sources to meet its funding needs, such as collateralized borrowings or asset sales. The availability of financing depends on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, the Bank's credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of the Group's long- or short-term financial prospects. For example, declining residential property values may have a material adverse effect on the Group's ability to issue covered bonds. If the Group's funding sources were limited or became unavailable or market conditions deteriorated, the Group's ability to raise funding could be adversely affected or such market conditions could result in a significant increase in the Group's cost of funding. If any of these events were to occur they could have a material adverse effect on the Group's business, results of operations and financial position.

The Bank's funding and competitive position depend on its credit ratings.

The Bank's credit ratings are important to its business. As at the date of this Base Information Memorandum, the Bank's long-term Issuer credit rating is A+ from S&P, long-term Issuer default rating is A from Fitch, and long-term Issuer rating is A3 from Moody's. For additional information on the Bank's credit ratings, see "*Operating and Financial Review and Prospects—Credit Ratings.*" The Bank's credit ratings are subject to change at any time and its credit ratings could be downgraded as a result of many factors, including the failure of the Bank to successfully implement its strategies or general downgrading of the credit ratings of financial institutions in the Danish banking sector. In addition, the Bank's credit ratings are, pursuant to the current methodologies used by S&P, Fitch and Moody's, linked to all major markets in which the Group operates (Denmark, Sweden, Norway and Finland). Accordingly, developments in these markets could impact the Bank's credit ratings. Any downgrade of the Bank's credit ratings could adversely affect its liquidity and competitive position, undermine confidence in the Bank, increase its borrowings costs and limit its access to the capital markets or trigger obligations under certain bilateral provisions in some of its trading and collateralized financing contracts. Under these provisions, counterparties could be permitted to terminate contracts with the Bank or require it to post additional collateral. Termination of the Bank's trading and collateralized financing contracts could cause it to sustain losses and may

impair its liquidity by requiring the Bank to find other sources of financing or to make significant cash payments or securities movements. A downgrade of the Bank's credit ratings could also lead to a loss of customers and counterparties, which could have a material adverse effect on the Bank's business, results of operations and financial position.

Non-financial risks, including outsourcing partners and suppliers, can potentially result in financial loss as well as harm the Group's reputation.

The Group is exposed to non-financial risks in the form of possible losses resulting from inappropriate or inadequate internal procedures, human or system errors, or external events. Non-financial risks include legal risks and are often associated with one-off events, such as failure to observe business or working procedures, defects or breakdowns of the technical infrastructure, criminal acts, fire and storm damage, and litigation. These events can potentially result in financial loss and harm to the reputation of the Bank, individual Group companies or the Group as a whole.

The nature of the Group's business inherently generates non-financial risks. The Group's business is dependent on processing a large number of complex transactions across numerous and diverse products, and is subject to a number of different legal and regulatory regimes. Non-financial risks are inherently present in the Group's businesses, through its operation of inadequate or defective internal processes (including financial reporting and risk monitoring processes) or from potential people-related events (including the risk of fraud and other criminal acts carried out against the Group, errors by employees and failure to document transactions properly or obtain proper authorization) or external events (including natural disasters or the failure of external systems). In addition, should the Group fail to identify and deal with conflicts of interest, it could damage the Group's reputation and negatively affect the willingness of customers to enter into transactions with the Group. The Group also faces the risk that its employees make decisions that are not in compliance with the Group's corporate governance practices, internal guidelines or policy documents or that otherwise conflict with applicable laws and regulations. There can be no assurance that the risk controls, loss mitigation and other internal controls or actions in place within the Group will be effective in identifying and controlling each of the non-financial risks faced by it. Any weakness in these controls or actions could result in a material adverse impact on the Group's business, financial condition, results of operations, liquidity and/or prospects, and could result in reputational damage. Given the Group's high volume of transactions, errors in the recording and processing of transactions may be repeated or compounded before they are discovered and rectified, and there can be no assurance that risk assessments made in advance will adequately predict the occurrence, or estimate the costs, of these errors.

The failure of the Group to manage these risks could have a material adverse effect on the Group's reputation, business, results of operations and financial position.

There are risks associated with the Group's complex IT systems.

Large-scale institutional banking activities, including those conducted by the Group, are increasingly dependent on highly sophisticated IT systems to process and monitor, on a daily basis, a large number of transactions, many of which are complex, across numerous and diverse markets, and in many currencies. The Group's operations rely on the secure processing, storage and transmission of confidential and other information in its IT systems and its IT platform, mainly operated by the Group itself, with support from third-party service providers to a limited degree. Complex IT systems are vulnerable to a number of problems, such as unauthorized access or malicious hacking, computer viruses or other malicious code and other external attacks or internal breaches that could have a security impact, as well as physical damage to vital IT centers and software or hardware malfunctions.

The threat to the security of the Group's customer information from cyber-attacks continues to increase. Activists, rogue states and cyber-criminals are among those targeting computer systems in general. Risks to technology and cyber-security change rapidly and require continued focus and investment. Given the increasing sophistication and scope of potential cyber-attacks, it is possible that future attacks may lead to significant breaches of security. Should one or more of such events occur, any one of them potentially could jeopardize the confidential and other information of the Group, any of its clients or its counterparties. The Group may be required to spend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures. While the Group maintains insurance covering direct financial losses related to cyber-attacks, the Group may also be subject to litigation and financial losses as well as reputation risks that are either not insured against or not fully covered through any insurance maintained by the Group. Any such events could result in additional costs and material losses to the Group and damage to the reputation of the Group. In November 2019, the DFSA published a statement in which it pointed to a number of deficiencies in the Group's governance of IT security management and IT risk management. The Group has initiated a program to remediate the deficiencies.

In addition, since part of the Group's IT services are outsourced to third-party partners, the Group faces risks relating to the failure of those third parties to fulfill their obligations towards the Group. Any failure or disruption in the Group's IT platform, particularly for retail products and services, or greater-than-expected costs for its IT platform could significantly affect the operations and the quality of customer service of the Group and could have a material adverse effect on the Group's reputation, business, results of operations and financial position. Failure in mobile payment services may have a

direct impact on retail businesses generally as they rely on these services in a way similar to their reliance on card terminals. Any such failure or disruption could be due to, among others, a spike in transaction volume, deterioration in the quality of IT development, support and operations processes and high turnover of employees, resulting in an inadequate number of personnel to handle the growth and increasing complexity of operations.

Further, if the Group is not successful in implementing new systems, or adapting its current IT platform in line with the expected growth of its business, the Group may not be able to meet the expectations or changing demands of its customers. If the Group fails to effectively implement new IT systems or to adapt to new technological developments, it may incur substantial additional expenses or be unable to compete successfully, which could have a material adverse effect on the Group's reputation, business, results of operations and financial position.

The Bank's ownership of the Danica Group exposes the Group to life insurance risk.

The Group operates a life insurance and pension business through the Danica Group, which exposes the Group to market risks as well as insurance risks. For additional information on the Group's insurance risks, see "*Risk Management—Life Insurance Risk.*" The insurance activities are an integrated part of the Group's activities.

The most significant market risk relates to the conventional life (also known as "with-profits") insurance products (Traditionel). Traditionel insurance policies offer guaranteed benefits calculated on the basis of interest rates (technical rates). The guaranteed benefits apply to all future ordinary payments as well as current savings and guarantees under issued policies. Until 1994, the technical rate was 4.5 percent per annum. From 1994 to 1999, the technical rate was 2.5 percent per annum, from 1999 to 2011, Danica Pension offered policies with a maximum technical rate of 1.5 percent per annum, and from 2011 to 2020, the technical rate of interest has been 0.5 percent per annum. In 2020, Danica Pension stopped offering Traditionel insurance policies to new customers, which means that the portfolio is in run-off. A significant number of policies had a technical rate higher than 0.5 percent as at December 31, 2022.

The policyholders' savings earn an actual rate of interest that is set at the discretion of Danica Pension, which can be changed at any time. The difference between the technical rate and the actual interest rate accrued on policyholders' savings is called a "bonus." The actual investment return for conventional life insurance products for 2022 was between negative 18.1 percent and negative 9.4 percent per annum before tax. The actual interest rate accrued on policyholders' savings above or below investment return rates will, respectively, weaken or strengthen the collective bonus potential. If the future expected returns on the investment securities of Danica Pension's customers are inadequate to cover these guaranteed benefit levels, Danica Pension will be required to set aside additional reserves to cover such guarantees. If such reserve strengthening cannot be covered by the bonus potential, the remaining deficit will be provided by funds allocated from Danica Pension's equity, which would negatively affect the Group's equity.

Danica Pension's insurance risk is linked to actual trends in life expectancy, mortality, disability, critical illness and other similar factors. For example, an increase in life expectancy affects the time during which benefits are payable under certain pension plans, whereas trends in mortality and critical illness affect life insurance and disability benefits. Danica Pension undertakes ongoing actuarial assessments, which take into account the factors described above, for the purpose of calculating insurance obligations and relevant reserve adjustments. Such assessments involve estimates and assumptions, which are inherently uncertain, and include Danica Pension's estimates of premiums to be received over the assumed life of the policy, the timing of the event covered by the insurance policy, the amount of benefits or claims to be paid under the policy and the investment returns on the assets purchased with the premiums received.

Only a small portion of Danica Pension's insurance risk is covered by reinsurance arrangements and relates to large individual policy exposures and the risk of losses due to disasters. The inability of Danica Pension to successfully manage these insurance risks could have a material adverse effect on the Group's business, results of operations, capital ratios and financial position.

The Group may incur further liabilities under its defined benefit retirement plans if the value of plan assets is not sufficient to cover potential obligations.

Pension risk arises because of the Group's liability for defined benefit pension plans for current and former employees. The Group has, to a minor extent, entered into defined benefit pension plans. Defined benefit pension plans in Northern Ireland and Ireland account for most of the Group's obligations under such plans, but the Group also has a small number of defined benefit pension plans in Denmark and Sweden. The plans in these countries do not accept new members and, for most of the plans, contributions payable by existing members have been discontinued. The Group also has minor defined benefit pension obligations that are recognized directly on the balance sheet and that are not managed by separate pension funds. New employees are enrolled in defined contribution or cash balance plans.

The Group's obligation, less the value of plan assets, is recognized as a liability, and the liability and pension expenses are measured actuarially. The net present value of the Group's IFRS aggregate net pension assets amounted to DKK 1,120 million as at December 31, 2022, DKK 2,010 million as at December 31, 2021, and DKK 1,905 million as at December 31, 2020. Additional cash contributions may be required to the pension plans in excess of ordinary contributions,

for example, as a result of changes in the underlying assumptions for the calculation of the pension obligations, which may lead to greater than expected estimated future obligations, or as a result of declines in the value of, and return from, the plan assets. If such additional contributions are significant, it could have a material adverse effect on the Group's business, results of operations and financial position.

The risk management methods used by the Group may be insufficient to cover unidentified, unanticipated, or incorrectly quantified risks, which could lead to material losses or material increases in liabilities.

The Group devotes significant resources to develop risk management policies, procedures and assessment methods for its banking and other businesses. For these purposes, the Group uses a value-at-risk ("VaR") model, back testing, models to calculate the Group's total risk exposure amount ("REA") and stress tests, as well as other risk assessment methods. Nonetheless, the risk management techniques and strategies applied by the Group may not be fully effective in hedging risk exposure in all economic market environments or against all types of risk, including risks that the Group fails to identify or anticipate. Some of the qualitative tools and metrics used by the Group for managing risk are based upon the use of observed historical market behavior as well as future predictions. The Group applies statistical and other tools to these observations and predictions to arrive at quantifications of risk exposures. These tools and metrics may fail to predict or may incorrectly predict future risk exposures and the Group's losses could, therefore, be significantly greater than such measures would indicate. In addition, the risk management methods used by the Group do not take all risks into account and could prove insufficient. If prices move in a way that the Group's risk modeling has not anticipated, the Group may experience significant losses. Assets that are not traded on public trading markets, such as derivative contracts between banks, may be assigned values that are calculated by the Group using mathematical models. Monitoring the deterioration of assets like these can be difficult and may lead to losses that the Group has not anticipated. Unanticipated or incorrectly quantified risk exposures could result in material losses in the banking and asset management businesses of the Group.

Other risk management methods depend upon the evaluation of information regarding markets, customers or other matters that is publicly available or otherwise accessible. This information may not in all cases be accurate, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and the Group's policies and procedures may not be fully effective.

The inability of the Group to successfully implement and adhere to effective risk management methods, including the inability to accurately assess the credit risk of its customers, could have a material adverse effect on the Group's business, results of operations and financial position.

The Group's loan portfolio may not grow, which could adversely affect net interest income.

The Group's loans decreased to DKK 1,803,955 million as at December 31, 2022, from DKK 1,834,372 million as at December 31, 2021, which, in turn, was a slight decrease from DKK 1,838,126 million as at December 31, 2020. The Group may find it difficult to increase lending volumes to customers that meet its credit quality standards, in part due to the weak economic environment. The inability to find credit-quality customers or continuing weak credit demand may have an impact on the Group's lending. If the Group is unable to grow its loan portfolio in general, the Group may not generate sufficient interest income to offset the continuing low net interest margins or any decline in such net interest margins, which could have a material adverse effect on the Group's business, results of operations and financial position.

The Group depends on its senior management and employees and it may have difficulty attracting and retaining qualified professionals.

The future operating results of the Group depend to a large extent upon the continued contributions of senior management. The Group could be adversely affected if any of its senior managers ceases to actively participate in the management of its business. In addition, the Group depends in large part on its ability to attract, train, retain and motivate highly skilled management and employees. There is, however, significant competition for employees with the level of experience and qualifications in banking that the Group depends upon, especially for compliance and other personnel engaged in fighting financial crime. In the future, it may be increasingly difficult for the Group to hire and retain qualified personnel.

The Group may lose some of its most talented personnel to competitors, which could adversely affect the business of the Group and prevent it from retaining and attracting customers, managing existing and new legal and regulatory obligations, implementing and monitoring internal financial reporting policies and procedures, or maintaining or improving operational performance.

In order to address the risks above, the Group has intensified and launched initiatives within succession, talent acquisition and workforce planning. Further, in order to recruit qualified and experienced employees and to minimize the possibility of their departure to other companies, the Group companies provide compensation packages that they believe are consistent with the standards of the labor markets in which the Group operates, and as a result, the Group may incur high operational costs. If the Group cannot attract, train, retain and motivate qualified personnel, it may be unable to compete effectively in

the banking industry and the Group's strategies may be limited, which in each case could have a material adverse effect on the Group's business, results of operations and financial position.

The Group's accounting policies and methods are critical to how it reports its results of operations and financial condition. They require management to make estimates about matters that are uncertain.

Accounting policies and methods are fundamental to how the Group records and reports its results of operations and financial condition. Management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with IFRS. Management has identified certain accounting policies in the notes to its financial statements as being critical because they require management's judgment to ascertain the value of assets and liabilities. See "Operating and Financial Review and Prospects—Significant Accounting Estimates and Judgements," "Operating and Financial Review and Prospects—Overview of Classification and Measurement Basis for Financial Instruments and Insurance Contracts" and the notes to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum.

The estimates and assumptions that the Group uses in preparing its financial statements are based on premises that management finds reasonable, but that are inherently uncertain and unpredictable. A variety of factors could affect the ultimate value that is obtained either when earning income, recognizing an expense, recovering an asset or reducing a liability. Although the Group has established detailed policies and control procedures that are intended to ensure that these critical accounting estimates and assumptions are well controlled and applied consistently, there can be no assurance that these policies and procedures will always be effective. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner. Because of the uncertainty surrounding the Group's estimates and assumptions pertaining to these matters, the Group cannot guarantee that it will not be required to make changes in accounting estimates or restate prior period financial statements in the future.

Risks Relating to the Legal and Regulatory Environments in which the Group Operates

The Group is subject to a wide variety of banking, insurance, financial services, compliance (including AML) and sanctions laws and regulations, which could have an adverse effect on its business. The Group is subject to a number of civil claims and continues to be under criminal investigation in France in connection with the AML matter related to the Bank's Estonian branch.

The Group is subject to a wide variety of banking, insurance and financial services laws and regulations and faces the risk of significant interventions by a number of regulatory and enforcement authorities in Denmark and in each of the other countries in which the Group does business. As a result, the Group is exposed to many forms of risk (including legal risk) that could have an adverse effect on its business.

Regulation of financial markets and banking has changed substantially as a result of the global financial crisis and the perception that one of the causes of the financial crisis was attributable in part to the failure of regulatory structures. The Group is facing greater regulation in the jurisdictions in which it operates. The Bank is subject to supervision by the DFSA and Danish regulations regarding, among other things, solvency and capital adequacy requirements, including capital ratios and liquidity rules. The Group is also subject to the supervision of local supervisory authorities in other countries in which it operates. The Bank and many of the Group companies are also subject to EU regulations with direct applicability, such as the General Data Protection Regulation (EU) 2016/679 ("GDPR") (applicable as of May 25, 2018) setting certain requirements for the processing and protection of personal data, and EU directives which are implemented through local laws.

The Group is subject to various laws and regulations in relation to manufacturing, distribution and sales of financial products to different investor groups, including the laws and regulations adopted under MiFID II. A failure by the Group to comply with such laws and regulations, as well as with laws and regulations relating to trading activities and transaction monitoring (including as a result of inadequate systems, controls and procedures), may result in sanctions and claims for compensation against the Group, which could have a material adverse effect on the Group's business and its reputation generally.

The Group is also subject to various laws and regulations relating to financial and trade sanctions in the jurisdictions in which it operates, including but not limited to those of the Nordic countries, the EU and the United States. These laws and regulations require the Group, among other things, to adopt and enforce "know-your-customer" policies and procedures and in some countries to report specific transactions to the relevant regulatory and criminal authorities. In connection with such voluntary reporting by the Group or its correspondent banks, or otherwise as part of the Group's dialogue with such regulatory authorities, the Group from time to time shares information with them pertaining to certain customer payments that may have been made illegally or for improper purposes using the Group's banking network. Although the Group has adopted policies and procedures aimed at detecting and preventing the use of its banking network for illegal or improper purposes, such policies and procedures are not always effective in detecting and preventing such transactions, and the Group is continuously seeking to enhance its procedures. The Group continues to invest heavily to improve its compliance controls and procedures. Failure by the Group to comply with financial and trade sanctions may result in regulatory or

criminal investigations, fines and other penalties on the Group, and its business and reputation could suffer if customers use its banking network for such illegal or improper purposes.

Compliance with banking regulations has increased the Group's capital requirements, exposes it to additional costs and liabilities, and may require it to change how it conducts its business, including the reduction of risk and leverage of certain activities, or otherwise have an adverse impact on its business, the products and services it offers and the value of its assets. For examples of recent regulations which have impacted and are expected to continue to impact the Group, see "*—The Group faces a possible increase in own funds requirements due to the finalization of the Basel III Framework*" below. The Group's operations can also be adversely impacted by changes in tax laws applicable to the Group and this could have a material adverse effect on the Group's business, results of operations and financial position. For example, a new Swedish bank tax that came into force on January 1, 2022, increased the Group's operating expenses. Furthermore, a new Danish bank tax came into force on January 1, 2023, which is expected to increase the Group's operating expenses.

Owing to its business volume, the Group is continually a party to various lawsuits and disputes and has an ongoing dialogue with public authorities, such as the DFSA and the Danish Tax Agency. Disputes and legal proceedings generally are subject to many uncertainties, and their outcomes are often difficult to predict, particularly in the earlier stages of a case or investigation. Adverse regulatory or criminal action or adverse judgments in litigation could result in reputational harm, fines, sanctions or restrictions or limitations on the Group's operations, any of which could result in a material adverse effect on the Group's financial condition. In addition, any determination by local regulators or enforcement agencies that the Group has not acted in compliance with applicable local laws in a particular market, or any failure to develop effective working relationships with local regulators, could have a material adverse effect not only on the Group's businesses in that market but also on its reputation generally.

As an organization consisting of various financial institutions, most operations in the Group are contingent upon licenses issued by financial regulators in the countries in which such financial institutions operate. Violations of the law, or rules and regulations, whether intentional or unintentional, may lead to the withdrawal or limitation of the Group's licenses. Any breach of these or other regulations could adversely affect the Group's reputation or financial condition.

Estonia AML Matter

In September 2017, the Group launched an investigation into the Bank's Estonian branch on the basis of suspicions that the branch was used to launder billions of Danish Kroner (in various currencies including U.S. dollars, euro and other currencies) in the period from 2007 to 2015. The Group had previously concluded that it was not sufficiently effective in preventing the Bank's Estonian branch from potentially being used for money laundering in the period from 2007 to 2015 and that this was due to critical deficiencies in governance and controls.

In December 2017, the board of directors of the Bank (the "**Board of Directors**") mandated the law firm Bruun & Hjejle Advokatpartnerselskab ("**Bruun & Hjejle**") to lead the investigation. On September 19, 2018, the Group announced the findings of the investigation, which were published in a detailed report by Bruun & Hjejle on the investigation and its principal findings. In respect of the customers of the Bank's Estonian branch, the investigation found, *inter alia*, that approximately 15,000 customers (comprised of approximately 10,000 customers belonging to the Bank's Estonian branch's non-resident portfolio and approximately 5,000 customers with non-resident characteristics) had carried out a total of approximately 9.5 million payments with a total flow of payments amounting to approximately EUR 200 billion (the majority of the total amounts being in U.S. dollars and euro), in each case in the period 2007 to 2015, and that of the approximately 6,200 customers analyzed when the report was published, the vast majority had been found to be suspicious and almost all of these customers have been reported to the authorities.

The Bank has been involved in dialogue with various authorities and was subject to criminal investigations by the Danish Special Crime Unit (the "**SCU**") (previously part of the Danish State Prosecutor for Serious Economic and International Crime) and the U.S. Department of Justice (the "**DoJ**") and a civil investigation by the U.S. Securities and Exchange Commission (the "**SEC**") each regarding the terminated non-resident portfolio at the Bank's Estonian branch. While the Bank has reached coordinated resolutions to settle the SCU, DoJ and SEC investigations, the Bank remains subject to a criminal investigation by authorities in France. The Bank continues to cooperate with all authorities.

The Bank is also subject to civil ongoing litigation in relation to the Estonia AML matter. This includes, *inter alia*, an action against the Bank (and other defendants) in the United States and a number of court cases initiated against the Bank in Denmark. These civil claims are not included in the coordinated resolutions with the DoJ, the SEC, and the SCU.

The full consequences of the AML matter related to the Bank's Estonian branch remain uncertain. It is not yet possible to reliably estimate the timing; form of further resolution; amount of further potential fines or money judgments, which could be material; or other adverse consequences for the Bank related to the ongoing French criminal investigation or civil claims (each as discussed below). The Group also may face additional investigations and proceedings, or related civil claims. Any of the foregoing may have a material adverse effect on the Group's business, results of operations, capital position, financial condition and reputation.

Regulatory and Criminal Investigations

On December 13, 2022, the Bank announced that it had reached final coordinated resolutions with the DoJ, the SEC and the SCU following the investigations into failings and misconduct related to the non-resident portfolio at the Bank's former Estonian branch. In relation to the resolutions with U.S. authorities, the Bank pleaded guilty to a criminal charge from the DoJ of conspiracy to commit bank fraud. Furthermore, the Bank agreed to settle a civil securities fraud action with the SEC. Under the SCU resolution, the Bank has agreed to accept a fine and confiscation for violations of the Act on Measures to Prevent Money Laundering and Financing of Terrorism (the "**Danish AML Act**") and the Danish Financial Business Act.

The aggregate amounts payable to the U.S. and Danish authorities total USD 2.06 billion (approximately DKK 15.3 billion), which is covered by the provisions booked in connection with the Bank's financial results for the third quarter of 2022 and the third quarter of 2018. Reflecting cross-crediting arrangements between the three authorities as well as currency conversions, the amounts payable to the authorities are as follows: DoJ: USD 1,209 million, SEC: USD 179 million and SCU: DKK 4,749 million. All amounts were paid in January 2023.

As part of the Bank's agreement with the DoJ, the Bank was placed on corporate probation for three years from December 13, 2022, until December 13, 2025, and the Bank is committed to continuing to improve its compliance programs. The Bank has taken extensive remediation action to address those failings to prevent any similar occurrences, and the Bank remains in contact with the DoJ as a matter of post-resolution obligations set forth in the agreement with the DoJ. Furthermore, as ordered by the DFSA in 2020, the Bank has an independent expert monitoring the implementation of its financial crime plan, and in consequence, the DoJ has not imposed its monitor at this time, although it may do so in the future. In addition to the fine, forfeiture and probation, the Bank agreed, for a period of three years, to continue to conduct appropriate reviews of its existing compliance programs, policies, procedures, codes, systems, and internal controls, including its anti-money laundering compliance program, and compliance programs related to fraudulent conduct by employees, employee ethics, and whistleblowers, and where necessary and appropriate, to Bank agreed to adopt new, or modify the same. Over the same period, the Bank will be required to self-report its compliance therewith to the DoJ and the United States Attorney's Office for the Southern District of New York as well as to provide any reports of the independent expert. Should the Bank not comply with its agreement with the DoJ, it may be subject to prosecution, which could have a material adverse effect on the Bank.

The plea agreement reached with the DoJ has been approved by the U.S. District Court, and sentencing took place on January 5, 2023, by the same U.S. District Court that approved the plea agreement. The SEC filed a complaint against the Bank in a civil securities fraud action with the U.S. District Court on December 13, 2022, stating that the Bank violated Section 10(b) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and Rule 10b-5 thereunder by knowingly or recklessly making materially misleading statements and omissions in its publicly available reports, and also that the Bank engaged in deceptive acts, including misleading Danish regulators and U.S. correspondent banks, to conceal its AML and KYC deficiencies. The agreed final judgement was entered by the U.S. District Court on December 17, 2022, in accordance with the written consent of Danske Bank, giving effect to the SEC resolution. The agreement with the SCU formed the basis for a hearing at the City Court of Copenhagen on December 14, 2022, at which Danske Bank accepted the charges, the fine and the confiscation. For additional information on the resolution with the SCU, see *Description of the Group—Legal and Arbitration Proceedings—Estonia AML Matter—Regulatory and Criminal Investigations and Recent Coordinated Resolutions—Coordinated Resolutions with U.S. and Danish Authorities.*"

The coordinated resolutions mark the end of the criminal and regulatory investigations into the Bank by the authorities in Denmark and the United States.

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

Civil Claims

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

The civil claims filed against the Bank by institutional investors in courts in Denmark can be summarized to six case complexes with a current total claim amount of approximately DKK 12.8 billion. One of the case complexes has partly been referred to the Eastern High Court, while the remaining case complexes are stayed or pending before the Copenhagen City Court.

The Bank has been procedurally notified in two claims filed against Thomas F. Borgen. Under Danish law, the purpose of a procedural notification is to make a formal reservation of rights to bring a potential claim against the notified party. The

first case was dismissed in the first instance and subsequently appealed by the claimants. The original claim amount for both claims was approximately DKK 3.2 billion but has been reduced to approximately DKK 1.7 billion.

On August 5, 2021, an action was filed in the United States District Court for the Eastern District of New York by approximately 500 plaintiffs, comprising U.S. military members and U.S. civilians who allegedly were killed or wounded while serving in Afghanistan between 2011 and 2016 and their families, against the Bank and Danske Markets, Inc. (“**Danske Markets**”) as well as various branches of Deutsche Bank and Standard Chartered Bank and two money remitters, Placid Express and Wall Street Exchange. Danske Markets has since been released from the case. The plaintiffs claim that the defendant banks and money remitters allegedly aided and abetted a terrorist syndicate that sponsored violence in Afghanistan, in violation of the Anti-Terrorism Act, through the facilitation of certain transactions that allegedly allowed funds to ultimately be transferred to the terrorist organizations. The complaint sought unspecified punitive and compensatory damages. On December 29, 2022, the action was dismissed by the court and on January 27, 2023, the complainants filed an appeal of the dismissal.

Further claims may be filed against the Bank in relation to AML related matters in the future, although the timing of completion of any such lawsuits (pending or threatened) and their outcome are uncertain. The Bank intends to defend itself against these claims.

Flexinvest Fri

As stated in the Bank’s press release of June 24, 2019, the Bank found, in the autumn of 2018, that customers who had invested in its Flexinvest Fri product during a certain period had paid fees that were too high (the “**Flexinvest Fri Matter**”). This was a result of a number of management decisions to change Flexinvest Fri fees in connection with the implementation of MiFID II in 2017. At the time, interest rates were low, and the expected returns were similarly low. The management decisions caused the fees to be set at too high a level in relation to the expected returns, which made the Flexinvest Fri product unsuitable for some customers.

Upon discovery of the Flexinvest Fri Matter, the Bank notified the DFSA and instructed external counsel to conduct a review. The DFSA issued a decision on August 30, 2019, that contained a number of orders. In connection with the decision, the DFSA also filed a criminal complaint against the Bank. All affected customers have been contacted and compensated, and the DFSA considers that all of its orders issued to the Bank in connection with the Flexinvest Fri Matter have been complied with. On November 14, 2019, following the criminal complaint filed by the DFSA on August 30, 2019, the Bank was preliminarily charged by the SCU with violating the Danish Executive Order on Investor Protection. The Bank cooperated fully with the SCU and in November 2020, accepted a fine of DKK 9 million after which the matter was closed. See also “*Description of the Group—Legal and Arbitration Proceedings—Flexinvest Fri.*”

Market Monitoring

In December 2019, the Bank received several orders from the DFSA regarding deficiencies in its market monitoring function. The DFSA conducted an inspection of the Bank between November 2018 and November 2019. Further, on January 17, 2020, the Bank received a Letter of Consent from the U.S. Cboe Futures Exchange (the “**CFE**”) in relation to a breach of the CFE Rulebook and Rule 616 pertaining to wash trades. The Bank received a fine of USD 30,000.

In June 2020, the DFSA filed a criminal complaint against the Bank for violation of the Market Abuse Regulation on account of inadequate market monitoring and market manipulation in respect of self-matching trades, and on June 25, 2021, the Bank was preliminarily charged by the SCU with this alleged violation. On February 6, 2023, the SCU announced that the Public Prosecutor has decided to drop the preliminary charges against the Bank, which means that no criminal proceedings will be raised against the Bank. The reason for the decision is that on December 14, 2022, the Bank pleaded guilty in another case (the Estonia matter) and on that basis the Public Prosecutor considers that the Bank would not be convicted or would only be assessed insignificant fines if the court found the Bank guilty.

Debt Collection Case

In May 2019, the Bank launched an investigation after it was discovered that data errors resulted in the Bank collecting debts that were time-barred or collecting larger amounts than were owed. The Bank provided information to the authorities and initiated contact with affected customers. On September 21, 2020, the DFSA issued four orders to the Bank in relation to systemic errors in its debt collection system and the ongoing remediation. On November 26, 2020, the DFSA ordered the Bank to arrange for and bear the costs of an impartial investigation into the measures taken and to be taken by the Bank to correct the errors in the debt collection process and into the IT systems used for debt collection. By the end of October 2021, the Bank had reviewed all of the 197,000 customer cases in its debt collection systems for which there is a risk of overcollection as a result of the data errors originally identified. The review showed that actual overcollection has taken place for approximately 7,800 of these customers. On December 3, 2021, the DFSA ordered the Bank to extend and broaden the impartial investigation of the Bank’s debt collection. As the Bank’s investigation progressed, new issues emerged that increased the scope and complexity of the challenges considerably.

As announced on August 31, 2022, the Bank has chosen an accelerated solution for its debt collection customers, whereby approximately 90,000 debt collection customers in Denmark will have their debt to the bank set to zero, and the Bank will not collect this debt. Furthermore, the Bank has decided to compensate customers for any potential overcollection related to the issues in the historical debt collection systems on the basis of a data-driven model. The Bank expects the compensation payout to the vast majority of customers to be completed by the end of 2023.

In the third quarter of 2022, the Group's operating expenses were impacted by a one-off amount of DKK 600 million, whereas write-downs of debt increased loan impairment charges by a one-off amount of DKK 650 million, which includes part of the compensation to customers. It was furthermore communicated that further sample checks related to the customer compensation model were needed, and this work has now resulted in the Bank taking a more conservative approach, which is to the benefit of our debt collection customers. This approach impacted the Group's operating expenses by a further DKK 310 million in the fourth quarter of 2022 to cover compensation to debt collection customers for potential overcollection of debt.

The Bank continues to have a dialogue with and report progress with the debt collection case to the impartial reviewers appointed by the DFSA. The Bank expects to inform regulators and customers of the approach for its markets outside of Denmark at a later stage. Based on the Bank's current knowledge, it expects a small financial impact in 2023 from resolving the matter outside of Denmark.

GDPR

In April 2022, the Danish Data Protection Agency informed the Bank that it had filed a criminal complaint against the Bank for the violation of the GDPR and has recommended that the Danish prosecution service seek to impose a fine of DKK 10 million on the Bank. In June 2022, the Danish Police raised preliminary criminal charges against the Bank. The Bank has a dialogue with and cooperates with the Danish Police.

The Group faces a possible increase in own funds requirements due to the finalization of the Basel III Framework.

On November 23, 2016, the European Commission published its proposal for an EU banking reform package (the "**EU Banking Reform Package**") as part of the finalization of the Basel III framework and its implementation in the EU. The EU Banking Reform Package, consisting of Regulation 2019/876 of the European Parliament and of the Council amending the Capital Requirements Regulation (575/2013) ("**CRR II**"), Directive (2019/878) of the European Parliament and of the Council amending the Capital Requirements Directive (2013/36) (the "**CRD V Directive**"), BRRD II and Regulation (2019/877) of the European Parliament and of the Council amending the Single Resolution Mechanism Regulation (806/2014) ("**SRMR II**"), was adopted on May 20, 2019, and published on June 7, 2019. The EU Banking Reform Package introduces and strengthens various measures including leverage ratio and net stable funding requirements, a new market risk framework, the standardized approach to counterparty credit risk, enhanced minimum requirements for own funds and eligible liabilities subordination rules and the tightening of the large exposures limit. The rules implementing the CRD V Directive and BRRD II into Danish law, with certain exemptions, entered into force on December 28, 2020, whereas CRR II, with certain exemptions, has applied from the end of June 2021. The CRD V Directive and BRRD II were implemented into Danish law by Act No. 2110 of December 22, 2020, on Changes to the Financial Business Act, the Recovery and Resolution Act of Certain Financial Undertakings, the Capital Markets Act and Cessation of the Act on Finansiell Stabilitet (changes as a result of the revision of the CRD V Directive and BRRD II) (the "**Danish BRRD II/CRD V Act**").

In December 2017, the Basel Committee on Banking Supervision (the "**BCBS**") published the finalization of the Basel III framework, which included the (i) standardized approach for credit risk, (ii) internal ratings-based approach for credit risk, (iii) minimum capital requirements for credit valuation adjustment risk, (iv) minimum capital requirements for operational risk, (v) output floor and (vi) leverage ratio. Due to the COVID-19 pandemic, the BCBS deferred the implementation of the finalization of the Basel III Framework from 2022 to 2023. In addition, the BCBS published the revised minimum capital requirements for market risk in January 2019. The above-described two publications of the BCBS are collectively referred to as "**Basel IV**."

As part of the EU's Banking Package 2021 and in order to implement Basel IV, the European Commission adopted, in October 2021, proposals to amend Regulation (EU) No 575/2013 (the "**CRR III Proposal**") and a proposal to amend Directive 2013/36/EU (the "**CRD VI Proposal**"). The CRR III Proposal and the CRD VI Proposal include several EU-specific deviations from Basel IV. On the basis of the Group's current and updated analysis of the EU Banking Package 2021, the Group's current capital planning takes into account the expected REA impact of the initial implementation expected in 2025. The fully phased-in impact of the EU Banking Package 2021 on the Group depends on the final outcome of the EU legislative process, including the calibration of the output floor. In June 2023, the EU co-legislators reached a political agreement on the CRR III Proposal and the CRD IV Proposal. The final legal texts are, however, not expected to be finalized before autumn 2023. Taking into account the transitional arrangements with regard to the output floor, the Group currently expects the output floor to restrict the Group at the earliest in 2033, when the transitional arrangements are set to lapse. As long as the political agreement on the CRR III Proposal and the CRD VI Proposal have not been

finalized and adopted as EU law, the Bank cannot determine their precise effects on the Bank's or the Group's financial performance or their impact on the pricing of its Notes issued under the Program. Prospective investors in Notes should consult their own advisers as to the consequences of any implementation of Basel IV.

On March 6, 2023, the European Systemic Risk Board recommended relevant authorities to reciprocate the 4.5 percent systemic risk buffer (“**SyRB**”) set by the Norwegian authorities on Norwegian exposures. The Danish Ministers of Industry, Business and Financial Affairs have decided to reciprocate the Norwegian SyRB effective from August 4, 2023. The Group's Norwegian exposures have, therefore, been subject to the Norwegian SyRB in addition to the existing buffer requirements as of August 4, 2023.

The Bank may be subject to bail-in under the BRRD, and the exercise of any power under the BRRD could have a material adverse effect on Holders.

EU law includes the BRRD, which provides for resolution tools, including the bail-in tool, and the power to write down or convert relevant capital instruments and eligible liabilities.

The exercise of any power under the BRRD or any suggestion of such exercise could have a material adverse effect on the rights of Holders, the price or value of their investment in any Notes and/or the ability of the Bank to satisfy its obligations under any Notes. Although the BRRD, as implemented, contains certain limited safeguards for creditors in specific circumstances, including in the case of senior creditors (such as the Holders) a safeguard that aims to ensure that they do not incur greater losses than they would have incurred had the institution been wound up under normal insolvency proceedings, there can be no assurance that these safeguards will be effective if such tools or powers are exercised. The determination that all or a part of the principal amount of the Notes will be subject to bail-in is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Group's control. The application of the general bail-in tool with respect to the Notes may result in the write-down or cancellation of all, or a portion of, the principal amount of, or outstanding amount payable in respect of, and/or interest on, the Notes and/or the conversion of all, or a portion, of the principal amount of, or outstanding amount payable in respect of, or interest on, the Notes into shares or other securities or other obligations of the Bank or another person, including by means of a variation to the terms of the Notes to give effect to such application of the general bail-in tool. Accordingly, potential investors in the Notes should consider the risk that the general bail-in tool may be applied in such a manner as to result in Holders losing all or a part of the value of their investment in the Notes or receiving a different security than the Notes, which may be worth significantly less than the Notes and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the relevant resolution authority may exercise its authority to apply the general bail-in tool without providing any advance notice to the Holders.

Holders may be subject to write-down or conversion into equity on any application of the general bail-in tool as described above, which may result in Holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of Holders, the price or value of their investment in any relevant Notes and/or the ability of the Bank to satisfy its obligations under any relevant Notes. Prospective investors in the Notes should consult their own advisers as to the consequences of the implementation of the BRRD into Danish law. The BRRD is further explained in “*The Danish Banking System and Regulation—Regulation—The Bank Recovery and Resolution Directive (BRRD)*.”

On April 18, 2023, the European Commission published its proposal to adjust and further strengthen the EU's existing bank crisis management and deposit insurance (“**CMDI**”) framework, with a focus on medium-sized and smaller banks. This includes possible amendments to the BRRD. Even though targeting small and medium-sized banks, the proposal includes elements that could affect the Group if adopted. This includes proposed changes to approach for depositor preference and the potential application of deposit guarantee schemes in resolution. According to the European Commission's proposal, the current so-called ‘super preference’ for covered deposits and retail deposits would be replaced by a one-tier depositor preference, implying that all deposits will rank *pari passu*. The European Commission's proposal further implies – if adopted unchanged – that Preferred Senior Notes would no longer rank *pari passu* with certain deposits. As the EU negotiations on the CMDI framework are ongoing, the Bank cannot precisely determine the potential implications on the Bank or the Group.

Changes in the Group's accounting policies or in accounting standards could materially affect how it reports its financial condition and results of operations.

From time to time, the IASB, the EU and/or other regulatory bodies change the accounting and financial reporting standards that govern the preparation of the Group's financial statements. These changes can be difficult to predict and can materially impact how the Group records and reports its results of operations and financial condition. In some cases, the Group could be required to apply a new or revised standard retrospectively, resulting in restating prior period financial statements.

The IASB, the EU and/or other regulatory bodies may make other changes to accounting and financial reporting standards that govern the preparation of the Group's financial statements. Any such change in the Group's accounting policies or accounting standards could materially affect its reported results of operations and financial condition.

Risks Related to the Notes

The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks.”

Interest rates and indices that are deemed to be “benchmarks” (such as, in the case of Floating Rate Notes, a Reference Rate), are the subject of ongoing national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences that cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a “benchmark.”

The Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorized or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognized or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of “benchmarks” of administrators that are not authorized or registered (or, if non-EU based, not deemed equivalent or recognized or endorsed).

Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the “**U.K. Benchmarks Regulation**”) among other things applies to the provision of benchmarks and the use of a benchmark in the U.K. Similarly, it prohibits the use in the U.K. by U.K. supervised entities of benchmarks of administrators that are not authorized by the U.K. Financial Conduct Authority (the “**FCA**”) or registered on the FCA register (or, if non-U.K. based, not deemed equivalent or recognized or endorsed).

The Benchmarks Regulation and/or the U.K. Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a “benchmark,” in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the Benchmarks Regulation and/or the U.K. Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant “benchmark.”

More broadly, any of the national or international reforms, or the general increased regulatory scrutiny of “benchmarks,” could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the following effects on certain “benchmarks:” (i) discourage market participants from continuing to administer or contribute to the “benchmark;” (ii) trigger changes in the rules or methodologies used in the “benchmark;” or (iii) lead to the discontinuance or unavailability of the “benchmark.” Any of the above changes or any other consequential changes as a result of national or international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a “benchmark.”

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation and/or the U.K. Benchmarks Regulation, as applicable, reforms in making any investment decision with respect to any Notes linked to or referencing a “benchmark.”

Future discontinuance of certain benchmark rates (including EURIBOR) may adversely affect the value of Floating Rate Notes that are linked to or that reference any such benchmark rate.

The euro risk free-rate working group for the eurozone has published a set of guiding principles and high level recommendations for fallback provisions in, among other things, new euro-denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts without robust fallback provisions may increase the risk to the eurozone financial system. On May 11, 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Investors should be aware that, if a benchmark rate were discontinued or otherwise unavailable, the Rate of Interest on Floating Rate Notes that are linked to or which reference such benchmark rate will be determined for the relevant period by the fallback provisions applicable to such Notes. The Conditions provide for certain fallback arrangements in the event that a published benchmark, such as EURIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable.

Reference Rate Replacement – Independent Adviser: If the circumstances described in the preceding paragraph occur, and Reference Rate Replacement – Independent Adviser is specified in the relevant Pricing Supplement as being applicable and Screen Rate Determination and any Reference Rate other than those referencing USD Benchmark (as defined in the

Conditions) are specified in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined (any such Notes, “**Relevant Notes**”), such fallback arrangements will include the possibility that:

- (A) the relevant Rate of Interest (or, as applicable, any component part thereof) could be set or, as the case may be, determined by reference to a Successor Reference Rate or an Alternative Reference Rate (as applicable) determined by the Issuer (following consultation with an Independent Adviser (if applicable)); and
- (B) such Successor Reference Rate or Alternative Reference Rate (as applicable) may be adjusted (if required) by the Issuer (following consultation with an Independent Adviser (if applicable)) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the Original Reference Rate with the relevant Successor Reference Rate or Alternative Reference Rate (as applicable); however, such adjustment may not be successful in eliminating economic prejudice,

in any such case, acting in good faith and in a commercially reasonable manner as described more fully in the Conditions of the Relevant Notes.

In addition, the Issuer may also determine (acting in good faith and in a commercially reasonable manner) that other amendments to the Conditions are necessary in order to follow market practice in relation to the relevant successor rate or alternative rate (as applicable) and to ensure the proper operation of the relevant Successor Reference Rate or Alternative Reference Rate (as applicable).

Reference Rate Replacement – ARRC: If the circumstances described in the paragraph preceding “Reference Rate Replacement – Independent Adviser” occur and, in the case of Floating Rate Notes, SOFR is specified in the relevant Pricing Supplement as the applicable Reference Rate and Reference Rate Replacement – ARRC is specified as being applicable in the relevant Pricing Supplement, such fallback arrangements will include the possibility that the Issuer will determine a Benchmark Replacement to replace the Original Reference Rate in accordance with the benchmark transition provisions described more fully in Condition 9.2 (*Reference Rate Replacement – ARRC*).

The Terms and Conditions of the Notes, as further described in Condition 9.2 (*Reference Rate Replacement – ARRC*), provides for a “waterfall” of alternative rates to be used to determine the rate of interest on the relevant Notes if a Benchmark Transition Event and related Benchmark Replacement Date occur. Such alternative rates, which are referenced in the definition of “Benchmark Replacement” in Condition 2.1, are subject to uncertainty as the use of such rates develops. In particular, the ISDA Fallback Rate, which is the rate referenced in the ISDA Definitions at the time of a Benchmark Transition Event and related Benchmark Replacement Date, was recently published. However, the ISDA Definitions and the ISDA Fallback Rate may change over time.

Reference Rate Replacement – General: No consent of the Holders would be required in connection with (i) (where Condition 9.1 (*Reference Rate Replacement – Independent Adviser*) applies) effecting any relevant Successor Reference Rate or Alternative Reference Rate (as applicable) or any other related adjustments and/or amendments described above or (ii) (where Condition 9.2 (*Reference Rate Replacement – ARRC*) applies) adopting a rate in accordance with Condition 9.2 (*Reference Rate Replacement – ARRC*) or making any other amendments to the terms of the Notes to effect the Benchmark Replacement Conforming Changes.

In certain circumstances, the ultimate fallback for determining the Rate of Interest for a particular Interest Period or Interest Accrual Period (as applicable) may result in the Rate of Interest for the last preceding Interest Period or Interest Accrual Period (as applicable) being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page for the purposes of determining the Rate of Interest in respect of an Interest Period or an Interest Accrual Period (as applicable). In addition, due to the uncertainty concerning the availability of Successor Reference Rates and Alternative Reference Rates, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should note that, in the case of Relevant Notes, the Issuer (following consultation with an Independent Adviser (if applicable)) will have discretion to adjust the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Holder, any such adjustment will be favorable to each Holder. Investors should consider all of these matters when making their investment decision with respect to the relevant Notes.

In addition, potential investors should also note that:

- (i) (A) (where Condition 9.1 (*Reference Rate Replacement – Independent Adviser*) applies) no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made and (B) (where Condition 9.2 (*Reference Rate Replacement – ARRC*) applies) no rate determined in accordance with Condition 9.2 (*Reference Rate Replacement – ARRC*) will be adopted, and no other amendments to the terms of the Notes will be made to effect the Benchmark Replacement Conforming Changes, if, and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Relevant Notes as MREL Eligible Liabilities; and/or
- (ii) (A) (where Condition 9.1 (*Reference Rate Replacement – Independent Adviser*) applies) no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made and (B) (where Condition 9.2 (*Reference Rate Replacement – ARRC*) applies) no rate determined in accordance with Condition 9.2 (*Reference Rate Replacement – ARRC*) will be adopted, and no other amendments to the terms of the Notes will be made to effect the Benchmark Replacement Conforming Changes, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the DFSA treating the next Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

In all such circumstances, the ultimate fallback for determining the Rate of Interest (which is described above) will apply.

The market continues to develop in relation to SOFR as a reference rate.

In the case of Floating Rate Notes, where the Rate of Interest is specified in the relevant Pricing Supplement as being determined by reference to the USD Secured Overnight Financing Rate (“**SOFR**”), the Rate of Interest will be determined on the basis of either a compounded daily rate or a weighted average rate or by reference to a specific index (as further described in the Terms and Conditions of the Notes). The use of SOFR as a reference rate for bonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such reference rates.

Accordingly, prospective investors in any Notes referencing SOFR should be aware that the market continues to develop in relation to SOFR as a reference rate in the capital markets and its adoption as an alternative to USD-LIBOR. For example, whether backwards-looking rates are ultimately determined on a compounding daily basis or a weighted average basis, and whether forward-looking “term” rates derived from SOFR will be adopted by the markets, remains to be seen.

The market or a significant part thereof may adopt an application of SOFR that differs significantly from that set out in the Terms and Conditions of the Notes and used in relation to relevant Notes that reference a SOFR rate issued under this Base Information Memorandum.

In addition, the methodology for determining any overnight rate index by reference to which the Rate of Interest in respect of certain Notes may be calculated could change during the life of any Notes. Furthermore, the Issuer may in the future also issue Notes referencing SOFR that differ materially in terms of interest determination when compared with any previous SOFR referenced Notes issued by it under this Base Information Memorandum. The development of SOFR as an interest reference rate for the bond markets, as well as continued development of SOFR based rates for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SOFR referenced Notes issued under this Base Information Memorandum from time to time.

Furthermore, interest on Notes which reference SOFR is only capable of being determined at the end of the relevant Interest Accrual Period and shortly prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference SOFR to estimate reliably the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to LIBOR-based Notes, if Notes referencing SOFR are redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall only be determined immediately prior to the date on which the Notes become due and payable.

In addition, the manner of adoption or application of SOFR reference rates in the bond markets may differ materially compared with the application and adoption of SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SOFR reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SOFR.

Investors should carefully consider these matters when making their investment decision with respect to any such Notes.

The Non-Preferred Senior Notes rank junior to the Issuer's other unsubordinated creditors.

The Issuer may issue Non-Preferred Senior Notes, which will constitute direct, unconditional and unsecured Non-Preferred Senior Liabilities as described in Condition 5.2 (*Status – Non-Preferred Senior Notes*).

The Issuer may issue other obligations or instruments that rank or are expressed to rank senior to the Non-Preferred Senior Notes (including Preferred Senior Notes) or *pari passu* with the Non-Preferred Senior Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer. In the event of a liquidation or bankruptcy of the Issuer, the Issuer will be required to pay its depositors and other unsubordinated creditors of the Issuer that are not creditors in respect of Non-Preferred Senior Liabilities (including, without limitation, excluded liabilities of the Issuer pursuant to Article 72a(2) of Regulation No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, as amended or replaced from time to time, including by the CRR II (the “CRR”)) in full before it can make any payments on the Non-Preferred Senior Notes. If this occurs, the Issuer may not have enough assets remaining after these payments are made to pay amounts due under the Non-Preferred Senior Notes. In addition, in the event of a liquidation or bankruptcy of the Issuer, to the extent the Issuer has assets remaining after paying its creditors who rank senior to the Non-Preferred Senior Notes, payments relating to other obligations or instruments of the Issuer that rank or are expressed to rank *pari passu* with the Non-Preferred Senior Notes may, if there are insufficient assets to satisfy the claims of all of the Issuer's *pari passu* creditors, further reduce the assets available to pay amounts due under the Non-Preferred Senior Notes on a liquidation or bankruptcy of the Issuer.

Substitution and variation of Notes without Holder consent.

Subject to Condition 11.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*), if the MREL Disqualification Event Substitution/Variation Option is specified as being applicable in the relevant Pricing Supplement, and a MREL Disqualification Event in relation to the relevant Series of Notes has occurred and is continuing, or to ensure the effectiveness or enforceability of Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*), the Issuer may substitute all (but not some only) of such Notes or vary the terms of all (but not some only) of such Notes, without the requirement for the consent or approval of the Holders of such Notes, so that they become or remain Qualifying Notes.

Qualifying Notes are securities issued or guaranteed by the Issuer that have, *inter alia*, terms that (i) adhere to the specific conditions outlined in the definition of “Qualifying Notes” and (ii) are not otherwise materially less favorable to the Holders of such Notes than the terms of such Notes (provided that the Issuer shall have delivered a certificate to that effect signed by two of its directors to the Fiscal Agent).

In particular, potential investors should note that the Issuer may substitute all (but not some only) of the relevant Series of Notes or vary the terms of all (but not some only) of such Notes to ensure the effectiveness and enforceability of Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*). In such circumstances, any change(s) included in the relevant Qualifying Notes (compared to the terms of the relevant Notes) for the purposes of ensuring the effectiveness and enforceability of Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*) may be materially less favorable to investors. The relevant substitution or variation (which, as set out above, would not require the consent or approval of the relevant Holders) would not be dependent on the occurrence or continuation of a MREL Disqualification Event.

There can be no assurance that, due to the particular circumstances of each Holder, any Qualifying Notes will be as favorable to each Holder in all respects or that, if applicable or if it were entitled to do so, a particular Holder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Notes are not materially less favorable to Holders than the terms of the relevant Notes.

Such substitution or modification will be effected without any cost or charge to the Holders, but may, depending on the terms of Qualifying Notes and the particular facts at the time of such substitution or modification, have adverse tax consequences for Holders or beneficial owners of the Notes. Further, prior to the making of any such modification or taking any action, or prior to any substitution, variation, modification or amendment in a manner contemplated in Condition 11.10 (*Substitution and Variation of Notes*), the Issuer shall not be obliged to consider the tax position of individual Holders or to the tax consequences of any such substitution, variation, modification, amendment or other action for individual Holders or beneficial owners of the Notes. No Holders or beneficial owners of the Notes shall be entitled to claim, whether from the Fiscal Agent, the Issuer, or any other person, any indemnification or payment in respect of any tax consequence of any such substitution, variation, modification, amendment or other action upon individual Holders or beneficial owners of the Notes.

See Condition 11.10 (*Substitution and Variation of Notes*).

The qualification of the Notes as “eligible liabilities” is subject to uncertainty.

The Notes are intended to be “eligible liabilities” (or any equivalent or successor term) (“**MREL Eligible Liabilities**”), which are available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) of the Issuer and/or the Group.

If, for any reason, the relevant Notes are or will be excluded from the MREL Eligible Liabilities as a result of:

- (A) the implementation of any Applicable MREL Regulations on or after the date of issue of the last Tranche of such Notes; or
- (B) a change in any Applicable MREL Regulations becoming effective on or after the date of issue of the last Tranche of such Notes,

then, if the MREL Disqualification Event Substitution/Variation Option and/or the MREL Disqualification Event Redemption Option is/are specified as being applicable in the relevant Pricing Supplement, a MREL Disqualification Event may occur. See “—*Substitution and variation of Notes without Holder consent*” above and “—*The Notes may be subject to optional redemption by the Issuer*” below for information regarding the consequences of a MREL Disqualification Event (in each case, if applicable).

The Issuer is not currently identified as a global systemically important institution (“**G-SII**”), and, therefore, not subject to Total Loss Absorbing Capacity. In the event that the Issuer is identified as a G-SII, the MREL Requirements would apply to all Notes to which the call applies irrespective of whether such Notes qualify as MREL.

The Notes may not be a suitable investment for all investors.

Each potential investor of Notes must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference into this Base Information Memorandum or any applicable supplement to this Base Information Memorandum;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such potential investor’s financial activities are principally denominated;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behavior of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the investor’s overall portfolio. A potential investor should not invest in Notes that are complex financial instruments unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

The Conditions contain provisions that may permit their modification and waiver without the consent of all investors.

The Conditions contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit a defined proportion of Holders, as the case may be, to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority. Any modification to the Conditions pursuant to the operation of such provisions is subject to Condition 11.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*).

In addition, the Issuer may, subject to Condition 11.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*), make any modification to the Notes of any Series and/or the Conditions of the Notes of any Series that is not prejudicial to the interests of the Holders of such Series without the consent of the Holders of such Series. Any such modification shall be binding on the Holders of such Series.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

In addition, a holder of Notes with a fixed interest rate that will be periodically reset during the term of the relevant Notes, such as Notes to which the reset provisions apply, is also exposed to the risk of fluctuating interest rate levels and uncertain interest income.

Changes in law could affect the governing law of the Notes.

The Conditions are governed by, and construed in accordance with, English law, except for Condition 5 (*Status of the Notes*), Condition 11.2 (*Early Redemption Following a Tax Event*), Condition 11.3 (*Early Redemption upon the Occurrence of a MREL Disqualification Event*), Condition 14 (*Enforcement Events*) and Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*), which will be governed by, and shall be construed in accordance with, Danish law. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or Denmark or administrative practice after the date of this Base Information Memorandum.

Trading in the Notes could be impacted by denominations involving integral multiples.

In relation to any issue of Notes that have denominations consisting of a minimum Specified Denomination (as defined herein) plus an integral multiple of another smaller amount in excess thereof, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a Holder who, as a result of trading Notes in such amounts, holds a Note in an amount that is less than the minimum Specified Denomination in its account with the relevant clearing system, would need to purchase an additional principal amount of Notes such that its holding amounts equal to a minimum Specified Denomination.

The Notes may be subject to optional redemption by the Issuer.

An optional redemption feature is likely to limit the market value of Notes. During any period in which the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate it is paying on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes may be redeemed prior to maturity for taxation reasons.

In the event that the Issuer as a result of any change in the laws, regulations or rulings of Denmark or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which becomes effective on or after the date of issue of any Tranche of Notes or any other date specified in the relevant Pricing Supplement, the Issuer would be required to pay additional amounts as provided in Condition 13 (*Taxation*), and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, then the Issuer may redeem the Notes prior to their maturity. See Condition 11.2 (*Early Redemption Following a Tax Event*).

Notes issued at a substantial discount or premium have certain risks.

The market value of any specific series of Notes issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Usually, the longer the remaining term of such Notes, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities. Any such price volatility may have an adverse effect on the market value of any specific series of Notes issued at a substantial discount or premium to their nominal amount.

The Notes may be subject to changes in interest rate, which could affect the value of the Notes.

Investment in certain types of Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of such Notes.

There are no events of default and limited enforcement events in relation to the Notes.

The terms of the Notes do not provide for any events of default. Holders of the relevant Series of Notes may not at any time demand repayment or redemption of such Notes, and enforcement rights for any payments are limited to the claim of Holders in a liquidation or bankruptcy of the Issuer. In a liquidation or bankruptcy of the Issuer, a Holder may prove or

claim in such proceedings in respect of the relevant Series of Notes, such claim being for payment of the Outstanding Principal Amount of such Notes at the time of commencement of such liquidation or bankruptcy together with any interest accrued and unpaid on such Notes from (and including) the Interest Payment Date immediately preceding commencement of such liquidation or bankruptcy and any other amounts payable on such Notes under the Conditions.

According to Section 17(2) of Consolidated Act No. 1600 of December 25, 2022, as amended or replaced from time to time (the “**Danish Bankruptcy Act**”) (in Danish: *konkursloven*), a debtor is insolvent if it cannot meet its obligations as and when they fall due, unless the inability to meet such obligations may be considered to be temporary. However, according to Section 234(2) of the Danish Financial Business Act, notwithstanding Section 17(2) of the Danish Bankruptcy Act, if the Issuer cannot meet its obligations regarding capital raised as hybrid core capital or subordinated loan capital, the Issuer will not be considered insolvent. Accordingly, a Holder, pursuant to Condition 14.1 (*No Events of Default*), may not itself file for the liquidation or bankruptcy of the Issuer.

If proceedings with respect to the liquidation or bankruptcy of the Issuer should occur, the Holders of the relevant Series of Notes would be required to pursue their claims on such Notes in proceedings with respect to the Issuer in Denmark. In addition, to the extent that the relevant Holders are entitled to any recovery with respect to the Notes in any such Danish bankruptcy proceedings, such Holders would be entitled to a recovery in Danish Kroner. In the case of Notes denominated in currencies other than Danish Kroner, such recovery in Danish Kroner would be based on the relevant conversion rate in effect on the date the Issuer entered into such liquidation or bankruptcy proceedings.

Holders of the Issuer’s covered bonds will have priority over Holders of the Notes upon bankruptcy of the Issuer.

The Issuer has issued covered bonds in accordance with the Danish Financial Business Act. In accordance with Directive 2009/65/EC of the European Parliament and of the Council on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (“**UCITS**”) (as implemented into Danish law), as amended and the European Capital Requirements Directives, 2006/48/EC and 2006/49/EC (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time, the covered bonds have the benefit of priority over a matched pool of assets upon bankruptcy of the Issuer. To the extent that claims in relation to the covered bonds and related derivative contracts, any refinancing bonds issued by the administrator, any short-term loans taken out by the administrator and any senior debt (if any) issued with the benefit of the assets in the cover pool are not met out of the pool of assets or the proceeds arising from it, the residual claims will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer, including obligations under Preferred Senior Notes, and ahead of the obligations under Non-Preferred Senior Notes. For information on creditor hierarchy under the BRRD, see “—*Risks Relating to the Legal and Regulatory Environments in which the Group Operates—The Bank may be subject to bail-in under the BRRD, and the exercise of any power under the BRRD could have a material adverse effect on Holders*” above.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes and may be lowered, withdrawn or not maintained.

One or more independent credit rating agencies may assign credit ratings to the Notes and/or the Issuer. The ratings may not reflect the potential impact of all risks related to the structure, the market, other additional risk factors discussed above, and other factors that may affect the value of the Notes or the standing of the Issuer. The expected rating(s), if any, of the Notes will be set out in the relevant Pricing Supplement for each Series of Notes. Any rating agency may lower its rating or withdraw its rating if, in the sole judgement of the rating agency, the credit quality of the Notes has declined or is in question. A security credit rating is not a recommendation to buy, sell or hold securities and may be suspended, reduced or withdrawn by the rating agency at any time. There is no guarantee that any rating of the Notes and/or the Issuer will be maintained by the Issuer following the date of this Base Information Memorandum. If any rating assigned to the Notes and/or the Issuer is revised lower, suspended, withdrawn or not maintained by the Issuer, the market value of the Notes may be reduced.

The Issuer may also decide to discontinue its cooperation with a rating agency at any time. In addition, changes in the Issuer’s credit ratings may affect the market value of the Notes. Rating agencies also regularly reassess the methodologies they employ to measure the creditworthiness of companies and securities. Any updates to these methodologies could affect the credit ratings assigned by the agencies.

In addition to ratings assigned by any hired rating agencies, rating agencies not hired by the Issuer to rate a Tranche of Notes may assign unsolicited ratings. If any non-hired rating agency assigns an unsolicited rating to any Notes, there can be no assurance that such rating will not differ from, or be lower than, the ratings provided by a hired rating agency. The assignment of an unsolicited rating by a rating agency not hired by the Issuer could adversely affect the market value and liquidity of the Notes.

No right of set-off, counterclaim or netting.

Subject as provided in the Conditions, no Holder who is in the event of the liquidation or bankruptcy of the Issuer indebted to the Issuer, will be entitled to exercise any right of set-off, counterclaim or netting against moneys owed by the Issuer in respect of the relevant Notes held by such Holder.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as security for indebtedness and (iii) other restrictions apply to its purchase or holding of any Notes. Financial institutions should consult their advisers or regulators to determine the appropriate treatment of Notes under any applicable risk based capital or similar rules.

Exchange rates and exchange controls may affect investments in the Notes.

An investment in Foreign Currency Notes (as defined herein) entails significant risks that are not associated with a similar investment in a security denominated in U.S. dollars. Such risks include, without limitation, the possibility of significant changes in the rate of exchange between the U.S. dollar and the Specified Currency (as defined herein) and the possibility of the imposition or modification of foreign exchange controls by either the United States or foreign governments. Such risks generally depend on economic and political events and the supply of and demand for the relevant currencies over which the Issuer has no control. In recent years, rates of exchange between the U.S. dollar and certain foreign currencies have been highly volatile and such volatility may be expected in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in the rate that may occur during the term of any Foreign Currency Note. Depreciation of the Specified Currency applicable to a Foreign Currency Note against the U.S. dollar would result in (i) the U.S. dollar-equivalent yield of such Note, (ii) the U.S. dollar-equivalent value of the principal repayable at maturity of such Note and (iii) generally, in the U.S. dollar-equivalent market value of such Note.

Governments have imposed from time to time exchange controls and may in the future impose or revise exchange controls at or prior to the maturity of a Foreign Currency Note. Such exchange controls could affect exchange rates as well as the availability of a Specified Currency at the time of payment of principal of and any premium and interest on a Foreign Currency Note. Even if there are no exchange controls, it is possible that the Specified Currency for any particular Foreign Currency Note would not be available at the maturity of such Note due to circumstances beyond the control of the Issuer.

Secondary market risk.

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Holders should be aware that during the credit crisis, there has been a general lack of liquidity in the secondary market for instruments similar to the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the relevant Notes. In addition, recent amendments to Rule 15c2-11 under the Exchange Act and regulatory interpretations thereof may restrict the ability of brokers and dealers to publish quotations on the notes on any interdealer quotation system or other quotation medium after January 4, 2025.

Payments under the Notes may be subject to withholding tax pursuant to the U.S. Foreign Account Tax Compliance Act.

With respect to (i) Notes issued after the date that is six months after the date the term “foreign passthru payment” is defined in regulations published in the U.S. Federal Register (the “**Grandfather Date**”), or (ii) Notes issued on or before the Grandfather Date that are materially modified after the Grandfather Date, a foreign financial institution (an “**FFI**”) may, under certain circumstances, be required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), and the regulations promulgated thereunder (“**FATCA**”) or any applicable intergovernmental agreement (“**IGA**”) between the United States and certain other countries together with implementing legislation and regulation, to withhold tax at a rate of 30 percent on all or a portion of payments of interest which are treated as “foreign passthru payments” made on or after the date that is two years after the date the term “foreign passthru payment” is defined in regulations published in the U.S. Federal Register, at the earliest, to an investor or any other financial institution through which payment on the Notes is made that is a non-U.S. financial institution that is not in compliance with FATCA. As at the date of this Base Information Memorandum, regulations defining the term “foreign passthru payment” have not yet been published. If the Issuer issues further Notes on or after the Grandfather Date pursuant to a reopening of a Series of Notes that was created on or before the Grandfather Date (the “**original Notes**”) and such further

Notes are not fungible with the original Notes for U.S. federal income tax purposes, payments on such further Notes may be subject to withholding under FATCA or any applicable IGA between the United States and certain other countries together with implementing legislation and regulation and, should the original Notes and the further Notes be indistinguishable for non-tax purposes, payments on the original Notes may also become subject to withholding under FATCA. The United States has entered into IGAs or reached IGAs in principal with many other jurisdictions, including Denmark, which modify the application of the rules to FFIs in such jurisdictions.

Under the November 19, 2012 Agreement to Improve International Tax Compliance and to Implement FATCA concluded between the governments of the United States and Denmark (the “**Danish IGA**”), an entity classified as an FFI that is treated as resident in Denmark is expected to provide the Danish tax authorities with certain information on U.S. holders of its securities. Information on U.S. holders will be automatically exchanged with the U.S. Internal Revenue Service (the “**IRS**”). The Issuer is an FFI and provided it complies with the requirements of the Danish IGA and the Danish legislation implementing the Danish IGA, it is not expected that it would be subject to FATCA withholding on any payments it receives and it is not expected that it would be required to withhold tax on any payments that it makes under the Notes. Although the Issuer may not be required to withhold FATCA taxes in respect of any foreign passthru payments it makes under the Danish IGA, FATCA withholding may apply in respect of any payments made on the Notes by any paying agent.

The application of FATCA to interest paid on or with respect to the Notes is not currently clear. If an amount in respect of FATCA withholding tax were to be deducted or withheld from interest on the Notes, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions, be required to pay additional amounts as a result of the deduction or withholding of such tax.

The Issuer may issue additional Notes that, though consolidated with the outstanding Notes of any series, may not be fungible with such outstanding Notes for U.S. federal income tax purposes.

The Issuer may, without the consent of the Holders of outstanding Notes, issue additional Notes with identical terms (except that the issue date, the issue price or the first payment of interest (if any) may be different in respect of different Tranches of the same Series). These additional Notes, even if they are treated for non-tax purposes as part of the same Series of Notes, in some cases may be treated as a separate Series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with original issue discount (“**OID**”) even if such outstanding Notes had no OID, or the additional Notes may have a greater amount of OID than such outstanding Notes. These differences may affect the market value of such outstanding Notes of the relevant series if the additional Notes are not otherwise distinguishable from such outstanding Notes.

IMPORTANT INFORMATION FOR INVESTORS

Notice to Prospective Investors in the United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and, subject to certain exceptions, may not be offered or sold, directly or indirectly, within the United States or to or for the account or benefit of U.S. persons, as defined in Regulation S. The Notes may be offered for sale only (i) in the United States, to QIBs within the meaning of, and in reliance on, Rule 144A under the Securities Act or another available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; or (ii) outside the United States, to non-U.S. persons in reliance on, and in accordance with, Regulation S, in each case, in compliance with applicable laws, regulations and directives. **Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.** See “*Plan of Distribution—Selling Restrictions*” and “*Transfer and Transfer Restrictions.*”

In the United States, this Base Information Memorandum is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the Notes described herein and it may not be forwarded or redistributed to any other person.

The Notes have not been recommended or approved by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Base Information Memorandum. Any representation to the contrary is a criminal offense in the United States.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Information Memorandum as completed by the relevant Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of Sales to U.K. Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Information Memorandum as completed by the relevant Pricing Supplement in relation thereto to any retail investor in the U.K. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of U.K. MiFIR; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

U.K. Restrictions

This Base Information Memorandum does not constitute an offer of Notes to the public in the U.K. No prospectus has been or will be approved in the U.K. in respect of the Notes. Consequently, this document is being distributed in the U.K. only to, and is directed at (a) persons who have professional experience in matters relating to investments falling within Article 19(51) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (b) high

net worth entities falling within Article 49(2)(a) to (d) of the Order, and other persons to whom it may lawfully be communicated, falling within Article 49(1) of the Order (all such persons together being referred to as “**relevant persons**”). Any person who is not a relevant person should not act or rely on this document or any of its contents.

Enforcement of Liabilities and Service of Process

Danske Bank A/S is established under the laws of Denmark, with its domicile in Copenhagen. All of the directors and executive officers of the Bank and certain of the persons named herein are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and of the Bank are located outside the United States. As a result, it may not be possible for U.S. investors to effect service of process upon such persons or the Bank or to enforce against them in U.S. courts a judgment obtained in such courts.

Original actions or actions for the enforcement of judgments of U.S. courts relating to the civil liability provisions of the federal or state securities laws of the United States are not directly enforceable in Denmark. If a party in whose favor the final judgment is rendered brings a new suit in a competent Danish court, the party may submit to the Danish court the final judgment that has been rendered by the U.S. court. Such judgment will only be regarded by a Danish court as evidence of the outcome of the dispute to which the judgment relates, and a Danish court may choose to rehear the dispute *ab initio*.

Neither the Bank, nor any of its respective directors or officers has consented to the jurisdiction of the courts of the United States or any state thereof in connection with any suit brought by an investor in the Notes or named an agent for service of process within the United States upon the Bank or such persons or to enforce, in United States courts, judgments against the Bank or such persons or judgments obtained in such courts predicated upon the civil liability provisions of the federal securities laws of the United States. Pursuant to the Conditions, the Bank will consent to the jurisdiction of the courts of England and will appoint an agent for service of process in England.

The registered offices of the Bank are located at 2–12 Holmens Kanal, DK-1092 Copenhagen K, Denmark, with telephone number +45 33 44 00 00 and Danish corporate registration number 61126228.

Special Notice Regarding Forward-looking Statements

Certain statements in this Base Information Memorandum, including certain statements set forth under “*Overview*,” “*Risk Factors*,” “*Operating and Financial Review and Prospects*,” “*Risk Management*,” “*Description of the Group*,” and “*The Danish Banking System and Regulation*,” are based on the beliefs of the Bank, as well as assumptions made by and information currently available to the Bank, and such statements may constitute forward-looking statements. These forward-looking statements (other than statements of historical fact) regarding the Group’s future results of operations, financial condition, cash flows, business strategy, plans and objectives of the Group’s management for future operations can generally be identified by terminology such as “targets,” “believes,” “estimates,” “expects,” “aims,” “intends,” “plans,” “seeks,” “will,” “may,” “anticipates,” “would,” “could,” “continues” or similar expressions or the negatives thereof.

Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Group, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among others:

- changes in the general economic and business conditions in the markets in which the Group operates, particularly in Denmark and the other countries where the Group operates;
- the impact of increased geopolitical tensions, including those related to Russia’s invasion of Ukraine (and the related sanctions imposed by the United States, the EU, the U.K., Canada, Japan and Australia, among others) on general market conditions;
- changes in inflation, interest rates, credit spreads, foreign exchange rates, equity and commodity prices;
- the impact of COVID-19 on the Group’s business, results of operations, liquidity, access to funding and financial position;
- changes in, or the failure or inability to comply with, regulations (including capital levels, liquidity and leverage ratios);
- changes in internal risk control and in the regulatory capital treatment of the Group’s positions;
- changes in industry trends;
- changes in the competitive environment and competitive pressures in the markets in which the Group operates;
- changes in real property values or asset quality;

- the loss of any significant customers;
- the extent and nature of future developments in the lending market and in other market segments in which the Group operates;
- changes in business strategy or development plans;
- political, governmental and regulatory changes or changes in political or social conditions;
- the availability, terms and deployment of capital;
- changes in the Group’s funding and liquidity position;
- changes in the Group’s credit ratings;
- changes in the quality of the Group’s loan portfolio and the Group’s counterparty risk, including credit developments in the SME segment;
- changes in the availability of qualified personnel;
- limitations in the effectiveness of the Group’s internal risk management processes, of its risk measurement, control and modeling systems, and of financial models generally;
- the Group’s ability to maintain or increase market share for its products and services and control expenses;
- management changes and changes to the structure of the Group’s business units;
- the occurrence of operational failures, such as fraud, unauthorized trading and systems failures; and
- technological developments.

Additional factors that could cause the Group’s actual business, results of operations or financial condition to differ from the forward-looking statements include, but are not limited to, the other factors that the Group has indicated in other parts of this Base Information Memorandum that could materially adversely affect its business and financial performance.

Should one or more of these factors or uncertainties materialize, or should any underlying assumptions prove to be incorrect, the Group’s actual results of operations or financial position could differ materially from that described herein as anticipated, believed, estimated or expected. The Bank urges investors to read the sections of this Base Information Memorandum entitled “*Risk Factors*,” “*Operating and Financial Review and Prospects*,” “*Description of the Group*” and “*The Danish Banking System and Regulation*” for a more complete discussion of the factors that could affect the Group’s future performance and the industry in which the Group operates.

The Bank does not intend, and does not assume any obligation, to update any forward-looking statements contained herein, except as may be required by law. All subsequent written and oral forward-looking statements attributable to the Bank or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Base Information Memorandum.

Certain Defined Terms

The following terms used in this Base Information Memorandum have the meanings assigned to them below:

“ 2021 Financial Statements ”	the audited consolidated financial statements of the Group as at and for the year ended December 31, 2021, together with comparative figures as at and for the year ended December 31, 2020.
“ 2022 Financial Statements ”	the audited consolidated financial statements of the Group as at and for the year ended December 31, 2022, together with comparative figures as at and for the year ended December 31, 2021.
“ AML ”	anti-money laundering.
“ Articles of Association ”	the articles of association of the Bank.
“ Baltic countries ”	Estonia, Latvia and Lithuania.
“ Bank ,” “ Danske Bank ” or “ Issuer ”	Danske Bank A/S.

“ Basel III ”	framework agreement of the BCBS to amend rules on impairments, capital requirements for mortgage lenders, a maximum leverage ratio, countercyclical capital buffers and minimum liquidity levels, among others.
“ Basel IV ”	the finalized Basel III framework published by the BCBS in December 2017 together with the revised minimum capital requirements for market risk published by the BCBS in January 2019.
“ BCBS ”	the Basel Committee on Banking Supervision.
“ Benchmarks Regulation ”	Regulation (EU) 2016/1011.
“ Board of Directors ”	the board of directors of the Bank.
“ BRRD ”	Directive (2014/59/EU) of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms dated May 15, 2014, and published in the Official Journal of the EU on June 12, 2014 (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time (including, for the avoidance of doubt, the amendments to such Directive resulting from BRRD II). The BRRD, including the general bail-in tool and MREL, was implemented into Danish law and entered into force as of June 1, 2015, in the Danish act on restructuring and resolution of certain financial undertakings and the Danish Financial Business Act.
“ BRRD II ”	Directive (EU) 2019/879 of the European Parliament and of the Council on the loss-absorbing and recapitalization capacity of credit institutions and investment firms dated May 20, 2019, and published in the Official Journal of the European Union on June 7, 2019.
“ BSRC ”	the Group Balance Sheet Risk Committee.
“ CET1 ”	common equity tier 1.
“ CEO ”	the Chief Executive Officer of the Bank.
“ CFO ”	the Chief Financial Officer of the Bank.
“ Clearstream, Luxembourg ”	Clearstream Banking S.A.
“ Code ”	the U.S. Internal Revenue Code of 1986, as amended.
“ Consolidated Financial Statements ”	the 2021 Financial Statements and the 2022 Financial Statements.
“ Consolidated Interim Financial Statements ”	the unaudited consolidated financial statements of the Group as at and for the six months ended June 30, 2023, together with comparative figures for the six months ended June 30, 2022, and as at December 31, 2022.
“ COO ”	the Chief Operating Officer of the Bank.
“ COVID-19 ”	a novel strain of coronavirus.
“ CRD IV Directive ”	Directive (2013/36/EU) of the European Parliament and of the Council on access to the activity of credit institutions and prudential supervision of credit institutions and investment firms (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time.
“ CRD V Directive ”	Directive (2019/878) of the European Parliament and of the Council amending Directive (2013/36/EU) as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (or, as the case may be,

	any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time.
“ CRO ”	chief risk officer.
“ CRR ”	Regulation No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, as amended or replaced from time to time, including by the CRR II.
“ CRR II ”	Regulation No 2019/876 of the European Parliament and of the Council, amending Regulation No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation No 648/2012, as amended or replaced from time to time.
“ CVA ”	credit value adjustment.
“ Danica Group ”	Danica Pension, a wholly-owned subsidiary of the Bank, and its subsidiaries.
“ Danica Pension ”	Danica Pension, Livsforsikringsaktieselskab, a wholly owned subsidiary of the Bank that carries out the insurance activities of the Group. Danica Pension was part of the Wealth Management business unit until January 1, 2021, when it became a separate reporting business unit.
“ Danish Central Bank ”	Danmarks Nationalbank.
“ Danish Kroner ” or “ DKK ”	the currency of Denmark.
“ Deloitte ”	Deloitte Statsautoriseret Revisionspartnerselskab.
“ DoJ ”	the U.S. Department of Justice.
“ DFSA ”	the Danish Financial Supervisory Authority.
“ EBA ”	the European Banking Authority.
“ ECB ”	the European Central Bank.
“ ECL ”	expected credit loss.
“ EEA ”	the European Economic Area.
“ ERM ”	enterprise risk management.
“ ESG ”	environmental social and governance.
“ EU ”	the European Union.
“ euro ” or “ EUR ”	the currency of the member states of the EU participating in the EU’s Economic and Monetary Union.
“ Euroclear ”	Euroclear Bank SA/NV.
“ Euronext Dublin ”	the Irish Stock Exchange plc, trading as Euronext Dublin.
“ EV ”	economic value.
“ Exchange Act ”	the U.S. Securities Exchange Act of 1934, as amended.
“ Executive Leadership Team ”	the executive leadership team of the Bank. Prior to September 5, 2019, the Executive Leadership Team was named the Executive Board.
“ Fitch ”	Fitch Ratings Limited (or any successor thereto).

“FTEs”	full-time-equivalent employees.
“FTP”	funds transfer pricing.
“FVA”	funding valuation adjustment.
“FVOCI”	fair value through other comprehensive income.
“FVPL”	fair value through profit or loss.
“G-SII”	global systemically important institution.
“General Meeting”	the general meeting of shareholders of the Bank.
“Group”	the Bank and its consolidated subsidiaries.
“Group ALCO”	the Group Asset & Liability Committee.
“GIA”	Group Internal Audit.
“IASB”	the International Accounting Standards Board.
“ICAAP”	the internal capital adequacy assessment process.
“IFRS”	International Financial Reporting Standards issued by the IASB, as adopted by the EU.
“ILAAP”	internal liquidity adequacy assessment process.
“IRB”	internal ratings-based.
“IRRBB”	interest rate risk in the banking book.
“IRS”	the U.S. Internal Revenue Service.
“IT”	information technology.
“LC&I”	the Large Corporates & Institutions business unit (formerly C&I).
“LCR”	liquidity coverage ratio.
“LTV”	loan-to-value.
“Moody’s”	Moody’s Investors Service Limited (or any successor thereto).
“MREL”	the minimum requirement for own funds and eligible liabilities.
“MRTs”	material risk takers.
“Nordic countries,” “Nordic region” or “Nordics”	Denmark, Sweden, Norway and Finland.
“NMDs”	non-maturing demand deposits.
“NPLs”	nonperforming loans.
“NSFR”	net stable funding ratio.
“PD”	probability of default.
“OID”	original issue discount.
“REA”	risk exposure amount.
“Realkredit Danmark”	Realkredit Danmark A/S.
“Rules of Procedure”	the Group’s Rules of Procedure.

“ RTS ”	Draft Regulatory Technical Standards on the materiality threshold for credit obligations past due under Article 178 of Regulation (EU) No 575/2013 (EBA/RTS/2016/06).
“ S&P ”	S&P Global Ratings Europe Limited (or any successor thereto).
“ SCU ”	the Danish Special Crime Unit.
“ SEC ”	the U.S. Securities and Exchange Commission.
“ SIFI ”	systemically important financial institution.
“ SPPI ”	solely payment of principal and interest on the principal amount outstanding.
“ SVaR ”	stressed VaR.
“ SyRB ”	systemic risk buffer.
“ U.K. ”	the United Kingdom.
“ U.S. dollar ” or “ U.S.\$ ”	the currency of the United States.
“ VaR ”	value-at-risk.
“ xVA ”	value adjustment.

Interpretation

In this Base Information Memorandum, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as supplemented, amended, modified, varied, extended, replaced or re-enacted from time to time.

Available Information

For as long as any Notes are admitted to listing on the Official List of Euronext Dublin and trading on the Global Exchange Market, electronic copies of the following documents will be available during usual business hours on any day (except on Saturdays, Sundays and public holidays) at the Bank’s registered office, 2–12 Holmens Kanal, DK–1092 Copenhagen K, Denmark:

- (i) the articles of association of the Bank (the “**Articles of Association**”); and
- (ii) the Program Agreement (as defined in “*Plan of Distribution*”), the Agency Agreement and the Deed of Covenant (each as defined in “*Terms and Conditions of the Notes*”) and the forms of the Global Notes.

For as long as any Notes are admitted to listing on the Official List of Euronext Dublin and trading on the Global Exchange Market, copies of the following documents will be available at www.danskebank.com/investor-relations/debt/us-mtn-programme (the “**U.S. MTN Program Website**”):

- (i) a copy of this Base Information Memorandum; and
- (ii) any supplements to this Base Information Memorandum, any future base information memoranda relating to the Program and any supplements to any future base information memoranda relating to the Program.

For as long as any Notes are admitted to listing on the Official List of Euronext Dublin and trading on the Global Exchange Market, copies of the following documents will be available on the website of the Bank at www.danskebank.com:

- (i) the Group’s Interim report – first half 2023 incorporated by reference into this Base Information Memorandum (see “—*Incorporation by Reference*” below for more details);
- (ii) the Consolidated Financial Statements incorporated by reference into this Base Information Memorandum (see “—*Incorporation by Reference*” below for more details); and
- (iii) any other documents incorporated by reference into this Base Information Memorandum from time to time.

Except as set forth under “—*Incorporation by Reference*” below, no information or documents included on the website of the Bank are part of or shall be incorporated by reference into this Base Information Memorandum.

Copies of any Pricing Supplement relating to Notes which are admitted to trading on the Global Exchange Market and are admitted to the Official List will be available at the website of Euronext Dublin at www.euronext.com/en/markets/dublin.

In accordance with Danish company law, the Group's consolidated annual accounts, including the financial statements and the auditor's reports, as well as the Articles of Association, are also available at the Danish Business Authority.

The Bank has agreed that, for so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Bank will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any Holder or beneficial owner of such restricted Notes or to any prospective purchaser of such restricted Notes designated by such Holder or beneficial owner, upon the request of such Holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

The Bank is not currently subject to the periodic reporting and other information requirements of the Exchange Act. The Bank is eligible for the exemption from periodic reporting under Rule 12g3-2(b) of the Exchange Act.

Statistical Data

The statistical data included in this Base Information Memorandum is not intended to comply with subpart 1400 of Regulation S-K under the Securities Act applicable to offerings of securities by bank holding companies that are registered with the U.S. Securities and Exchange Commission (which replaced Regulation S-K, Industry Guide 3, Statistical Disclosure by Bank Holding Companies).

Market and Industry Information

This Base Information Memorandum contains information about the market share, market position and industry data for the operating areas of the Group and its reporting segments. Unless otherwise indicated, such information is based on data reported to central banks in each of Denmark, Sweden, Norway, Finland, Ireland and each of the Baltic countries. Such information has been accurately reproduced and, as far as the Bank is aware and is able to ascertain from such information, no facts have been omitted which would render the information provided herein inaccurate or misleading.

Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Bank has not independently verified and cannot give any assurance as to the accuracy of market data and industry forecasts contained in this Base Information Memorandum that were taken or derived from these industry publications.

Presentation of Financial Information

General

Except as discussed below, the historical financial information of the Group presented in this Base Information Memorandum has been derived from the Consolidated Financial Statements. The Consolidated Financial Statements have been prepared in accordance with IFRS and Danish disclosure requirements for listed financial companies, and are incorporated by reference into this Base Information Memorandum. The consolidated financial statements of the Group as at and for the years ended December 31, 2022 and 2021, have been audited by Deloitte. The reports of Deloitte on the respective consolidated financial statements are incorporated by reference into this Base Information Memorandum. Deloitte is a member of "FSR – Danske Revisorer" (Association of State Authorized Public Accountants).

The discussion of the results of operations of the Group and its reporting segments included in "*Risk Factors*," "*Overview of Consolidated Financial Information and Other Data*," "*Operating and Financial Review and Prospects*" and "*Description of the Group*" is based on the financial highlights and segment reporting presentation used by the Group when presenting such information. The financial highlights deviate from the figures in the Consolidated Financial Statements as discussed in more detail under "*—Financial Highlights and Segment Reporting*" below.

Certain historical financial information of the Group presented in "*Selected Statistical Data and Other Information*" has been derived from the Group's regularly maintained accounting records, operating systems and accounting systems. Such historical financial information has not been audited.

Certain financial information set forth in this Base Information Memorandum has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row in a table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in this Base Information Memorandum reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

The Group's financial year ends on December 31, and references in this Base Information Memorandum to any specific financial year are to the twelve-month period ended December 31 of such year.

Financial information previously published for any financial periods can differ from subsequently published financial information due to the retrospective implementation of subsequent changes in accounting policies and other retrospective adjustments made in accordance with IFRS and Danish disclosure requirements for listed financial companies.

Financial Highlights and Segment Reporting

The discussion of the results of operations of the Group and its reporting segments included in “*Risk Factors*,” “*Overview of Consolidated Financial Information and Other Data*,” “*Operating and Financial Review and Prospects*” and “*Description of the Group*” is based on the financial highlights and segment reporting presentation used by the Group when presenting such information in its annual reports. The presentation in the financial highlights deviates from the presentation in the consolidated financial statements of the Group and its reporting segments as described below.

The presentation in the financial highlights as at and for the years ended December 31, 2022, 2021 and 2020, deviates from the presentation in the consolidated financial statements of the Group and its reporting segments as described below and under “—*Restatements and Reclassifications of Financial Highlights and Segment Reporting*” below.

See notes G1(d) and G3 to the 2022 Financial Statements and the 2021 Financial Statements and note G3 to the Interim report – first half 2023 incorporated by reference into this Base Information Memorandum, for information on reconciling the Group’s consolidated financial statements and the Group’s financial highlights and segment reporting presentation. See also “*Overview of Consolidated Financial Information and Other Data*.”

Operating Leases

In the consolidated income statements, gains or losses on the sale of operating lease assets, excluding properties, at the end of the lease agreement are presented on a gross basis (where the Group acts as a lessor). This means that the proceeds from the sale of the assets are recognized under “other income,” whereas the carrying amount of the lease assets is recognized under “operating expenses.”

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

Markets and Investment Banking & Securities (Both Part of LC&I) and Group Treasury (Part of Group Functions)

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

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

Danica Pension

In the consolidated income statements, income and expenses in Danica Pension is consolidated on a line-by-line basis. In the financial highlights, earnings in the business segment Danica Pension from January 1, 2021, is presented as a single line, “net income from insurance business,” due to Danica Pension being a separate business unit. This increases transparency and simplicity in the income statement part of the financial highlights, as Danica Pension’s business model is very different from the business model of the other commercial activities within the Group. “Net income from insurance business” is presented before elimination of intra-group transactions. The financial highlights and segment reporting as at and for the year ended December 31, 2020 was restated in the Group’s Annual Report 2021 to reflect this change. For additional information, see “—*Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year ended December 31, 2020*” below.

Non-core

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

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

Restatements and Reclassifications of Financial Highlights and Segment Reporting

Year ended December 31, 2021

The financial highlights and segment reporting as at and for the year ended December 31, 2021, was restated in the Group's Annual Report 2022 to reflect the following:

The presentation of the financial highlights and segment reporting as at and for the year ended December 31, 2021, has been restated in the Group's Annual Report 2022 to reflect the changes to the Group's commercial activities that came into effect in May 2022. The business unit Personal & Business Customers has been divided into two business units: Personal Customers and Business Customers. The consolidated income statement and balance sheet are not impacted by the change.

In addition, during 2022 the Group changed the presentation of "resolution fund, bank tax etc." to be presented as a separate element within "operating expenses" in the financial highlights and segment reporting. The separate presentation of "resolution fund, bank tax etc." is also reflected in the comparative information for the year ended December 31, 2021, in the Group's Annual Report 2022, although there is no change to total "operating expenses." This change does not affect the presentation in the consolidated income statement.

The Group's transformation initiative "Better Ways of Working" entailed a digital journey that led to the recognition of impairment charges on existing software in 2020. To better reflect the development in the underlying cost base, the impairment charges were presented separately in the financial highlights in the Group's Annual Report 2021, whereas they were recognized under "operating expenses" in the consolidated income statement. In the Group's Annual Report 2022, "impairment charges, other intangible assets" is now presented as an element within "operating expenses" in the financial highlights and segment reporting. Comparative figures for the year ended December 31, 2021, were restated in the financial highlights in the Group's Annual Report 2022 to include these charges in the total of "operating expenses." This does not affect the presentation in the consolidated income statement.

Finally, new rows have been added to the 2022 financial highlights and segment reporting for "impairment charges on goodwill" and "provision for Estonia matter," respectively.

For additional information, see note G3(a) to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum.

Comparability of Financial Information

Financial information that is not restated for the above changes as at and for the year ended December 31, 2021, and all information as at and for the year ended December 31, 2020, as reported in the Group's Annual Report 2021 is presented under "*Operating and Financial Review and Prospects—Review of Financial Highlights and Consolidated Financial Information for the Years Ended and as at December 31, 2021 and 2020*" where 2021 financial information is compared to 2020 financial information, as full 2020 financial information restated for the above changes is not available. Accordingly, the non-restated financial information as at and for the year ended December 31, 2020, presented in this Base Information Memorandum is not fully comparable to the financial information as at and for the years ended December 31, 2022 and 2021, presented in this Base Information Memorandum, including under "*Operating and Financial Review and Prospects—Review of Financial Highlights and Consolidated Financial Information for the Years Ended and as at December 31, 2022 and 2021.*" The non-restated financial information as at and for the year ended December 31, 2021, should be read together with the restated financial information as at and for the year ended December 31, 2021, reported in the Group's Annual Report 2022.

Year ended December 31, 2020

The financial highlights and segment reporting as at and for the year ended December 31, 2020, was restated in the Group's Annual Report 2021 to reflect the following:

From January 1, 2021, the presentation in the financial highlights and segment reporting was changed to reflect the new Group organization that was announced on August 25, 2020. The aim of the redesigned organization was to reduce complexity, increase efficiency and become more competitive for the Group's customers. Following the reorganization, the Group's commercial activities were organized in four reporting business units:

- Personal & Business Customers, which serves personal customers and small and medium-sized business customers across all Nordic markets;

- LC&I, which serves large corporates and institutional customers across all Nordic markets;
- Danica Pension; and
- Northern Ireland.

In addition to the four commercial business units, the Group’s reportable segments under IFRS 8 continued to include Non-core and Group functions (previously called “Other Activities”).

In the financial highlights, earnings in the business unit Danica Pension from January 1, 2021, was presented as “net income from insurance business” due to Danica Pension being a separate business unit. This increased transparency and simplicity in the income statement part of the financial highlights, as Danica Pension’s business model is very different from the business model of the other commercial activities within the Group. The financial highlights 2020 were further restated to reflect the change in the presentation of indirect fees earned on Danish mortgage loans described under “—*Changes in Accounting Policies, Restatements and Reclassifications of Consolidated Financial Statements—Year Ended December 31, 2021*” below.

For additional information, see notes G2(a) and G3(a) to the 2021 Financial Statements incorporated by reference into this Base Information Memorandum.

Changes in Accounting Policies, Restatements and Reclassifications of Consolidated Financial Statements

Year Ended December 31, 2022

On January 1, 2022, the Group implemented the amendments to “IAS 16 – Property, Plant and Equipment” (“IAS 16”), “IAS 37 – Provisions, Contingent Liabilities and Contingent Assets” (“IAS 37”), “IFRS 3 – Business Combinations” (“IFRS 3”) and Annual Improvements to IFRS Standards 2018–2020. The implementation of the amendments to IFRS had no impact on the consolidated financial statements.

In 2022, the Group has changed the presentation of “gain or loss on sale of disposal groups” to be presented separately on the face of the income statement rather than within “other income.” Comparative information for the year ended December 31, 2021, in the income statement in the 2022 Financial Statements has been restated in the 2022 Financial Statements to reflect the change in presentation. For additional information, see Note G7 to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum.

In 2022, the Group has included “impairment charges on goodwill” and “provision for Estonia matter” as separate rows in the income statement.

The sections below explain in more detail the changes to accounting policies and presentation.

Amendment to IAS 16

The amendment clarifies that if items are produced while bringing an item of property, plant and equipment into use, the proceeds from sale of that item cannot be deducted from the cost of the asset. The proceeds must instead be recognized in profit or loss. The amendment has no impact on the consolidated financial statements.

Amendment to IAS 37

The amendment clarifies that when assessing whether a contract is onerous, costs to be included are those that are directly related to the contract, and include the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contract. The amendment has no impact on the consolidated financial statements.

Amendment to IFRS 3

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

Annual Improvements to IFRS Standards 2018 – 2020 Cycle

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

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

Year Ended December 31, 2021

On January 1, 2021, the Group implemented amendments to IFRS 9, “IAS 39 – Financial Instruments: Recognition and Measurement” (“IAS 39”), “IFRS 7 – Financial Instruments: Disclosures” (“IFRS 7”), IFRS 4 and IFRS 16 (Interest Rate Benchmark Reform, phase 2), and IFRS 16 (COVID-19 Related Rent Concessions). The implementation of the amendments to IFRSs had no impact on the financial statements.

In 2021, the Group changed the presentation in the income statement of indirect fees earned when customers are granted, refinance or prepay Danish mortgage loans. Comparative information for the year ended December 31, 2020, was restated to reflect the change in presentation in the income statement of the 2021 Financial Statements incorporated by reference into this Base Information Memorandum.

In 2021, the Group changed the presentation of the line items “gain and loss on sale of disposal groups” and “income from holdings in associates” from separately presentation on the face of the income statement to be presented under “other income.” Comparative information for the year ended December 31, 2020, was restated to reflect the change in presentation in the income statement of the 2021 Financial Statements incorporated by reference into this Base Information Memorandum. For additional information, see note G7 to the 2021 Financial Statements incorporated by reference into this Base Information Memorandum.

The Group changed the presentation of “assets held for sale” and “liabilities in disposal groups held for sale” to be presented separately on the face of the balance sheet rather than within “other assets” and “other liabilities,” respectively. Comparative information as at December 31, 2020, was restated to reflect the change in presentation in the balance sheet of the 2021 Financial Statements incorporated by reference into this Base Information Memorandum. For additional information, see note G23 to the 2021 Financial Statements incorporated by reference into this Base Information Memorandum.

The sections below explain in more detail the changes to accounting policies and presentation implemented.

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

In August 2020, the IASB issued amendments to various standards to cover the effects on financial statements when old interest rate benchmarks are replaced by alternative benchmark rates as a result of the benchmark reform.

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

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

The implementation has been applied retrospectively without restatement of prior periods. The implementation of the amendments had no impact on shareholders’ equity at January 1, 2021. For additional information, see notes G12 and G33 to the 2021 Financial Statements incorporated by reference into this Base Information Memorandum.

COVID-19 Related Rent Concessions (Amendments to IFRS 16)

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

Change in the Presentation of Indirect Fees Earned on Danish Mortgage Loans

The Group’s Danish mortgage loans are granted through Realkredit Danmark and funded by issued listed mortgage bonds with matching terms, both measured at fair value through profit and loss. When customers are granted, refinance or prepay such loans, the Group earns direct fees as well as indirect fees with the latter being changed as a discount or premium to the quoted price on the bonds funding the specific loan. In the income statement, the indirect fees are now included within

“fee income” to align with the presentation of the direct fees. Previously, the indirect fees were included within “net trading income or loss.” Comparative information has been restated, leading to a reclassification to “fee income” from “net trading income or loss” of DKK 590 million in 2020.

Non-IFRS Measures of Financial Performance

The discussion of the results of operations of the Group and its reporting segments included in “*Risk Factors*,” “*Overview of Consolidated Financial Information and Other Data*,” “*Operating and Financial Review and Prospects*” and “*Description of the Group*” is based on the financial highlights and segment reporting presentation used by the Group when presenting such information in its annual reports. Results of the Group performance have historically been presented on the basis of IFRS financial results with certain deviations as described in more detail under “—*Presentation of Financial Information*” above.

Certain of the income statement and balance sheet information and ratios that are presented based on the financial highlights and segment reporting presentation deviate from the corresponding figures in the Consolidated Financial Statements as discussed in more detail under “—*Presentation of Financial Information*” above. These measures are non-IFRS financial measures. In addition, the financial highlights are alternative performance measures, as described in the section “*Definition of alternative performance measures*” in the Group’s Annual Report 2022 incorporated by reference into this Base Information Memorandum.

A non-IFRS financial measure is defined as one that measures historical or future financial performance, financial position or cash flows but which excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. The reconciliations between the non-IFRS financial highlight and segment reporting figures presented by the Group and the IFRS equivalent figures are described in notes G1(d) and G3 to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum.

In addition to information on the Group’s results of operations that is based on the financial highlights and segment reporting presentation, this Base Information Memorandum includes certain other non-IFRS measures. These include the following information which has also been prepared on a financial highlights basis: earnings per share, return on average shareholders’ equity, net interest income as percent per annum of loans and deposits and cost/income ratio. See “*Overview of Consolidated Financial Information and Other Data*” for a description of how these non-IFRS measures are calculated. See also the definitions of alternative performance measures in the section “*Definition of alternative performance measures*” in the Group’s Annual Report 2022 incorporated by reference into this Base Information Memorandum.

Non-IFRS measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. Non-IFRS measures as reported by the Group may not be comparable to similarly titled amounts reported by other companies. The non-IFRS measures discussed in this Base Information Memorandum are used in the internal management of the Group, along with the most directly comparable IFRS financial measures, in evaluating operating performance. The Group’s management believes that these non-IFRS measures, when considered in conjunction with IFRS measures, accurately reflect the Group’s economic performance and enhance investors’ and management’s overall understanding of the Group’s performance. In addition, because the Group has historically reported certain non-IFRS measures to investors, the Bank’s management believes that the inclusion of non-IFRS measures provides consistency in the Group’s financial reporting.

Incorporation by Reference

This Base Information Memorandum incorporates by reference important information about the Group, which means that:

- (i) the incorporated information is considered part of this Base Information Memorandum; and
- (ii) the Bank can disclose important information to prospective purchasers of Notes by referring prospective purchasers to documents that include such information.

The following information, which has previously been published and has been submitted to and filed with Euronext Dublin, shall be deemed to be incorporated into, and form part of, this Base Information Memorandum:

Information	Source
<i>Interim report – first half 2023</i>	
The following sections of “Management’s report”:	
Financial highlights – Danske Bank Group.....	page 3
Executive summary (excluding the subsection “Outlook for 2023” on page 5)..	pages 4–5
Financial review	pages 10–16
Personal Customers	pages 18–20
Business Customers.....	pages 21–22

Information	Source
Large Corporates & Institutions	pages 23–25
Danica Pension	pages 26–27
Northern Ireland	pages 28–29
Non-core	page 30
Group Functions	pages 31–32
Definition of alternative performance measures.....	page 33
The following sections of “Financial statements”:	
Income statement.....	page 35
Statement of comprehensive income	page 36
Balance sheet	page 37
Statement of capital	pages 38–39
Cash flow statement	page 40
Notes.....	pages 41–78
The following sections of “Statements”:	
Statement by the management.....	page 86
Independent auditor’s review report.....	page 87
Annual Report 2022	
The following sections of “Management’s report”:	
Definition of alternative performance measures.....	page 64
The following sections of “Financial statements”:	
Income statement.....	page 68
Statement of comprehensive income	page 69
Balance sheet	page 70
Statement of capital	pages 71–73
Cash flow statement	page 74
Notes (excluding the “Financial statements – Danske Bank A/S” on pages 208 to 229)	pages 75–207
The following sections of “Statements”:	
Statement by the management.....	page 230
Independent auditor’s review report.....	pages 231–235
Annual Report 2021	
The following sections of “Management’s report”:	
Definition of alternative performance measures.....	page 56
The following sections of “Financial statements”:	
Income statement.....	page 58
Statement of comprehensive income	page 59
Balance sheet	page 60
Statement of capital	pages 61–63
Cash flow statement	page 64
Notes (excluding the “Financial statements – Danske Bank A/S” on pages 198 to 219)	pages 65–197
The following sections of “Statements”:	
Statement by the management.....	page 220
Independent auditor’s review report.....	pages 221–225
Terms and Conditions of the Notes	
The section “Terms and Conditions of the Notes” from the Base Information Memorandum dated December 30, 2022.....	Base Information Memorandum dated December 30, 2022, pages 199–235
The section “Terms and Conditions of the Notes” from the Base Information Memorandum dated September 6, 2021	Base Information Memorandum dated September 6, 2021, pages 191–230
The section “Terms and Conditions of the Notes” from the Base Information Memorandum dated April 8, 2020.....	Base Information Memorandum dated April 8, 2020, pages 183–221

Information	Source
The section “Terms and Conditions of the Notes” from the Base Prospectus dated June 12, 2019.....	Base Prospectus dated June 12, 2019, pages 179–208
The section “Terms and Conditions of the Notes” from the Base Prospectus dated May 23, 2018.....	Base Prospectus dated May 23, 2018, pages 190–216
The section “Terms and Conditions of the Notes” from the Base Prospectus dated February 22, 2017.....	Base Prospectus dated February 22, 2017, pages 163–181
The section “Terms and Conditions of the Notes” from the Base Prospectus dated February 26, 2016.....	Base Prospectus dated February 26, 2016, pages 152–170
The section “Terms and Conditions of the Notes” from the Base Prospectus dated September 4, 2015	Base Prospectus dated September 4, 2015, pages 156–174

The Group’s Interim report – first half 2023, which includes information incorporated by reference into this Base Information Memorandum relating to the six months ended and as at June 30, 2023, as described in the above cross reference list, can be viewed online at www.danskebank.com/-/media/danske-bank-com/file-cloud/2023/7/danske-bank-interim-report--first-half-2023.pdf.

The Group’s Annual Report 2022, which includes information incorporated by reference into this Base Information Memorandum relating to the year ended and as at December 31, 2022, as described in the above cross reference list, can be viewed online at www.danskebank.com/-/media/danske-bank-com/file-cloud/2023/2/danske-bank-annual-report-2022.pdf.

The Group’s Annual Report 2021, which includes information incorporated by reference into this Base Information Memorandum relating to the year ended and as at December 31, 2021, as described in the above cross reference list, can be viewed online at www.danskebank.com/-/media/danske-bank-com/file-cloud/2022/2/danske-bank-annual-report-2021.pdf.

The Base Information Memorandum dated December 30, 2022, relating to the Program, which includes information incorporated by reference into this Base Information Memorandum relating to the previous Terms and Conditions of the Notes as described in the above cross reference list, can be viewed online at www.danskebank.com/-/media/danske-bank-com/pdf/investor-relations/debt/funding-programmes/us-mtn-programme/danske-bank-us-mtn--base-information-memorandum-december-30-2022.pdf.

The Base Information Memorandum dated September 6, 2021, relating to the Program, which includes information incorporated by reference into this Base Information Memorandum relating to the previous Terms and Conditions of the Notes as described in the above cross reference list, can be viewed online at www.danskebank.com/-/media/danske-bank-com/pdf/investor-relations/debt/funding-programmes/us-mtn-programme/danske-bank-us-mtn--base-information-memorandum-september-6-2021.pdf.

The Base Information Memorandum dated April 8, 2020, relating to the Program, which includes information incorporated by reference into this Base Information Memorandum relating to the previous Terms and Conditions of the Notes as described in the above cross reference list, can be viewed online at www.danskebank.com/-/media/danske-bank-com/pdf/investor-relations/debt/funding-programmes/us-mtn-programme/danske-bank--base-information-memorandum--april-8-2020.pdf.

The Base Prospectus dated June 12, 2019, relating to the Program, which includes information incorporated by reference into this Base Information Memorandum relating to the previous Terms and Conditions of the Notes as described in the above cross reference list, can be viewed online at www.danskebank.com/-/media/danske-bank-com/pdf/investor-relations/debt/funding-programmes/us-mtn-programme/danske-bank--us-mtn-update-12-june-2019--base-prospectus.pdf.

The Base Prospectus dated May 23, 2018, relating to the Program, which includes information incorporated by reference into this Base Information Memorandum relating to the previous Terms and Conditions of the Notes as described in the above cross reference list, can be viewed online at www.danskebank.com/-/media/danske-bank-com/pdf/investor-relations/debt/funding-programmes/us-mtn-programme/danske-bank-us-mtn--base-prospectus-2018-final.pdf.

The Base Prospectus dated February 22, 2017, relating to the Program, which includes information incorporated by reference into this Base Information Memorandum relating to the previous Terms and Conditions of the Notes as

described in the above cross reference list, can be viewed online at www.danskebank.com/-/media/danske-bank-com/pdf/investor-relations/debt/funding-programmes/us-mtn-programme/us-mtn-programme-22-february-2017---base-prospectus.pdf.

The Base Prospectus dated February 26, 2016, relating to the Program, which includes information incorporated by reference into this Base Information Memorandum relating to the previous Terms and Conditions of the Notes as described in the above cross reference list, can be viewed online at www.danskebank.com/-/media/danske-bank-com/pdf/investor-relations/debt/funding-programmes/us-mtn-programme/us-mtn-programme-26-february-2016---base-prospectus.pdf.

The Base Prospectus dated September 4, 2015, relating to the Program, which includes information incorporated by reference into this Base Information Memorandum relating to the previous Terms and Conditions of the Notes as described in the above cross reference list, can be viewed online at www.danskebank.com/-/media/danske-bank-com/pdf/investor-relations/debt/funding-programmes/us-mtn-programme/us-mtn-programme-4-september-2015---base-prospectus.pdf.

Where only certain parts of a document are incorporated by reference into this Base Information Memorandum, the non-incorporated parts are either not relevant to investors or are covered elsewhere in this Base Information Memorandum.

In addition, in relation to each issue of Notes, the relevant Pricing Supplement shall be deemed to form a part of, and should be read together with, this Base Information Memorandum. Should any of the documents incorporated by reference into this Base Information Memorandum themselves incorporate by reference further information, such information does not form a part of this Base Information Memorandum.

Any statement contained or incorporated by reference into this Base Information Memorandum, including any relevant Pricing Supplement, will be deemed to be modified or superseded for purpose of this Base Information Memorandum, including any relevant Pricing Supplement, to the extent that a statement contained in a document that is incorporated by reference into this Base Information Memorandum through a supplement to this Base Information Memorandum and posted on the Group’s U.S. MTN Program Website or investor relations website at www.danskebank.com/investor-relations/ modifies or supersedes that statement (including as a result of a more recently incorporated document). Any statement that is modified or superseded in this manner will no longer be a part of this Base Information Memorandum or any relevant Pricing Supplement, except as modified or superseded.

The documents incorporated by reference will not be distributed to the Holders, but will be available to Holders upon request. Requests for copies of any incorporated documents should be addressed to Danske Bank’s Investor Relations, 2–12 Holmens Kanal, DK–1092 Copenhagen K, Denmark.

All references to this Base Information Memorandum in this section, “*Incorporation by Reference*,” mean this Base Information Memorandum as it may be amended or supplemented from time to time.

Exchange Rates

The following tables set forth, for the periods and dates indicated, the average, high, low and period-end exchange rates, based on the reference rates as published by the Danish Central Bank for the Danish Kroner in relation to the euro and the U.S. dollar. The average rate means the average of the exchange rates on the last day of each month during the applicable period. Fluctuations in the exchange rates between the Danish Kroner and the currencies set forth below in the past are not necessarily indicative of fluctuations that may occur in the future. These rates may also differ from the actual rates used in the preparation of the financial statements and other financial information presented in this Base Information Memorandum.

	Reference rates of Danish Kroner per euro			
	Average	High	Low	Period-end
2018	7.453	7.467	7.444	7.467
2019	7.466	7.473	7.456	7.470
2020	7.454	7.473	7.436	7.439
2021	7.437	7.441	7.436	7.437
2022	7.440	7.446	7.436	7.437
2023 (until September 4)	7.448	7.454	7.437	7.453

Source: Danish Central Bank.

	Reference rates of Danish Kroner per U.S. dollar			
	Average	High	Low	Period-end
2018	6.317	6.519	6.170	6.519
2019	6.670	6.857	6.472	6.676
2020	6.542	6.976	6.058	6.058
2021	6.292	6.636	6.030	6.561
2022	7.083	7.775	6.491	6.972
2023 (until September 4)	6.864	7.083	6.620	6.900

Source: Danish Central Bank.

The above rates are provided solely for the convenience of the reader. No representation is made that the Danish Kroner could have been converted into euro or U.S. dollar at the rates shown or at any other rate for such periods or at such dates.

CAPITALIZATION

The following table sets forth the Bank's consolidated capitalization and indebtedness as at June 30, 2023:

	<u>As at June 30, 2023</u> (DKK in millions)
Due to credit institutions and central banks	186,661
Deposits	1,184,882
Bonds issued by Realkredit Danmark	712,186
Other issued bonds ⁽¹⁾	<u>308,444</u>
Total senior funding	2,392,173
Hereof secured funding ⁽²⁾	1,071,520
Subordinated debt	<u>38,338</u>
Total debt and subordinated debt	2,430,511
Share capital	8,622
Foreign currency translation reserve	(4,903)
Reserve for bonds at fair value through other comprehensive income (FVOCI)	(1,600)
Retained earnings	<u>166,529</u>
Total equity	<u>168,648</u>
Total senior funding, subordinated capital and equity	<u>2,599,159</u>

(1) Other issued bonds consists of covered bonds of DKK 140,718 million, preferred senior bonds of DKK 56,185 million, non-preferred senior bonds of DKK 93,113 million. Structured retail notes of DKK 5,081 million and commercial papers and certificates of deposits of DKK 13,347 million.

(2) Hereof secured funding consists of bonds issued by Realkredit Danmark of DKK 712,186 million, covered bonds of DKK 140,718 million and repo transactions of DKK 218,616 million.

The table above should be read in conjunction with the Group's Interim report – first half 2023 incorporated by reference into this Base Information Memorandum.

On July 26, 2023, the Bank paid an interim dividend in the aggregate amount of DKK 6,035 million. Other than the payment of this interim dividend, there have been no material changes affecting the Bank's consolidated capitalization and indebtedness between June 30, 2023, and the date of this Base Information Memorandum.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Bank to meet part of its general financing requirements.

OVERVIEW OF CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

The consolidated income statement and balance sheet data presented below have been derived from the Consolidated Financial Statements. The Consolidated Financial Statements have been prepared in accordance with IFRS and Danish disclosure requirements for listed financial companies, and are incorporated by reference into this Base Information Memorandum. The Consolidated Financial Statements have been audited by Deloitte. The reports of Deloitte on the respective Consolidated Financial Statements are incorporated by reference into this Base Information Memorandum.

The following information is based on the financial highlights presentation used by the Group when presenting such information in its annual reports. The line items marked with an asterisk in the tables below deviate from the corresponding figures in the Group's consolidated financial statements as discussed in more detail under "*Important Information for Investors—Presentation of Financial Information.*" See notes G1(d), G2(a) and G3 to the 2022 Financial Statements and the 2021 Financial Statements incorporated by reference into this Base Information Memorandum for information on reconciling the consolidated income statements and the financial highlights presentation.

The information below should be read together with the Consolidated Financial Statements incorporated by reference into this Base Information Memorandum and the sections "*Important Information for Investors—Presentation of Financial Information,*" "*Important Information for Investors—Non-IFRS Measures of Financial Performance*" and "*Operating and Financial Review and Prospects.*"

The following information is supplemented by, and should be read together with, the Group's Interim report – first half 2023 incorporated by reference into this Base Information Memorandum. The Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 as adopted by the EU and Danish disclosure requirements for listed financial companies, and are incorporated by reference into this Base Information Memorandum.

	For the year ended December 31,		
	2022	2021	2020
	(DKK in millions)		
INCOME STATEMENT DATA			
Net interest income*	25,188	22,049	22,151 ⁽¹⁾
Net fee income*	12,590	13,525	12,217 ⁽¹⁾
Net trading income*	1,426	4,126	4,297 ⁽¹⁾
Net trading income from insurance business*	63	2,088	1,669 ⁽¹⁾
Other income*	<u>1,936</u>	<u>797</u>	<u>594⁽¹⁾</u>
Total income*	41,203	42,584	40,928 ⁽¹⁾
Operating expenses*	(26,478)	(25,663) ⁽²⁾	(26,648) ⁽¹⁾
of which resolution fund, bank tax, etc.*	(962)	(687) ⁽²⁾	–
Provisions for Estonia matter	13,800	–	–
Impairment charges on goodwill	1,627	–	–
Impairment charges, other intangible assets*	–	–	(379)
Profit/(loss) before loan impairment charges*	(703)	16,921	13,901
Loan impairment charges*	(1,568)	(348)	(7,001)
Profit/(loss) before tax, core*	(2,271)	16,573	6,900
Loss before tax, Non-core*	<u>(13)</u>	<u>(2)</u>	<u>(596)</u>
Profit/(loss) before tax	(2,284)	16,571	6,304
Tax	<u>(2,784)</u>	<u>(3,651)</u>	<u>(1,715)</u>
Net profit/(loss) for the year	<u>(5,068)</u>	<u>12,920</u>	<u>4,589</u>
Attributable to additional tier 1 etc.	86	451	551

	As at December 31,		
	2022	2021	2020
	(DKK in millions)		
BALANCE SHEET DATA			
Assets			
Due from credit institutions and central banks*	191,853	320,042	345,938
Repo loans*	247,752	253,954	257,883
Loans*	1,803,955	1,834,372	1,838,126
Trading portfolio assets*	638,799	509,589	682,945
Investment securities*	302,613	303,425	296,769
Assets under insurance contracts	455,416	547,806	545,708
Total assets in Non-core*	–	– ⁽²⁾	2,797
Other assets (including Non-core)*	<u>122,611</u>	<u>166,647⁽²⁾</u>	<u>139,064</u>
Total assets	<u>3,762,999</u>	<u>3,935,834</u>	<u>4,109,231</u>
Liabilities			
Due to credit institutions and central banks*	91,159	101,786	125,267
Repo deposits*	137,920	193,391	223,973
Deposits*	1,169,879	1,167,638	1,193,173
Bonds issued by Realkredit Danmark*	685,238	770,661	775,844
Other issued bonds*	298,068	355,757	360,127
Trading portfolio liabilities*	554,321	374,958	499,331
Liabilities under insurance contracts	487,422	588,736	591,930
Total liabilities in Non-core*	–	– ⁽²⁾	2,975
Other liabilities (including Non-core)*	140,325	166,882 ⁽²⁾	135,596
Subordinated debt	38,350	39,321	32,337
Additional tier 1 capital holders	–	5,497	8,508
Shareholders' equity	<u>160,318</u>	<u>171,207</u>	<u>160,171</u>
Total liabilities and equity	<u>3,762,999</u>	<u>3,935,834</u>	<u>4,109,231</u>

	As at and for the year ended December 31,		
	2022	2021	2020
Ratios and Key Figures			
Earnings per share, ⁽³⁾ DKK	(6.1)	14.6	4.7
Return on average shareholders' equity, ⁽⁴⁾ percent	(3.1)	7.6	2.6
Adjusted return on average shareholders' equity, ⁽⁵⁾ percent	6.2	7.6	2.6
Net interest income as percent per annum of loans and deposits ⁽⁶⁾	0.84	0.73	0.76 ⁽¹⁾
Cost/income ratio, ⁽⁷⁾ percent	101.7	60.3	66.0 ⁽¹⁾
Adjusted cost/income ratio, ⁽⁸⁾ percent	64.3	60.3	66.0 ⁽¹⁾
Total capital ratio, ⁽⁹⁾ percent	22.1	22.4	23.0
Common equity tier 1 capital ratio, ⁽¹⁰⁾ percent	17.8	17.7	18.3
Full-time-equivalent staff (end of period)	21,022	21,754	22,376

* The tables above are based on the financial highlights presentation used by the Group when presenting such information in its annual reports. The line items and figures marked with an asterisk deviate from the corresponding figures in the Consolidated Financial Statements as discussed in more detail under "Important Information for Investors—Presentation of Financial Information." See notes G1(d) and G3 to the 2022 Financial Statements and the 2021 Financial Statements incorporated by reference into this Base Information Memorandum for information on reconciling the consolidated income statements and the financial highlights presentation.

- (1) As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2020," the Group has restated the comparative financial highlights as at and for the year ended December 31, 2020, in the 2021 Financial Statements incorporated by reference into this Base Information Memorandum.
- (2) As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021," the Group has restated the comparative financial highlights as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The above tables reflect the restated figures as at and for the year ended December 31, 2021, but include figures as at and for the year ended December 31, 2020, that have not been restated for these changes and, therefore, are not directly comparable in all respects with the information presented as at and for the years ended December 31, 2022 and 2021.
- (3) Earnings per share is calculated as net profit for the year divided by the average number of shares outstanding during the year. Net profit for the year is stated after the deduction of interest on equity-accounted additional tier 1 capital.
- (4) Return on shareholders' equity, percent, is calculated as net profit for the year divided by the average of the quarterly average shareholders' equity (beginning and end of each quarter) within the year. Net profit for the year and shareholders' equity are stated as if the equity-accounted additional tier 1 capital was classified as a liability. In the numerator, net profit for the year is reduced by interest expenses of DKK 86 million for 2022 (2021: DKK 451 million, 2020: DKK 551 million). The denominator represents equity excluding additional tier 1 capital and other non-controlling interests equal to a reduction in the quarterly average of equity of DKK 2,266 million for 2022 (2021: DKK 7,733 million, 2020: DKK 13,526 million) compared to a simple average of total equity (beginning and end of the period).
- (5) Adjusted return on shareholders' equity, percent, is calculated as net profit for the year, excluding the provision for the Estonia matter and the impairment charges on goodwill, divided by the average of the quarterly average shareholders' equity (beginning and end of each quarter) within the year. In the numerator, net profit for the year is reduced by interest expenses of DKK 86 million for 2022 (2021: DKK 451 million, 2020: DKK 551 million). The denominator represents equity excluding additional tier 1 capital and other non-controlling interests equal to a reduction in the quarterly average of equity of DKK 2,266 million for 2022 (2021: DKK 7,733 million, 2020: DKK 13,526 million) compared to a simple average of total equity (beginning and end of the period).

- (6) Net interest income as percent per annum of loans and deposits is calculated as net interest income* divided by the daily average of the sum of loans* and deposits*. If the ratio was calculated applying the sum of loans and deposits at the end of the period, the ratio for 2022 would be 0.85 percent (2021: 0.73 percent, 2020: 0.73 percent) due to the daily average of the sum of loans and deposits being DKK 39.9 billion higher (2021: DKK 5.4 billion higher, 2020: DKK 124.8 billion lower) than calculating the ratio by applying the end-of-period sum of loans* and deposits*. The purpose of the ratio is to show whether the growth in net interest income follows the growth in loans* and deposits*. The daily average is a more faithful representation of the growth in loans* and deposits*.
- (7) Cost/income ratio, percent, is calculated as operating expenses*, provision for Estonian matter and impairment charges on goodwill (and, for the year ended December 31, 2020, impairment charges other intangible assets*) divided by total income*.
- (8) Adjusted cost/income ratio, percent, is calculated as operating expenses* divided by total income*.
- (9) Total capital ratio, percent, is calculated as total capital divided by the total REA.
- (10) Common equity tier 1 capital ratio, percent, is calculated as common equity tier 1 capital divided by the total REA.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Except for the discussion of results of operations of the Group and its reporting segments, which is based on the financial highlights and segment reporting presentation used by the Group as discussed below, the following discussion is primarily based on and should be read in conjunction with the Consolidated Financial Statements incorporated by reference into this Base Information Memorandum. In particular, the discussion below covers the financial periods ended December 31, 2022, 2021 and 2020. The Consolidated Financial Statements have been prepared in accordance with IFRS and Danish disclosure requirements for listed financial companies. The following discussion of the results of operations of the Group and its reporting segments is based on the financial highlights and segment reporting presentation used by the Group when presenting such information. The Group's financial highlights deviate from the corresponding figures in the Consolidated Financial Statements as discussed in more detail under "Important Information for Investors—Presentation of Financial Information."

This section contains forward-looking statements that involve inherent risks and uncertainties. Actual results may differ materially from those contained in such forward-looking statements. See "Important Information for Investors—Special Notice Regarding Forward-looking Statements" and "Risk Factors."

The following information is supplemented by, and should be read together with, the Group's Interim report – first half 2023 incorporated by reference into this Base Information Memorandum. The Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 as adopted by the EU and Danish disclosure requirements for listed financial companies, and are incorporated by reference into this Base Information Memorandum.

Overview

The Group is the leading financial service provider in Denmark (source: the DFSA) measured by total working capital as at December 31, 2022, and one of the largest in the Nordic region measured by total assets as at December 31, 2022. The Group offers customers a wide range of services in the fields of banking, mortgage finance, insurance, pension, real estate brokerage, asset management and trading in fixed income products, foreign exchange and equities. The Bank is the largest bank in Denmark (source: the DFSA), is one of the larger banks in Finland and Northern Ireland, and has challenger positions in Sweden and Norway. As at December 31, 2022, the Group's total assets amounted to DKK 3,763 billion and the Group employed 21,022 FTEs. As at the same date, the Group had approximately 3.3 million customers and approximately 2.5 million customers used the Group's online services. The Group had 153 branches as at December 31, 2022.

The Bank is the parent company of the Group. Danske Bank is a Nordic bank with bridges to the rest of the world, and its core markets are Denmark, Sweden, Norway and Finland. In these countries, it serves all types of customers, from retail and commercial customers to large corporate and institutional customers. It also operates in Northern Ireland, where it serves both retail and commercial customers. The Group has additional offices in several other European countries including branch offices in Poland and the U.K., where its main offerings are solutions for Nordic and local businesses as well as private banking clients. The Group also conducts broker-dealer activities in the United States.

Primary Factors Affecting the Group's Results of Operations

The Group's business, results of operations and financial position have been affected, and may continue to be affected, by various factors, the most significant of which are described below. The impact of these and other potential factors may vary significantly in the future.

Macroeconomic Environment

The Group derives a substantial majority of its income from its operations in Denmark, Sweden, Norway and Finland. Accordingly, the Group's business, results of operations and financial position depend upon the economic conditions prevailing in these primary markets, in particular economic growth and the general level of interest rates. The Group's operations are also affected by the level of competition in these primary markets, particularly from other major banking groups and specialist providers, including mortgage lenders. Through its activities, the Group is also exposed to the economic conditions in Northern Ireland and, to a lesser extent, Ireland. Although the exposure to these countries is relatively small, lower demand and the financial and economic crisis in these markets have adversely affected, and could in the future adversely affect, the business, results of operations and financial position of the Group.

During 2020, COVID-19 spread throughout the world, and on March 11, 2020, the World Health Organization confirmed that its spread and severity had escalated to the point of pandemic. The outbreak of COVID-19 resulted in authorities, including those in the Nordic countries, implementing numerous measures to try to contain the virus, such as travel bans and restrictions, curfews, lockdowns, quarantines and shutdowns of businesses and workplaces, and led to materially increased volatility and declines in financial markets and significant worsening of the macroeconomic outlook. Such measures might be reintroduced.

The economies of all four Nordic countries contracted in 2020 as they were affected by the COVID-19 pandemic. GDP declines for the year ranged from 2.0 percent in Denmark to 2.8 percent in Norway. For comparison, GDP declined 6.1 percent in the eurozone and 11.0 percent in the U.K. in 2020. The relatively better performance in the Nordics can partly be explained by the smaller share of the industries that were hardest hit by the COVID-19 pandemic in the economy and by less comprehensive restrictions on businesses and consumers. The recession was concentrated in the spring of 2020, with activity and employment generally recovering strongly from May onwards. All of the Nordic countries were affected by a second wave of infections during the autumn and winter, and as a result restrictions were again tightened. However, the effect on the Nordic economies was much smaller than in the spring of 2020. Government support and loans helped to support businesses and the number of bankruptcies has remained moderate.

In 2021, there was a strong economic recovery in the Nordic countries as activity first normalized and towards the end of the year exceeded levels from before the COVID-19 pandemic. Unemployment declined and inflation increased, mostly driven by higher costs for energy and food. Towards the end of the year, restrictions to contain the spread of COVID-19 were reintroduced to some extent, but the economic effect was significantly smaller than in 2020 and the economic recovery continued in broad terms. Government measures continued to support the economy in 2021 along with very low interest rates, although the Norwegian central bank did increase interest rates in September and again in December, when the policy rate reached 0.5 percent.

In 2022, there was a further large increase in inflation, which also became more broad-based as prices for most categories of consumer spending increased. In response thereto, the central banks of Norway and Sweden increased their policy rates, which were 2.75 percent and 2.5 percent, respectively, as at December 31, 2022. The ECB increased its deposit rate from negative 0.5 percent to 2.0 percent, directly affecting Eurozone countries including Finland, and indirectly affecting Denmark where the Danish Central Bank increased its certificate of deposit rate to 1.75 percent in order to maintain the exchange rate of Danish Kroner against euro. The increase in inflation caused a large decrease in real wages in the Nordic countries, and consumer confidence decreased sharply, in some cases to record lows. Unemployment continued to decline in the first months of 2022, but has since stabilized at low levels. Due to high inflation and high interest rates, forecasts indicate a slowdown in the Nordic economies with declines in GDP and modest increases in unemployment in the Nordic countries in 2023.

In the first half of 2023, the Nordic countries experienced declining inflation, but as inflation levels continued to be high, central banks in both Norway and Sweden have further increased their policy rates to 3.75 percent as at the date of this Base Information Memorandum. The ECB's deposit rate was increased to 3.75 percent, and the Danish Central Bank's certificate of deposit rate to 3.35 percent. Preliminary economic indicators suggest that GDP in the Nordic countries was largely unchanged during the first half of 2023, with the exception of Sweden, where indicators point to a decline in GDP. Unemployment was also largely unchanged during the first half of 2023, but there was a marked improvement in consumer confidence.

The COVID-19 pandemic did not cause a significant increase in bankruptcies in 2020 or 2021 in the Nordic countries. Government schemes provided liquidity support, in many cases in the form of postponement of tax payments. An elevated number of bankruptcies occurred in 2022 and the first half of 2023 as these payments came due, and economic weakness could cause bankruptcy numbers to increase further. House prices increased across the Nordics in 2020 and 2021, despite the decline in GDP. House price increases accelerated between April 2020 and April 2021, during which house prices increased on average by 15.1 percent in Denmark, 23 percent in Sweden, 12.4 percent in Norway and 7.9 percent in Finland. From the middle of 2022, house prices generally declined, especially in Sweden, where prices in December 2022 were 17.7 percent below their peak level reached in March the same year. During the first half of 2023, preliminary data indicates slightly higher house prices in the Nordic countries. However, while house prices are expected to decline across the Nordic countries in 2023, the development is expected to improve from 2024 in most Nordic countries.

Interest Rates

The following table sets forth the annual averages of three-month interbank interest rates in Denmark, Sweden, Norway and Finland and in the eurozone for the years indicated:

	For the year ended December 31,		
	2022	2021	2020
		(percent)	
Denmark	0.6	(0.2)	(0.2)
Sweden.....	1.0	(0.0)	0.1
Norway	2.0	0.5	0.7
Finland (eurozone).....	0.3	(0.5)	(0.4)

Source: *Macrobond Financial, Danske Bank Research.*

The Group earns interest from loans and other assets and pays interest to its depositors and other creditors. The Group's results of operations are, therefore, dependent to a great extent on the Group's net interest income. Net interest income

represented 61.1 percent of the Group's total income in 2022, as compared to 51.8 percent in 2021 and 54.1 percent in 2020. The Group's net interest margin, which is the difference between the yield on its interest-bearing assets and the cost of its interest-bearing liabilities, varies according to prevailing interest rates and is a significant factor in determining the profitability of the Group. Reductions in interest rates or compression of the interest rate spread may result in a decrease in the amount of net interest income generated by the Group and its net interest margin. For a discussion of developments in interest rates, see *"Risk Factors—Risks Related to the Markets in which the Group Operates."*

The Group's net interest income is driven by a combination of lending and deposit volumes and margins. The deposit margin is generally more sensitive to decreases in interest rates than lending margin because in periods of interest rates approaching zero or becoming negative, the rates payable on some customer deposits cannot decrease below zero, which limits the ability to manage deposit margins. The Group's net interest income totaled DKK 25,188 million in 2022, as compared to DKK 22,049 million in 2021 and DKK 22,151 million in 2020. In 2022, net interest income benefitted from changes to base rates, but also from income on deposits following repricing and market developments in rates as well as larger volumes. In Northern Ireland, the increase in net interest income was driven by actions taken in response to higher U.K. interest rates. In 2021, net interest income was positively affected by the deposit repricing initiatives at Personal & Business Customers Denmark that were implemented during 2021. Continuing margin pressure across the Nordic countries and lending product mix effects, however, more than offset the effect of the repricing initiatives, keeping net interest income at a relatively stable level. At LC&I, higher activity-driven net interest income and higher net interest income from undrawn committed credit facilities compensated for the decline in net interest income from lower average lending volumes.

Loan Impairment Charges

The Group's results of operations are affected by the level of impairment charges. The Group's loan impairment charges amounted to DKK 1,568 million in 2022, DKK 348 million in 2021 and DKK 7,001 million in 2020.

On the back of strong credit quality, loan impairment charges in core business segments normalized in 2022. Impairments reflected the macroeconomic uncertainty and slowing economic growth due to increased inflationary pressure as well as interest rate hikes, while COVID-19-related uncertainty decreased. Although the macroeconomic landscape remained uncertain and developed at a fast pace, the credit quality of individual customers was strong across the core loan portfolios as a result of the post-pandemic economic recovery. The accelerated solution to the debt collection case led to a one-off increase in loan impairment charges of DKK 650 million in the third quarter of 2022, impacting the result of Group Functions. This covers part of the remediation costs related to compensating customers for potential overcollection. In addition, debt of approximately DKK 1.0 billion was written off. However, the write-offs were covered by matching impairment charges and had no impact on loan impairment charges in 2022 at the Group level. Personal Customers saw increasing impairment charges in 2022, while Business Customers had impairment charges comparable to the charges in 2021. The charges were driven by changes in the macroeconomic scenarios to account for expectations of higher inflation and interest rate hikes as well as increased post-model adjustments. For Business Customers in particular, this was partly offset by strong credit quality and reversals as customers benefitted from the post-pandemic economic recovery. Large Corporates & Institutions continued to have net loan impairment reversals in 2022 owing to improved credit quality driven by the post-pandemic economic recovery and the resulting decline in charges made against facilities to individual customers. The effect of this was partly offset by increasing post-model adjustments.

The Group's credit quality remained strong in 2021 and loan impairment charges in core activities were at a low level as compared to 2020. In LC&I, the reported loan impairment charges were primarily against single-name exposures, mainly in the oil and gas industry and, to a smaller extent, in the retail industry. For personal and business customers, impairment charges were driven by the continued limited clarity relating to COVID-19 effects, but little actual credit deterioration was observed. In 2021, the credit quality of the Group's customer portfolios was supported by a positive trend in classifications that was reflected in a lower exposure-weighted PD and a noticeable decrease in NPLs from the level at the end of 2020. As in 2020, the Group continued to remediate some of the effects of COVID-19 by supporting selected state initiatives by national governments in order to provide business customers with advice and solutions. On the basis of timely estimates in the Group's impairment model, loan impairments charges of DKK 2.2 billion remained in place at the end of 2021 to cover the effects of the COVID-19 pandemic. COVID-19-related uncertainty declined since the end of 2021, and the related post-model adjustments were fully released by September 2022, as the new virus variants did not cause prolonged lockdowns.

Although credit quality overall remained strong in 2020, the Group's loan impairment charges increased significantly in 2020 due primarily to two factors. Firstly, the Group recorded significant impairment charges in the first quarter of 2020 relating to changes in the forward-looking macroeconomic scenarios driven by the COVID-19 pandemic. Most of these impairments were later released as key economic indicators performed better than expected. The Group, however, countered these model-driven releases with sector-specific post-model adjustments of DKK 2.7 billion, as the Group continues its cautious approach to risks and visibility is limited. Secondly, the Group booked charges against oil-related exposures of DKK 3.3 billion in 2020 due to continued uncertainty in the offshore segment. So far, the need for charges against COVID-19 sensitive sectors has been fairly limited due to government support programs and the Group's balanced portfolio.

Impairment on Goodwill and Customer Relations

Under IFRS, goodwill arises on the acquisition of an undertaking and is calculated as the difference between the cost of the undertaking and the fair value of its net assets, including contingent liabilities, at the time of acquisition. Goodwill is allocated to cash-generating units at the level at which management monitors the investment. Goodwill is not amortized; instead, each cash-generating unit is tested for impairment once a year, or more frequently if indications of impairment exist. Goodwill is written down to its recoverable amount through profit and loss if the carrying amount of the net assets of the cash-generating unit exceeds the higher of the assets' fair value less costs to sell and their value in use, which equals the present value of the future cash flows expected from the unit. Goodwill on associates is recognized under holdings in associates. Impairment of goodwill does not have an impact on the Group's capital ratios as goodwill is excluded from the calculations.

As at December 31, 2022, the Group's total goodwill amounted to DKK 4.4 billion, or 0.1 percent of the Group's total assets. In 2022, goodwill in Danica Pension arising from the purchase of SEB Pension Danmark in 2018 and amounting to DKK 1,627 million was assessed to be impaired due to increasing discount rates and the current turbulence in the financial markets and was thus written off. The Group did not recognize any goodwill impairment charges in 2021 or 2020.

Reporting Segments

As at January 1, 2020, the Group had five business units (Banking DK, Banking Nordic, Corporates & Institutions ("C&I"), Wealth Management and Northern Ireland), a Non-core unit and an Other Activities unit.

Banking DK and Banking Nordic integrated the former Personal Banking and Business Banking business units in a country-based structure, as well as the Private Banking activities that were part of the Wealth Management business unit until September 2019. C&I was the wholesale banking division of the Group and the Group's business activities in Germany and Poland were transferred from the former Business Banking business unit to C&I. The Wealth Management business unit included Danica Pension, Danske Invest and Asset Management. Other Activities encompassed Group Treasury, Group support functions and eliminations, including the elimination of returns on own shares and interest on additional tier 1 capital.

On August 25, 2020, the Bank announced that as a next step in the ongoing transformation, the Group was changing its organization to reduce complexity, increase efficiency and become even more competitive for its customers. As of January 1, 2021, the Group's commercial activities were organized in four reporting business units: Personal & Business Customers, LC&I, Danica Pension and Northern Ireland. In addition to the four commercial business units, the Group's reportable segments continued to include Non-core and Group Functions (previously called Other Activities). The new business segments were reflected in the Group's internal and external financial reporting from the first quarter of 2021.

As announced on January 7, 2022, the Bank implemented a new organization in May 2022 to split the former Personal & Business Customer unit into two business units. The Group's commercial activities are now organized in three customer segment focused units: Personal Customers, Business Customers and LC&I. The Personal Customers unit serves the Group's personal customers across all markets as well as include the Group's subsidiary Realkredit Danmark. The Business Customers unit serves the Group's small- and medium-sized business customers across all markets and includes the Group's Asset Finance operations. The LC&I unit, as well as the remaining business units, Danica Pension, Northern Ireland, Non-Core and Group Functions, remain the same. The Group's financial reporting has been aligned with the new organizational structure from the second quarter of 2022.

Credit Ratings

As at the date of this Base Information Memorandum, the Bank's Issuer credit ratings are as follows:

	<u>Long-term</u>	<u>Short-term</u>
S&P Issuer credit rating	A+	A-1
Fitch Issuer default rating	A	F1
Moody's Issuer rating	A3	P-2

A credit or financial strength rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating. There is no guarantee that any rating of the Bank assigned by any such rating agency will be maintained following the date of this Base Information Memorandum, and the Bank may seek to obtain ratings of the Bank from other rating agencies. Up-to-date information should always be sought by direct reference to the relevant rating agency. Each of S&P, Fitch and Moody's is established in the EU and is registered under the CRA Regulation and is included in the list of credit rating agencies registered in accordance with the CRA Regulation as of the date of this Base Information Memorandum. This list is available on the ESMA website at www.esma.europa.eu/credit-rating-agencies/cra-authorisation (list last updated on March 27, 2023).

Significant Accounting Estimates and Judgements

General

The Group prepares its consolidated financial statements in accordance with IFRS and Danish disclosure requirements for listed financial companies. The preparation of financial information requires, in some cases, the use of judgements and estimates by management, including judgements made when applying accounting policies. The most significant judgements made when applying accounting policies relate to the classification of financial assets and financial liabilities under IFRS 9, especially related to the business model assessment, and the solely payments of principal and interest (“SPPI”) test and the designation of financial liabilities at fair value through profit or loss (“FVPL”) to eliminate or significantly reduce an accounting mismatch. For an overview of the classification and measurement basis for financial instruments, see “—Overview of Classification and Measurement Basis for Financial Instruments and Insurance Contracts” below. Further, the determination of the carrying amounts of some assets and liabilities requires the estimation of the effects of uncertain future events on those assets and liabilities.

The estimates that are deemed critical to the consolidated financial statements are:

- the measurement of ECLs on loans, financial guarantees and loan commitments, and bonds measured at amortized cost or fair value through other comprehensive income (“FVOCI”);
- the fair value measurement of financial instruments;
- the measurement of goodwill and customer rights; and
- the measurement of liabilities under insurance contracts.

The estimates are based on premises that management finds reasonable but which are inherently uncertain and unpredictable. The premises may be incomplete, unexpected future events or situations may occur, and other parties may arrive at other estimated values. In view of the inherent uncertainties and the high level of subjectivity and judgement involved in the recognition and measurement of the estimates, it is possible that the outcomes in the year ending December 31, 2022, could differ from those on which management’s estimates are based.

A detailed description of the accounting policies that the Group uses in preparation of its consolidated financial statements is set forth in the notes to the 2022 Financial Statements, including note G2 on changes and forthcoming changes to accounting policies and presentation, incorporated by reference into this Base Information Memorandum.

Measurement of Expected Credit Losses on Loans, Financial Guarantees and Loan Commitments, and Debt Instruments Measured at Amortized Cost or FVOCI

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

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

In determining the ECLs, management is required to exercise judgement in defining what is considered a significant increase in credit risk. According to the Group’s definition of a significant increase in credit risk (*i.e.*, when a loan is transferred from stage 1 to stage 2) facilities with an initial PD below 1 percent are transferred to stage 2 if the facility’s 12-month PD has increased by at least 0.5 percentage points and the facility’s lifetime PD has doubled since origination. The allowance account is relatively stable in terms of changes to the definition of significant increase in credit risk. As at December 31, 2022, the allowance account would increase by DKK 0.3 billion (December 31, 2021: DKK 0.03 billion) if instead an increase in the facility’s 12-month PD by at least 0.25 percentage points combined with a doubling of the lifetime PD was considered a significant increase in credit risk.

Management applies judgement when determining the need for post-model adjustments. As at December 31, 2022, the post-model adjustments amounted to DKK 6.6 billion (December 31, 2021: DKK 6.3 billion). They no longer include the

risks arising from the COVID-19 pandemic but rather the increasing macroeconomic risk due to the uncertainty related to elevated inflation and severity of and the economic downturn as well as the global tension uncertainty stemming from the war in Ukraine. For more information on the types of risks covered by post-model adjustments and the allocation of post-model adjustment to the underlying exposures, see the section “*Forward-looking information*” in note G41 to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum.

Loan impairment charges for the year ended December 31, 2022, amounted to DKK 1,502 million (DKK 141 million for the year ended December 31, 2021). The Group saw more normalized impairment levels during 2022. Strong credit quality driven by post-COVID-19-pandemic recoveries contributed with reversals, while the model-driven charges an increasing post-model adjustments were a result of a worsened macroeconomic outlook. The Group saw more normalized impairment levels during 2021. There was a low level of credit deterioration, including for portfolios affected by the COVID-19 pandemic and oil-related portfolios. These portfolios also benefitted from model-driven reversals made as a result of better than expected macroeconomic developments. In 2020, impairments were affected by both exposure to the oil and gas industry and a significant change in the macroeconomic scenarios used to calculate ECLs following the outbreak of the COVID-19 pandemic. The Group made sufficient impairment charges for tail risks related to the COVID-19 pandemic, however, it remains to be seen how both the rolling off of government support packages and tapering from the central banks, including the timing of these, might affect those businesses at which earnings are still catching up.

The applied macroeconomic scenarios in 2022 differ from those used as at December 31, 2021. During the last quarter of 2022, the downside scenario was changed to capture the severe recession scenario with high interest rates (reflecting a stagflation scenario) applied in the Group’s internal capital adequacy assessment process (the “**ICAAP**”) processes and is similar in nature to regulatory stress tests. The severe recession scenario reflects negative growth, increasing interest rates and falling property prices for a longer period. The change of the downside scenario has been made to better capture the increasing risk from high interest rates and high inflation, and in order for the ECL calculation to include potential downside risks due to the elevated asset prices across the Nordics.

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

Accounting Treatment Affected by the War in Ukraine

In 2022, financial markets were under pressure due to the uncertainty caused by high inflation and energy prices as a consequence of the war in Ukraine, which has exacerbated macroeconomic uncertainties. The Group has considered the impact of the war in Ukraine on critical areas, such as the credit portfolio and macroeconomic scenarios. The Group has very limited direct exposures to customers in or from Russia, Ukraine or Belarus. As at December 31, 2022, DKK 1.6 billion of the Group’s post-model adjustments related to the economic uncertainties and macroeconomic impacts arising from the war in Ukraine to ensure prudent coverage of the Group’s credit exposures. Similarly, macroeconomic scenarios have been updated to reflect expectations of higher inflation and interest rates which are fueled by the war in Ukraine.

For more information on the impacts of the war in Ukraine, see note G41 to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum.

Sustainability Risk

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

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

The Group takes a risk-based approach in prioritizing risk management efforts for credit portfolios that are likely to be most exposed to transition and physical risks. For that purpose, the Group’s climate risk heat map is based on a mix of qualitative and quantitative input to define the credit exposures most exposed to transition and physical risks. The climate heat map gives an indication of the size of the exposure at risk and not the expected stress effects such as impairment charges. Such quantitative measures are to be assessed through scenario analysis and future stress testing. Climate scenario analysis is already being performed – following the recommendations of the Taskforce on Climate-related Financial Disclosures for key sectors for both transition risk and physical risk, such as for the oil and gas, agriculture and property portfolios. The Group will continue to refine the climate risk heat map as more climate risk data becomes available to

support the identification of both transition and physical risks for the purpose of determining financial materiality, however, conclusions have not led to adjustments to staging or expected credit losses, as the impacts either manifest over a longer time period than loan maturities, or as transition risks are concentrated on sectors with downside risks recognized in the Bank's expected credit losses, for example in the agriculture and oil and gas portfolios.

For additional information on sustainability risk, see note G41 to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum.

Fair Value Measurement of Financial Instruments

As at December 31, 2022, no unusual challenges in obtaining reliable pricing apart from insignificant parts of the portfolio remained. The majority of valuation techniques continue to employ only observable market data, and there has been no significant increase in financial instruments measured on the basis of valuation techniques that are based on one or more significant unobservable inputs. The latter continues to include only unlisted shares, certain bonds and some long-dated derivatives for which there is no active market. On the derivatives portfolio, the Group makes fair value adjustments to cover changes in counterparty risk (credit valuation adjustment (“CVA”) and debt valuation adjustment) and to cover expected funding costs (funding valuation adjustment (“FVA”) and collateral valuation adjustment (“CoIVA”)) on derivatives, bid-offer spreads on the net open position of the portfolio of assets and liabilities with offsetting market risk recognized at mid-market prices, and model risk on level 3 derivatives. As at December 31, 2022, the adjustments totaled DKK 0.2 billion (December 31, 2021: DKK 1.0 billion), including the adjustment for credit risk on derivatives that are credit impaired. For additional information, see note G33(a) to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum.

The Group uses derivatives to hedge the fixed interest rate risk on some financial assets and liabilities, thus converting the fixed interest rates on the financial instruments to variable interest rates by the use of swaps. The ongoing interest rate benchmark reform, with a focus on replacing existing benchmark interbank offered rates (“IBORs”) with alternative risk-free rates, reached a major goal on June 30, 2023, with the cessation of USD LIBOR. As at June 30, 2023, the Group completed the transition of all legacy USD LIBOR swap contracts to the new regulatory-approved reference rates. The Group continues to monitor this area of regulation to ensure continued compliance, including the potential need for similar cessation or transition work in the future. As a result of these developments, accounting judgement is involved in determining whether certain hedge accounting relationships that hedge the interest rate risk due to changes in IBORs continue to qualify for hedge accounting. Following IASB's project “Interest Rate Benchmark Reform” and for the assessment of effectiveness of such hedges, it is assumed that the interest rate benchmark is not altered as a result of the reform. For additional information, see note G12(d) to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum.

Measurement of Goodwill and Customer Rights

Goodwill is tested for impairment once a year or more frequently if indications of impairment exist. Impairment testing requires management to estimate the future cash flows. A number of factors affect the value of such cash flows, including discount rates, changes in the economic outlook, customer behavior and competition. As at December 31, 2022, goodwill amounted to DKK 4.4 billion (December 31, 2021: DKK 6.1 billion).

In connection with the quarterly reporting, management performs an impairment review to assess whether there are indications that goodwill might be impaired. This includes a review of decline in income, increase in loan impairment charges, decline in the market value of assets under management, major restructurings, macroeconomic developments etc. For the year ended December 31, 2022, goodwill in Danica Pension amounting to DKK 1.6 billion was assessed to be impaired due to increasing discount rates and lower financial outlook. Following the impairment charges on goodwill, goodwill in Danica Pension amounted to nil as at December 31, 2022 (December 31, 2021: DKK 1.6 billion).

As at December 31, 2022, the remaining goodwill mainly consisted of DKK 2.1 billion (December 31, 2021: DKK 2.1 billion) in Markets, DKK 1.8 billion in (December 31, 2021: DKK 1.8 billion) in Asset Management and DKK 0.5 billion (December 31, 2021: DKK 0.5 billion) in General Banking (all part of the business segment LC&I), showing significant amounts of excess value in the impairment tests in 2022 and 2021.

See note G19 to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum for additional information on impairment testing, including sensitivity to changes in assumptions.

Measurement of Liabilities under Insurance Contracts

Liabilities under insurance contracts are measured at the present value of expected benefits for each insurance contract. The measurement is based on actuarial computations that rely on estimates of a number of variables, including mortality and disability rates, and on the discount rate. The future mortality rates are based on the DFSA's benchmark, while other variables are estimated based on data from the Group's own portfolio of insurance contracts. For more information on the measurement of insurance liabilities, see notes G1(c) and G18 to the 2022 Financial Statements incorporated by reference

into this Base Information Memorandum. For a sensitivity analysis for life insurance, see note G41 to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum.

Overview of Classification and Measurement Basis for Financial Instruments and Insurance Contracts

General

Financial instruments accounted for approximately 98 percent of the Group's total assets and liabilities as at December 31, 2022. A portion of financial assets relates to investments made under insurance contracts. The following sections provide a general description of the classification and measurement of financial instruments and obligations under insurance contracts.

Financial Instruments – General

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

Regular way purchases and sales of financial instruments are recognized and derecognized at the settlement date. Fair value adjustments of unsettled financial instruments are recognized from the trade date to the settlement date if the financial asset is classified at FVPL or FVOCI.

Classification and Measurement of Financial Assets and Financial Liabilities – General

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

- amortized cost (AMC);
- FVOCI; and
- FVPL.

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

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

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

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

The Business Model Assessment

The business model assessment in the Group has been applied separately for each business unit represented by the Group's reportable segments, and it is based on observable factors for the different portfolios, such as (i) how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Executive Leadership Team and the Board of Directors, (ii) the risks that affect the performance of the business model and the way such risks are managed and (iii) past and expected frequency, value and timing of sales from the portfolio.

In general, the business model assessment of the Group can be summarized as follows:

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

The SPPI (Solely Payment of Principal and Interest on the Principal Amount Outstanding) Test

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

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

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

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

Financial Liabilities

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

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

The Group designates the following financial liabilities at FVPL:

- *Mortgage bonds issued by Realkredit Danmark.* The bonds fund the loans granted by Realkredit Danmark (*i.e.*, loans that due to the SPPI test are mandatorily recognized at FVPL). The fair value of the loans is based on the fair value of the issued bonds (the loans and the issued bonds that are funding the loans have matching contractual terms) adjusted for changes in the fair value of the credit risk of borrowers. To eliminate the accounting mismatch that exists if the loans are measured at FVPL and the issued bonds at amortized cost, the issued bonds are designated at FVPL, and fair value changes of the issued bonds (including fair value changes related to own credit risk) are offset by the fair value changes of the loans. Hence, changes in the fair value attributable to the Group's own credit risk on the issued bonds are also recognized in the income statement since an accounting mismatch would otherwise arise.

- *Financial liabilities in Markets and Investment Banking & Securities at LC&I.* These financial liabilities are part of a portfolio of financial assets and liabilities that is managed and performance reported to the management on a fair value basis. The financial liabilities consist of repo transactions, deposits and commercial papers. Changes, if any, in the fair value attributable to the Group's own credit risk is, however, recognized in other comprehensive income.

Hedge Accounting

The Group uses derivatives to hedge the interest rate risk on some fixed-rate assets and fixed-rate liabilities measured at amortized cost and on some bonds measured at FVOCI. Hedged risks that meet the criteria for fair value hedge accounting are treated accordingly. The interest rate risk on the hedged assets and liabilities is measured at FVPL. As at December 31, 2022, hedging derivatives measured at fair value accounted for approximately 0.1 percent of total assets and approximately 0.6 percent of total liabilities (December 31, 2021: 0.2 percent and 0.2 percent, respectively). For further information on hedge accounting, see note G12(d) to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum.

Insurance Activities – General

The Group issues life insurance policies, which are divided into insurance and investment contracts. Insurance contracts are contracts that entail significant insurance risk or entitle policyholders to bonuses. Investment contracts are contracts that entail no significant insurance risk and comprise unit-linked contracts under which the investment risk lies with the policyholder.

Insurance Contracts

Insurance contracts comprise both an investment element and an insurance element, which are recognized as aggregate figures.

IFRS 4 includes an option to continue the accounting treatment of insurance contracts under local generally accepted accounting principles (GAAP). The Group's life insurance provisions are therefore recognized at their present value in accordance with the DFSA's Executive Order on Financial Reports for Insurance Companies etc. The life insurance provisions are presented under liabilities under insurance contracts.

Assets earmarked for insurance contracts are recognized under assets under insurance contracts if most of the return on the assets accrues to the policyholders. Most of these assets are measured at fair value.

Investment Contracts

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

Savings under unit-linked investment contracts are measured at fair value under assets under pooled schemes and unit-linked investment contracts. The return on the assets and the crediting of the amounts to policyholders' accounts are recognized under net trading income or loss.

Assets Funded by Shareholders' Equity

The separate pool of assets equal to shareholders' equity is recognized at fair value and consolidated with other similar assets.

Income from Insurance Business

Insurance activities are consolidated in the various income statement items. Insurance premiums are recognized under net premiums. Net insurance benefits in the income statement consists of benefits disbursed under insurance contracts and the annual change in insurance obligations not deriving from additional provisions for benefit guarantees and changes to the collective bonus potential. The return on earmarked assets is allocated to the relevant items in the income statement. The return to policyholders is recognized under net trading income or loss as are changes to additional provisions for benefit guarantees. For more information, see note G8 to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum.

The sources of the Group's net income from insurance business comprise the return on assets funded by Danica Pension's shareholders' equity, income from unit-linked business and health and accident business, and income from conventional life insurance business, the so-called risk allowance.

The risk allowance is determined in accordance with the DFSA's Executive Order on the Contribution Principle. The contribution principle regulates how earnings are allocated between policyholders and the life insurance company's shareholders' equity and defines the maximum payment to shareholders' equity (the risk allowance).

Insurance contracts guarantee a certain long-term return on policyholders' funds. If the technical basis exceeds the interest accrual to policyholders and the risk allowance, the difference is allocated to the bonus potential. The bonus potential serves as a risk buffer. If the technical basis is insufficient to cover the risk allowance, the shortfall can be covered by the bonus potential. If the bonus potential is insufficient to cover the shortfall, the difference can be covered by the individual bonus potentials or the profit margin; otherwise, the risk allowance that cannot be recognized will be lost. If the technical basis is insufficient to cover the interest accrual to policyholders, the shortfall is covered by the bonus potentials or the profit margin. Any remaining shortfall is paid by the Group in the form of an outlay. If the Group has made such an outlay, the outlay may be recovered the following year.

Recent Accounting Pronouncements

On January 1, 2023, the Group implemented a new standard, "*IFRS 17 – Insurance Contracts*" ("**IFRS 17**"), and the amendments to "*IAS 1 – Presentation of Financial Statements*" ("**IAS 1**"), "*IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors*" ("**IAS 8**") and "*IAS 12 – Income Taxes*" ("**IAS 12**"). Furthermore, the IASB has issued amendments to IAS 1, "*IAS 7 – Statement of Cash Flows*," IFRS 7 and IFRS 16 that have not yet come into force. The Group has not early adopted the changes. For more information, see note G2(a) to the Group's Interim report – first half 2023 incorporated by reference into this Base Information Memorandum and note G2(b) to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum.

IFRS 17

On January 1, 2023, the Group implemented IFRS 17 replacing "*IFRS 4 – Insurance Contracts*" ("**IFRS 4**"), which was an interim standard that did not prescribe the measurement of insurance contracts but relied on existing accounting practices. Under IFRS 17, insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder, by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Insurance contracts with direct participation features are those which, at inception, (i) the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items, (ii) the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items and (iii) the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

In the Group, insurance contracts are held by Danica Pension. Insurance contracts are divided into portfolios and groups. Each portfolio of insurance contracts are contracts that are subject to similar risks and are managed together. The Group has four portfolios of insurance contracts, based on an assessment of similar risks and whether they are managed together: (i) an average-rate portfolio, (ii) a unit-linked portfolio, (iii) a portfolio of legacy life insurance product in run-off and (iv) a portfolio containing health and accident insurance contracts.

Each portfolio of contracts is divided into (i) groups of contracts that are onerous at initial recognition (ii) groups of contracts that at initial recognition, have no significant possibility of becoming onerous subsequently and (iii) groups of remaining contracts in the portfolio. Groups of insurance contracts issued are initially recognized from the earliest of the (i) the beginning of the coverage period of the group, (ii) the date when the first payment from a policyholder becomes due or (iii) for a group of onerous contracts, when the group becomes onerous. Furthermore, each group is divided into annual cohorts so that each group only includes contracts issued no more than one year apart.

The Group measures insurance contracts using the General Measurement Model ("**GMM**," or Building Block Approach ("**BBA**")), the Variable Fee Approach ("**VFA**") or Premium Allocation Approach ("**PAA**"). Groups of insurance contracts under GMM or VFA are initially measured as the total of fulfilment cash flows (which comprise estimated future cash flows, an adjustment for time value of money and financial risks related to future cash flows, and a risk adjustment for non-financial risk) and contractual service margin ("**CSM**"; unearned profit that will be recognized as the Group provides insurance contract services). An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows, any previously recognized insurance acquisition cash flows and any cash flows arising from the contract at the date of initial recognition are in total a net outflow. The loss from onerous insurance contracts is recognized immediately in profit or loss, and no CSM is recognized on the balance sheet on initial recognition.

At each reporting date, the group of insurance contracts is subsequently measured as the sum of the liability for remaining coverage (comprising fulfilment cash flows relating to future service and CSM) and liability for incurred claims (comprising fulfilment cash flows relating to past service).

VFA is applied to the majority of insurance contracts, since they meet the definition of insurance contracts with direct participation features. Legacy life insurance products in run-off are measured using BBA.

Health and accident insurance contracts are measured under PAA, which means the liability for remaining coverage is measured on initial recognition at premiums received less any acquisition cash flows paid and any amounts arising from the derecognition of insurance acquisition cash flows asset. The Group will apply the annual cohort exemption from the EU to the average-rate portfolio.

IFRS 17 has not changed the method of discounting cash flows for insurance contracts, and the Group will continue to apply the European Insurance and Occupational Pension Authority (“EIOPA”) yield curve including a volatility adjustment.

The risk adjustment for non-financial risk under IFRS 17 corresponds to the risk margin under IFRS 4. However, changes in the risk adjustment are recognized either in the income statement or in the CSM, whereas changes in the risk margin under IFRS 4 were recognized only in the income statement.

The key impacts of the implementation of IFRS 17 are:

- Life insurance products and Health and Accident products have been disaggregated, as they are subject to different risks and therefore cannot be managed together under IFRS 17. This has resulted in a decrease of DKK 1.4 billion in the Group’s equity as at January 1, 2022.
- Premiums are no longer recognized in profit or loss at their due dates. Instead, the CSM is recognized in insurance revenue as services are provided over the expected coverage period of the group of insurance contracts.
- Benefits are no longer recognized in profit or loss when paid. Instead, insurance service expenses are recognized when incurred, comprising incurred claims and other incurred insurance expenses.
- Changes in insurance obligations during the year due to additional provisions for benefit guarantees and the tax on pension returns are no longer under “net trading income or loss.”
- The return on assets earmarked for insurance contracts is no longer carried under “net interest income” and “net trading income or loss.” This is now presented as “net return on investments backing insurance liabilities.”
- The Group has simplified its reporting of Danica Pension, and now reports the majority of Danica Pension’s assets and liabilities under “assets under insurance contracts” and “liabilities under insurance contracts,” respectively, in the balance sheet. Previously, an allocation of Danica Pension’s assets and liabilities (equating to Danica Pension’s equity) were consolidated on a line-by-line basis in the balance sheet.
- The presentation of the income statement has been changed from 2023. The line items “net premiums” and “net insurance benefits” are removed, and new lines in relation to insurance are added: “insurance service result and other insurance income,” “net return on investments backing insurance liabilities” and “net financial income or expense from insurance.”

Changes in accounting policies as a result of IFRS 17 have been applied using the fair value approach, since the full retrospective approach is impracticable to apply due to relevant data not being available or high resource consumption.

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

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

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

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

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

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

A reconciliation of balances between December 2021 and January 1, 2022, is presented in note G2(a) to the Group's Interim report – first half 2023 incorporated by reference into this Base Information Memorandum.

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

Amendment to IAS 1

The first amendment to IAS 1 provides a more general approach to classifying liabilities as current or non-current, based on the contractual arrangements in place at the reporting date, rather than based on whether management intends to exercise a right to defer a settlement of the liability.

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

The amendments have no impact on the Group's financial statements.

Amendment to IAS 8

The amendments introduce a definition of accounting estimates – monetary amounts in financial statements that are subject to measurement uncertainty – and clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. Similarly, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments have no impact on the Group's financial statements.

Amendment to IAS 12

The first amendment to IAS 12 clarifies how entities should account for deferred tax on assets and liabilities arising from a single transaction such as leases and decommissioning obligations.

The main change is that the initial recognition exemption in IAS 12 does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The second amendment introduces an exception to the requirement of IAS 12 that an entity does not recognize and does not disclose information about deferred tax assets and liabilities related to the OECD Pillar Two income taxes.

The amendments have no impact on the Group's financial statements

Description of Consolidated Financial Information

The discussion of the results of operations of the Group and its reporting segments included in this section, “*Operating and Financial Review and Prospects*,” is primarily based on the financial highlights and segment reporting presentation used by the Group when presenting such information in its annual reports. The presentation in the financial highlights deviates from the presentation in the consolidated financial statements of the Group and its reporting segments as described under “*Important Information for Investors—Presentation of Financial Information*.” The other financial information presented in this section is based on and should be read in conjunction with the Consolidated Financial Statements incorporated by reference into this Base Information Memorandum. The Consolidated Financial Statements have been prepared in accordance with IFRS and Danish disclosure requirements for listed financial companies.

For additional information on the Group’s consolidated financial information presented in this section, see “*Important Information for Investors—Presentation of Financial Information*.”

Review of Financial Highlights and Consolidated Financial Information for the Years Ended and as at December 31, 2022 and 2021

Income Statement

The Group

The following table sets forth a summary of the Group’s results of operations (based on the Group’s financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2022	2021
	(DKK in millions)	
Net interest income*	25,188	22,049
Net fee income*	12,590	13,525
Net trading income*	1,426	4,126
Net trading income from insurance business*	63	2,088
Other income*	<u>1,936</u>	<u>797</u>
Total income*	41,203	42,584
Operating expenses*	(26,478)	(25,663) ⁽¹⁾
of which resolution fund, bank tax etc.*	(962)	(687) ⁽¹⁾
Provision for Estonia matter	(13,800)	–
Impairment charges on goodwill	<u>(1,627)</u>	<u>–</u>
Profit/(loss) before loan impairment charges*	(703)	16,921
Loan impairment charges*	<u>(1,568)</u>	<u>(348)</u>
Profit/(loss) before tax, core*	(2,271)	16,573
Loss before tax, Non-core*	<u>(13)</u>	<u>(2)</u>
Profit/(loss) before tax	(2,284)	16,571
Tax	<u>(2,784)</u>	<u>(3,651)</u>
Net profit/(loss) for the year	<u>(5,068)</u>	<u>12,920</u>
Attributable to additional tier 1 etc.	86	451

* The table above is based on the financial highlights presentation used by the Group when presenting such information in its annual reports. The line items marked with an asterisk deviate from the corresponding figures in the Consolidated Financial Statements as discussed in more detail under “*Important Information for Investors—Presentation of Financial Information*.” See notes G1(d) and G3 to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum for information on reconciling the consolidated income statements and the financial highlights presentation. The above table reflects the restated figures for the year ended December 31, 2021.

(1) As discussed in more detail under “*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021*,” the Group has restated the comparative financial highlights as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum.

The following table sets forth the Group’s profit before tax by business unit (based on the Group’s financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2022	2021
	(DKK in millions)	
Personal Customers.....	3,909	3,142 ⁽¹⁾
Business Customers	6,430	4,763 ⁽¹⁾
LC&I.....	6,635	7,638
Danica.....	(1,565)	2,088
Northern Ireland.....	456	386
Non-core.....	(13)	(2)
Group Functions ⁽²⁾	<u>(18,136)</u>	<u>(1,444)</u>
Total Group.....	<u>(2,284)</u>	<u>16,571</u>

(1) As discussed in more detail under “Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021,” the Group has restated the comparative financial highlights as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures for the year ended December 31, 2021.

(2) Profit before tax for Group Functions includes Group eliminations.

Total Income

The Group’s total income for the year ended December 31, 2022, amounted to DKK 41,203 million, a decrease of DKK 1,381 million, or 3.2 percent, as compared to DKK 42,584 million for the year ended December 31, 2021.

The Group’s net interest income for the year ended December 31, 2022, amounted to DKK 25,188 million, an increase of DKK 3,139 million, or 14.2 percent, as compared to DKK 22,049 million for the year ended December 31, 2021. The increase was mainly due to changes to base rates, income on deposits following repricing and market developments in rates as well as larger volumes. In Northern Ireland, the increase in net interest income was mainly due to actions taken in response to higher U.K. interest rates.

The Group’s loans as at December 31, 2022, amounted to DKK 1,803,955 million, a decrease of DKK 30,417 million, or 1.7 percent, as compared to DKK 1,834,372 million as at December 31, 2021. The decrease was mainly due to a decrease in lending at Personal Customers due to negative market value adjustments of mortgage loans caused by the higher interest rate level, the slowdown in the housing market and the discontinuation of the customer portfolio in Luxembourg. The decrease was partially offset by an increase in lending at LC&I, Business Customers, and Personal Customers.

The Group’s deposits as at December 31, 2022, amounted to DKK 1,169,879 million, an increase of DKK 2,240 million, or 0.2 percent, as compared to DKK 1,167,638 million as at December 31, 2021. The increase was mainly due to cautious investment strategies among the Group’s customers and the outlook for positive deposit rates.

The Group’s net fee income for the year ended December 31, 2022, amounted to DKK 12,590 million, a decrease of DKK 935 million, or 6.9 percent, as compared to DKK 13,525 million for the year ended December 31, 2021. The decrease was mainly due to a decrease in investment fees as customer activity within capital markets was significantly lower, and a decrease in income in Asset Management following a decline in assets under management and lower performance fees. The decrease was partially offset by good remortgaging activity and an increase in service fees. Net fee income from everyday banking products maintained a positive trend throughout 2022.

The Group’s net trading income for the year ended December 31, 2022, amounted to DKK 1,426 million, a decrease of DKK 2,700 million, or 65.4 percent, as compared to DKK 4,126 million for the year ended December 31, 2021. The decrease was mainly due to extraordinarily high volatility and lower liquidity in the Nordic fixed income markets and a negative effect of eliminations of returns on own shares. The decrease was partially offset by more supportive market conditions in the second half of the year and on a one-off gain of DKK 170 million on the sale of shares in Sanistål A/S (“Sanistål”).

The Group’s other income for the year ended December 31, 2022, amounted to DKK 1,936 million, an increase of DKK 1,139 million as compared to DKK 797 million for the year ended December 31, 2021. The increase was mainly due to the sale of the Group’s activities in Luxembourg, which generated a one-off gain of DKK 421 million, and the sale of the Group’s shares in MobilePay, which generated a one-off gain of DKK 415 million, as well as increased sales prices of assets in the Group’s leasing operations.

Expenses

The Group’s operating expenses for the year ended December 31, 2022, amounted to DKK 26,478 million, an increase of DKK 816 million, or 3.2 percent, as compared to DKK 25,663 million for the year ended December 31, 2021. The increase

was mainly due to elevated remediation costs and costs related to the Estonia AML matter as well as a provision of DKK 910 million recorded in the third quarter of 2022 for the debt collection case. Underlying expenses continued to progress according to plan.

In 2022, the Bank recorded a provision of DKK 13,800 million related to the resolution of the Estonia AML matter with Danish and U.S. authorities. In addition to the provision booked in 2022, a provision of DKK 1,500 million was booked in 2018.

The Group's goodwill impairment charges for the year ended December 31, 2022, amounted to DKK 1,627 million as compared to nil for the year ended December 31, 2021. For information on the goodwill impairment charges in 2022, see "*—Primary Factors Affecting the Group's Results of Operations—Impairment on Goodwill and Customer Relations*" above.

Loan Impairment Charges

The Group's loan impairment charges for the year ended December 31, 2022, amounted to DKK 1,568 million, an increase of DKK 1,220 million as compared to DKK 348 million for the year ended December 31, 2021. The increase was mainly due to macroeconomic uncertainty and slowing economic growth due to increased inflationary pressure as well as interest rate hikes. In addition, the accelerated solution to the debt collection case led to a loan impairment charge of DKK 650 million in the third quarter of 2022. This loan impairment charge covers part of the remediation costs related to the debt collection case. The increase in loan impairment charges was partially offset by the decrease of COVID-19-related uncertainty.

Loss Before Tax, Non-core

The Group's loss before tax, Non-core, for the year ended December 31, 2022, amounted to DKK 13 million, an increase of DKK 10 million as compared to DKK 2 million for the year ended December 31, 2021. The increase was mainly due to a decrease in loan impairment reversals that was driven by settlement of part of the exposure. In 2021, loan impairment reversals were largely driven by the divestment of legacy exposures in Ireland and Lithuania. The increase was partially offset by a decrease in operating expenses as a result of the general progress made with the winding-up activities across Non-core.

Profit/(Loss) Before Tax

The Group's loss before tax for the year ended December 31, 2022, amounted to DKK 2,284 million, a negative change of DKK 18,855 million as compared to a profit before tax of DKK 16,571 million for the year ended December 31, 2021.

Tax

The Group's tax for the year ended December 31, 2022, amounted to DKK 2,784 million, a decrease of DKK 867 million, or 23.7 percent, as compared to DKK 3,651 million for the year ended December 31, 2021. The effective tax rate excluding the additional provision for the Estonia AML matter and the goodwill impairment charge amounted to 21.2 percent.

Net Profit/(Loss) for the Year

The Group's net loss for the year ended December 31, 2022, amounted to DKK 5,068 million, a negative change of DKK 17,987 million as compared to a net profit for the year ended December 31, 2021 of DKK 12,920 million.

Personal Customers

The following table sets forth a summary of the results of operations of Personal Customers (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2022	2021 (restated) ⁽¹⁾
	(DKK in millions)	
Net interest income	8,778	7,876
Net fee income	4,682	4,903
Net trading income.....	444	322
Other income	987	211
Total income	14,891	13,311
Operating expenses	(10,056)	(10,109)
of which resolution fund, bank tax etc.....	(161)	(117)
Profit before loan impairment charges	4,836	3,202
Loan impairment charges.....	(927)	(60)
Profit before tax	<u>3,909</u>	<u>3,142</u>

(1) As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021," the Group has restated the comparative financial highlights as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The above tables reflect the restated figures for the year ended December 31, 2021.

The following table sets forth information on Personal Customers' LTV ratio, home loans, as at the dates indicated:

	As at December 31,			
	2022		2021	
	Average LTV	Net credit exposure⁽¹⁾	Average LTV	Net credit exposure⁽¹⁾
	(percent)	(DKK in billions)	(percent)	(DKK in billions)
Personal Customers Denmark.....	48.0	445	52.5	496
Personal Customers Sweden	63.6	87	58.2	98
Personal Customers Norway	58.0	139	58.8	148
Personal Customers Finland	60.1	<u>81</u>	60.2	<u>84</u>
Total.....		<u>751</u>		<u>826</u>

Note As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021," the Group has restated the comparative financial highlights as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The above tables reflect the restated figures as at December 31, 2021.

(1) Net credit exposure includes loans, guarantees and irrevocable loan commitments. The exposure is measured net of allowance account.

Profit Before Tax

Personal Customers' profit before tax for the year ended December 31, 2022, amounted to DKK 3,909 million, an increase of DKK 767 million, or 24.4 percent, as compared to DKK 3,142 million for the year ended December 31, 2021. The increase was mainly due to higher income and lower operating expenses. The increase was partially offset by higher loan impairment charges.

Total Income

Personal Customers' total income for the year ended December 31, 2022, amounted to DKK 14,891 million, an increase of DKK 1,580 million, or 11.9 percent, as compared to DKK 13,311 million for the year ended December 31, 2021. The increase was mainly due to an increase in net interest income from deposits driven by the increase in market rates, higher remortgaging fees as a result of high remortgaging activity and one-off gains on the sale of the customer portfolio in Luxembourg and the sale of the Group's shares in MobilePay. The increase was partially offset by the depreciation of the Norwegian Krone and the Swedish Krona.

Personal Customers' net interest income for the year ended December 31, 2022, amounted to DKK 8,778 million, an increase of DKK 903 million, or 11.5 percent, as compared to DKK 7,876 million for the year ended December 31, 2021. The increase was mainly due to income on deposits driven by the increasing market rates and higher volumes.

Personal Customers' loans, excluding reverse transactions before impairments, as at December 31, 2022, amounted to DKK 805,120 million, a decrease of DKK 78,045 million, or 8.8 percent, as compared to DKK 883.166 million as at December 31, 2021. The decrease was mainly due to negative market value adjustments of mortgage loans, caused by the

higher interest rate levels, the slowdown in the housing market and the discontinuation of the customer portfolio in Luxembourg.

Personal Customers' deposits, excluding repo deposits, as at December 31, 2022, amounted to DKK 410,806 million, an increase of DKK 2,902 million, or 0.7 percent, as compared to DKK 407,904 million as at December 31, 2021. The increase was mainly due to customers' cautious investment strategy.

Personal Customers' net fee income for the year ended December 31, 2022, amounted to DKK 4,682 million, a decrease of DKK 221 million, or 4.5 percent, as compared to DKK 4,903 million for the year ended December 31, 2021. The decrease was mainly due to the challenging financial markets and the sale of the Group's customer portfolio in Luxembourg. The decrease was partially offset by an increase of service and trading fees on the back of the reopening of societies as well as high remortgaging activity.

Personal Customers' net trading income for the year ended December 31, 2022, amounted to DKK 444 million, an increase of DKK 122 million, or 38.1 percent, as compared to DKK 322 million for the year ended December 31, 2021. The increase was mainly due to foreign exchange activity driven by the reopening of societies.

Personal Customers' other income for the year ended December 31, 2022, amounted to DKK 987 million, an increase of DKK 776 million as compared to DKK 211 million for the year ended December 31, 2021.

Expenses

Personal Customers' operating expenses for the year ended December 31, 2022, amounted to DKK 10,056 million, a decrease of DKK 53 million, or 0.5 percent, as compared to DKK 10,109 million for the year ended December 31, 2021. The decrease was mainly due to efficiency gains and a decrease in transformation costs related to the implementation of the Better Bank plan. The decrease was partially offset by the new bank tax in Sweden, increased resolution fund payments and increased compliance costs.

Loan Impairment Charges

Personal Customers' loan impairment charges for the year ended December 31, 2022, amounted to DKK 927 million, an increase of DKK 867 million as compared to DKK 60 million for the year ended December 31, 2021. The increase was mainly due to changes in the macroeconomic outlook with rising interest rates and inflation, as well as changes in post-model adjustments.

Business Customers

The following table sets forth a summary of the results of operations of Business Customers (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2022	2021
	(restated)⁽¹⁾	
	(DKK in millions)	
Net interest income	9,175	7,788
Net fee income	1,825	1,613
Net trading income	517	351
Other income	<u>847</u>	<u>580</u>
Total income	12,364	10,333
Operating expenses	(5,356)	(5,144)
of which resolution fund, bank tax etc	<u>(224)</u>	<u>(173)</u>
Profit before loan impairment charges	7,008	5,189
Loan impairment charges	<u>(578)</u>	<u>(426)</u>
Profit before tax	<u><u>6,430</u></u>	<u><u>4,763</u></u>

(1) As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021," the Group has restated the comparative financial highlights as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The above tables reflect the restated figures for the year ended December 31, 2021.

Profit Before Tax

Business Customers' profit before tax for the year ended December 31, 2022, amounted to DKK 6,430 million, an increase of DKK 1,667 million, or 35.0 percent, as compared to DKK 4,763 million for the year ended December 31, 2021. The increase was mainly due to repricing initiatives as well as higher customer activity driving ancillary income. The increase was partially offset by an increase in operating expenses.

Total Income

Business Customers' total income for the year ended December 31, 2022, amounted to DKK 12,364 million, an increase of DKK 2,031 million, or 19.7 percent, as compared to DKK 10,333 million for the year ended December 31, 2021. The increase was mainly due to an increase in net interest income.

Business Customers' net interest income for the year ended December 31, 2022, amounted to DKK 9,175 million, an increase of DKK 1,387 million, or 17.8 percent, as compared to DKK 7,788 million for the year ended December 31, 2021. The increase was mainly due to higher income on deposits following market developments in pricing and rates and excess liquidity among the Group's customers in Denmark.

Business Customers' loans, excluding reverse transactions before impairments, as at December 31, 2022, amounted to DKK 639,557 million, a decrease of DKK 13,398 million, or 2.1 percent, as compared to DKK 652,955 million as at December 31, 2021. The decrease was mainly due to the negative market value adjustment of mortgage loans.

Business Customers' deposits, excluding repo deposits, as at December 31, 2022, amounted to DKK 285,177 million, a decrease of DKK 7,353 million, or 2.5 percent, as compared to DKK 292,530 million as at December 31, 2021. The decrease was mainly due to repricing of deposits.

Business Customers' net fee income for the year ended December 31, 2022, amounted to DKK 1,825 million, an increase of DKK 212 million, or 13.1 percent, as compared to DKK 1,613 million for the year ended December 31, 2021. The increase was mainly due to higher service fees due to repricing as well as high refinancing and remortgaging activity, the latter as a result of the higher interest rate levels.

Business Customers' net trading income for the year ended December 31, 2022, amounted to DKK 517 million, an increase of DKK 166 million, or 47.3 percent, as compared to DKK 351 million for the year ended December 31, 2021. The increase was mainly due to increased foreign exchange activity due to good economic momentum in the broader economy following COVID-19 policy stimulus as well as foreign exchange rate volatility resulting in increased demand for hedging.

Business Customers' other income for the year ended December 31, 2022, amounted to DKK 847 million, an increase of DKK 267 million, or 46.0 percent, as compared to DKK 580 million for the year ended December 31, 2021.

Expenses

Business Customers' operating expenses for the year ended December 31, 2022, amounted to DKK 5,356 million, an increase of DKK 212 million, or 4.1 percent, as compared to DKK 5,144 million for the year ended December 31, 2021. The increase was mainly due to the new bank tax in Sweden and increased compliance and IT costs. The increase was partially offset by a decrease in costs related to the implementation of the Better Bank plan.

Loan Impairment Charges

Business Customers' loan impairment charges for the year ended December 31, 2022, amounted to DKK 578 million, an increase of DKK 152 million, or 35.7 percent, as compared to DKK 426 million for the year ended December 31, 2021. The increase was mainly due to updated macroeconomic scenarios and changes in post-model adjustments. The increase was partially offset by strong credit quality as customers benefited from the post-pandemic economic recovery.

LC&I

The following table sets forth a summary of the results of operations of LC&I (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2022	2021
	(DKK in millions)	
Net interest income	5,605	4,732
Net fee income	5,732	6,777
Net trading income	1,489	3,137
Other income	<u>2</u>	<u>5</u>
Total income	12,828	14,650
Operating expenses	(6,966)	(7,025)
of which resolution fund, bank tax etc	<u>(504)</u>	<u>(360)⁽¹⁾</u>
Profit before loan impairment charges	5,861	7,625
Loan impairment charges	<u>774</u>	<u>13</u>
Profit before tax	<u><u>6,635</u></u>	<u><u>7,638</u></u>

(1) As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021," the Group has restated the comparative financial highlights as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The above tables reflect the restated figures for the year ended December 31, 2021.

Profit Before Tax

LC&I's profit before tax for the year ended December 31, 2022, amounted to DKK 6,635 million, a decrease of DKK 1,003 million, or 13.1 percent, as compared to DKK 7,638 million for the year ended December 31, 2021. The decrease was mainly due to lower net trading income and net fee income.

Total Income

LC&I's total income for the year ended December 31, 2022, amounted to DKK 12,828 million, a decrease of DKK 1,822 million, or 12.4 percent, as compared to DKK 14,650 million for the year ended December 31, 2021. The decrease was mainly due to the decrease in net fee income and net trading income. The decrease was partially offset by an increase in net interest income.

LC&I's net interest income for the year ended December 31, 2022, amounted to DKK 5,605 million, an increase of DKK 873 million, or 18.4 percent, as compared to DKK 4,732 million for the year ended December 31, 2021. The increase was mainly due to higher lending volumes and deposit margins.

LC&I's loans, excluding reverse transactions before impairments, as at December 31, 2022, amounted to DKK 322,539 million, an increase of DKK 57,715 million, or 21.8 percent, as compared to DKK 264,824 million as at December 31, 2021. The increase was mainly due to new credit facilities and customers drawing more on existing facilities.

LC&I's deposits, excluding repo deposits, as at December 31, 2022, amounted to DKK 389,486 million, an increase of DKK 5,939 million, or 1.5 percent, as compared to DKK 383,547 million as at December 31, 2021. The increase was mainly due to value of the collateral posted in the xVA area and the placement within the money market area in the Fixed income area.

LC&I's net fee income for the year ended December 31, 2022, amounted to DKK 5,732 million, a decrease of DKK 1,045 million, or 15.4 percent, as compared to DKK 6,777 million for the year ended December 31, 2021. The decrease was mainly due to lower customer activity within capital markets and a decrease in income in Asset Management following a decline in assets under management and lower performance fees. The decrease was partially offset by higher net fee income from M&A advisory services and a continually strong momentum in everyday banking services, such as cash management.

LC&I's net trading income for the year ended December 31, 2022, amounted to DKK 1,489 million, a decrease of DKK 1,648 million, or 52.5 percent, as compared to DKK 3,137 million for the year ended December 31, 2021. The decrease was mainly due to losses in the Group's Rates & Credit business in the second quarter of 2022 and the extraordinarily high volatility and lower liquidity in the Nordic fixed income markets. The decrease was partially offset by more supportive market conditions in the second quarter of 2022.

LC&I's other income for the year ended December 31, 2022, amounted to DKK 2 million, a decrease of DKK 3 million, or 55.7 percent, as compared to DKK 5 million for the year ended December 31, 2021.

Expenses

LC&I's operating expenses for the year ended December 31, 2022, amounted to DKK 6,996 million, a decrease of DKK 59 million, or 0.8 percent, as compared to DKK 7,025 million for the year ended December 31, 2021. The decrease was mainly due to lower provisions for performance-based compensation. The decrease was partially offset by an increase in resolution fund, bank tax, etc. as a result of the Swedish bank tax that came into force on January 1, 2022.

Loan Impairment Charges

LC&I's loan impairment charges for the year ended December 31, 2022, amounted to a net reversal of DKK 774 million, a positive change of DKK 761 million as compared to a net reversal of DKK 13 million for the year ended December 31, 2021. The positive change was mainly due to the post-pandemic economic recovery. The positive change was partially offset by an increase in post-model adjustments.

Danica Pension

The following table sets forth a summary of the results of operations of Danica Pension (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2022	2021
	(DKK in millions)	
Result, life insurance.....	771	2,724
Result, health and accident insurance	(1,044)	(520)
Return on investments, shareholders' equity etc.....	<u>152</u>	<u>(20)</u>
Net income/(expense) before tax in Danica Pension ⁽¹⁾	(121)	2,184
Included within Group Treasury ⁽²⁾	<u>184</u>	<u>(96)</u>
Net income from insurance business.....	63	2,088
Goodwill impairment.....	<u>(1,627)</u>	<u>—</u>
Net income from insurance business including goodwill.....	<u>(1,565)</u>	<u>2,088</u>

(1) Net income before tax in Danica Pension is for Danica Group.

(2) Includes the difference between the actual return on the investment of shareholders' equity (net of interest on subordinated debt), and the sum of interest on allocated capital and allocated capital and shareholder costs.

The following table sets forth Danica Pension's assets under management (based on the Group's financial highlights and business segment presentation) as at the dates indicated:

	As at December 31,	
	2022	2021
	(DKK in millions)	
Life insurance	388,712	462,930
Health and accident insurance.....	<u>15,078</u>	<u>17,449</u>
Total.....	<u>403,789</u>	<u>480,379</u>

Net Income from Insurance Business

Danica Pension's net income from insurance business for the year ended December 31, 2022, amounted to DKK 63 million, a decrease of DKK 2,025 million, or 97.0 percent, as compared to DKK 2,088 million for the year ended December 31, 2021. The decrease was mainly due to the negative developments in the financial markets. The decrease was partially offset by one-off income of DKK 415 million from the sale of Danica Pensjonsforsikring AS, the Danica Pension business segment in Norway ("**Danica Norway**"), in the second quarter of 2022.

Net Income before Tax in Danica Pension

Danica Pension's net expense before tax in Danica Pension for the year ended December 31, 2022, amounted to DKK 121 million, a negative change of DKK 2,305 million as compared to net income in Danica Pension of DKK 2,184 million for the year ended December 31, 2021. The negative change was mainly due to the decline in the global financial markets, which had a significant impact on listed shares and bonds and resulted in negative returns on the customers' pension savings.

Danica Pension's result, life insurance, for the year ended December 31, 2022, amounted to DKK 771 million, a decrease of DKK 1,953 million, or 71.7 percent, as compared to DKK 2,724 million for the year ended December 31, 2021. The decrease was mainly due to negative valuation adjustments of life insurance products where Danica Pension has the investment risk, with the effect being partly offset by changes in life insurance provisions as well as one-off costs of DKK 150 million in the third quarter of 2022 to cover compensation to customers related to its Danica Balance product. In

addition, a change in accounting policies in 2022 (the change in the profit margin relating to life insurance that is used to cover expected future losses on health and accident insurance is now presented under the result of life insurance instead of under the result of health and accident insurance) had a negative effect on the result of the life insurance business of DKK 629 million. The decrease was partially offset by changes in life insurance provisions.

Danica Pension's result, health and accident insurance, for the year ended December 31, 2022, amounted to a loss of DKK 1,044 million, a negative change of DKK 524 million as compared to a loss of DKK 520 million for the year ended December 31, 2021. The negative change was mainly due to negative valuation adjustments that caused a decrease in the investment result. The negative change was partially offset by the positive effect of DKK 629 million from the change in accounting policies described in the paragraph above as well as a reduction of technical provisions and a stable level of claims.

Return on Investments, Shareholders' Equity, Etc.

Danica Pension's return on investments, shareholders' equity etc. for the year ended December 31, 2022, amounted to DKK 152 million, a positive change of DKK 172 million as compared to a loss of DKK 20 million for the year ended December 31, 2021. The positive change was mainly due to the sale of Danica Norway. The positive change was partially offset by negative developments in the financial markets.

Goodwill Impairment

Danica Pension's goodwill impairment for the year ended December 31, 2022, amounted to DKK 1,627 million as compared to nil for the year ended December 31, 2021. The impairment charge in 2022 was made due to rising discount rates and the turbulence in the financial markets.

Assets Under Management

Danica Pension's assets under management as at December 31, 2022, amounted to DKK 403,789 million, a decrease of DKK 76,590 million, or 15.9 percent, as compared to DKK 480,379 million as at December 31, 2021. The decrease was mainly due to the developments in the financial markets.

Northern Ireland

The following table sets forth a summary of the results of operations of Northern Ireland (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2021	2020
	(DKK in millions)	
Net interest income	1,900	1,341
Net fee income	335	288
Net trading expense	(342)	(66)
Other income	21	12
Total income	1,914	1,576
Operating expenses	<u>(1,290)</u>	<u>(1,317)</u>
Profit before loan impairment charges	623	259
Loan impairment charges	<u>(168)</u>	<u>127</u>
Profit before tax	<u>456</u>	<u>386</u>

Profit Before Tax

Northern Ireland's profit before tax for the year ended December 31, 2022, amounted to DKK 456 million, an increase of DKK 70 million, or 18.1 percent, as compared to DKK 386 million for the year ended December 31, 2021. The increase was mainly due to actions taken in response to higher U.K. interest rates and increased transactional activity supporting a strong income performance. The increase was partially offset by negative net trading income.

Total Income

Northern Ireland's total income for the year ended December 31, 2022, amounted to DKK 1,914 million, an increase of DKK 338 million, or 21.4 percent, as compared to DKK 1,576 million for the year ended December 31, 2021.

Northern Ireland's net interest income for the year ended December 31, 2022, amounted to DKK 1,900 million, an increase of DKK 559 million, or 41.7 percent, as compared to DKK 1,341 million for the year ended December 31, 2021. The increase was mainly due to actions taken in response to higher U.K. interest rates. The increase was partially offset by low loan demand from large business customers.

Northern Ireland's loans, excluding reverse transactions before impairments, as at December 31, 2022, amounted to DKK 53,761 million, a decrease of DKK 2,087 million, or 3.7 percent, as compared to DKK 55,848 million as at December 31, 2021. The decrease was mainly due to a decrease in loan demand by business customers.

Northern Ireland's deposits, excluding repo deposits, as at December 31, 2022, amounted to DKK 94,562 million, a decrease of DKK 4,418 million, or 4.5 percent, as compared to DKK 98,980 million as at December 31, 2021. The decrease was mainly due to lower exchange rates. In local currency, deposits increased 1.0 percent.

Northern Ireland's net fee income for the year ended December 31, 2022, amounted to DKK 335 million, an increase of DKK 47 million, or 16.3 percent, as compared to DKK 288 million for the year ended December 31, 2021. The increase was mainly due to improved activity levels and pricing actions.

Northern Ireland's net trading expense for the year ended December 31, 2022, amounted to DKK 342 million, an increase of DKK 276 million as compared to DKK 66 million for the year ended December 31, 2021. The increase was mainly due to adverse mark-to-market movements on the hedging portfolio given increased market expectations for rising UK interest rates during 2022.

Northern Ireland's other income for the year ended December 31, 2022, amounted to DKK 21 million, an increase of DKK 9 million, or 75.0 percent, as compared to DKK 12 million for the year ended December 31, 2021.

Expenses

Northern Ireland's operating expenses for the year ended December 31, 2022, amounted to DKK 1,290 million, a decrease of DKK 27 million, or 2.1 percent, as compared to DKK 1,317 million for the year ended December 31, 2021. The decrease was mainly due to a continually strong cost focus.

Loan Impairment Charges

Northern Ireland's loan impairment charges for the year ended December 31, 2022, amounted to DKK 168 million, a change of DKK 295 million as compared to a net reversal of DKK 127 million for the year ended December 31, 2021. The change was mainly due to an uncertain macroeconomic outlook. The change was partially offset by strong loan portfolio, driven by a conservative risk appetite and astute handling of existing and new lending opportunities.

Non-core

The following table sets forth a summary of the results of operations of Non-core (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2022	2021
	(DKK in millions)	
Total income	23	25
Operating expenses	<u>(101)</u>	<u>(234)</u>
Profit/(loss) before loan impairment charges	(78)	(210)
Loan impairment charges	<u>66</u>	<u>207</u>
Loss before tax	<u>(13)</u>	<u>(2)</u>

Loss Before Tax

Non-core's loss before tax for the year ended December 31, 2022, amounted to DKK 13 million, an increase of DKK 11 million as compared to DKK 2 million for the year ended December 31, 2021. The increase was mainly due to a decrease in loan impairment reversals that was driven by settlement of part of the exposure.

Total Income

Non-core's total income for the year ended December 31, 2022, amounted to DKK 23 million, a decrease of DKK 2 million, or 6.7 percent, as compared to DKK 25 million for the year ended December 31, 2021.

Non-core's loans, excluding reverse transactions before impairments, as at December 31, 2022, amounted to DKK 1,207 million, a decrease of DKK 916 million, or 43.1 percent, as compared to DKK 2,123 million as at December 31, 2021. The decrease was mainly due to the divestment of legacy exposures during 2022.

Operating Expenses

Non-core's operating expenses for the year ended December 31, 2022, amounted to DKK 101 million, a decrease of DKK 133 million, or 56.8 percent, as compared to DKK 234 million for the year ended December 31, 2021. The decrease was mainly due to the general progress made with the winding-up activities across Non-core.

Loan Impairment Charges

Non-core's loan impairment charges for the year ended December 31, 2022, amounted to a net reversal of DKK 66 million, negative change of DKK 141 million, or 68.3 percent, as compared to a net reversal of DKK 207 million for the year ended December 31, 2021. The negative change was mainly due to settlement of part of the exposure. The negative change was partially offset by a decrease in operating expenses as a result of the general progress made with the winding-up activities across Non-core.

Group Functions

The following table sets forth a summary of the results of operations of Group Functions (based on the Group's business segment presentation) for the years indicated:

	For the year ended December 31,	
	2022	2021
	(DKK in millions)	
Net interest income/(expense).....	(270)	312
Net fee income/(expense)	16	(56)
Net trading income/(expense).....	(681)	381
Other income/(expense).....	78	(10)
Total income/(expense).....	(857)	627
Operating expenses	(2,810) ⁽¹⁾	(2,068) ⁽²⁾
of which resolution fund, bank tax etc.....	(74)	(37) ⁽²⁾
of which impairment charges, other intangible assets	(24)	(36) ⁽²⁾
Provision for Estonia matter	(13,800)	—
Loss before loan impairment charges	(17,467)	(1,442)
Loan impairment charges.....	(669) ⁽³⁾	(2)
Loss before tax.....	(18,136)	(1,444)

Note: The presentation of Group Functions includes group eliminations.

- (1) Operating expenses for the year ended December 31, 2022, include DKK 910 million related to the debt collection case.
- (2) As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021," the Group has restated the comparative financial highlights as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The above tables reflect the restated figures for the year ended December 31, 2021.
- (3) Loan impairment charges for the year ended December 31, 2022, include DKK 650 million related to the debt collection case.

The following table sets forth a breakdown of Group Functions' profit/loss before tax (based on the Group's financial highlights presentation) for the years indicated:

	For the year ended December 31,	
	2022	2021
	(DKK in millions)	
Group Treasury.....	(1,118)	599
Own shares and issues	(114)	(67)
Additional tier 1 capital	89	451
Group support functions	(16,993)	(2,427)
Total Group Functions.....	(18,136)	(1,444)

Note: Profit before tax for Group Functions includes Group eliminations.

Group Functions' total income for the year ended December 31, 2022, amounted to an expense of DKK 857 million, a negative change of DKK 1,484 million as compared to total income of DKK 627 million for the year ended December 31, 2021. The negative change was mainly due to decreases in net trading income and net interest income resulting from, among other things, market developments. In addition, a one-off gain of DKK 170 million on the sale of Sanistål shares was included in net trading income in 2022, which was less than the one-off gain of DKK 227 million on the sale of VISA shares in the Group's private equity portfolio in 2021.

Group Treasury's loss before tax for the year ended December 31, 2022, amounted to DKK 1,118 million, a negative change of DKK 1,717 million as compared to profit before tax of DKK 599 million for the year ended December 31, 2021.

The negative change was mainly due to lower income from interest rate risk management, and the negative effect market value adjustments of Danish mortgage bond investments on Group Treasury's fair value bond portfolios.

The Bank's own shares and issues' loss before tax for the year ended December 31, 2022, amounted to DKK 114 million, an increase of DKK 47 million, or 70.1 percent, as compared to DKK 67 million for the year ended December 31, 2021. The increase was mainly due to a negative effect of eliminations of returns on own shares.

Additional tier 1 capital's profit before tax for the year ended December 31, 2022, amounted to DKK 89 million, a decrease of DKK 362 million, or 80.2 percent, as compared to DKK 451 million for the year ended December 31, 2021. The decrease was due to the redemption of the Group's final equity-accounted additional tier 1 capital instrument during 2022.

Group support functions' loss before tax for the year ended December 31, 2022, amounted to DKK 16,993 million, an increase of DKK 14,566 million as compared to DKK 2,427 million for the year ended December 31, 2021. The increase was mainly due to the additional provision of DKK 13,800 million for the Estonia matter, and increases in operating expenses of DKK 910 million and loan impairment charges of DKK 650 million as a result of the decision to compensate debt collection customers for the potential overcollection of debt.

Group Functions' loss before tax for the year ended December 31, 2022, amounted to DKK 18,136 million, an increase of DKK 16,692 million as compared to DKK 1,444 million for the year ended December 31, 2021. The loss was primarily due to the additional provision of DKK 13,800 million for the Estonia AML matter and increases in operating expenses of DKK 910 million and loan impairment charges of DKK 650 million for the debt collection case.

Balance Sheet

The following table sets forth the Group's balance sheet data (prepared in accordance with IFRS as adopted by the EU and Danish disclosure requirements for listed financial companies) as at the dates indicated:

	As at December 31,	
	2022	2021
	(DKK in millions)	
Assets		
Cash in hand and demand deposits with central banks	175,052	293,386
Due from credit institutions and central banks.....	60,811	71,156
Trading portfolio assets.....	638,799	509,590
Investment securities.....	302,958	303,777
Loans at amortized cost	1,082,818	1,027,442
Loans at fair value.....	932,677	1,024,461
Assets under pooled schemes and unit-linked investment contracts	66,499	76,654
Assets under insurance contracts	455,416	547,806
Assets held for sale	350	28,800
Intangible assets.....	6,802	8,819
Tax assets.....	5,199	4,510
Other assets.....	35,618	39,433
Total assets	<u>3,762,999</u>	<u>3,935,834</u>
Equity and liabilities		
Due to credit institutions and central banks	138,777	172,976
Trading portfolio liabilities	554,321	374,959
Deposits	1,262,293	1,292,030
Issued bonds at fair value.....	697,388	794,909
Issued bonds at amortized cost.....	192,682	223,854
Deposits under pooled schemes and unit-linked investment contracts.....	66,725	76,982
Liabilities under insurance contracts.....	487,422	588,736
Liabilities in disposal groups held for sale.....	-	29,577
Tax liabilities	2,464	1,864
Other liabilities	69,024	56,268
Non-preferred senior bonds	93,235	107,654
Subordinated debt	38,350	39,321
Total liabilities	<u>3,602,681</u>	<u>3,759,130</u>
Total equity.....	<u>160,318</u>	<u>176,704</u>
Total liabilities and equity	<u>3,762,999</u>	<u>3,935,834</u>

Assets

As at December 31, 2022, the Group's total assets amounted to DKK 3,762,999 million, a decrease of DKK 172,835 million, or 4.4 percent, as compared to DKK 3,935,834 million as at December 31, 2021. The decrease was mainly due to decreases in due from credit institutions and central banks, lending and assets under insurance contracts. The

decrease was partially offset by an increase in trading portfolio assets. Total lending decreased to DKK 1,804 billion in 2022 from DKK 1,834 billion in 2021; however, excluding the changes in fair value of mortgage loans in Denmark following the increases in interest rate levels, lending increased 3 percent from the end of 2021. The increase in lending in LC&I was driven partly by higher volumes in Sweden. In Business Customers, the increase in bank lending was due to higher customer activity. Total lending in Personal Customers decreased due to negative market value adjustments of mortgage loans, caused by the higher interest rate level, the slowdown in the housing market and the discontinuation of the customer portfolio in Luxembourg. In Denmark, new gross lending, excluding repo loans, amounted to DKK 129 billion. Lending to personal customers accounted for DKK 30 billion of this amount.

Liabilities

As at December 31, 2022, the Group's total liabilities amounted to DKK 3,602,681 million, a decrease of DKK 156,449 million, or 4.2 percent, as compared to DKK 3,759,130 million as at December 31, 2021. The decrease was mainly due to issued bonds and liabilities under insurance contracts. The decrease was partially offset by an increase in portfolio liabilities. Total deposits amounted to DKK 1,170 billion, an increase of 0.2 percent from the level as at December 31, 2021. The increase in deposits was mainly due to cautious investment strategies among customers.

Equity

As at December 31, 2022, the Group's total equity amounted to DKK 160,318 million, a decrease of DKK 16,386 million, or 9.3 percent, as compared to DKK 176,704 million as at December 31, 2021. The decrease was mainly due to the Group's net loss for the year ended December 31, 2022, and the redemption of additional tier 1 capital during 2022.

The Group's return on average shareholders' equity for the year ended December 31, 2022, was negative 3.1 percent as compared to 7.6 percent for the year ended December 31, 2021. The Group's earnings per share for the year ended December 31, 2022, were negative DKK 6.1 as compared to DKK 14.6 for the year ended December 31, 2021.

Cash Flows

The following table sets forth the Group's cash flow data as at the dates and for the years indicated:

	As at and for the year ended December 31,	
	2022	2021
	(DKK in millions)	
Cash flow from operations		
Profit/(loss) before tax	(2,284)	16,571
Tax paid	(3,025)	(2,459)
Adjustment for non-cash operating items	<u>21,459</u>	<u>4,916</u>
Cash flow from operations before changes in operating capital.....	16,150	19,028
Changes in operating capital		
Amounts due to/from credit institutions and central banks	(35,987)	(38,509)
Trading portfolio	50,153	48,984
Acquisition/sale of own shares and additional tier 1 capital.....	(428)	(82)
Investment securities	819	(7,007)
Loans at amortized cost and fair value	34,905	(4,114)
Deposits.....	(29,737)	(41,751)
Issued bonds at amortized cost and fair value	(132,574)	(7,596)
Assets/liabilities under insurance contracts	(10,315)	(5,291)
Other assets/liabilities.....	<u>(2,343)</u>	<u>(1,224)</u>
Cash flow from operations.....	(109,357)	(37,562)
Cash flow from investing activities		
Acquisition/sale of businesses	2,032	–
Acquisition of intangible assets	(560)	(885)
Acquisition of tangible assets	(826)	(686)
Sale of tangible assets.....	<u>4</u>	<u>8</u>
Cash flow from investing activities.....	650	(1,563)
Cash flow from financing activities		
Issues of subordinated debt.....	–	10,102
Redemption of subordinated debt	–	(3,718)
Issues of non-preferred senior bonds	20,052	4,352
Redemption of non-preferred senior bonds.....	(30,590)	(6,309)
Dividends.....	(1,705)	(1,708)
Redemption of equity accounted additional tier 1 capital	(5,419)	(3,000)
Paid interest on equity accounted additional tier 1 capital	(164)	(466)
Principal portion of lessee lease payments.....	<u>(611)</u>	<u>(654)</u>
Cash flow from financing activities.....	(18,437)	(1,401)
Cash and cash equivalents as at January 1	362,997	400,889
Foreign currency translation	(3,322)	2,634
Change in cash and cash equivalents	<u>(127,144)</u>	<u>(40,526)</u>
Cash and cash equivalents, end of period	232,531	362,997
Cash and cash equivalents end of period		
Cash in hand	6,630	6,765
Demand deposits with central banks.....	168,422	286,621
Amounts due from credit institutions and central banks within three months	<u>57,479</u>	<u>69,611</u>
Total.....	<u>232,531</u>	<u>362,997</u>

Note: The cash flow statement is prepared according to the indirect method. The statement is based on the pre-tax profit for the year and shows the cash flows from operating, investing and financing activities and the increase or decrease in cash and cash equivalents during the year. Cash and cash equivalents consists of cash in hand and demand deposits with central banks as well as amounts due from credit institutions and central banks with an original maturity shorter than three months.

The list of Group holdings and undertakings in note G38 to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum provides information about restrictions on the use of cash flows from Group undertakings.

Total cash outflow from operations for the year ended December 31, 2022, was DKK 109,357 million, an increase of DKK 71,795 million as compared to DKK 37,562 million for the year ended December 31, 2021. The increase was mainly due to an increase in cash outflows from issued bonds at amortized cost and fair value. The increase was partially offset by an increase in cash inflows from loans at amortized cost and fair value and a decrease in cash outflows from deposits.

Total cash inflow from investing activities for the year ended December 31, 2022, was DKK 650 million, a positive change of DKK 2,213 million as compared a cash outflow from investing activities of DKK 1,563 million for the year ended December 31, 2021. The positive change was mainly due to the sale of businesses.

Total cash outflow from financing activities for the year ended December 31, 2022, was DKK 18,437 million, an increase of DKK 17,036 million as compared to DKK 1,401 million for the year ended December 31, 2021. The increase was mainly due to a higher value of redemption of non-preferred senior bonds in 2022, and no issues of subordinated debt in 2022. The increase was partially offset by an increase in cash inflows due to an increase in non-preferred senior debt issued in 2022 compared to 2021.

Review of Financial Highlights and Consolidated Financial Information for the Years Ended and as at December 31, 2021 and 2020

Income Statement

The Group

The following table sets forth a summary of the Group's results of operations (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2021	2020
	(DKK in millions)	
Net interest income*	22,049	22,151 ⁽¹⁾
Net fee income*	13,525	12,217 ⁽¹⁾
Net trading income*	4,126	4,297 ⁽¹⁾
Net trading income from insurance business*	2,088	1,669 ⁽¹⁾
Other income*	797	594 ⁽¹⁾
Total income*	42,584	40,928 ⁽¹⁾
Operating expenses*	(25,627)	(26,648) ⁽¹⁾
Impairment charges, other intangible assets*	(36)	(379)
Profit before loan impairment charges*	16,921	13,901
Loan impairment charges*	(348)	(7,001)
Profit before tax, core*	16,573	6,900
Loss before tax, Non-core*	(2)	(596)
Profit before tax	16,571	6,304
Tax	(3,651)	(1,715)
Net profit for the year	<u>12,920</u>	<u>4,589</u>
Attributable to additional tier 1 etc.	451	551

* The table above is based on the financial highlights presentation used by the Group when presenting such information in its annual reports. The line items marked with an asterisk deviate from the corresponding figures in the Consolidated Financial Statements as discussed in more detail under "Important Information for Investors—Presentation of Financial Information." See notes G1(d) and G3 to the 2021 Financial Statements incorporated by reference into this Base Information Memorandum for information on reconciling the consolidated income statements and the financial highlights presentation.

(1) As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2020," the Group has restated the comparative financial highlights as at and for the year ended December 31, 2020, in the 2021 Financial Statements incorporated by reference into this Base Information Memorandum. The above tables reflect the restated figures as at and for the year ended December 31, 2020.

The following table sets forth the Group's profit before tax by business unit (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2021	2020
	(DKK in millions)	
Personal & Business Customers	7,906	5,663
LC&I	7,638	2,146
Danica	2,088	1,669
Northern Ireland	386	146
Non-core	(2)	(596)
Group Functions ⁽¹⁾	<u>(1,444)</u>	<u>(2,723)</u>
Total Group	<u>16,571</u>	<u>6,304</u>

(1) Profit before tax for Group Functions includes Group eliminations.

Total Income

The Group's total income for the year ended December 31, 2021, amounted to DKK 42,584 million, an increase of DKK 1,656 million, or 4.0 percent, as compared to DKK 40,928 million for the year ended December 31, 2020.

The Group's net interest income for the year ended December 31, 2021, amounted to DKK 22,049 million, a decrease of DKK 102 million, or 0.5 percent, as compared to DKK 22,151 million for the year ended December 31, 2020. The decrease was mainly due to continuing margin pressure across the Nordic countries and lending product mix effects. The decrease was partially offset by a positive impact from the deposit repricing initiatives at Personal & Business Customers Denmark that were implemented during 2021.

The Group's loans as at December 31, 2021, amounted to DKK 1,834,372 million, a decrease of DKK 3,754 million, or 0.2 percent, as compared to DKK 1,838,126 million as at December 31, 2020. The decrease was mainly due to a decrease in lending at Personal Customers Denmark, as customers repaid bank loans faster and switched to mortgage loans, while the decline in lending at LC&I was due to customers drawing less on a substantial number of the credit facilities committed in 2020 in order to support customers in managing the impact of the COVID-19 pandemic in step with the improvement of the economic outlook. The decrease was partially offset by an increase in lending at Personal Customers Nordic.

The Group's deposits as at December 31, 2021, amounted to DKK 1,167,638 million, a decrease of DKK 25,535 million, or 2.1 percent, as compared to DKK 1,193,173 million as at December 31, 2020. The decrease was mainly due to low consumer spending, direct government support to customers and business customers having secured backup liquidity.

The Group's net fee income for the year ended December 31, 2021, amounted to DKK 13,525 million, an increase of DKK 1,308 million, or 10.7 percent, as compared to DKK 12,217 million for the year ended December 31, 2020. The increase was mainly due to good customer activity and higher assets under management as well as strong activity in the capital markets. Performance fees in Asset Management were significantly below the record level in 2020, reflecting, among other things, more challenging market conditions for Fixed Income hedge funds.

The Group's net trading income for the year ended December 31, 2021, amounted to DKK 4,126 million, a decrease of DKK 171 million, or 4.0 percent, as compared to DKK 4,297 million for the year ended December 31, 2020. The decrease was due to higher income from Personal & Business Customers being mitigated somewhat lower LC&I income in 2021. In addition, positive xVA on the derivatives portfolio had a significantly smaller impact in 2021 than in 2020. The decrease was partially offset by gains of DKK 180 million on the sale of AiiA A/S to Mastercard and DKK 227 million on the sale of VISA shares in the Group's private equity portfolio in 2021.

The Group's other income for the year ended December 31, 2021, amounted to DKK 797 million, an increase of DKK 203 million, or 34.2 percent, as compared to DKK 594 million for the year ended December 31, 2020. The increase was mainly due to the Group's real estate agency, home, experiencing good activity on the housing market in 2021 as well as good activity within Asset Finance.

Expenses

The Group's operating expenses for the year ended December 31, 2021, amounted to DKK 25,627 million, a decrease of DKK 1,021 million, or 3.8 percent, as compared to DKK 26,648 million for the year ended December 31, 2020. The decrease was mainly due to the cost initiatives launched during the past year. The decrease mainly reflects lower costs for transformation and consultancy but also constant focus on lowering the cost base. AML and compliance costs were lower as well. The decrease was partially offset by provisions of DKK 500 million related to a VAT case in Sweden following a ruling by the European Court of Justice, a provision of DKK 190 million for taxation of business travelers and a one-off investment of DKK 122 million to ensure good working-from-home conditions, along with higher expenses for employee bonus pools and other bonuses that reflect higher customer activity.

The Group's impairment charges, other intangible assets, for the year ended December 31, 2021, amounted to DKK 36 million, a decrease of DKK 343 million, or 90.6 percent, as compared to DKK 379 million for the year ended December 31, 2020. The decrease was mainly due to the impairment charges in 2020 related to the Group's transformation efforts and organizational changes, whereas there were no such charges in 2021.

Loan Impairment Charges

The Group's loan impairment charges for the year ended December 31, 2021, amounted to DKK 348 million, a decrease of DKK 6,653 million, or 95.0 percent, as compared to DKK 7,001 million for the year ended December 31, 2020. The decrease was mainly due to strong credit quality. Impairments mainly reflected credit deterioration relating to individual customers, primarily in segments hit by the lockdown of societies in parts of 2021. The full effect of the COVID-19 pandemic remains uncertain; however, COVID-19 pandemic-related uncertainties have decreased since the end of 2021 as new virus variants have not resulted in prolonged lockdowns in the Group's markets.

Loss Before Tax, Non-core

The Group's loss before tax, Non-core, for the year ended December 31, 2021, amounted to DKK 2 million, a positive change of DKK 594 million, or 99.6 percent, as compared to a loss before tax of DKK 596 million for the year ended December 31, 2020. The positive change was mainly due to the sale of the remaining loan portfolio in Danske Bank Ireland

and the corresponding net reversal of loan impairment charges. In addition, divestment of the Latvian commercial loan portfolio held by the Lithuanian branch and approximately 70 percent of the remaining Lithuanian commercial loan portfolio also contributed positively to the improvement in the result, as did a slight decrease in operating expenses.

Profit Before Tax

The Group's profit before tax for the year ended December 31, 2021, amounted to DKK 16,571 million, an increase of DKK 10,267 million as compared to DKK 6,304 million for the year ended December 31, 2020.

Tax

The Group's tax for the year ended December 31, 2021, amounted to DKK 3,651 million, an increase of DKK 1,937 million as compared to DKK 1,715 million for the year ended December 31, 2020. Tax on profit for the year amounted to 22 percent of profit before tax, which is on par with the corporate income tax rate in Denmark.

Net Profit for the Year

The Group's net profit for the year ended December 31, 2021, amounted to DKK 12,920 million, an increase of DKK 8,331 million as compared to DKK 4,589 million for the year ended December 31, 2020.

Personal & Business Customers

The following table sets forth a summary of the results of operations of Personal & Business Customers (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2021	2020
	(DKK in millions)	
Net interest income	15,664	16,018
Net fee income	6,516	6,080
Net trading income.....	673	575
Other income	791	702
Total income	23,644	23,375
Operating expenses.....	<u>(15,253)</u>	<u>(15,716)</u>
Profit before loan impairment charges	8,391	7,659
Loan impairment charges.....	<u>(486)</u>	<u>(1,996)</u>
Profit before tax	<u>7,906</u>	<u>5,663</u>

The following table sets forth information on Personal & Business Customers' LTV ratio, home loans, for Personal Customers as at the dates indicated:

	As at December 31,			
	2021		2020	
	Average LTV	Net credit exposure⁽¹⁾	Average LTV	Net credit exposure⁽¹⁾
	(percent)	(DKK in billions)	(percent)	(DKK in billions)
Personal Customers Denmark.....	52.5	496	59.3	507
Personal Customers Sweden	58.2	98	61.8	98
Personal Customers Norway	58.8	148	61.2	130
Personal Customers Finland	60.2	<u>84</u>	61.1	<u>86</u>
Total.....		<u>826</u>		<u>820</u>

(1) Net credit exposure includes loans, guarantees and irrevocable loan commitments. The exposure is measured net of allowance account.

Profit Before Tax

Personal & Business Customers' profit before tax for the year ended December 31, 2021, amounted to DKK 7,906 million, an increase of DKK 2,242 million, or 39.6 percent, as compared to DKK 5,663 million for the year ended December 31, 2020. The increase was mainly due to a decrease in loan impairment charges and lower operating expenses.

Total Income

Personal & Business Customers' total income for the year ended December 31, 2021, amounted to DKK 23,644 million, an increase of DKK 269 million, or 1.2 percent, as compared to DKK 23,375 million for the year ended December 31,

2020. The increase was mainly due to an increase in net fee income and net trading income, partially offset by a decrease in net interest income.

Personal & Business Customers' net interest income for the year ended December 31, 2021, amounted to DKK 15,664 million, a decrease of DKK 354 million, or 2.2 percent, as compared to DKK 16,018 million for the year ended December 31, 2020. The decrease was mainly due to lower funding value of deposits across all markets as well as margin pressure and a challenged interest rate environment across the Nordic countries. The decrease was partially offset by repricing initiatives for deposits.

Personal & Business Customers' loans, excluding reverse transactions before impairments, as at December 31, 2021, amounted to DKK 1,536,121 million, an increase of DKK 3,335 million, or 0.2 percent, as compared to DKK 1,532,786 million as at December 31, 2020. The increase was primarily due to an increase in lending at Personal Customers Nordic, which was partially offset by a decrease in lending at Personal Customers Denmark, as customers repaid bank loans faster and switched to mortgage loans.

Personal & Business Customers' deposits, excluding repo deposits, as at December 31, 2021, amounted to DKK 700,434 million, an increase of DKK 14,825 million, or 2.2 percent, as compared to DKK 685,609 million as at December 31, 2020. The increase was mainly due to government packages as a result of the COVID-19 pandemic and cautious investment behavior due to uncertainties stemming from the pandemic.

Personal & Business Customers' net fee income for the year ended December 31, 2021, amounted to DKK 6,516 million, an increase of DKK 436 million, or 7.2 percent, as compared to DKK 6,080 million for the year ended December 31, 2020. The increase was mainly due to an increase in investment activity and growth in assets under management.

Personal & Business Customers' net trading income for the year ended December 31, 2021, amounted to DKK 673 million, an increase of DKK 98 million, or 17.0 percent, as compared to DKK 575 million for the year ended December 31, 2020. The increase was mainly due to higher foreign exchange activity in line with the reopening of the societies in which the Bank operates.

Personal & Business Customers' other income for the year ended December 31, 2021, amounted to DKK 791 million, an increase of DKK 89 million, or 12.7 percent, as compared to DKK 702 million for the year ended December 31, 2020.

Expenses

Personal & Business Customers' operating expenses for the year ended December 31, 2021, amounted to DKK 15,253 million, a decrease of DKK 463 million, or 2.9 percent, as compared to DKK 15,716 million for the year ended December 31, 2020. The decrease was mainly due to lower costs in relation to the Better Bank transformation.

Loan Impairment Charges

Personal & Business Customers' loan impairment charges for the year ended December 31, 2021, amounted to DKK 486 million, a decrease of DKK 1,510 million, or 75.7 percent, as compared to DKK 1,996 million for the year ended December 31, 2020. The decrease was mainly due to charges against individual customer exposures made as a result of the COVID-19 pandemic as well as model adjustments.

LC&I

The following table sets forth a summary of the results of operations of LC&I (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2021	2020
	(DKK in millions)	
Net interest income	4,732	5,034
Net fee income	6,777	5,911
Net trading income.....	3,137	3,485
Other income	<u>5</u>	<u>6</u>
Total income	14,650	14,437
Operating expenses	<u>(7,025)</u>	<u>(7,672)</u>
Profit before loan impairment charges.....	7,625	6,764
Loan impairment charges.....	<u>13</u>	<u>(4,619)</u>
Profit before tax	<u>7,638</u>	<u>2,146</u>

Profit Before Tax

LC&I's profit before tax for the year ended December 31, 2021, amounted to DKK 7,638 million, an increase of DKK 5,492 million as compared to DKK 2,146 million for the year ended December 31, 2020. The increase was mainly due to significantly lower loan impairment charges, higher fee income and lower operating expenses.

Total Income

LC&I's total income for the year ended December 31, 2021, amounted to DKK 14,650 million, an increase of DKK 214 million, or 1.5 percent, as compared to DKK 14,437 million for the year ended December 31, 2020. The increase was mainly due to an increase in net fee income, partially offset by decreases in net interest income and net trading income.

LC&I's net interest income for the year ended December 31, 2021, amounted to DKK 4,732 million, a decrease of DKK 302 million, or 6.0 percent, as compared to DKK 5,034 million for the year ended December 31, 2020. The decrease was mainly due to lower income from deposits, as the significant increase in volumes lowered the value of surplus deposits. The decrease was partially offset by deposits repriced with effect from the third quarter of 2021 to reflect the reduced funding value, as well as higher activity-driven net interest income and higher net interest income from undrawn committed credit facilities, which more than compensated for the decline in net interest income from lower average lending volumes.

LC&I's loans, excluding reverse transactions before impairments, as at December 31, 2021, amounted to DKK 264,824 million, a decrease of DKK 6,535 million, or 2.4 percent, as compared to DKK 271,359 million as at December 31, 2020. The decrease was mainly due to lending volumes declining from the level in the first half of 2020, when the Group committed substantial credit facilities in order to support its customers in managing the impact of the COVID-19 pandemic. As the economic outlook improved, customers drew less on their credit facilities, and the facilities provided in 2020 began to be repaid. The decrease was partially offset by lending demand increasing during the second half of 2021.

LC&I's deposits, excluding repo deposits, as at December 31, 2021, amounted to DKK 383,547 million, a decrease of DKK 49,543 million, or 11.4 percent, as compared to DKK 433,090 million as at December 31, 2020. The decrease was mainly due to repricing of deposits with effect from the third quarter of 2021 to reflect the reduced funding value.

LC&I's net fee income for the year ended December 31, 2021, amounted to DKK 6,777 million, an increase of DKK 866 million, or 14.6 percent, as compared to DKK 5,911 million for the year ended December 31, 2020. The increase was mainly due to high income from capital markets activities, and income from corporate daily banking products, such as foreign exchange and cash management, as well as improved net fee income and increased assets under management.

LC&I's net trading income for the year ended December 31, 2021, amounted to DKK 3,137 million, a decrease of DKK 348 million, or 10.0 percent, as compared to DKK 3,485 million for the year ended December 31, 2020. The decrease was mainly due to lower xVA on the derivatives portfolio than in 2020 and the high trading income in 2020 amid volatile markets and high customer activity.

LC&I's other income for the year ended December 31, 2021, amounted to DKK 5 million, a decrease of DKK 1 million, or 16.7 percent, as compared to DKK 6 million for the year ended December 31, 2020.

Expenses

LC&I's operating expenses for the year ended December 31, 2021, amounted to DKK 7,025 million, a decrease of DKK 647 million, or 8.4 percent, as compared to DKK 7,672 million for the year ended December 31, 2020. The decrease was mainly due to the reorganization at the beginning of 2021, which resulted in changes to the allocation of costs between the business units as well as lower transformation costs. The decrease was partially offset by higher performance-based compensation.

Loan Impairment Charges

LC&I's loan impairment charges for the year ended December 31, 2021, amounted to a net reversal of DKK 13 million, a positive change of DKK 4,632 million as compared to loan impairment charges of DKK 4,619 million for the year ended December 31, 2020. The positive change was mainly due to an ongoing strengthening of credit quality in 2021. In 2020, most of the net charges were attributable to oil- and gas-related exposures.

Danica Pension

The following table sets forth a summary of the results of operations of Danica Pension (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2021	2020
	(DKK in millions)	
Result, life insurance.....	2,642	2,517
Result, health and accident insurance	(438)	(643)
Return on investments, shareholders' equity etc.....	(20)	(78)
Net income before tax in Danica Pension ⁽¹⁾	2,184	1,797
Included within Group Treasury ⁽²⁾	(96)	(127)
Net income from insurance business.....	<u>2,088</u>	<u>1,669</u>

(1) Net income before tax in Danica Pension is for Danica Group.

(2) Includes the difference between the actual return on the investment of shareholders' equity (net of interest on subordinated debt), and the sum of interest on allocated capital and allocated capital and shareholder costs.

The following table sets forth Danica Pension's assets under management (based on the Group's financial highlights and business segment presentation) as at the dates indicated:

	As at December 31,	
	2021	2020
	(DKK in millions)	
Life insurance	462,930	447,783
Health and accident insurance.....	17,449	16,882
Total.....	<u>480,379</u>	<u>464,605</u>

Net Income from Insurance Business

Danica Pension's net income from insurance business for the year ended December 31, 2021, amounted to DKK 2,088 million, an increase of DKK 419 million, or 25.1 percent, as compared to DKK 1,669 million for the year ended December 31, 2020. The increase was mainly due to better results for the health and accident business and the life insurance business.

Net Income before Tax in Danica Pension

Danica Pension's net income before tax in Danica Pension for the year ended December 31, 2021, amounted to DKK 2,184 million, an increase of DKK 387 million, or 21.5 percent, as compared to DKK 1,797 million for the year ended December 31, 2020. The increase was mainly due to better results for the health and accident business and the life insurance business.

Danica Pension's result, life insurance, for the year ended December 31, 2021, amounted to DKK 2,642 million, an increase of DKK 125 million, or 5.0 percent, as compared to DKK 2,517 million for the year ended December 31, 2020. The increase was mainly due to positive investment results on life insurance products where Danica Pension has the investment risk and an increase in fees resulting from higher assets under management had a positive impact on the result for 2021. Life insurance products where Danica Pension has the investment risk benefited from an increase in the interest yield curve (including the volatility adjustment) and high returns on risky assets. The increase was partially offset by an accounting correction of DKK 250 million in 2021.

Danica Pension's result, health and accident insurance, for the year ended December 31, 2021, amounted to a loss of DKK 438 million, a decrease of DKK 205 million, or 31.8 percent, as compared to DKK 643 million for the year ended December 31, 2020. The decrease was mainly due to provisions for potential pension yield tax.

Danica Pension's assets under management as at December 31, 2021, amounted to DKK 480,379 million, an increase of DKK 15,774 million, or 3.4 percent, as compared to DKK 464,605 million as at December 31, 2020. The increase was mainly due to the positive developments in the financial markets and an inflow of new business customers. The increase was partially offset by the reclassification in December 2021 of approximately DKK 24 billion regarding Danica Norway to assets held for sale.

Danica Pension's return on investments, shareholders' equity etc. for the year ended December 31, 2021, amounted to a loss of DKK 20 million, a positive change of DKK 57 million, or 73.9 percent, as compared to a loss of DKK 78 million for the year ended December 31, 2020. The positive change was mainly due to write-downs of assets in connection with

the clean-up of accounting balances after the merger of Danica Pension and the former SEB Pension, which affected the result in 2020.

Northern Ireland

The following table sets forth a summary of the results of operations of Northern Ireland (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2021	2020
	(DKK in millions)	
Net interest income	1,341	1,359
Net fee income	288	264
Net trading income/(expense)	(66)	98
Other income	12	16
Total income	<u>1,576</u>	<u>1,736</u>
Operating expenses	<u>(1,317)</u>	<u>(1,212)</u>
Profit before loan impairment charges	259	524
Loan impairment charges	<u>127</u>	<u>(378)</u>
Profit before tax	<u><u>386</u></u>	<u><u>146</u></u>

Profit Before Tax

Northern Ireland's profit before tax for the year ended December 31, 2021, amounted to DKK 386 million, an increase of DKK 240 million as compared to DKK 146 million for the year ended December 31, 2020. The increase was mainly due to lower loan impairment charges.

Total Income

Northern Ireland's total income for the year ended December 31, 2021, amounted to DKK 1,576 million, a decrease of DKK 161 million, or 9.3 percent, as compared to DKK 1,736 million for the year ended December 31, 2020.

Northern Ireland's net interest income for the year ended December 31, 2021, amounted to DKK 1,341 million, a decrease of DKK 17 million, or 1.3 percent, as compared to DKK 1,359 million for the year ended December 31, 2020. The decrease was mainly due to lower demand for loans. Customer borrowing activity remained subdued, aside from public sector balances, with many personal and business customers continuing to pay off debt and hold additional liquidity, as reflected in deposit growth rates. The decrease was partially offset by ongoing pricing actions.

Northern Ireland's loans, excluding reverse transactions before impairments, as at December 31, 2021, amounted to DKK 55,848 million, an increase of DKK 3,668 million, or 7.0 percent, as compared to DKK 52,179 million as at December 31, 2020. The increase was mainly due to the strengthening of the British pound sterling throughout 2021 compared to a weaker 2020 due to Brexit uncertainty.

Northern Ireland's deposits, excluding repo deposits, as at December 31, 2021, amounted to DKK 98,980 million, an increase of DKK 14,822 million, or 17.6 percent, as compared to DKK 84,158 million as at December 31, 2020. The increase was mainly due to additional liquidity being held by both business and personal customers, in addition to the impact of exchange rates.

Northern Ireland's net fee income for the year ended December 31, 2021, amounted to DKK 288 million, an increase of DKK 25 million, or 9.3 percent, as compared to DKK 264 million for the year ended December 31, 2020. The increase was mainly due to combined benefit of a partial recovery in customer activity levels and pricing actions implemented during 2021.

Northern Ireland's net trading expense for the year ended December 31, 2021, amounted to DKK 66 million, a negative change of DKK 163 million as compared to net trading income of DKK 98 million for the year ended December 31, 2020. The negative change was mainly due to adverse mark-to-market movements on hedging portfolios reflecting U.K. interest rate expectations in the third and fourth quarters supported by a rise in the Bank of England Base Rate in December 2021.

Northern Ireland's other income for the year ended December 31, 2021, amounted to DKK 12 million, a decrease of DKK 4 million, or 25.0 percent, as compared to DKK 16 million for the year ended December 31, 2020.

Expenses

Northern Ireland's operating expenses for the year ended December 31, 2021, amounted to DKK 1,317 million, an increase of DKK 104 million, or 8.6 percent, as compared to DKK 1,212 million for the year ended December 31, 2020. The increase was mainly due to increased allocated costs for Group-supplied services.

Loan Impairment Charges

Northern Ireland's loan impairment charges for the year ended December 31, 2021, amounted to a net reversal of DKK 127 million, a positive change of DKK 505 million as compared to a net charge of DKK 378 million for the year ended December 31, 2020. The positive change was mainly due to an improved economic outlook in the U.K.

Non-core

The following table sets forth a summary of the results of operations of Non-core (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2021	2020
	(DKK in millions)	
Total income/(expense).....	25	(215)
Operating expenses.....	(234)	(293)
Loss before loan impairment charges	(210)	(508)
Loan impairment charges.....	207	(88)
Loss before tax.....	(2)	(596)

Loss Before Tax

Non-core's loss before tax for the year ended December 31, 2021, amounted to DKK 2 million, a decrease of DKK 594 million, as compared to DKK 596 million for the year ended December 31, 2020. The decrease was mainly due to the sale of the remaining loan portfolio in Danske Bank Ireland and the corresponding net reversal of loan impairment charges.

Total Income

Non-core's total income for the year ended December 31, 2021, amounted to DKK 25 million, a positive change of DKK 239 million as compared to a net expense of DKK 215 million for the year ended December 31, 2020. The positive change was mainly due to the sale of the remaining loan portfolio in Danske Bank Ireland and the corresponding net reversal of loan impairment charges, in addition to divestment of the Latvian commercial loan portfolio held by the Lithuanian branch and approximately 70 percent of the remaining Lithuanian commercial loan portfolio.

Non-core's loans, excluding reverse transactions before impairments, as at December 31, 2021, amounted to DKK 2,123 million, a decrease of DKK 960 million, or 31.1 percent, as compared to DKK 3,083 million as at December 31, 2020. The decrease was mainly due to the sale of the remaining loan portfolio in Danske Bank Ireland and the corresponding net reversal of loan impairment charges. In addition, divestment of the Latvian commercial loan portfolio held by the Lithuanian branch and approximately 70 percent of the remaining Lithuanian commercial loan portfolio also contributed positively to the improvement in the result.

Operating Expenses

Non-core's operating expenses for the year ended December 31, 2021, amounted to DKK 234 million, a decrease of DKK 59 million, or 20.2 percent, as compared to DKK 293 million for the year ended December 31, 2020. The decrease was mainly due to the closing of the subsidiary bank in Luxembourg and the branch in Hamburg, Germany.

Loan Impairment Charges

Non-core's loan impairment charges for the year ended December 31, 2021, amounted to a net reversal of DKK 207 million, a positive change of DKK 295 million as compared to a net charge of DKK 88 million for the year ended December 31, 2020. The positive change was mainly due to the sale of the remaining loan portfolio in Danske Bank Ireland, resulting in a net reversal of loan impairment charges.

Group Functions

The following table sets forth a summary of the results of operations of Group Functions (based on the Group's business segment presentation) for the years indicated:

	For the year ended December 31,	
	2021	2020
	(DKK in millions)	
Net interest income/(expense).....	312	(260)
Net fee income/(expense)	(56)	(37)
Net trading income.....	381	139
Other income/(expense).....	<u>(10)</u>	<u>(131)</u>
Total income/(expense).....	627	(289)
Operating expenses	(2,032)	(2,048)
Impairment charges, other intangible assets.....	<u>(36)</u>	<u>(379)</u>
Profit/(loss) before loan impairment charges	(1,442)	(2,716)
Loan impairment charges.....	<u>(2)</u>	<u>(8)</u>
Profit/(loss) before tax	<u>(1,444)</u>	<u>(2,723)</u>

Note: The presentation of Group Functions includes group eliminations.

The following table sets forth a breakdown of Group Functions' profit/loss before tax (based on the Group's financial highlights presentation) for the years indicated:

	For the year ended December 31,	
	2021	2020
	(DKK in millions)	
Group Treasury ⁽¹⁾	599	(754)
Own shares and issues	(67)	94
Additional tier 1 capital	451	550
Group support functions	<u>(2,427)</u>	<u>(2,614)</u>
Total Group Functions	<u>(1,444)</u>	<u>(2,723)</u>

Note: Profit before tax for Group Functions includes Group eliminations.

(1) From the third quarter of 2021, private equity investments have been split into a core and a non-core part. The non-core portfolio was transferred to Non-core in the third quarter of 2021, while the core portfolio remained in Group Treasury. The comparative figures for the year ended December 31, 2020, have not been restated.

Group Functions' total income for the year ended December 31, 2021, amounted to DKK 627 million, a positive change of DKK 915 million as compared to total expense of DKK 289 million for the year ended December 31, 2020. The positive change was mainly due to increases in net interest income and net trading income.

Group Treasury's profit before tax for the year ended December 31, 2021, was DKK 599 million, a positive change of DKK 1,353 million as compared to loss before tax of DKK 754 million for the year ended December 31, 2020. The change was mainly due to an increase of allocated liquidity costs at Group Treasury's Internal Bank following a number of corrective actions to reduce internal deposit compensation to the business units.

The Bank's own shares and issues' loss before tax for the year ended December 31, 2021, was DKK 67 million, a negative change of DKK 162 million as compared to a profit before tax of DKK 94 million for the year ended December 31, 2020.

Additional tier 1 capital's profit before tax for the year ended December 31, 2021, was DKK 451 million, a decrease of DKK 99 million, or 18.0 percent, as compared to DKK 550 million for the year ended December 31, 2020.

Group support functions' loss before tax for the year ended December 31, 2021, was DKK 2,427 million, an increase of DKK 187 million, or 7.2 percent, as compared to a loss before tax of DKK 2,614 million for the year ended December 31, 2020.

Group Functions' loss before tax for the year ended December 31, 2021, was DKK 1,444 million, a decrease of DKK 1,280 million, or 47.0 percent, as compared to a loss before tax of DKK 2,723 million for the year ended December 31, 2020.

Balance Sheet

The following table sets forth the Group's balance sheet data (prepared in accordance with IFRS as adopted by the EU and Danish disclosure requirements for listed financial companies) as at the dates indicated:

	As at December 31,	
	2021	2020
	(DKK in millions)	
Assets		
Cash in hand and demand deposits with central banks	293,386	320,702
Due from credit institutions and central banks.....	71,156	81,428
Trading portfolio assets.....	509,590	682,948
Investment securities.....	303,777	296,769
Loans at amortized cost	1,027,442	1,024,607
Loans at fair value.....	1,024,461	1,023,323
Assets under pooled schemes and unit-linked investment contracts	76,654	82,795
Assets under insurance contracts	547,806	545,708
Assets held for sale ⁽¹⁾	28,800	709
Intangible assets.....	8,819	8,785
Tax assets.....	4,510	5,202
Other assets ⁽¹⁾	<u>39,433</u>	<u>36,255</u>
Total assets	<u>3,935,834</u>	<u>4,109,231</u>
Equity and liabilities		
Due to credit institutions and central banks	172,976	211,182
Trading portfolio liabilities	374,959	499,334
Deposits	1,292,030	1,333,781
Issued bonds at fair value.....	794,909	784,027
Issued bonds at amortized cost.....	223,854	245,573
Deposits under pooled schemes and unit-linked investment contracts.....	76,982	82,905
Liabilities under insurance contracts.....	588,736	591,930
Liabilities in disposal groups held for sale ⁽¹⁾	29,577	47
Tax liabilities	1,864	1,821
Other liabilities ⁽¹⁾	56,268	51,244
Non-preferred senior bonds	107,654	106,371
Subordinated debt	<u>39,321</u>	<u>32,337</u>
Total liabilities	3,759,130	3,940,552
Total equity.....	<u>176,704</u>	<u>168,679</u>
Total liabilities and equity	<u>3,935,834</u>	<u>4,109,231</u>

(1) As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Changes in Accounting Policies, Restatements and Reclassifications of Consolidated Financial Statements—Year Ended December 31, 2020," The Group changed the presentation of "assets held for sale" and "liabilities in disposal groups held for sale" to be presented separately on the face of the balance sheet rather than within "other assets" and "other liabilities," respectively. Comparative information as at December 31, 2020, was restated to reflect the change in presentation in the balance sheet of the 2021 Financial Statements incorporated by reference into this Base Information Memorandum. The above tables reflect the restated figures as at and for the year ended December 31, 2020.

Assets

As at December 31, 2021, the Group's total assets amounted to DKK 3,935,834 million, a decrease of DKK 173,397 million, or 4.2 percent, as compared to DKK 4,109,231 million as at December 31, 2020. The decrease was mainly due to a minor decrease in lending demand; however, demand did increase during the second half of 2021. At Personal & Business Customers, an increase in lending at Personal Customers Nordic was offset by a decrease in lending at Personal Customers Denmark, as customers repaid bank loans faster and switched to mortgage loans. The decline in lending at LC&I was due to customers drawing less on a substantial number of the credit facilities committed in 2020 in order to support customers in managing the impact of the COVID-19 pandemic in step with the improvement of the economic outlook. In Denmark, new gross lending, excluding repo loans, amounted to DKK 91.4 billion. Lending to personal customers accounted for DKK 31.4 billion of this amount.

Liabilities

As at December 31, 2021, the Group's total liabilities amounted to DKK 3,759,130 million, a decrease of DKK 181,422 million, or 4.6 percent, as compared to DKK 3,940,552 million as at December 31, 2020. The decrease was mainly due to a decrease in the amounts due to credit institutions and central banks, trading portfolio liabilities, deposits and issued bonds at amortized cost, which was partially offset by an increase in issued bonds at fair value and subordinated debt. Total deposits amounted to DKK 1,167.6 billion, a decrease of 2 percent from the level as at December 31, 2020. Deposits continued to be affected by low consumer spending, direct government support to customers and business customers having secured backup liquidity.

Equity

As at December 31, 2021, the Group's total equity amounted to DKK 176,704 million, an increase of DKK 8,025 million, or 4.8 percent, as compared to DKK 168,679 million as at December 31, 2020. The increase was mainly due to an increase in the total REA, which was partly countered by the realized net profit and a decline in the capital deduction for Danica Pension. The total capital ratio was supported by net issues of additional tier 1 and tier 2 capital amounting to approximately DKK 4.4 billion. During 2021, the total REA increased approximately DKK 76 billion, due mainly to the implementation of the European Banking Authority (the "EBA") guidelines. Part of the REA increase was mitigated by the removal of Pillar II add-ons related to model risk.

The Group's return on average shareholders' equity for the year ended December 31, 2021, was 7.6 percent, as compared to 2.6 percent for the year ended December 31, 2020. The Group's earnings per share for the year ended December 31, 2021, were DKK 14.6, as compared to DKK 4.7 for the year ended December 31, 2020. The increase was mainly due to an increase in net profit.

Cash Flows

The following table sets forth the Group's cash flow data as at the dates and for the years indicated:

	As at and for the year ended December 31,	
	2021	2020
	(DKK in millions)	
Cash flow from operations		
Profit before tax	16,571	6,304
Tax paid	(2,459)	(4,315)
Adjustment for non-cash operating items	<u>4,916</u>	<u>12,993</u>
Cash flow from operations before changes in operating capital.....	19,028	14,982
Changes in operating capital		
Amounts due to/from credit institutions and central banks	(38,509)	59,794
Trading portfolio	48,984	(140,495)
Acquisition/sale of own shares and additional tier 1 capital.....	(82)	(83)
Investment securities	(7,007)	(11,896)
Loans at amortized cost and fair value	(4,114)	95,039
Deposits.....	(41,751)	193,055
Issued bonds at amortized cost and fair value	(7,596)	(33,550)
Assets/liabilities under insurance contracts	(5,291)	5,323
Other assets/liabilities.....	<u>(1,224)</u>	<u>4,337</u>
Cash flow from operations.....	(37,562)	186,506
Cash flow from investing activities		
Acquisition/sale of businesses	–	5
Acquisition of intangible assets	(885)	(872)
Acquisition of tangible assets	(686)	(408)
Sale of tangible assets.....	<u>8</u>	<u>12</u>
Cash flow from investing activities.....	(1,563)	(1,263)
Cash flow from financing activities		
Issues of subordinated debt.....	10,102	3,721
Redemption of subordinated debt	(3,718)	(2,180)
Issues of non-preferred senior bonds	4,352	23,610
Redemption of non-preferred senior bonds.....	(6,309)	–
Dividends.....	(1,708)	–
Redemption of equity accounted additional tier 1 capital	(3,000)	(5,600)
Paid interest on equity accounted additional tier 1 capital.....	(466)	(625)
Principal portion of lessee lease payments.....	<u>(654)</u>	<u>(653)</u>
Cash flow from financing activities	(1,401)	18,273
Cash and cash equivalents as at January 1	400,889	199,608
Foreign currency translation	2,634	(2,235)
Change in cash and cash equivalents	<u>(40,526)</u>	<u>203,516</u>
Cash and cash equivalents, end of period	362,997	400,889
Cash and cash equivalents end of period		
Cash in hand	6,765	6,131
Demand deposits with central banks.....	286,621	314,572
Amounts due from credit institutions and central banks within three months	<u>69,611</u>	<u>80,186</u>
Total.....	<u>362,997</u>	<u>400,889</u>

Note: The cash flow statement is prepared according to the indirect method. The statement is based on the pre-tax profit for the year and shows the cash flows from operating, investing and financing activities and the increase or decrease in cash and cash equivalents during the year. Cash

and cash equivalents consists of cash in hand and demand deposits with central banks as well as amounts due from credit institutions and central banks with an original maturity shorter than three months.

The list of Group holdings and undertakings in note G38 to the 2021 Financial Statements incorporated by reference into this Base Information Memorandum provides information about restrictions on the use of cash flows from Group undertakings.

Total cash outflow from operations for the year ended December 31, 2021, was DKK 37,562 million, a negative change of DKK 224,068 million as compared to a cash inflow from operations of DKK 186,506 million for the year ended December 31, 2020. The negative change was mainly due to a decreased amount of loans at amortized cost and fair value deposits as well as decreased amounts due to/from credit institutions and central banks.

Total cash outflow from investing activities for the year ended December 31, 2021, was DKK 1,563 million, a decrease of DKK 300 million as compared DKK 1,263 million for the year ended December 31, 2020. The decrease was mainly due to decreased issuance of non-preferred senior bonds, and an increase in the redemption of non-preferred senior bonds as well as dividends paid.

Total cash outflow from financing activities for the year ended December 31, 2021, was DKK 1,401 million, a negative change of DKK 19,674 million as compared to a cash inflow from financing activities of DKK 18,273 million for the year ended December 31, 2020. The negative change was mainly due to a decrease in the issue of non-preferred senior bonds, partially offset by an increase in the issue of subordinated debt.

Contingent Liabilities

Contingent liabilities consist of possible obligations arising from past events. The existence of such obligations will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control. Further, contingent liabilities consist of present obligations arising from past events, for which it is either not probable that the obligation will result in an outflow of financial resources, or it is not possible to reliably estimate the amount of the obligation.

A contingent liability is not recognized in the financial statements but is disclosed, unless the possibility of an outflow of financial resources is remote.

The following table sets forth the Group's guarantees and commitments as at the dates indicated:

	As at December 31,		
	2022	2021	2020
	(DKK in millions)		
Guarantees			
Financial guarantees	5,512	6,267	6,708
Other guarantees	<u>75,884</u>	<u>74,733</u>	<u>65,108</u>
Total	<u>81,396</u>	<u>81,000</u>	<u>71,816</u>
Commitments			
Loan commitments shorter than 1 year	236,062	271,862	276,413
Loan commitments longer than 1 year	199,888	205,503	198,830
Other unutilized loan commitments	<u>15,196</u>	<u>16,183</u>	<u>18,995</u>
Total	<u>451,146</u>	<u>493,549</u>	<u>494,239</u>

In addition to credit exposure from lending activities, loan offers made and uncommitted lines of credit granted by the Group amounted to DKK 216 billion as at December 31, 2022, DKK 194 billion as at December 31, 2021, and DKK 242 billion as at December 31, 2020. These items are included in the calculation of the total REA in accordance with the CRR.

Owing to its business volume, the Group is continually a party to various lawsuits and disputes and has an ongoing dialogue with public authorities, such as the DFSA and Danish Tax Agency. In general, the Bank does not expect the outcomes of any of these other pending lawsuits and disputes or its dialogue with public authorities to have any material effect on its financial position. Provisions for litigations are included in other liabilities (for further information, see note G24 to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum).

Notwithstanding the coordinated resolutions with U.S. and Danish authorities regarding the Estonia AML matter announced by the Bank on December 13, 2022, the Group remains in dialogue with authorities regarding the terminated non-resident portfolio at the Bank's Estonian branch. This includes a criminal investigation by authorities in France. The Bank continues to cooperate with all authorities. The Bank is also subject to ongoing civil litigation proceedings related to the Estonia AML matter. As at the date of this Base Information Memorandum, it is not possible to reliably estimate the timing or amount of potential further settlement or fines that may result from the criminal investigation by authorities in France, or any damages for which the Bank may be held liable in civil litigation proceedings related to the Estonia AML matter, each of which could be material on its own or in the aggregate. On December 13, 2022, the Bank announced that it

had reached coordinated resolutions with U.S. and Danish authorities regarding the Estonia AML matter. For information on the AML matter related to the Bank's Estonian branch, including information on the coordinated resolutions with U.S. and Danish authorities, see *"Description of the Group—Legal and Arbitration Proceedings—Estonia AML Matter."* Further, the Bank remains in contact with U.S. authorities as a matter of post-resolution obligations set forth in its plea agreement with the DoJ.

On November 14, 2019, the Bank was preliminarily charged by the SCU for violating the Danish Executive Order on Investor Protection in connection with the Flexinvest Fri Matter. Danske Bank has cooperated fully with the SCU and in November 2020, accepted a fine of DKK 9 million after which the matter was closed. For additional information, see *"Description of the Group—Legal and Arbitration Proceedings—Flexinvest Fri."* In June 2020, the DFSA filed a criminal complaint against the Bank for violation of the Market Abuse Regulation on account of inadequate market monitoring and market manipulation in respect of self-matching trades, and on June 25, 2021, the Bank was preliminarily charged by the SCU with this alleged violation. For additional information, see *"Description of the Group—Legal and Arbitration Proceedings—Market Monitoring."*

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

The Group participates in the Danish Guarantee Fund for Depositors and Investors (the **"Danish Guarantee Fund"**) (pursuant to which Danish credit institutions undertake to cover losses incurred on covered deposits held with distressed credit institutions) and the Danish resolution fund. The funds' capital must amount to at least 0.8 percent and 1 percent, respectively, of the covered deposits of all Danish credit institutions by December 31, 2024. The Danish Guarantee Fund is currently fully funded, but if the fund subsequently does not have sufficient means to make the required payments, extraordinary contributions of up to 0.5 percent of the individual institution's covered deposits may be required. Extraordinary contributions above this percentage require the consent of the DFSA. The first contribution to the Danish resolution fund was made in December 2015. The Bank and Realkredit Danmark make contributions to the Danish resolution fund on the basis of their size and risk relative to other credit institutions in Denmark. The contribution to the Danish resolution fund is recognized as operating expenses.

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

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

The Bank is taxed jointly with all Danish entities of the Group and is jointly and severally liable with these for payment of Danish corporate tax, withholding tax and similar taxes.

With effect from April 1, 2022, the Bank is no longer registered jointly with all significant Danish entities in the Group for financial services employer tax and value added tax, for which the Bank and the entities had been jointly and severally liable.

Funding and Liquidity

Funding

The Group monitors its funding mix to ensure that it is well-diversified in terms of funding sources, maturities and currencies. A diverse range of funding sources is intended to provide protection against market disruptions.

The following table sets forth the contribution of the Group's funding sources to its total funding (excluding funding in the form of mortgage bonds issued by Realkredit Danmark) as at the dates indicated:

	As at December 31,		
	2022	2021	2020 (restated) ⁽¹⁾
	(percent)		
Funding sources by type of liability			
Central banks/credit institutions	13	13	14
Repo transactions	(5)	(2)	–
Short-term bonds	1	1	1
Long-term bonds	9	9	9
Other covered bonds.....	8	9	9
Deposits (business).....	29	27	27
Deposits (personal).....	33	31	30
Subordinated debt.....	2	2	2
Shareholders' equity.....	9	10	9
Total	<u>100</u>	<u>100</u>	<u>100</u>

(1) In the 2021 Financial Statements incorporated by reference into this Base Information Memorandum, the figures as at December 31, 2020, were restated to due to (a) a customer reclassification to better align with LCR and NSFR reporting; (b) the inclusion of eliminations, premium/discount adjustments and amortized cost on debt instruments; and (c) the reclassification of central bank secured borrowing facilities as repo transactions.

The following table sets forth a breakdown of the Group's total funding (excluding funding in the form of mortgage bonds issued by Realkredit Danmark) by currency as at the dates indicated:

	As at December 31,		
	2022	2021	2020 (restated) ⁽¹⁾
	(percent)		
Funding sources by currency			
DKK	31	30	29
EUR.....	26	24	28
USD.....	12	12	12
SEK.....	13	15	13
NOK.....	11	12	10
GBP.....	7	7	6
Other.....	<u>1</u>	<u>1</u>	<u>1</u>
Total	<u>100</u>	<u>100</u>	<u>100</u>

(1) In the 2021 Financial Statements incorporated by reference into this Base Information Memorandum, the figures as at December 31, 2020, were restated to due to the inclusion of eliminations, premium/discount adjustments and amortized cost on debt instruments.

The Group's funding need arises mainly from its lending activities. In addition to senior unsecured bonds and the bonds issued by Realkredit Danmark, the Group issues covered bonds based on multiple cover pools of mortgages in Denmark, Sweden, Norway and Finland.

The Group's strategy is to be a regular issuer in the euro benchmark format and in the domestic U.S. dollar market for senior and non-preferred senior bonds in the Rule 144A format. The Group's strategy of securing more funding directly in our main lending currencies, including Norwegian Kroner and Swedish Kronor, remains in place. The benchmark issues are expected to be supplemented by private placements of bonds. From time to time, the Group will issue in British pound sterling, Japanese yen, Swiss franc and other currencies when market conditions allow. Issuance plans for subordinated debt in either the additional tier 1 or tier 2 formats will depend on the growth of the Group's balance sheet and redemptions on the one hand, and the Group's capital targets on the other. Any issuance of subordinated debt may cover part of the Group's funding need.

The COVID-19 pandemic continued to impact the market for credit in 2020, though credit markets generally improved considerably in the second half of the year as compared to the first half.

At the end of 2020, the Group's liquidity coverage ratio ("LCR") stood at 154 percent. During 2020, the Group issued non-preferred senior bonds of DKK 23.7 billion, senior debt of DKK 19.9 billion, covered bonds of DKK 31.4 billion and tier 2 capital of DKK 3.7 billion, bringing total long-term wholesale funding to DKK 78.7 billion.

During 2021, market attention gradually shifted away from the impact of the COVID-19 pandemic to traditional themes such as inflation and central bank monetary policies. Throughout the year, the markets proved to be liquid with stable investor appetite for Danske Bank issues.

At the end of December 2021, the Group's LCR stood at 164 percent. During 2021, the Group issued covered bonds of DKK 33.3 billion, senior debt of DKK 27.3 billion, non-preferred senior debt of DKK 4.4 billion, tier 2 capital of DKK 5.6 billion and additional tier 1 capital of DKK 4.5 billion, bringing total long-term wholesale funding to DKK 75.1 billion.

The financial year 2022 was affected by equity and interest rate volatility following high inflation prints, numerous central bank interest rate hikes and a very tense geopolitical situation. The credit markets remained active with decent supply and stable investor appetite for the Group's issues.

At the end of December 2022, the Group's LCR stood at 151 percent. During 2022, the Group issued covered bonds of DKK 39.6 billion, senior debt of DKK 1.4 billion and non-preferred senior debt of DKK 20.1 billion, bringing total long-term wholesale funding to DKK 61.1 billion.

In early January 2023, the Bank issued EUR 1 billion in senior debt, EUR 1 billion in senior debt in green format and USD 1.25 billion in non-preferred senior debt for a total of DKK 23.5 billion.

The Danish Mortgage Finance System

All loans provided by Realkredit Danmark are match-funded. As at December 31, 2022, Realkredit Danmark had outstanding mortgage bonds with an aggregate nominal value of DKK 841 billion, as compared to DKK 855 billion as at December 31, 2021, and an aggregate fair value of DKK 685 billion, as compared to DKK 771 billion as at December 31, 2021. After elimination of mortgage bonds held for the Group's own account, the aggregate fair value of the bonds issued by Realkredit Danmark was DKK 604 billion as at December 31, 2022, as compared to DKK 680 billion as at December 31, 2021.

Realkredit Danmark's operations are primarily governed by the Danish Act on Mortgage-Credit Loans and Mortgage-Credit Bonds etc. (Consolidated Act No. 315 of March 11, 2022, as amended, the "**Danish Mortgage Credit Act**"). The Danish Mortgage Credit Act sets forth, among other things, requirements as to the way in which issuers (mortgage banks) may fund mortgage lending, defines limits for the size of a loan, repayment profiles, currency, interest-rate and liquidity risks and sets forth issuer capital adequacy requirements.

In accordance with the Danish Mortgage Credit Act, mortgage loans are match-funded through the issuance of mortgage bonds according to the so-called balance principle that is designed to mitigate market risk on the balance sheet of mortgage banks. The Danish Mortgage Credit Act allows mortgage banks to apply either the specific balance principle or the general balance principle that provides additional flexibility regarding the tests that the mortgage bank must pass with respect to its mortgage bonds.

Realkredit Danmark applies the specific balance principle that requires a mortgage bank to balance payments on its loan portfolio and funds related to its lending activities against payments on its funding portfolio within narrow limits. Compliance with the specific balance principle is embedded in all of Realkredit Danmark's lending and funding products. Differences in the number of payments per annum may lead to imbalances in payments on lending and funding. However, Realkredit Danmark's lending and funding products are designed so that payments from the borrowers always fall due prior to payments to the bondholders. Consequently, the imbalances result in a liquidity surplus and are, thus, in compliance with the specific balance principle. Notwithstanding this, interest reset mortgages and floating rate mortgages are funded by shorter-termed funding products to be refinanced throughout the maturity of the mortgage which entails refinancing risk. In the scenario of a refinancing failure, Realkredit Danmark is in the position to extend the maturity of maturing funding products, such as FlexLån, as described below.

Realkredit Danmark employs a pure pass-through principle when funding callable and index-linked loans. The pure pass-through principle means that, for example, 30-year annuity loans are funded by the issue of bonds in a 30-year annuity bond series. By employing the pass-through principle, all prepayment risk is passed onto investors. Payments on bonds in specific identity codes are directly and unambiguously linked to payments on specific pools of loans. Each issue, however, is secured by the whole collateral pool.

Realkredit Danmark's product FlexLån employs more flexible funding principles while still complying with the specific balance principle. FlexLån products may have a bullet maturity or be repaid according to the serial or annuity principle. The interest rate of FlexLån may be fixed for a period of one to ten years and the term to maturity may vary from one to 30 years. However, all FlexLån products are funded in a single portfolio of bullet bonds with terms to maturity from one to ten years to be refinanced upon maturity, and in the scenario of a refinancing failure, the bullet bonds may be extended by 12 months successively. The portfolio of bullet bonds is designed to automatically comply with the specific balance principle. Similar funding principles apply to other floating rate mortgages.

Liquidity Requirements

The CRR as well as the CRD IV Directive and the CRD V Directive establish a consistent and integrated regulatory framework for many aspects of bank management, including liquidity, and will provide a homogeneous standard under a unified set of prudential rules. Since October 1, 2015, the Group has been required to comply with a LCR requirement as defined by the new EU standards under the CRR and the CRD IV Directive. The LCR stipulates that financial institutions must have a liquidity reserve in excess of projected net outflows during a severe stress scenario lasting 30 calendar days.

By supervisory decision, Danish systemically important financial institutions (“SIFIs”) are subject to currency-specific liquidity requirements. The requirements apply individually and only for currencies that are significant to the individual bank. For the Bank, these currencies are U.S. dollars and euro. Although also significant, Norwegian Kroner and Swedish Kronor are currently not subject to such requirements due to a high degree of interchangeability for Danish Krone, Norwegian Krone and Swedish Krona assets. However, the Bank has also set internal limits on the LCRs for Swedish Kronor and Norwegian Kroner.

On November 23, 2016, the European Commission published its proposal for the EU Banking Reform Package as part of the finalization of the Basel III framework and its implementation in the EU. The EU Banking Reform Package, including all risk reduction measures such as the net stable funding ratio (the “NSFR”), was adopted by the Council of the EU on May 14, 2019. The legislation entered into force on June 27, 2019, and the NSFR became a regulatory requirement on June 28, 2021. The NSFR is a balance sheet based funding and liquidity measure with a time horizon of one year. It seeks to ensure a balance between a bank’s asset side commitments and the stability of its funding. It uses a scoring mechanism for assets and liabilities and calculates an aggregate “stability score” for liabilities (maturities over one year and equity are preferred) and a “liquidity score” for assets. The less liquid the assets are, the more stable the funding must be. The Group has monitored the components of the NSFR since 2013. At the end of 2022, the NSFR was 123 percent for the Group and 115 percent for the Bank.

The following table sets forth certain information with respect to the Group’s and the Bank’s LCR as at the dates indicated:

	As at December 31,			
	2022		2021	
	Group ⁽¹⁾	Bank	Group ⁽¹⁾	Bank
	(DKK in billions, unless otherwise indicated)			
High-quality liquid assets (level 1).....	550	477	669	570
High-quality liquid assets (level 2).....	20	17	18	17
Limits due to cap.....	—	—	—	—
A – liquid assets total.....	<u>570</u>	<u>484</u>	<u>687</u>	<u>587</u>
Customer deposits ⁽²⁾	199	192	216	206
Market funding ⁽³⁾	104	103	110	113
Other cash outflows.....	<u>183</u>	<u>184</u>	<u>173</u>	<u>176</u>
B – cash outflows total.....	<u>486</u>	<u>479</u>	<u>499</u>	<u>495</u>
Lending to non-financial customers.....	7	6	5	4
Other cash inflows.....	<u>102</u>	<u>103</u>	<u>75</u>	<u>78</u>
C – cash inflows total.....	<u>108</u>	<u>109</u>	<u>79</u>	<u>82</u>
Liquidity coverage ratio (A / (B - C)), percent.....	151	133	164	142

(1) Includes Realkredit Danmark.

(2) Customer deposits figures include retail, operational and excess deposits.

(3) Includes non-operational deposits, unsecured debt issues and secured funding.

The DFSA’s supervisory benchmark for liquidity (the “**Supervisory Diamond**”) provides guidelines to financial institutions on what the DFSA consider prudent policy. In practice, these guidelines are binding. The Supervisory Diamond contains five requirements. The requirement for liquidity resembles the LCR requirement; however, it covers 90 days and there are certain criteria that are different from those for the LCR. For additional information on the Supervisory Diamond, see “*The Danish Banking System and Regulation—Regulation—The Adopted EU Banking Reform Package, Including Changes to the CRR and the CRD IV Directive.*”

For additional information on the Group’s liquidity, see “*Selected Statistical Data and Other Information,*” “*Risk Management—Liquidity, Funding and Capital Risk*” and “*The Danish Banking System and Regulation.*”

Liquidity Risk Management

At the Group level, internal liquidity management is based on the monitoring and management of short- and long-term liquidity risks. Liquidity indicators are important in daily liquidity management, indicating potential liquidity challenges. The indicators are monitored by various functions across the Group, depending on the type of indicator. Realkredit Danmark and the Danica Group manage their liquidity separately but they are subject to coordination at the Group level. They are therefore only included in the Group’s general liquidity reporting insofar as it is relevant from a Group perspective. At Realkredit Danmark, the financing of mortgage loans through the issuance of listed mortgage bonds with matching

conditions has minimized Realkredit Danmark's liquidity risk in all material respects (see "*The Danish Mortgage Finance System*" above). The Danica Group's balance sheet contains long-term life insurance liabilities and assets, most of which are invested in easily marketable bonds and shares. Both companies are subject to statutory limits on their exposures to the Bank. As at December 31, 2022, the Group's high-quality liquid assets reserve was DKK 570 billion, as compared to DKK 687 billion as at December 31, 2021. For additional information on the Group's liquidity risk management, see "*Risk Management—Liquidity, Funding and Capital Risk*."

Derivative Instruments

The Group's activities in the financial markets include trading in derivatives. Derivatives are financial instruments whose value depends on the value of an underlying instrument or index, for example. Derivatives can be used to manage market risk exposure, for example. The Group trades a considerable volume of the most commonly used interest rate, currency and equity derivatives, including:

- swaps;
- forwards and futures; and
- options.

The Group trades a limited number of swaps whose value depends on developments in specific credit or commodity risks, or inflation indices.

The Group trades derivatives as part of servicing customers' needs as individual transactions or as integral parts of other services, such as the issuance of bonds with yields that depend on developments in equity or currency indices. The Group also uses derivatives to manage the Group's own exposure to foreign exchange, interest rate, equity market and credit risks. For additional information on the Group's risk management, see "*Risk Management*." LC&I is responsible for the day-to-day management and hedging of the Group's market risks.

Derivatives are recognized and measured at fair value. Some of the Group's loans, deposits, issued bonds and certain other instruments in the Group's banking units and Group Treasury carry fixed rates. Generally, such fixed-rate items are recognized at amortized cost. Further, the Group classifies certain bonds as 'hold to collect and sell' financial assets. Unrealized value adjustments of such bonds are recognized in other comprehensive income. The Group uses fair value hedge accounting if the interest rate risk on fixed-rate financial assets and liabilities or bonds measured at FVOCI is hedged by derivatives.

The Group manages the fixed interest rate risk on financial assets and liabilities measured at amortized cost as a combination of economic hedges (matching of interest rate risk from assets and liabilities at amortized cost across the Group's banking units) and hedges using interest rate swaps. Group Treasury is responsible for the risk management of the interest rate risk (the so-called interest rate risk in the banking book). In the risk management process, economic hedges are established and/or identified. This includes the acquisition of 'hold to collect' fixed interest rate bonds in Group Treasury and the identification of fixed-rate loans extended by the Group's banking units to hedge the fixed interest rate risk on liabilities (including core demand deposits). Interest rate risk on fixed-rate liabilities (such as long dated funding via bond issuance) is generally hedged by interest rate swaps and the interest rate risk on certain fixed-rate assets can be hedged using derivatives as well.

When the Group uses swaps to hedge the fixed interest rate risk on financial instruments, the Group applies fair value hedge accounting using the option in IFRS 9 to continue to apply the fair value hedge accounting provisions in IAS 39. Fair value hedge accounting can be applied if changes in the fair value of the hedging swaps are expected to be effective in offsetting changes in the fair value of the hedged fixed interest rate risk. This requires (1) a formal designation and documentation of the hedging relationship, including a risk management objective and strategy for the hedge, (2) that the hedge is expected to be highly effective in achieving offsetting changes in fair value of the hedged interest rate risk, (3) the effectiveness of the hedge can be reliably measured and (4) the hedge on an ongoing basis has proven to be effective in actually offsetting of changes in fair value. With effective hedging, the hedged interest rate risk on hedged assets and liabilities is measured at fair value and recognized as a value adjustment of the hedged items. Value adjustments on the hedged item and the hedging swaps are presented in the income statement under Net trading income or loss. Any ineffective portion of a hedge that lies within the range for effective hedging is therefore also included under Net trading income or loss.

The interest rate is considered fixed if the interest rate resets to a reference rate with a term longer than three months. Once a financial instrument has been designated as a hedged item it will remain as hedged item for the life of the instrument. For hedged assets and liabilities to which a fixed rate of interest applies for a specified period of time starting at the commencement date of the agreement, future interest payments are split into basis interest and a customer margin and into periods of time. By entering into swaps or forwards with matching payment profiles in the same currencies and for the same periods, the Group hedges the risk at portfolio level from the commencement date of the hedged items. The fair values

of the hedged interest rate risk and the hedging derivatives are measured at frequent intervals to ensure that changes in the fair value of the hedged interest rate risk lie within a band of 80–125 percent of the changes in the fair value of the hedging derivatives. Portfolios of hedging derivatives are adjusted if necessary.

The primary reasons for changes in the fair value of fixed interest rate financial assets are changes in the interest rate risk and the credit risk.

Hedge ineffectiveness relates to the fact that fair value changes to hedged items are measured based on the interest rate curve relevant for each hedged item while the fair value of the fixed legs of the hedging derivatives are measured based on a swap curve. Further, the adjustment of the portfolios of hedging derivatives to changes in hedged positions is not done instantly, and, therefore, some hedge ineffectiveness can exist.

The ongoing interest rate benchmark reform will replace existing benchmark IBORs with alternative risk-free rates. At the beginning of 2019, the Group formally established an IBOR Transition Program, the main objectives being to identify how the IBOR transition will affect the Group financially and operationally, and identify how cessation of IBOR publications would affect the Group's ability to service its customer base. The program has looked at both the financial and operational impact of the transition towards risk free rates and how to engage with customers that have been affected. As at June 30, 2023, the Group completed the transition of all legacy USD LIBOR contracts to the new regulatory-approved reference rates. The Group continues to monitor this area of regulation to ensure continued compliance, including the potential need for similar cessation or transition work in the future.

IAS 39 provides relief from some of the effectiveness requirements. For the purpose of the expected effectiveness, it is assumed that the benchmark reform will not alter the cash flows. Further, a hedge will not disqualify if the actual result of the hedge falls outside the band of 80–125 percent, if the other requirements for applying hedge accounting are fulfilled. The relief covers the period during which uncertainty on the timing and the amount of the amended or replaced reference rates exists. IAS 39 contains further relief from existing hedge accounting requirements, for example that hedge accounting does not discontinue solely due to the benchmark reform. Here, the hedging relationships and documentations are to be amended to reflect changes in the hedged item, the hedging instrument and the hedged risk (which do not represent a discontinuation of the existing hedge). Based on this, the current uncertainty in relation to reference rates that have not yet been amended or replaced does not have an impact on the Group's ability to use fair value hedge accounting on existing hedging relationships.

The following table sets forth the Group's hedging derivatives and the hedged fixed interest rate financial instruments, including a breakdown of the hedging derivatives as at the dates indicated by the major reference rates as considered above as at the dates and for the years indicated:

	<u>Nominal amount</u>	<u>Carrying amount</u>		<u>Changes in fair value used for calculating hedge ineffectiveness</u>
		<u>Assets</u>	<u>Liabilities</u>	
	(DKK in millions)			
Interest rate swaps as at and for the year ended December 31, 2022				
CIBOR.....	15,282			
STIBOR.....	125,793			
NIBOR.....	16,773			
EURIBOR.....	226,580			
LIBOR.....	117,691			
Other.....	<u>13,688</u>			
Total.....	<u>515,807</u>	3,380	21,377	(21,295)
Interest rate swaps as at and for the year ended December 31, 2021				
CIBOR.....	13,735			
STIBOR.....	142,924			
NIBOR.....	20,175			
EURIBOR.....	267,143			
LIBOR.....	105,073			
Other.....	<u>38,010</u>			
Total.....	<u>587,060</u>	7,671	3,968	(6,093)

The following table sets forth the nominal contract amount of all derivatives that are yet to transition to alternative rates as at December 31, 2022, by the major reference rates. Any derivatives that mature prior to transition of their reference rates are not included in the table:

	As at December 31, 2022
	(DKK in millions)
USD LIBOR	2,595,687
GBP LIBOR	–
Other	<u>141,965</u>
Total	<u>2,737,652</u>

The following table sets forth the profile of the timing of the nominal amount of the Group's hedging derivatives as at the dates indicated:

	As at December 31,	
	2022	2021
	(DKK in millions)	
Less than 12 months	151,844	193,810
1–5 years	348,754	377,417
More than five years	<u>15,210</u>	<u>15,833</u>
Total	<u>515,807</u>	<u>587,060</u>

The following table sets forth the Group's hedged fixed interest rate financial instruments as at the dates and for the years indicated:

	Carrying amount of hedged items		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Changes in fair value used for calculating hedge in- effectiveness
	Assets	Liabilities	Assets	Liabilities	
	(DKK in millions)				
As at and for the year ended December 31, 2022					
Amounts due from credit institutions	–		–		–
Loans	13,706		(844)		(2,260)
Bonds 'held to collect and sell'	<u>837</u>		<u>76</u>		(24)
Amounts due to credit institutions		2,432		(6)	10
Deposits		4,205		(24)	23
Issued bonds		155,541		(14,296)	15,760
Non-preferred senior debt		83,028		(5,206)	5,889
Subordinated debt		<u>22,069</u>		<u>(1,843)</u>	<u>1,871</u>
Total	<u>14,544</u>	<u>267,276</u>	<u>(768)</u>	<u>(21,375)</u>	<u>21,270</u>
As at and for the year ended December 31, 2021					
Amounts due from credit institutions	–		–		(6)
Loans	22,114		1,412		(912)
Bonds 'held to collect and sell'	<u>1,010</u>		<u>100</u>		(16)
Amounts due to credit institutions		173		3	5
Deposits		653		(1)	1
Issued bonds		184,364		1,243	4,450
Non-preferred senior debt		97,216		683	2,116
Subordinated debt		<u>23,998</u>		<u>28</u>	<u>408</u>
Total	<u>23,124</u>	<u>306,404</u>	<u>1,512</u>	<u>1,958</u>	<u>6,045</u>
Hedge ineffectiveness recognized in the income statement for the year ended December 31, 2022					(26)
Hedge ineffectiveness recognized in the income statement for the year ended December 31, 2021					(48)

The following tables set forth certain information regarding currency contracts, interest rate contracts, equity contracts and credit derivatives of the Group as at the dates indicated:

	As at December 31, 2022		
	Notional amount	Positive fair value	Negative fair value
	(DKK in millions)		
Currency contracts			
Forwards and swaps	7,214,105	121,850	135,218
Options	153,739	989	1,247
Interest rate contracts			
Forwards/swaps/forward rate agreements ("FRAs")	27,145,285	243,706	215,787
Options	3,480,220	54,471	54,875
Equity contracts			
Forwards	217,605	2,619	3,341
Options	124,041	2,964	3,144
Other contracts			
Commodity contracts	28	–	–
Credit derivatives bought	1,429	97	48
Credit derivatives sold	1,626	<u>48</u>	<u>105</u>
Total derivatives held for trading purposes		426,743	413,764
Hedging derivatives			
Currency contracts	1,956	9	119
Interest rate contracts	513,852	<u>3,371</u>	<u>21,258</u>
Total derivatives		<u>430,123</u>	<u>435,141</u>

Note: Positive and negative fair values of derivatives are offset if certain criteria are fulfilled. For more information, see note G32 to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum.

	As at December 31, 2021		
	Notional amount	Positive fair value	Negative fair value
	(DKK in millions)		
Currency contracts			
Forwards and swaps	6,917,267	71,685	74,700
Options	163,381	759	808
Interest rate contracts			
Forwards/swaps/FRAs	43,158,102	139,421	120,308
Options	3,677,425	33,345	33,365
Equity contracts			
Forwards	259,010	2,783	2,889
Options	168,175	4,222	5,615
Other contracts			
Commodity contracts	313	127	131
Credit derivatives bought	2,167	82	150
Credit derivatives sold	2,133	<u>129</u>	<u>71</u>
Total derivatives held for trading purposes		252,553	238,037
Hedging derivatives			
Currency contracts	3,492	26	23
Interest rate contracts	583,568	<u>7,645</u>	<u>3,945</u>
Total derivatives		<u>260,224</u>	<u>242,004</u>

Note: Positive and negative fair values of derivatives are offset if certain criteria are fulfilled. For more information, see note G32 to the 2021 Financial Statements incorporated by reference into this Base Information Memorandum.

	As at December 31, 2020		
	Notional amount	Positive fair value	Negative fair value
	(DKK in millions)		
Currency contracts			
Forwards and swaps	6,966,893	118,517	134,309
Options	221,186	1,243	1,402
Interest rate contracts			
Forwards/swaps/FRAs.....	41,339,985	179,178	165,982
Options	4,053,292	61,041	56,348
Equity contracts			
Forwards.....	190,702	2,176	1,813
Options	116,239	2,748	3,327
Other contracts			
Commodity contracts	2,056	95	92
Credit derivatives bought	2,552	239	94
Credit derivatives sold.....	2,396	<u>91</u>	<u>233</u>
Total derivatives held for trading purposes.....		365,327	363,601
Hedging derivatives			
Currency contracts.....	36,403	175	58
Interest rate contracts.....	432,465	<u>14,063</u>	<u>3,327</u>
Total derivatives		<u>379,566</u>	<u>366,985</u>

Note: Positive and negative fair values of derivatives are offset if certain criteria are fulfilled. For more information, see note G32 to the 2021 Financial Statements incorporated by reference into this Base Information Memorandum.

Credit Exposure

As at December 31, 2022, the Group's net credit exposure amounted to DKK 4,241 billion, as compared to DKK 4,451 billion as at December 31, 2021, and DKK 4,619 billion as at December 31, 2020. Exposure from trading and investment activities amounted to DKK 1,189 billion as at December 31, 2022, as compared to DKK 1,068 billion as at December 31, 2021, and DKK 1,239 billion as at December 31, 2020. Exposure from lending activities in core activities amounted to DKK 2,513 billion as at December 31, 2022, as compared to DKK 2,716 billion as at December 31, 2021, and DKK 2,728 billion as at December 31, 2020. As at December 31, 2022, home loans to personal customers in core activities accounted for 30 percent of the exposure from lending activities, as compared to 30 percent as at December 31, 2021, and 30 percent as at December 31, 2020.

For additional information on the Group's credit exposure, see "*Risk Management*."

Capital and Solvency

General

The Group has licenses to provide financial services and must therefore comply with the capital requirements of the CRR and the Danish Financial Business Act. The Danish rules are based on the CRD and apply to both the Bank and the Group. Similarly, the Group's financial subsidiaries in and outside Denmark must comply with local capital requirements. The Group's capital management policies and practices are based on the ICAAP.

Total Capital

The Group's total capital consists of tier 1 capital (share capital and additional tier 1 capital after deductions) and tier 2 capital (subordinated loan capital after deductions). Starting with total equity under IFRS, the Group makes a number of adjustments in order to determine its common equity tier 1 ("CET1") capital. The Group's CET1 capital is based on the carrying amount of shareholders' equity corrected for equity-accounted additional tier 1 capital and adjusted with the following main deductions: adjustments to eligible capital instruments; deferred tax assets that rely on future profitability; defined benefit pension fund assets; intangible assets of banking operations, including goodwill; minimum loss coverage for nonperforming exposures; expected/proposed dividends; prudential filters; reversal of the effect of IFRS 9 (ECLs) implementation due to transitional rules; and statutory deductions for insurance subsidiaries.

The Group's additional tier 1 capital and tier 2 capital may, subject to certain conditions, be included in total capital. The conditions are described in the CRR.

The following table sets forth certain information on the Group's total capital and capital ratios as at the dates indicated:

	As at December 31,		
	2022	2021	2020
	(DKK in millions, unless otherwise indicated)		
Total equity	160,318	176,704	168,678
Adjustment to total equity	<u>189</u>	<u>178</u>	<u>158</u>
Total equity calculated according to the rules of the DFSA	160,506	176,881	168,836
Additional tier 1 instruments included in total equity	–	(5,419)	(8,415)
Adjustments for accrued interest and tax effect on additional tier 1 capital	<u>–</u>	<u>(78)</u>	<u>(93)</u>
CET1 instruments	160,506	171,384	160,329
Deductions from CET1 capital	(11,309)	(19,449)	(16,602)
Portion from intangible assets	(5,529)	(5,325)	(5,354)
Portion from statutory deductions for insurance subsidiaries	<u>(4,683)</u>	<u>(6,882)</u>	<u>(8,992)</u>
CET1 capital	149,197	151,935	143,727
Additional tier 1 capital	<u>15,300</u>	<u>19,933</u>	<u>17,282</u>
Tier 1 capital	164,497	171,868	161,009
Tier 2 instruments	<u>20,765</u>	<u>20,888</u>	<u>19,108</u>
Total capital	<u>185,261</u>	<u>192,757</u>	<u>180,117</u>
Total REA	<u>838,193</u>	<u>860,173</u>	<u>784,184</u>
Common equity tier 1 capital ratio, percent	17.8	17.7	18.3
Tier 1 capital ratio, percent	19.6	20.0	20.5
Total capital ratio, percent	22.1	22.4	23.0

Note: The figures as at December 31, 2022, 2021 and 2020, reflect the Group's capital subject to the transitional rules of the CRR (including the phase-in of IFRS 9) as at December 31, 2022, 2021 and 2020, respectively.

Total capital and the total REA are calculated in accordance with the rules applicable under the CRR, taking transitional rules into account as stipulated by the DFSA.

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

The impact of IFRS 9 on regulatory capital is subject to a five-year phase-in period, whereby an institution is allowed to include in its CET1 capital a portion of the increased ECL provisions for a transition period. The IFRS 9 transitional arrangements, as stipulated in the CRR, were extended by two years from 2023 to 2025 in the light of the COVID-19 pandemic. In addition, institutions were allowed to fully add back to their CET1 capital any increase in new ECL provisions recognized in 2020 and 2021 for financial assets that are not credit-impaired.

During 2022, the Group redeemed additional tier 1 capital in the amount of DKK 5.4 billion, but made no issues in 2022. As at December 31, 2022, all of the Group's additional tier 1 capital instruments were fully CRR-compliant.

In 2023 until the date of this Base Information Memorandum, the Bank has not redeemed any issues.

Total Capital Requirements

General

The total capital requirement is determined as the solvency need ratio plus the combined buffer requirement. The solvency need ratio consists of the 8 percent minimum capital requirement for risks covered under Pillar I and an additional capital requirement under Pillar II for risks not covered under Pillar I.

The following table sets forth the Group's capital ratios and requirements as at December 31, 2022, and fully phased in:

	As at December 31, 2022	Fully phased in⁽¹⁾
	(percentage of total REA)	
Capital ratios		
CET1 capital ratio	17.8	17.4
Total capital ratio	22.1	21.8
Capital requirements (including buffers)⁽²⁾		
Minimum CET1 capital requirement (Pillar I)	4.5	4.5
Capital add-on to be met with CET1 capital (Pillar II)	1.6	1.6
Combined buffer requirement	7.0	7.5
Portion from countercyclical capital buffer	1.5	2.0
Portion from capital conservation buffer	2.5	2.5
Portion from SIFI buffer	<u>3.0</u>	<u>3.0</u>
CET1 capital requirement	<u>13.1</u>	<u>13.6</u>
Minimum capital requirement (Pillar I)	8.0	8.0
Capital add-on (Pillar II)	2.6	2.6
Combined buffer requirement	<u>7.0</u>	<u>7.5</u>
Total capital requirement	<u>17.6</u>	<u>18.2</u>
Excess capital		
CET1 capital	4.7	3.8
Total capital	4.5	3.6

(1) Based on fully phased-in CRR, CRD IV Directive and CRD V Directive rules and requirements, including the fully phased-in impact of IFRS 9.

(2) The total capital requirement consists of the solvency need ratio and the combined buffer requirement. The fully phased-in countercyclical capital buffer is based on the buffer rates announced at the end of 2022.

Minimum Capital Requirement

The regulatory minimum capital requirement under Pillar I of the CRR is defined as 8 percent of the REAs for credit risk, counterparty credit risk, market risk and operational risk.

In collaboration with other national financial supervisory authorities, the DFSA has approved the Bank's use of the advanced internal ratings-based ("A-IRB") approach for the calculation of credit risk. The Group uses an internal VaR model for both the market risk on items in the trading book and for the foreign exchange risk on items outside the trading book. For the calculation of operational risk, the Group uses the standardized approach.

The DFSA has granted the Group an exemption from the A-IRB approach for, *inter alia*, exposures to government bonds and equities. The exemption also applies to exposures at the legal entity of Danske Bank Limited (Northern Ireland) and to retail exposures at Danske Bank Ireland. For these exposures, the Group currently uses the standardized approach.

At Danske Mortgage Bank Plc (Finland), the Group has permission to use the foundation internal ratings-based ("F-IRB") approach for credit risk exposures to corporate customers. In December 2016, the Group obtained permission to calculate the REA for exposures at Danske Bank Plc using the F-IRB approach for the institutions asset class and using the A-IRB approach for the retail asset class. Implementation took place in January 2017.

Solvency Need

The solvency need is the amount of capital that is adequate in terms of size and composition to cover the risks to which a financial institution is exposed. As stated in Danish legislation, the solvency need ratio is the solvency need divided by the total REA as determined under Pillar I.

The solvency need consists of the regulatory minimum capital level of 8 percent of the total REA for risks covered under Pillar I (REAs for credit risk, counterparty credit risk, market risk and operational risk) and an individual capital add-on under Pillar II for risks not covered under Pillar I.

As part of the ICAAP under Pillar II, the solvency need is determined on the basis of an internal assessment of the Group's risk profile in relation to the minimum capital requirement. An important part of the process of determining the solvency need is evaluating whether the calculation takes into account all material risks to which the Group is exposed. The Group uses its internal models as well as expert judgment and DFSA benchmark models to quantify whether the regulatory framework indicates that additional capital is needed.

The following table sets forth the Group's and the Bank's internal measure of its respective solvency need for the most important risk types as at December 31, 2022:

	As at December 31, 2022			
	Group		Bank	
	(DKK in billions)	(percent of total REA)	(DKK in billions)	(percent of total REA)
Credit risk	64.1	7.6	57.0	7.7
Market risk.....	10.8	1.3	10.8	1.5
Operational risk	14.1	1.7	13.3	1.8
Other risks.....	<u>0.1</u>	<u>0.0</u>	<u>0.1</u>	<u>0.0</u>
Solvency need and solvency need ratio.....	89.1	10.6	81.2	11.0
Combined buffer requirement.....	<u>58.5</u>	<u>7.0</u>	<u>51.6</u>	<u>7.0</u>
Solvency need and solvency need ratio (including combined buffer requirement).....	<u>147.6</u>	<u>17.6</u>	<u>132.8</u>	<u>18.0</u>
Portion from CET1 capital	109.7	13.1	98.4	13.3
Total capital and total capital ratio.....	185.3	22.1	186.4	25.2
Portion from CET1 capital	149.2	17.8	150.3	20.3
Excess capital.....	37.7	4.5	53.6	7.2
Excess CET1 capital.....	39.5	4.7	52.0	7.0

During 2021, the Group's REA increased significantly due to the implementation of new regulatory requirements from the EBA. The REA increase did not reflect any additional risk-taking by the Group. Part of the REA increase was mitigated by the removal of Pillar II add-ons related to model risk. In 2022, the Group's solvency need decreased by DKK 9.0 billion, mainly because of the removal of the DKK 7.5 billion Pillar II add-on following the additional provisions related to the Estonia matter made in the third quarter of 2022.

Combined Buffer Requirement

As stipulated in the CRD, a combined buffer requirement applies to financial institutions in addition to the solvency need ratio. The Group's combined buffer requirement consists of a countercyclical buffer, a capital conservation buffer, a SIFI buffer and potentially a SyRB and must be funded with CET1 capital.

The countercyclical buffer requirement is calculated as a weighted average of the national buffers in effect in the jurisdictions in which an institution has credit exposures. The Group's countercyclical buffer rate of 1.5 percent as at December 31, 2022, was based primarily on the countercyclical buffer rates in Denmark and Norway (both set at 2.0 percent) and in Sweden (set at 1.0 percent).

Announced increases in the national countercyclical buffer rates in Denmark, Norway and Sweden will increase the Group's countercyclical buffer requirement by 0.5 percentage points in 2023. Consequently, the fully phased-in countercyclical buffer requirement will be 2.0 percent, thereby bringing the fully phased-in CET1 requirement to 13.6 percent.

On March 6, 2023, the European Systemic Risk Board recommended reciprocity on the SyRB implemented by the Norwegian authorities. The Danish Ministers of Industry, Business and Financial Affairs have decided to reciprocate the Norwegian SyRB effective from August 4, 2023. The Group's Norwegian exposures have, therefore, been subject to the Norwegian SyRB in addition to the existing buffer requirements as of August 4, 2023. The Norwegian SyRB has been part of the Group's ongoing and ordinary capital planning process, and the implementation will not have any implications for the Group's capital targets.

The capital conservation buffer is 2.5 percent and is applicable to all financial institutions. Because the Group is designated as a SIFI in Denmark, the Group must meet a SIFI buffer requirement of 3 percent.

Breaching the combined buffer requirement would restrict the Group's capital distributions, including the payment of dividends, payments on additional tier 1 capital instruments, and variable remuneration.

Capital Planning

General

The Group's ongoing capital planning takes into account both short- 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 in one process.

For information on the Group’s capital risk management, see “*Risk Management—Liquidity, Funding and Capital Risk—Capital Risk Management.*”

Input from Stress Testing

The Group uses macroeconomic stress tests in the ICAAP for the purpose of projecting its capital requirements and actual capital level under various unfavorable scenarios. Stress tests are an important means of analyzing 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.

When the Group uses stress tests in its capital planning, 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 Tests

The Group’s internal stress tests are based on various scenarios, each consisting of a set of macroeconomic variables. The scenarios are generally used both at the Group level and for subsidiaries. Specific scenarios are also 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 necessary. The scenarios are 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 DFSA. The latest stress test was conducted in the first quarter of 2022.

The Group also participates in the EU-wide stress test conducted by the EBA every second year. 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. The latest stress test was conducted in 2023.

Capital Allocation

The Group makes a full internal allocation of its total equity across business units on the basis of each unit’s contribution to the Group’s total risk as estimated by means of regulatory models. The principles for allocating capital across the business units are aligned with the CRR. As a result, the capital consumption of the Group’s individual business units is closely aligned with the Group’s total capital consumption.

Leverage Ratio

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

The following table sets forth certain information with respect to the Group’s leverage ratio as at the dates indicated:

	As at December 31,		
	2022	2021	2020
	(DKK in billions, unless otherwise indicated)		
Total exposure for leverage ratio calculation.....	3,284.8	3,532.3	3,616.3
Portion from derivatives.....	105.6	132.9	143.0
Portion from securities-financing transactions.....	260.3	264.5	267.6
Portion from off-balance-sheet items.....	320.7	318.2	316.5
Portion from exposure to central banks, institutions and cash in hand.....	198.5	326.8	352.1
Reported tier 1 capital (transitional rules).....	164.5	171.9	161.0
Tier 1 capital (fully phased-in rules).....	161.4	169.3	158.2
Leverage ratio (transitional rules), percent.....	5.0	4.9	4.5
Leverage ratio (fully phased-in rules), percent.....	4.9	4.8	4.4

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. The ICAAP also includes an assessment of changes in the leverage ratio under stressed scenarios. The leverage ratio is determined and monitored monthly. To ensure sound monitoring, the Group has set forth policies for the management and control of each component that contributes to leverage risk.

MREL

As a consequence of the BRRD, credit and financial institutions in the EU are required to hold a certain amount of bail-in-able resources to fulfill the MREL. The purpose of the MREL is to ensure that institutions can absorb potential losses and be recapitalized 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 Bank's resolution plan is based on a single-point-of-entry approach at the group level. The requirement for the Group is calibrated in accordance with the DFSA's resolution strategy. This strategy states that a SIFI is to be recapitalized in order for the entire institution to be able to continue its activities post resolution.

For Danish SIFIs, the MREL is set at two times the solvency need plus one time the SIFI buffer and one time the capital conservation buffer. Furthermore, the combined buffer requirement must now be met in addition to the MREL.

The MREL requirement for the Group is set at two times the solvency need and one time the SIFI buffer and the capital conservation buffer. Further, the combined buffer requirement must be met in addition to the MREL. This corresponds to a requirement of 26.7 percent of REA adjusted for Realkredit Danmark based on the solvency need for the third quarter of 2022.

The DFSA has set the subordination requirement as the higher of 8 percent of total liabilities and own funds and two times the solvency need plus one times the combined buffer requirement. In addition, 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 percent of total liabilities and own funds and two times the solvency need plus one time the combined buffer requirement, where the latter is currently binding. For the Group, the subordination requirement is set at 28.2 percent of the total REA. At the end of 2022, the MREL subordination ratio was 32.2 percent, equal to a surplus of DKK 28.9 billion.

Since mortgage credit institutions are exempt from the MREL, Realkredit Danmark figures are excluded from the consolidation for the purpose of determining the requirement.

SELECTED STATISTICAL DATA AND OTHER INFORMATION

The following information is included for analytical purposes and should be read in connection with, and is qualified in its entirety by, the Consolidated Financial Statements incorporated by reference into this Base Information Memorandum, as well as “Operating and Financial Review and Prospects.” In particular, the discussion below covers the financial periods ended December 31, 2022, 2021 and 2020. The information included in this section has not been derived from the Consolidated Financial Statements. This information has been derived from the Bank’s accounting records and has not been audited.

Average Balance Sheet Information and Information on Interest Rates

The following table sets forth average balances of the Group’s assets and liabilities, the interest generated from such assets and liabilities and average interest rates paid for the years indicated. In the following table and elsewhere in this Base Information Memorandum, the average balances have been calculated from quarterly balances, except where otherwise noted. All balances are considered by the Group’s management to represent the operations of the Group fairly. Non-accrual loans are included under the category “Loans and advances.”

	For the year ended December 31,								
	2022			2021			2020		
	Average balance	Interest amount	Average interest rate	Average balance	Interest amount	Average interest rate	Average balance	Interest amount	Average interest rate
	(DKK in millions)		(percent)	(DKK in millions)		(percent)	(DKK in millions)		(percent)
Assets									
Loans to credit institutions	281,809	3,106	1.10	338,176	258	0.08	249,009	499	0.2
Loans ⁽¹⁾	1,829,563	39,771	2.17	1,816,130	31,525	1.74	1,887,246	34,294	1.82
Reverse transactions	246,005	696	0.28	252,324	(970)	(0.38)	256,669	(973)	(0.38)
Trading and investment portfolio (interest-bearing), including derivatives	938,038	4,219	0.45	900,889	3,783	0.42	926,243	6,892	0.74
Other interest-bearing assets	<u>595,654</u>	<u>27,549</u>	4.63	<u>540,171</u>	<u>17,586</u>	3.26	<u>507,950</u>	<u>19,007</u>	3.74
Total interest-bearing assets	3,891,069	75,341	1.94	3,847,689	52,183	1.36	3,827,117	59,719	1.56
Non-interest-bearing assets	<u>139,323</u>	—	—	<u>155,897</u>	—	—	<u>166,405</u>	—	—
Total assets	<u>4,030,392</u>	<u>75,341</u>	1.87	<u>4,003,586</u>	<u>52,183</u>	1.30	<u>3,993,522</u>	<u>59,719</u>	1.50
Liabilities									
Deposits by credit institutions	124,858	724	0.58	135,765	(958)	0.71	126,353	767	0.61
Deposits	1,212,860	3,768	0.31	1,208,552	(1,125)	(0.09)	1,092,259	591	0.05
Repo transactions	137,786	1,283	0.93	193,391	(1,004)	(0.52)	223,974	(460)	(0.21)
Debt securities	1,031,653	14,488	1.40	1,119,612	12,503	1.12	1,131,821	13,629	1.20
Subordinated liabilities	39,220	1,473	3.76	37,611	1,297	3.45	32,568	1,215	3.73
Other interest-bearing liabilities	<u>625,929</u>	<u>25,580</u>	4.09	<u>582,166</u>	<u>14,696</u>	2.52	<u>548,349</u>	<u>15,861</u>	2.89
Total interest-bearing liabilities	3,172,306	47,316	1.49	3,277,096	25,409	0.78	3,155,325	31,602	1.00
Non-interest-bearing liabilities	<u>686,472</u>	—	—	<u>553,430</u>	—	—	<u>670,811</u>	—	—
Total liabilities	3,858,778	47,316	1.23	3,830,526	25,409	0.66	3,826,136	31,602	0.83
Equity	<u>171,614</u>	—	—	<u>173,059</u>	—	—	<u>167,385</u>	—	—
Total liabilities and equity	<u>4,030,392</u>	<u>47,316</u>	1.23	<u>4,003,586</u>	<u>25,409</u>	0.66	<u>3,993,522</u>	<u>31,602</u>	0.83

(1) Loans includes loans at amortized cost and loans at fair value, including loans granted by Realkredit Danmark. Loans includes non-accrual loans.

Foreign Currencies

The following table sets forth loans to credit institutions, total loans and advances, deposits by credit institutions and total deposits, each category presented separately for the Danish Kroner denominated loans, advances and deposits and for currencies other than the Danish Kroner, as at the dates indicated:

	As at December 31,		
	2022	2021	2020
	(DKK in millions)		
Loans and advances			
Loans to credit institutions in Danish Kroner	7,806	3,915	10,393
Loans to credit institutions in currencies other than the Danish Kroner	<u>53,005</u>	<u>67,241</u>	<u>71,035</u>
Total loans to credit institutions	<u>60,811</u>	<u>71,156</u>	<u>81,428</u>
Loans and advances in Danish Kroner	1,036,671	1,091,941	1,094,723
Loans and advances in currencies other than the Danish Kroner	<u>978,825</u>	<u>959,963</u>	<u>953,208</u>
Total loans and advances ⁽¹⁾	<u>2,015,496</u>	<u>2,051,903</u>	<u>2,047,930</u>
Deposits			
Deposits by credit institutions in Danish Kroner	19,112	44,217	24,192
Deposits by credit institutions in currencies other than the Danish Kroner	<u>119,665</u>	<u>128,759</u>	<u>186,990</u>
Total deposits by credit institutions	<u>138,777</u>	<u>172,976</u>	<u>211,182</u>
Deposits in Danish Kroner, excluding repurchase obligations	408,317	386,968	405,813
Deposits in currencies other than the Danish Kroner, excluding repurchase obligations	<u>763,673</u>	<u>782,861</u>	<u>789,506</u>
Total deposits, excluding repurchase obligations	<u>1,171,990</u>	<u>1,169,829</u>	<u>1,195,319</u>

(1) Including reverse transactions and loans at a fair value.

As at December 31, 2022, 2021 and 2020, 87 percent, 94 percent and 87 percent, respectively, of the Group's loans to credit institutions comprised loans denominated in currencies other than Danish Kroner, with the balance denominated in Danish Kroner.

As at December 31, 2022, 2021 and 2020, 49 percent, 47 percent and 47 percent, respectively, of the Group's total loans and advances comprised loans denominated in currencies other than Danish Kroner, with the balance denominated in Danish Kroner.

As at December 31, 2022, 2021 and 2020, 86 percent, 74 percent and 89 percent, respectively, of the Group's deposits by credit institutions comprised deposits denominated in currencies other than Danish Kroner, with the balance denominated in Danish Kroner.

As at December 31, 2022, 2021 and 2020, 65 percent, 67 percent and 66 percent, respectively, of the Group's total deposits comprised deposits denominated in currencies other than Danish Kroner, with the balance denominated in Danish Kroner.

Analysis of Changes in Net Interest Income

The following table sets forth an analysis of changes in the Group's net interest income attributable to changes in average balance, changes in interest and changes in the average rate of interest for the years indicated:

	For the year ended December 31, 2022/2021			For the year ended December 31, 2021/2020		
	Average balance ⁽¹⁾ (DKK in millions)	Change due to increase (decrease) in		Average balance ⁽¹⁾ (DKK in millions)	Change due to increase (decrease) in	
		Interest amount	Interest rate (percent)		Interest amount	Interest rate (percent)
Interest-bearing assets						
Loans to credit institutions	(56,367)	2,847	1.03	89,167	(241)	(0.12)
Loans.....	13,433	8,247	0.44	(71,117)	(2,769)	(0.08)
Reverse transactions.....	(6,319)	1,666	0.67	(4,345)	3	(0.01)
Trading and investment portfolio (interest-bearing), including						
derivatives	37,149	436	0.03	(25,354)	(3,109)	(0.32)
Other interest-bearing assets.....	<u>55,483</u>	9,963	1.37	<u>32,221</u>	<u>(1,421)</u>	(0.49)
Total interest-bearing assets	<u>43,380</u>	23,159	0.58	<u>20,572</u>	<u>(7,537)</u>	(0.20)
Interest-bearing liabilities						
Deposits by credit institutions	(10,907)	1,682	1.29	9,412	(1,725)	(1.31)
Deposits.....	4,308	4,894	0.40	116,293	(1,716)	(0.15)
Repo transactions	(55,605)	2,287	1.45	(30,583)	(544)	(0.31)
Debt securities.....	(87,958)	1,985	0.29	(12,210)	(1,126)	(0.09)
Subordinated liabilities.....	1,609	176	0.31	5,042	82	(0.28)
Other interest-bearing liabilities	<u>43,763</u>	10,884	1.56	<u>33,817</u>	<u>(1,165)</u>	(0.37)
Total interest-bearing liabilities.....	<u>(104,790)</u>	21,907	0.72	<u>121,771</u>	<u>(6,193)</u>	(0.23)

(1) Average balance and average interest rate variances have been calculated based on net movements in the average balances and interest rates.

Trading Portfolio Assets and Liabilities

Trading portfolio assets comprises the equities and bonds held by the Group's trading units at LC&I and all derivatives with positive fair value. Trading portfolio liabilities consists of derivatives with negative fair value and obligations to deliver securities (obligations to repurchase securities).

The following table sets forth the composition of the Group's trading portfolio assets and liabilities, divided by category of securities, as at the dates indicated:

	As at December 31,		
	2022	2021	2020
	(DKK in millions)		
Trading portfolio assets			
Derivatives with positive fair value	430,123	260,224	379,566
Listed bonds.....	200,395	237,283	287,013
Listed shares	8,198	11,978	15,594
Unlisted shares.....	83	106	775
Total assets	<u>638,799</u>	<u>509,590</u>	<u>682,948</u>
Trading portfolio liabilities			
Derivatives with negative fair value	435,141	242,004	366,985
Obligations to repurchase securities.....	<u>119,180</u>	<u>132,349</u>	<u>132,349</u>
Total liabilities	<u>554,321</u>	<u>374,353</u>	<u>499,334</u>

Investment Securities

Investment securities consists of bonds and shares held by non-trading units in the Group. It consists primarily of the liquidity portfolio managed by Group Treasury. The liquidity portfolio includes different portfolios with different business models. Some portfolios are managed on a fair value basis and mandatorily measured at FVPL under IFRS 9, whereas other portfolios are either 'hold to collect and sell' and measured at FVOCI or 'hold to collect' and measured at amortized cost.

The following table sets forth the composition of the Group's investment securities as at the dates indicated:

	As at December 31,		
	2022	2021	2020
	(DKK in millions)		
Financial assets at FVPL			
Listed bonds	33,769	36,530	48,034
Listed shares	–	–	–
Unlisted shares	<u>1,187</u>	<u>1,230</u>	<u>335</u>
Total financial assets at FVPL.....	34,956	37,760	48,369
Bonds hold to collect and sell (FVOCI)			
Listed bonds	<u>116,429</u>	<u>119,296</u>	<u>116,772</u>
Total bonds hold to collect and sell (FVOCI).....	<u>116,429</u>	<u>119,296</u>	<u>116,772</u>
Total at fair value	151,384	157,056	165,141
Bonds hold to collect (amortized cost)			
Listed bonds	<u>151,573</u>	<u>146,721</u>	<u>131,628</u>
Total investment securities	<u>302,958</u>	<u>303,777</u>	<u>269,769</u>

Deposits

The following table sets forth the balance and types of deposits due as at the dates indicated (principal only):

	As at December 31,		
	2022	2021	2020
	(DKK in millions)		
Repo deposits	137,786	193,391	223,973
Other deposits.....	<u>1,169,879</u>	<u>1,167,638</u>	<u>1,193,173</u>
Total deposits	<u>1,307,665</u>	<u>1,361,029</u>	<u>1,417,147</u>

The following table sets forth the contractual due dates of the Group's deposits as at the dates indicated (principal and accrued interest):

	<u>0–1 month</u>	<u>1–3 months</u>	<u>3–12 months</u>	<u>1–5 years</u>	<u>Over 5 years</u>
	(DKK in millions)				
As at December 31, 2022.....	1,173,421	44,719	27,500	11,284	9,521
As at December 31, 2021.....	1,213,387	42,827	16,009	10,101	9,142
As at December 31, 2020.....	1,265,767	60,777	20,049	9,669	9,576

Short-Term Borrowings

The following table sets forth information on the Bank's short-term borrowings as at the dates indicated:

	Period-end balance	Average balance	Maximum month-end balance during period
	(DKK in millions)		
December 31, 2022			
Amount owed to credit institutions	133,557	152,322	185,819
Debt securities in issue etc.	<u>73,657</u>	<u>60,303</u>	<u>70,679</u>
Total	<u>207,214</u>	<u>212,624</u>	<u>256,498</u>
December 31, 2021			
Amount owed to credit institutions	136,209	180,367	246,650
Debt securities in issue etc.	<u>79,399</u>	<u>82,751</u>	<u>99,157</u>
Total	<u>215,608</u>	<u>263,118</u>	<u>345,806</u>
December 31, 2020			
Amount owed to credit institutions	172,452	188,822	271,508
Debt securities in issue etc.	<u>87,804</u>	<u>80,699</u>	<u>93,267</u>
Total	<u>260,256</u>	<u>269,521</u>	<u>364,775</u>

Maturity

The following table sets forth a breakdown by expected due date of the Group's balance sheet items as at the dates indicated:

	As at December 31,					
	2022		2021		2020	
	Within 1 year	After 1 year	Within 1 year	After 1 year	Within 1 year	After 1 year
	(DKK in millions)					
Assets						
Cash in hand and demand deposits with central banks	175,052	–	293,386	–	320,702	–
Due from credit institutions and central banks	59,690	1,121	70,326	830	80,831	597
Trading portfolio assets	305,290	333,509	293,561	216,029	376,776	306,173
Investment securities	79,291	223,667	99,391	204,386	73,019	223,750
Loans at amortized cost	306,048	776,770	214,459	812,983	281,021	743,586
Loans at fair value	229,001	703,676	240,764	783,697	225,662	797,661
Assets under pooled schemes and unit-linked investment contracts	–	66,499	–	76,654	–	82,795
Assets under insurance contracts	32,116	423,300	24,783	523,023	38,600	507,108
Assets held for sale ⁽¹⁾	350	–	28,800	–	709	–
Intangible assets	–	6,802	–	8,819	–	8,785
Tax assets	4,230	969	3,998	512	4,448	754
Other assets	<u>21,548</u>	<u>14,069</u>	<u>22,008</u>	<u>17,425</u>	<u>17,876</u>	<u>18,378</u>
Total assets	<u>1,212,616</u>	<u>2,550,383</u>	<u>1,291,476</u>	<u>2,644,358</u>	<u>1,419,645</u>	<u>2,689,586</u>
Liabilities						
Due to credit institutions and central banks	133,557	5,220	136,209	36,767	172,452	38,730
Trading portfolio liabilities	148,901	405,420	72,461	302,498	103,383	395,952
Deposits ⁽²⁾	219,387	1,042,905	229,808	1,062,222	268,588	1,065,193
Issued bonds at fair value	116,052	581,336	148,934	645,975	146,847	637,180
Issued bonds at amortized cost	73,657	212,261	79,399	252,109	87,804	264,140
Deposits under pooled schemes and unit-linked investment contracts	10,509	56,216	10,864	66,118	10,149	72,756
Liabilities under insurance contracts	44,801	442,620	35,054	553,682	12,420	579,510
Liabilities in disposal groups held for sale ⁽¹⁾	–	–	29,577	–	47	–
Tax liabilities	630	1,834	70	1,794	16	1,805
Other liabilities	65,910	3,114	51,914	4,354	45,833	5,411
Subordinated debt	–	38,349	–	39,321	3,743	28,594
Total liabilities	<u>813,403</u>	<u>2,789,277</u>	<u>794,289</u>	<u>2,964,841</u>	<u>851,282</u>	<u>3,089,271</u>

(1) In the 2021 Financial Statements, the presentation of "assets held for sale" and "liabilities in disposal groups held for sale" was changed to be presented as separate line items on the balance sheet. Comparative information as at December 31, 2020, has been restated.

(2) Deposits include fixed-term deposits and demand deposits. Fixed-term deposits are recognized according to maturity. Demand deposits have short contractual maturities but are considered a stable financing source with an expected maturity of more than one year.

The following table sets forth a breakdown of the Group's financial liabilities by contractual due date as at the dates indicated:

As at December 31, 2022					
	0–1 month	1–3 months	3–12 months	1–5 years	Over 5 years
(DKK in millions)					
Due to credit institutions and central banks	90,912	9,603	33,885	5,376	1
Deposits	1,173,421	44,719	27,500	11,284	9,521
Repurchase obligation under reverse transactions	119,180	–	–	–	–
Issued bonds at fair value.....	22,547	9,151	92,477	473,389	181,087
Issued bonds at amortized cost.....	–	4,858	70,626	223,330	9,021
Subordinated debt	141	281	1,267	82,625	–
Other financial liabilities.....	2,123	1,267	7,119	22,178	34,039
Financial and loss guarantees.....	81,397	–	–	–	–
Loan commitments shorter than 1 year.....	236,062	–	–	–	–
Loan commitments longer than 1 year.....	199,888	–	–	–	–
Other unutilized commitments.....	85	–	–	–	–
Total.....	<u>1,925,755</u>	<u>69,880</u>	<u>232,873</u>	<u>818,182</u>	<u>233,669</u>

As at December 31, 2021					
	0–1 month	1–3 months	3–12 months	1–5 years	Over 5 years
(DKK in millions)					
Due to credit institutions and central banks	120,172	11,651	1,188	37,085	1,673
Deposits	1,213,387	42,827	16,009	10,101	9,142
Repurchase obligation under reverse transactions	132,955	–	–	–	–
Issued bonds at fair value.....	36,184	16,127	104,747	487,164	231,951
Issued bonds at amortized cost.....	962	27,779	50,323	262,273	8,537
Subordinated debt	121	243	1,093	82,096	–
Other financial liabilities.....	2,825	1,162	6,878	24,438	41,680
Financial and loss guarantees.....	81,000	–	–	–	–
Loan commitments shorter than 1 year.....	204,610	–	–	–	–
Loan commitments longer than 1 year.....	198,830	–	–	–	–
Other unutilized commitments.....	135	–	–	–	–
Total.....	<u>1,991,182</u>	<u>99,789</u>	<u>180,236</u>	<u>903,157</u>	<u>292,982</u>

As at December 31, 2020					
	0–1 month	1–3 months	3–12 months	1–5 years	Over 5 years
(DKK in millions)					
Due to credit institutions and central banks	139,166	22,317	10,738	38,508	1
Deposits	1,233,418	60,777	20,049	9,669	9,576
Repurchase obligation under reverse transactions	132,349	–	–	–	–
Issued bonds at fair value.....	52,969	5,045	97,131	487,550	218,185
Issued bonds at amortized cost.....	12,066	17,030	59,742	245,695	37,657
Subordinated debt	93	187	4,597	33,089	–
Other financial liabilities.....	2,774	1,005	6,371	27,242	45,514
Financial and loss guarantees.....	71,816	–	–	–	–
Loan commitments shorter than 1 year.....	204,610	–	–	–	–
Loan commitments longer than 1 year.....	198,830	–	–	–	–
Other unutilized commitments.....	173	–	–	–	–
Total.....	<u>2,048,265</u>	<u>106,362</u>	<u>198,626</u>	<u>841,753</u>	<u>310,932</u>

The maturity analysis above is based on the earliest date on which the Group can be required to pay and does not reflect the expected due date. Disclosures comprise agreed payments, including principal and interest. For liabilities with variable cash flows, such as variable-rate financial liabilities, disclosure is based on the contractual conditions at the balance sheet date. Typically, deposits are contractually very short-term funding, but, in practice, they are considered a stable funding source, as amounts disbursed largely equal deposits received. A number of loan commitments and guarantees expire without being utilized. Loan commitments and guarantees are included at the earliest date on which the Group can be required to pay. To take into account potential drawings under loan commitments, the Group factors in the effect of the unutilized portion of the facilities in the calculation of liquidity risk. For guarantees to result in a payment obligation to the Group, a number of individual conditions must be met. As it is not possible to break down the earliest dates on which such conditions are met by maturity time bands, all guarantees are included in the 0–1 month column.

RISK MANAGEMENT

The following information is supplemented by, and should be read together with, the Group's Interim report – first half 2023 incorporated by reference into this Base Information Memorandum.

Overview

The Group is exposed to a number of risks and manages them at different organizational levels. The principal risk categories are as follows:

- Credit risk: The risk of losses because debtors fail to meet all or part of their payment obligations to the Group. Credit risk includes counterparty credit risk.
- Sustainability risk: The risk of a significant negative impact on the Group's performance – including financial and reputational impacts – as a result of current or future environmental, social and governance events or conditions.
- Market risk: The risk of losses because the fair values of the Group's assets, liabilities and off-balance-sheet items vary with changes in market conditions.
- Liquidity risk, funding and capital risk: The risk that a lack of funding prevents the Group from maintaining its business model, or from fulfilling its payment obligations.
- Life insurance risk: The Group's life insurance risk consists of risks originating from its ownership of Danica Pension. This includes pension-related market risk, insurance risk, operational risk and ESG risk.
- Non-financial risk: 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.
- Conduct risk: The risk that the Group's behavior in providing financial services causes customer detriment and/or damages the integrity of financial markets.

Risk Strategy and Governance

Risk Strategy

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

Risk Taxonomy

The risk taxonomy organizes and visualizes the most material risk types applicable to the Group and is intended to ensure adequate risk identification and ownership across the Group. The risk types cover both financial and non-financial risks, and roles and responsibilities are defined for each identified risk type to ensure continued risk assessment and monitoring. The taxonomy is reviewed on an annual basis to ensure its relevance.

Risk Management Organization

The Group's risk management practices are organized in line with the principles of the three-lines-of-defense model. The lines of defense segregate responsibilities and duties between (i) units that enter into business transactions with customers or otherwise expose the Group to risk (risk ownership), (ii) units that are in charge of risk oversight and challenge in respect of risk owners (risk oversight) and (iii) Group Internal Audit (“GIA”) (risk assurance).

Three Lines of Defense

First Line of Defense

The first line of defense owns and manages the business activities and related risks. It consists of frontline and support functions (*i.e.*, the following entities: Personal Customers; Business Customers; LC&I; Technology & Services; chief financial officer (“CFO”) area; and Group Human Resources (“Group HR”). These entities are responsible for identifying

and managing risks across national borders. The mandate of the business units is governed by risk policies, instructions, risk committees, risk appetite targets and limits.

Second Line of Defense

The second line of defense consists of Group Risk Management and Group Compliance. These units provide the risk management framework and are responsible for setting the standards, policies and methods. The second line of defense supports, challenges and is responsible for the risk oversight of the first line of defense and operates independently of the first line of defense.

The chief risk officer (the “**CRO**”) and the chief compliance officer (the “**CCO**”) are members of the Executive Leadership Team. The CRO and the CCO are responsible for the independent risk and compliance functions as heads of Group Risk Management and Group Compliance, respectively. The CRO and the CCO report to the Board of Directors in cooperation with and under the responsibility of the Bank’s chief executive officer (the “**CEO**”). The CRO and the CCO may file reports to and contact the Board of Directors directly. The second line of defense has the authority to veto any decisions proposed by the first line of defense that fall outside the set risk appetite or are not aligned with agreed policies.

Group Risk Management is organized risk functions with group-wide risk type oversight responsibility. The following units form part of Group Risk Management: Retail Credit Risk Management; Wholesale Credit Risk Management; Market, Liquidity & Non-Financial Risk; Risk Analytics; and Enterprise Risk Management. Furthermore, each business unit has been assigned a separate CRO who has oversight responsibility across all risk types for the unit in question. Business unit CROs also head risk functions at Group Risk Management and have group-wide responsibility for specific risk types. Moreover, country heads of the credit unions in Norway, Sweden and Finland act as senior Group Risk Management leads for the respective countries to coordinate risk oversight tasks.

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, conduct risk and financial crime risk. The following units form part of Group Compliance: Regulatory Compliance; Financial Crime Compliance; Regulatory Affairs; Data Protection & ESG; Compliance Oversight; and Central Compliance.

Group Compliance has specific second-line responsibility for organizing 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.

In addition, Group Compliance undertakes compliance oversight assessments to evaluate the adequacy and effectiveness of other risk management frameworks, and also owns the Group’s whistleblowing system.

Third Line of Defense

The third line of defense consists of the GIA function. 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 risk management, controls and governance processes in relation to the control environments of the first and second lines of defense. GIA is headed by the chief audit executive (the “**CAE**”), who reports directly to the Board of Directors.

Risk Governance

The Group’s risk governance structure includes five Board of Directors and four 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.

The Group’s escalation policy sets the requirements for appropriate and timely internal identification, referral to the Executive Leadership Team, and subsequent management and resolution of matters considered to be extraordinary events or circumstances requiring the immediate attention of the Executive Leadership Team.

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 organization of risk management and the delegation of authorities across the Group.

The Board of Directors appoints members to the Executive Leadership Team, the CAE and the company secretary to the Board of Directors. 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 appetite, policies and instructions on the basis of recommendations 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 Executive Leadership Team is responsible for the Group's day-to-day management. It supervises the Group's risk management practices, oversees developments in Group Compliance's methods (such as for AML), 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 and Group HR.

Board of Directors and Executive Leadership Team Committees

The Board of Directors has established five committees – the Audit Committee, the Conduct & Compliance Committee, the Nomination Committee, the Remuneration Committee and the Risk Committee – to provide effective oversight of risks and prepare matters for consideration by the Board of Directors. For information on the Board of Directors' committees, see “*Organization and Management—Committees.*”

The Executive Leadership Team has established four committees – the Group All Risk Committee, the Group Credit Committee, the Business Integrity Committee and the Group Impairment Committee – that act on behalf of the Executive Leadership Team with respect to risk monitoring and decision-making of matters within their mandate and responsibility.

The Group All Risk Committee acts on behalf of the Executive Leadership Team with respect to the Group's risk management practices. The 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 framework. Specific reviews on compliance-related risks are managed directly by the Executive Leadership Team and not by the Group All Risk Committee. All members of the Executive Leadership Team are permanent members of the Group All Risk Committee, which convenes at least nine times a year. The Group All Risk Committee has established and delegated parts of its responsibilities to a number of subcommittees. Each subcommittee 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 subcommittees must report any decisions and issues to the Group All Risk Committee.

The Group Credit Committee reviews and decides on individual credit applications on behalf of the Executive Leadership Team. The CEO, the CRO, the CFO and the heads of the three business units are permanent members of the Group Credit Committee, which aims to convene twice a week.

The Business Integrity Committee decides on ambition levels and develops and oversees the implementation of the Societal Impact and Sustainability strategy and related Group policies on behalf of the Executive Leadership Team. All members of the Executive Leadership Team are permanent members of the Business Integrity Committee, which convenes at least four times a year.

The Impairment Committee oversees the implementation and maintenance of the Group-wide framework for assessing the Group's credit impairment charges on behalf of the Executive Leadership Team. The CEO, the CRO, the CFO and the heads of the three business units are permanent members of the Impairment Committee, which convenes at least four times a year.

Group Risk Appetite

The Group risk appetite 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 appetite is owned by the Board of Directors and sets the direction for the Group's overall risk-taking by formulating group-wide qualitative and quantitative statements while taking aggregated financial, non-financial and sustainability risk impacts into consideration. The Group's risk appetite forms an integral part of its financial and strategic planning processes for the purpose of ensuring that both risks and opportunities are considered during the strategic decision-making processes. 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.

Risk Culture

The Group recognizes the importance of building and maintaining a strong risk culture in day-to-day activities to ensure that it creates value for all of its 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 appetite. Every employee plays a vital role in maintaining a strong risk culture while 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 governance documents, communications, the remuneration structure and staff training.

The performance agreements of all members of the Executive Leadership Team and of executives in the two levels below the Executive Leadership Team level include risk and compliance performance targets. The Group develops and maintains risk management skills and an understanding of risk through tailored training to ensure that risk management is embedded in daily routines. All employees, including the members of the Executive Leadership Team, maintain their qualifications through participation in annual compulsory eLearning courses on competition law, financial crime, GDPR, security and other group- and role-specific training to make informed, risk-based decisions and exercise due care in their day-to-day responsibilities.

Risk 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.

The Group's risk reporting consists of:

- *Capital and REA report*: An assessment of developments in underlying parameters affecting the Group's overall capital position, including an analysis of the REA. It is updated monthly and received by the CFO and CRO.
- *CRO letter*: A comprehensive overview of the Group's risk profile across risk types, core geographical regions and key subsidiaries. It is updated and sent to the Group All Risk Committee and the Risk Committee monthly, and to the Board of Directors quarterly. The Board of Directors receives verbal reports between the quarterly written reports.
- *Group compliance quarterly report*: An overall assessment of the Group's compliance risk management and control environment. It is updated quarterly and sent to the Executive Leadership Team, the Conduct & Compliance Committee and the Board of Directors.
- *ICAAP report*: An assessment of the adequacy of the Group's short-term and long-term capital levels as measured against its risks and business strategy. The assessment includes upcoming regulatory changes and stress testing results. It is updated quarterly and sent to the Group All Risk Committee, the Risk Committee, the Board of Directors and the DFSA. Reports on capital levels are regularly issued outside the ICAAP reporting cycle.
- *Internal liquidity adequacy assessment process ("ILAAP") report*: A description of the Group's liquidity situation and liquidity management, including its funding profile and plan. It assesses liquidity risk indicated by liquidity stress tests and similar analyses and also describes the minimum amount of liquidity reserves required by the Group. The report is updated annually and sent to the Group All Risk Committee, the Risk Committee, the Board of Directors and the DFSA. Reports on liquidity are regularly issued outside the ILAAP reporting cycle.
- *Impairment report*: An overview of detailed developments in the Group's impairment charges. It is updated quarterly and sent to the Group Impairment Committee, the Audit Committee, the Risk Committee and the Board of Directors.
- *Industry reviews*: Reviews based on a risk-based approach; they cover specific risks related to selected portfolios and all material portfolios. Ad hoc reports are prepared when relevant. The industry reviews are updated at varying intervals, with high-risk portfolios being reported more frequently. Industry reviews are sent to the Group All Risk Committee.
- *Risk management report*: A description of the Group's risk strategies and profile, capital management, risk management organization and risk frameworks and policies. The report is prepared annually along with the additional Pillar III disclosures tables, and it is sent to the Risk Committee and the Board of Directors as well as published for the public.
- *Risk profiles*: Detailed portfolio and industry analyses focusing on exposure, risk factors, structural trends, performance and forward-looking developments, including portfolio stress tests. Risk profiles cover all material portfolios. The risk profiles are updated at varying intervals, with high-risk portfolios being reported more frequently. The risk profiles are sent to the Group All Risk Committee, the Risk Committee and the Board of Directors.

Credit Risk

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

The Group manages credit risk in accordance with its Credit Policy, credit risk appetite and related governance documents. The purpose of these elements is twofold: (i) to ensure a consistent approach to credit risk management as well as clear roles and responsibilities across markets and business units and (ii) 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 credit risk appetite.

The Group's total net credit exposure is defined as on-balance-sheet and off-balance-sheet items net of impairment charges that carry credit risk. As at December 31, 2022, the Group's total net credit exposure for accounting purposes was DKK 4,241 billion. Net credit exposure from lending activities accounts for most of the Group's net credit exposure. As at December 31, 2022, 82.1 percent of the total REA related to credit risk, excluding counterparty credit risk.

Risk Governance and Responsibilities

Credit risk is managed in line with the principles of the three-lines-of-defense model. This means that the first line of defense (business-facing units and direct support functions) is responsible for the risks assumed, while the second line of defense (Group Risk Management) is responsible for risk oversight and risk challenge.

Delegated Lending Authorities

The Group's mandate for approving credit risk is cascaded from the Board of Directors to the Executive Leadership Team and further down the organization via lending authorities that are delegated on the basis of qualifications and need, for example. If a credit application exceeds the delegated lending authority of the individual mandate holder, the application is submitted to a lending officer with the necessary authority. The second line of defense 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.

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 on a monthly basis and to the Board of Directors on a quarterly basis through the CRO letter.

Credit Risk Appetite and Concentration Frameworks

The Group's credit risk appetite assesses the level of credit risk that the Group is willing to assume, or avoid, in order to achieve its long-term strategic ambitions and ensure the stability of its financial position by limiting impairment volatility through the business cycle and managing credit concentrations (including single names, assets and/or credit type concentrations). The credit risk appetite allows the Group to take on credit risk in areas that are within its strategic core.

The credit risk appetite applies at business unit, country and product levels. Supporting risk limits and risk metrics are in place at various levels to help measure credit risk further. Subsidiaries and legal entities owned by the Group set independent credit risk appetites in alignment with Group principles.

Monthly and quarterly risk reporting enables the ongoing monitoring of the Group's credit risk profile to ensure that it is in line with its credit risk appetite.

Limiting Impairment Volatility

The Group has set maximum loss limits to enable it to manage the risk of credit losses in times of economic stress. The maximum loss limits also make it possible to monitor the credit quality of the portfolio and factor in all key credit quality drivers such as customer ratings/scores, collateral and loan maturity.

Managing Credit Concentrations

The Group has implemented a set of frameworks to manage credit risk concentrations. The frameworks cover the following concentrations: single-name concentrations, industry concentrations and geographical concentrations.

Single-name Concentrations

Single-name concentrations are managed according to two frameworks:

- *Large exposures:* This framework is based on the regulatory definition of large exposures in the applicable CRR. The Group has defined stricter internal limits for managing single-name concentrations, including absolute limit on single-name exposures and limit for the 20 largest exposures.
- *Single-name concentration:* The Group has also implemented a risk-sensitive internal framework (the framework is aligned with the large exposure framework and includes the total exposure limit of consolidated entities less senior covered bonds, intraday lines, clearing services and Realkredit Danmark credit lines). In order to limit potential losses on single names, the framework sets limits on the following: exposure, LGD and expected loss.

Industry Concentrations

The Group manages industry concentrations as part of its credit risk appetite framework by setting exposure limits on selected industries. For commercial property, this also includes reducing the number of low-quality customers in order to ensure creditworthiness within the concentration limits. The industry concentrations are updated on an ongoing basis and at least once a year. The Group accepts the risks on material concentrations in accordance with industry-specific guidelines that outline the use of credit policies within the industry. For personal customers, the Group also manages key concentrations in relation to high LTV ratios and short-term interest loans, for example.

Geographical Concentrations

Credit reporting includes a breakdown by country. For selected countries, exposures to sovereigns, financial institutions and counterparties in derivatives trading are managed within country limits.

Warehouse Risk

During the past seven years, in the large corporate space, the Group has been engaged in loan underwriting activities based on an underwrite to distribute approach. The activities relate primarily to M&A transactions with a Nordic footprint. The activities are conducted under a strict governance regime and are subject to a limit. The Group is one of the leading Nordic banks engaged in these activities. The Group expects to increase the underwriting activities going forward in line with international capital efficiency developments in corporate banking.

Credit Exposure

Total Net Credit Exposure

Credit exposure consists of balance sheet items and off-balance-sheet items that carry credit risk. Most of the exposure derives from lending activities in the form of secured and unsecured loans. The Non-core business unit is not considered part of the Group's core activities and is stated separately. Securities positions taken by the Group's trading and investment units also entail credit risk and are presented as credit exposure from trading and investment securities as well as derivatives and loans at the Group's trading units.

The overall management of credit risk thus covers credit risk from direct lending activities, counterparty credit risk on derivatives and loans at the Group's trading units and credit risk from securities positions.

The following table sets forth the Group's total credit exposure (including the Non-core business unit) as at the dates indicated:

	As at December 31,		
	2022	2021	2020
	(DKK in billions)		
Credit exposure relating to lending activities			
Demand deposits with central banks	168.4	286.6	314.6
Due from credit institutions and central banks	22.7	31.7	29.0
Loans at amortized cost	1,082.8	1,027.4	1,024.6
Loans at fair value	724.1	809.9	816.3
Loans held for sale	–	–	0.4
Assets held for sale	–	4.5	–
Guarantees	81.4	81.0	71.9
Loan commitments	<u>436.0</u>	<u>477.4</u>	<u>475.2</u>
Total credit exposures related to lending activities	<u>2,515.3</u>	<u>2,718.5</u>	<u>2,732.0</u>
Credit exposure relating to trading and investing activities			
Due from credit institutions and central banks	38.1	39.5	52.4
Trading portfolio assets	638.8	509.6	682.9
Investment securities	303.0	303.8	296.8
Loans at fair value	208.6	214.6	207.0
Assets under pooled schemes and unit-linked investment contracts	66.5	76.7	82.8
Assets under insurance contracts	455.4	547.8	545.7
Assets held for sale	–	24.0	–
Other unutilized commitments	<u>15.2</u>	<u>16.1</u>	<u>19.0</u>
Total credit exposure relating to trading and investing activities	<u>1,725.6</u>	<u>1,732.1</u>	<u>1,886.6</u>
Total credit exposure	<u>4,240.9</u>	<u>4,450.5</u>	<u>4,618.6</u>

In addition to credit exposure from lending activities, the Group had made uncommitted loan offers and granted uncommitted lines of credit of DKK 216 billion as at December 31, 2022, DKK 194 billion as at December 31, 2021, and DKK 242 billion as at December 31, 2020. These items are included in the calculation of the total REA in accordance with the CRR.

Credit Exposure from Core Lending Activities

Credit exposure from lending activities in the Group's core banking business includes loans, amounts due from credit institutions and central banks, guarantees and irrevocable loan commitments. This excludes credit exposure of the non-core portfolio of DKK 2.5 billion as at December 31, 2022, DKK 2.9 billion as at December 31, 2021, and DKK 4.1 billion as at December 31, 2020. The exposure is measured net of ECLs and includes repo loans at amortized cost. For reporting purposes, all collateral values are net of haircuts and capped at the exposure amount.

Credit Portfolio in Core Lending Activities Broken Down by Industry (NACE)

The following tables set forth the Group's credit exposure broken down by industry. The industry segmentation is based on the classification principles of the Statistical Classification of Economic Activities in the European Community (NACE)

standard that has been adapted to the Group's business risk approach used for the active management of credit portfolio as at the dates indicated:

	As at December 31, 2022											
	Gross exposure			Expected credit loss			Net exposure			Net exposure, excluding collateral		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(DKK in billions)											
Public institutions	225.8	1.3	–	–	–	–	225.8	1.3	–	223.1	–	–
Financials	116.6	3.9	0.3	0.1	0.2	0.1	116.5	3.7	0.2	104.7	2.7	0.2
Agriculture	54.9	5.9	2.9	0.2	0.9	0.8	54.6	5.1	2.1	14.0	0.7	–
Automotive	25.4	2.3	0.2	–	0.1	0.1	25.4	2.2	0.1	20.8	0.9	–
Capital goods	87.3	9.2	1.3	0.1	0.3	0.7	87.2	8.9	0.7	79.0	7.3	0.3
Commercial property	250.6	46.9	3.6	0.4	2.2	0.7	250.3	44.7	2.9	45.8	10.5	0.5
Construction and building materials	43.6	8.6	1.2	0.1	0.5	0.5	43.5	8.1	0.7	32.7	4.6	0.2
Consumer goods	72.4	7.6	0.9	0.1	0.4	0.2	72.3	7.2	0.6	57.3	5.2	0.3
Hotels, restaurants and leisure	10.3	4.2	1.0	–	0.1	0.3	10.3	4.0	0.8	5.1	0.8	0.1
Metals and mining	13.9	1.1	–	–	–	–	13.9	1.1	–	12.0	0.8	–
Other commercials	15.4	0.8	0.2	0.3	–	0.1	15.1	0.8	0.2	11.9	0.3	–
Pharma and medical devices	42.3	3.7	–	–	0.1	–	42.2	3.6	–	39.8	3.2	–
Private housing co-ops and non-profit associations	187.4	3.8	0.6	0.1	0.1	0.1	187.3	3.7	0.5	26.6	0.8	–
Pulp, paper and chemicals	47.5	3.9	0.3	–	0.1	0.1	47.5	3.8	0.1	37.0	2.7	–
Retailing	30.3	3.1	1.7	0.1	0.1	0.6	30.2	3.0	1.1	19.4	2.2	0.4
Services	59.7	6.8	0.8	0.3	0.2	0.3	59.4	6.6	0.4	49.8	4.8	0.1
Shipping, oil and gas	34.6	1.2	5.4	–	–	1.0	34.6	1.2	4.4	24.3	1.0	0.3
Social services	26.9	0.8	0.7	–	0.1	0.1	26.8	0.7	0.6	13.0	0.3	0.4
Telecom and media	23.1	1.0	0.2	–	–	0.1	23.1	0.9	0.1	17.9	0.6	–
Transportation	13.7	2.6	0.5	–	0.1	0.1	13.6	2.4	0.3	6.3	0.9	0.1
Utilities and infrastructure	103.4	4.3	–	0.1	0.2	–	103.2	4.1	–	83.8	3.6	–
Personal customers	839.3	52.8	10.3	1.2	2.0	2.3	838.1	50.8	8.0	129.2	7.0	–
Total	<u>2,324.2</u>	<u>176.0</u>	<u>32.1</u>	<u>3.3</u>	<u>8.1</u>	<u>8.3</u>	<u>2,321.0</u>	<u>168.0</u>	<u>23.9</u>	<u>1,053.6</u>	<u>61.0</u>	<u>3.1</u>

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

As at December 31, 2020												
	Gross exposure			Expected credit loss			Net exposure			Net exposure, excluding collateral		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(DKK in billions)											
Public institutions	363.8	–	–	–	–	–	363.8	–	–	359.5	–	–
Financials	126.1	1.8	0.3	0.1	0.1	0.2	126.1	1.7	0.1	111.8	1.0	0.1
Agriculture	58.7	7.7	6.7	0.1	0.9	1.4	58.6	6.8	5.3	12.9	0.8	0.6
Automotive	27.5	3.2	0.5	–	0.2	0.1	27.5	2.9	0.5	20.2	1.6	0.2
Capital goods	68.6	7.0	2.1	–	0.5	0.7	68.5	6.5	1.4	59.9	5.6	0.7
Commercial property	312.8	11.5	7.1	0.6	0.9	1.1	312.1	10.6	5.9	68.2	1.0	0.7
Construction and building materials	43.6	5.1	2.0	–	0.3	0.6	43.6	4.8	1.4	31.2	2.0	0.6
Consumer goods	62.2	4.3	2.0	–	0.3	0.5	62.2	4.0	1.5	42.5	2.7	0.4
Hotels, restaurants and leisure	11.4	3.1	1.7	–	0.2	0.4	11.4	2.9	1.3	2.9	0.9	0.5
Metals and mining	12.7	0.6	0.1	–	–	–	12.7	0.6	0.1	10.3	0.3	–
Other commercials	22.1	1.1	0.1	0.1	–	–	22.0	1.1	–	20.4	0.3	–
Pharma and medical devices	47.2	2.6	0.2	–	–	–	47.2	2.5	0.2	43.7	1.8	–
Private housing co-ops and non-profit associations	203.2	3.6	2.0	0.1	0.3	0.2	203.1	3.4	1.7	33.2	0.8	0.2
Pulp, paper and chemicals	38.1	1.6	0.6	–	–	0.2	38.1	1.5	0.4	27.3	0.4	0.1
Retailing	20.5	4.1	2.5	–	0.2	1.0	20.5	3.8	1.5	10.8	2.8	0.7
Services	57.4	3.8	1.6	0.1	0.2	0.6	57.3	3.6	1.0	46.5	2.0	0.5
Shipping, oil and gas	33.5	6.0	6.6	0.1	0.7	2.1	33.4	5.2	4.5	17.6	1.8	0.2
Social services	26.0	0.9	1.2	–	0.1	0.3	26.0	0.8	0.9	9.6	0.4	0.5
Telecom and media	20.3	0.6	0.2	–	–	0.1	20.3	0.6	0.1	18.3	0.3	–
Transportation	11.4	3.3	1.0	–	0.2	0.1	11.4	3.0	0.9	5.1	1.8	0.1
Utilities and infrastructure	64.2	4.2	0.1	–	–	–	64.2	4.2	–	45.5	3.6	–
Personal customers	928.9	65.6	10.2	0.9	2.2	3.1	928.0	63.4	7.2	159.1	12.3	0.7
Total	2,560.2	141.4	48.8	2.3	7.4	12.9	2,558.0	134.0	35.9	1,156.6	44.3	7.0

The following tables set forth the Group's total credit exposure of core lending activities broken down by business unit and underlying segment as at the dates indicated:

As at December 31, 2022												
	Gross exposure			Expected credit loss			Net exposure			Net exposure, excluding collateral		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(DKK in billions)											
Personal Customers												
Personal Customers												
Denmark	466.0	30.8	6.6	1.0	1.7	1.4	464.9	29.1	5.2	57.7	4.4	–
Personal Customers												
Nordic	363.8	17.7	3.3	0.2	0.3	0.8	363.6	17.3	2.5	76.3	2.7	–
Personal Customers												
Other	–	–	–	–	–	–	–	–	–	–	–	–
Total Personal Customers	829.8	48.5	9.9	1.3	2.0	2.2	828.5	46.5	7.7	134.1	7.1	–
Business Customers												
Asset Finance	47.6	12.9	1.2	0.1	0.5	0.3	47.4	12.4	0.8	18.6	2.4	–
Business Customers	324.0	56.4	11.1	0.9	3.9	3.5	323.1	52.5	7.5	120.0	17.9	1.5
Commercial Real Estate	279.1	22.1	1.3	0.2	0.6	0.3	278.9	21.5	1.0	43.6	6.5	0.3
Business Customers												
Other	0.1	–	–	–	–	–	0.1	–	–	0.1	–	–
Total Business Customers	650.7	91.4	13.6	1.2	4.9	4.2	649.5	86.4	9.4	182.3	26.8	1.8
LC&I	615.2	29.1	7.0	0.5	1.0	1.5	614.7	28.1	5.5	545.1	25.8	1.2
Northern Ireland	81.4	6.9	1.7	0.3	0.2	0.4	81.1	6.7	1.2	45.1	1.1	–
Group Functions	147.1	0.2	–	–	–	–	147.1	0.2	–	146.9	0.2	–
Total gross exposure	2,324.2	176.0	32.1	3.3	8.1	8.3	2,321.0	168.0	23.9	1,053.6	61.0	3.1

As at December 31, 2021												
	Gross exposure			Expected credit loss			Net exposure			Net exposure, excluding collateral		
	(a)			(b)			= (a)-(b)					
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(DKK in billions)											
Personal Customers												
Personal Customers												
Denmark	523.7	23.4	12.0	0.9	1.2	2.3	531.8	22.2	9.8	63.9	2.3	0.3
Personal Customers												
Nordic	400.8	20.1	3.2	0.2	0.3	0.6	400.6	19.8	2.6	103.8	2.9	0.2
Personal Customers												
Other	4.0	0.2	0.1	—	—	—	4.0	0.2	0.1	0.9	0.1	—
Total Personal Customers	937.5	43.7	15.3	1.1	1.5	2.9	936.4	42.2	12.5	168.6	5.3	0.5
Business Customers												
Asset Finance	48.8	10.7	0.9	0.1	0.4	0.2	48.8	10.3	0.7	17.5	2.0	0.1
Business Customers	349.8	35.5	15.9	0.9	3.5	4.5	348.9	32.0	11.4	122.0	9.7	1.8
Commercial Real Estate	313.8	9.8	1.8	0.1	0.2	0.4	313.7	9.6	1.4	54.3	1.3	0.1
Business Customers												
Other	—	—	—	—	—	—	—	—	—	—	—	—
Total Business Customers	712.5	56.0	18.6	1.1	4.1	5.1	711.4	52.0	13.4	193.9	13.0	1.9
LC&I	560.5	25.4	10.1	0.3	1.1	3.8	560.2	24.2	6.3	482.2	18.4	0.9
Northern Ireland	93.7	5.4	2.0	0.1	0.1	0.6	93.6	5.3	1.4	55.9	0.7	0.1
Group Functions	256.7	0.1	—	—	—	—	256.7	0.1	—	256.3	0.1	—
Total gross exposure	2,560.9	130.6	46.0	2.7	6.8	12.4	2,558.2	123.8	33.6	1,156.8	37.5	3.5

Note: As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021," the Group has restated the comparative financial highlights and segment reporting as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures.

As at December 31, 2020												
	Gross exposure			Expected credit loss			Net exposure			Net exposure, excluding collateral		
	(a)			(b)			= (a)-(b)					
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(DKK in billions)											
Personal & Business Customers												
Personal Customers												
Denmark	545.5	34.0	5.3	0.8	1.6	2.3	544.6	32.4	3.1	69.6	6.6	0.4
Personal Customers												
Nordic	375.3	24.9	4.4	0.1	0.6	0.5	375.2	24.3	3.9	90.6	4.7	0.3
Business Customers	664.6	35.8	22.6	1.0	2.8	5.4	663.6	33.0	17.3	180.3	10.0	3.5
Asset Finance	45.8	13.8	1.5	0.1	0.4	0.3	45.7	13.4	1.2	15.6	2.8	0.2
Other	4.8	0.3	0.1	—	—	—	4.8	0.3	0.1	0.9	0.2	—
Total Personal & Business Customers	1,635.9	108.9	34.0	1.9	5.4	8.5	1,633.9	103.5	25.5	357.0	24.3	4.4
LC&I	588.3	25.6	11.6	0.2	1.8	3.7	588.1	23.7	7.9	497.7	18.4	2.2
Northern Ireland	83.1	6.9	3.1	0.1	0.2	0.6	83.0	6.7	2.4	49.6	1.5	0.4
Group Functions	253.0	0.1	—	—	—	—	253.0	0.1	—	252.3	—	—
Total gross exposure	2,560.3	141.5	48.8	2.3	7.4	12.9	2,558.0	134.0	35.9	1,156.6	44.3	7.0

Note: As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021," the Group has restated the comparative financial highlights and segment reporting as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The figures in the table as at December 31, 2020, have not been restated for these changes and, therefore, are not directly comparable in all respects with the information presented as at December 31, 2022 and 2021.

As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2020," the Group has restated the comparative financial highlights and segment reporting as at and for the year ended December 31, 2020, in the 2021 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures.

Classification of Customers

The main objectives of risk classification are to rank the Group's customers according to risk and to estimate each customer's PD. As part of the credit process, the Group classifies customers according to risk and updates their classifications upon receipt of new information. Risk classification comprises rating and credit scoring of customers. While all large customers are rated, the Group uses fully automated and statistically based scoring models for small customers such as personal customers and small businesses. Credit scores are updated monthly in a process subject to automated controls.

The Group has developed a number of classification models to assess customer PD and to classify customers in various segments.

In its credit risk management, the Group uses point-in-time ("PIT") PD estimates for risk classification. These PIT PD estimates express a customer's PD in the current economic situation. The Group's classification scale consists of 11 main rating categories with fixed PD bands. During a downturn, a customer's PIT PD may increase, and the customer may migrate to a lower rating category. The effect from a downturn is thus larger when PIT PD is used than if the classification were based on through-the-cycle PD, which the Group uses to calculate the REA for credit risk.

The classification of facilities between stage 1 and stage 2 for the purpose of calculating ECLs under IFRS 9 depends on whether the credit risk has increased significantly since initial recognition. The assessment of whether the credit risk has increased significantly since initial recognition is performed by considering the change in the risk of default occurring over

the remaining life of the individual facility and incorporating forward-looking information. A facility is transferred from stage 1 to stage 2 on the basis of observed increases in the PD:

- for facilities originated below 1 percent in PD: an increase in the facility's 12-month PD of at least 0.5 percentage points since initial recognition and a doubling of the facility's lifetime PD since origination; and
- for facilities originated above 1 percent in PD: an increase in the facility's 12-month PD of 2 percentage points since origination or a doubling of the facility's lifetime PD since origination.

In addition, facilities that are more than 30 days past due are moved to stage 2. 30 days past due is considered a backstop. Finally, customers subject to forbearance measures are placed in stage 2 if the Group, in the most likely outcome, expects no loss or the customers are in the two-year probation period for performing forbore exposures.

A facility is transferred from stage 2 to stage 3 when it becomes credit-impaired. A facility becomes credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. This includes observable data about (a) significant financial difficulty of the issuer or the borrower; (b) a breach of contract, such as a default or past due event; (c) the borrower, for financial or contractual reasons relating to the borrower's financial difficulty, having been granted a concession that would not otherwise have been considered; (d) it is becoming probable that the borrower will enter into bankruptcy or other financial restructuring; and (e) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit loss. It may not be possible to identify a single discrete event – instead, the combined effect of several events may cause a financial asset to become credit-impaired. Credit-impaired facilities are placed in rating category 10 or 11. For customers in rating category 10, the stage 3 classification applies only to customers where a loss is expected in the most likely scenario. For rating category 11 (default), all facilities are classified as stage 3 exposures.

Exposures that are considered to be in default for regulatory purposes will always be categorized as stage 3 exposures under IFRS 9. This applies to 90 days past-due considerations and unlikely-to-pay factors leading to regulatory default.

Management applies judgement and recognizes post-model adjustments to cover risks that are not reflected sufficiently in the Group's ECL model. Besides increasing the ECLs, the post-model adjustments may lead to the transfer of part of the gross exposure covered by the post-model adjustments from stage 1 to stage 2 through targeted PD pushes to the current point in time estimates of PD (*i.e.*, increases in the PD for the underlying customers in the selected portfolios covered by the post-model adjustments) to ensure consistency between the methods used for disclosing information about ECLs and exposures subject to significant increase in credit risk. While the distribution of customers between the Group's 11 rating categories is unchanged and reflects the current point-in-time estimate of the underlying customers' PDs, the PD pushes may lead to the transfer of gross exposures to stage 2 as the assessment of the increase in credit risk is performed by comparing the initial PD with the current PD (after the adjustment for the targeted PD pushes).

As at December 31, 2022, the exposure-weighted PD was 0.38 percent, as compared to 0.57 percent as at December 31, 2021, and 0.76 percent as at December 31, 2020.

The following tables set forth the Group's credit exposure broken down by rating category as at the dates indicated:

	As at December 31, 2022													
	PD level		Gross exposure			Expected credit loss			Net exposure			Net exposure, excluding collateral		
	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(percent)		(DKK in billions)											
1.....	–	0.01	135.9	0.1	–	–	–	–	135.9	0.1	–	115.2	–	–
2.....	0.01	0.03	233.5	0.2	–	–	–	–	233.5	0.2	–	116.8	0.1	–
3.....	0.03	0.06	540.9	0.8	–	0.1	–	–	540.8	0.8	–	264.1	0.3	–
4.....	0.06	0.14	630.6	1.9	–	0.6	–	–	630.0	1.9	–	301.0	0.9	–
5.....	0.14	0.31	463.1	14.0	–	0.4	0.1	–	462.7	13.9	–	155.1	7.7	–
6.....	0.31	0.63	235.8	54.3	–	0.5	0.9	0.1	235.3	53.3	–	74.9	23.8	–
7.....	0.63	1.90	75.5	59.5	–	0.9	2.6	–	74.6	56.9	–	24.5	21.3	–
8.....	1.90	7.98	7.3	29.9	–	0.4	2.8	–	6.8	27.0	–	1.7	4.3	–
9.....	7.98	25.70	0.9	3.1	0.1	–	0.7	–	0.9	2.4	0.1	0.2	0.2	0.1
10.....	25.70	99.99	0.6	12.0	0.2	–	0.9	0.1	0.6	11.1	0.1	0.1	2.1	–
11 (default).....	100.00	100.00	0.2	0.4	31.6	0.3	–	8.1	–	0.4	23.5	–	0.1	3.0
Total.....			2,324.2	176.0	32.1	3.3	8.1	8.3	2,321.0	168.0	23.8	1,053.6	61.0	3.1

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

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

Credit Risk Mitigation and Collateral Management

The Group uses a number of measures to mitigate credit risk, including collateral, guarantees and covenants. The main method is to obtain collateral.

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

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

The market value of collateral is subject to a haircut to reflect the fact that the Group may not be able to obtain the estimated market value upon the sale of the individual asset in a distressed situation. Hence, the haircut includes a forced sale reduction, price volatility during the sales period, realization 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.

The Group uses guarantee schemes offered by the governments in the Group's markets to mitigate the economic consequences of the COVID-19 pandemic.

The following tables set forth the value of the Group's collateral (after relevant haircuts) by type as at the dates indicated:

As at December 31, 2022						
	Personal Customers	Business Customers	LC&I	Northern Ireland	Other areas (for example, Group Functions)	Total
	(DKK in billions, unless otherwise indicated)					
Real property.....	730.4	458.1	38.0	36.5	0.2	1,263.2
Personal.....	717.4	1.8	–	24.7	0.1	744.0
Commercial.....	10.8	419.3	36.4	9.8	0.1	476.3
Agricultural.....	2.2	37.0	1.6	2.1	–	42.9
Bank accounts.....	0.2	0.4	0.1	–	–	0.7
Custody accounts and securities.....	3.0	4.4	6.6	–	–	14.0
Vehicles.....	1.8	19.0	2.8	–	–	23.6
Equipment.....	–	11.7	3.3	2.5	–	17.5
Vessels and aircraft.....	–	1.0	13.3	–	–	14.3
Guarantees.....	6.2	3.6	11.6	2.5	–	23.8
Amounts due.....	0.2	2.5	0.6	0.2	–	3.5
Other assets.....	–	29.8	3.4	1.3	–	34.4
Total collateral.....	<u>741.8</u>	<u>530.5</u>	<u>79.6</u>	<u>42.9</u>	<u>0.2</u>	<u>1,395.1</u>
Total unsecured credit exposure.....	140.8	214.8	568.7	46.2	–	970.6
Unsecured portion of credit exposure (percent).....	16.0	28.8	87.7	51.8	–	41.0

As at December 31, 2021						
	Personal Customers	Business Customers	LC&I	Northern Ireland	Other areas (ex Group Functions)	Total
	(DKK in billions, unless otherwise indicated)					
Real property.....	800.2	495.5	41.0	35.8	0.5	1,372.9
Personal.....	789.1	5.0	–	23.8	0.4	818.3
Commercial.....	8.6	449.1	39.3	9.7	0.1	506.7
Agricultural.....	2.6	41.3	1.7	2.3	–	47.9
Bank accounts.....	0.6	0.5	0.2	–	–	1.3
Custody accounts and securities.....	8.0	4.6	4.8	–	–	17.3
Vehicles.....	1.4	22.8	0.1	–	–	24.3
Equipment.....	0.1	10.6	3.5	2.9	–	17.1
Vessels and aircraft.....	–	1.6	19.3	–	–	21.0
Guarantees.....	3.3	3.6	15.8	3.3	–	25.9
Amounts due.....	0.1	2.6	0.9	0.3	–	4.0
Other assets.....	–	29.0	3.8	1.2	–	34.0
Total collateral.....	<u>813.6</u>	<u>570.9</u>	<u>89.3</u>	<u>43.5</u>	<u>0.5</u>	<u>1,517.8</u>
Total unsecured credit exposure.....	177.4	205.8	501.5	56.8	–	941.4
Unsecured portion of credit exposure (percent).....	17.9	26.5	84.9	56.6	–	38.3

Note: As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021," the Group has restated the comparative financial highlights and segment reporting as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures.

As at December 31, 2020						
	Personal & Business Customers	LC&I	Northern Ireland	Group Functions	Total	
	(DKK in billions, unless otherwise indicated)					
Real property.....	1,282.5	41.5	32.9	0.7	1,357.6	
Personal.....	781.8	–	21.5	0.6	804.0	
Commercial.....	453.1	39.3	9.1	–	501.6	
Agricultural.....	47.5	2.1	2.4	–	52.0	
Bank accounts.....	2.0	0.4	–	–	2.4	
Custody accounts and securities.....	11.7	6.6	–	–	18.3	
Vehicles.....	24.0	0.1	–	–	24.2	
Equipment.....	12.6	4.7	3.1	–	20.3	
Vessels and aircraft.....	2.0	22.1	–	–	24.1	
Guarantees.....	9.4	18.8	3.0	–	31.2	
Amounts due.....	2.7	1.5	0.3	–	4.5	
Other assets.....	30.4	5.7	1.3	–	37.4	
Total collateral.....	<u>1,377.4</u>	<u>101.4</u>	<u>40.7</u>	<u>0.7</u>	<u>1,520</u>	
Total unsecured credit exposure.....	385.6	518.4	51.5	252.4	1,207.9	
Unsecured portion of credit exposure (percent).....	21.9	83.6	55.9	99.7	44.3	

Note: As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021," the Group has restated the comparative financial highlights and segment reporting as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The figures in the table as at December 31, 2020, have not been restated for these changes and, therefore, are not directly comparable in all respects with the information presented as at December 31, 2022 and 2021.

As discussed in more detail under “*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2020*,” the Group has restated the comparative financial highlights and segment reporting as at and for the year ended December 31, 2020, in the 2021 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures.

The average unsecured portion of the past due amounts with no evidence of impairment was 22.0 percent as at December 31, 2022, 19.7 percent as at December 31, 2021, and 0.0 percent as at December 31, 2020. Real property accounted for 67.2 percent of collateral provided as at December 31, 2022, 83.5 percent as at December 31, 2021, and 74.8 percent as at December 31, 2020.

Credit Risk Management 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. Several controls are incorporated in these systems, which aim to ensure accurate classification of customers and timely default registration based on risk events and days past due, timely registration and accurate valuation of collateral, granting of credit facilities according to delegated lending authorities, and formalized monitoring and follow-up procedures.

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, including file comments and credit exposure, is created and stored properly.

Principles for Impairment Charges, Stage 3 Exposures and Forbearance

Overview

The Group conducts impairment tests, assessing all credit facilities for credit impairment in accordance with IFRS 9 and the guidelines set out in the Executive Order on Financial Reports for Credit Institutions from the DFSA.

Loan Impairment Charges

Loan impairment charges include impairment charges for ECLs against loans, lease receivables, bonds at amortized cost and FVOCI, certain loan commitments and financial guarantee contracts as well as FVA of the credit risk on loans measured at fair value. The item also includes expected losses and realized gains and losses on assets (such as tangible assets and group undertakings) taken over by the Group under NPL agreements. Further, the item includes external costs directly attributable to the collection of amounts due under NPLs, such as legal costs.

Definition of Default

The definition of default is used in the measurement of expected credit losses and the assessment to determine movements between stages. The definition of default is also used for internal credit risk management and capital adequacy purposes. To support a more harmonized approach regarding the application of the definition of default, the EBA has issued the following guidelines for the application of the definition of default, the “*Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013 (EBA/GL/2016/07)*” (the “**Guidelines**”) and the “*Draft Regulatory Technical Standards on the materiality threshold for credit obligations past due under Article 178 of Regulation (EU) No 575/2013 (EBA/RTS/2016/06)*” (the “**RTS**”).

The Group defines stage 3 exposures as stated in IFRS 9. The Group implemented the new requirements related to the definition of default in January 2022 in order to align the existing definition of default to the new requirements outlined in the Guidelines and the RTS. According to the revised definition of default, exposures that are considered default are also considered Stage 3 exposures. This is applicable for exposures that are default due to either the 90 days past due default trigger or the unlikelihood to pay default triggers. As a result, all NPLs are now considered default, and, therefore, equal to the total of stage 3 exposures.

Prior to January 2022, the definition of default used by the Group was based on NPLs. The Group defined NPLs as stage 3 exposures. However, for non-retail exposures with one or more NPLs, the entire amount of a customer’s exposure was considered to be nonperforming. For retail exposures, only impaired facilities were included in NPLs. The Group excluded exposures in stage 3 with no impairment charges or where the allowance account was considered immaterial to the gross exposure.

Although stage 3 and default (rating 11) are generally aligned, a small amount of credit exposure in stage 3 can be found outside default. This is due to impairment staging being updated monthly (after each month-end), whereas default is updated daily. For the same reason, some credit exposure in default is outside stage 3. Total gross exposure in stage 2 increased by DKK 45 billion for the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily in commercial property due to changes in macroeconomic scenarios and (forward-looking) post-model adjustments.

Stage 3 Exposures and Forbearance

The Group engages in work-out processes with customers in order to minimize losses and help healthy customers in temporary financial difficulty. During the work-out process, the Group makes use of forbearance measures to assist nonperforming customers. Concessions granted to customers include interest-reduction schedules, temporary payment holidays, term extensions, waiver of covenant enforcement and settlements, etc. Work-out processes can be lengthy, and the Group may need to maintain impairment charges for certain customers for a long period of time.

Forbearance measures must comply with the Group's Credit Policy. They are used as a tool to maintain long-term customer viability if customers in financial difficulty are likely to be able to meet obligations at a later stage.

Since 2014, the Group has identified an increasing number of exposures subject to forbearance measures, partially as a result of stronger focus on the registration and monitoring of forbearance activities. During the COVID-19 pandemic, the Group granted concessions to assist customers affected by the pandemic. This level decreased during 2022 due to the expiry of granted concessions.

Stage 3 Loans, Impairment Charges and Allowance Account

The following table sets forth certain information on the Group's stage 3 loans in its core activities as at the dates indicated:

	As at December 31,	
	2022	2021
	(DKK in millions, unless otherwise indicated)	
Gross stage 3 loans	32,132	46,012
Stage 3 loans allowance account.....	<u>(8,251)</u>	<u>(12,397)</u>
Net stage 3 loans.....	23,881	33,615
Collateral (after haircut).....	<u>(20,775)</u>	<u>(30,143)</u>
Net stage 3 loans (excluding collateral)	<u>3,106</u>	<u>3,472</u>
Coverage ratio (total stage 3 loans) (percent)	73	78
Stage 3 loans as a percentage of total gross exposure (percent).....	1.3	1.7

Note: The Group implemented the new requirements related to the definition of default in January 2022 in order to align the existing definition of default to the new requirements outlined in the Guidelines and the RTS. Comparative information as at December 31, 2021, was restated to reflect the change in presentation in the Group's 2022 reporting. The above table reflects the restated figures as at December 31, 2021.

The following table sets forth certain information on the Group's NPLs in its core activities as at the dates indicated:

	As at December 31,	
	2021	2020
	(DKK in millions, unless otherwise indicated)	
Gross NPLs.....	27,636	31,776
NPL allowance account	<u>(11,980)</u>	<u>(12,934)</u>
Net NPLs	15,657	18,842
Portion from customers in default.....	5,042	6,698
Collateral (after haircut).....	<u>(14,258)</u>	<u>(14,567)</u>
Net NPLs (excluding collateral)	<u>1,399</u>	<u>4,275</u>
NPL coverage ratio (default) (percent)	100	100
Coverage ratio (non-default) (percent).....	78	54
Coverage ratio (total NPLs) (percent).....	90	75
NPLs as a percentage of total gross exposure (percent).....	1.0	1.2

Note: The Group implemented the new requirements related to the definition of default in January 2022 in order to align the existing definition of default to the new requirements outlined in the Guidelines and the RTS. The figures in the table above have not been restated for this change.

The following table sets forth an industry breakdown of the Group's stage 3 loans and impairment charges as at the dates indicated:

	As at December 31, 2022				As at December 31, 2021			
	Gross stage 3 = a + b	Expected credit loss b	Net stage 3 exposure a	Net stage 3 exposure, excluding collateral	Gross stage 3 = a + b	Expected credit loss b	Net stage 3 exposure a	Net stage 3 exposure, excluding collateral
	(DKK in millions)							
Public institutions.....	5	1	5	4	5	0	5	5
Financials.....	321	127	194	171	434	194	240	25
Agriculture.....	2,896	805	2,091	40	4,821	1,215	3,606	85
Automotive.....	195	71	124	33	301	80	220	89
Capital goods.....	1,324	651	674	289	1,579	559	1,020	526
Commercial property.....	3,608	713	2,895	452	5,462	1,163	4,300	555
Construction and building materials.....	1,176	506	670	219	1,889	697	1,192	531
Consumer goods.....	854	249	606	289	957	306	652	45
Hotels, restaurants and leisure...	1,043	262	781	150	1,874	448	1,426	212
Metals and mining.....	35	10	24	10	53	21	33	16
Other commercials.....	250	55	195	7	125	30	95	(10)
Pharma and medical devices.....	12	5	7	1	31	9	22	7
Private housing co-ops and non- profit associations.....	631	118	513	45	908	212	696	68
Pulp, paper and chemicals.....	292	145	147	1	166	93	73	(1)
Retailing.....	1,670	571	1,098	419	2,404	978	1,427	222
Services.....	787	348	439	131	811	351	459	102
Shipping, oil and gas.....	5,399	975	4,424	347	6,571	2,406	4,165	(31)
Social services.....	670	105	565	394	1,019	334	685	410
Telecom and media.....	166	75	90	15	201	88	113	27
Transportation.....	463	121	342	88	481	76	405	121
Utilities and infrastructure.....	9	14	-	-	31	13	17	9
Personal customers.....	10,327	2,325	7,997	-	15,889	3,124	12,765	458
Total.....	<u>32,132</u>	<u>8,251</u>	<u>23,881</u>	<u>3,106</u>	<u>46,012</u>	<u>12,397</u>	<u>33,615</u>	<u>3,471</u>

Note: The Group implemented the new requirements related to the definition of default in January 2022 in order to align the existing definition of default to the new requirements outlined in the Guidelines and the RTS. Comparative information as at December 31, 2021, was restated to reflect the change in presentation in the Group's 2022 reporting. The above table reflects the restated figures as at December 31, 2021.

The following tables set forth an industry breakdown of the Group's NPLs and impairment charges as at the dates indicated:

	As at December 31, 2021				As at December 31, 2020			
	Gross exposure (a)	Expected credit losses (b)	Net exposure = (a) + (b)	Net exposure, excluding collateral	Gross exposure (a)	Expected credit losses (b)	Net exposure = (a) + (b)	Net exposure, excluding collateral
	(DKK in millions)							
Public institutions.....	5	-	5	5	-	-	-	-
Financials.....	521	192	329	-	199	199	-	-
Agriculture.....	2,261	1,215	1,046	22	3,156	1,410	1,746	440
Automotive.....	237	80	157	85	480	163	317	113
Capital goods.....	1,817	653	1,164	257	1,793	672	1,121	779
Commercial property.....	3,012	1,049	1,964	66	3,371	1,016	2,356	111
Construction and building materials.....	1,249	705	543	-	1,520	658	862	303
Consumer goods.....	806	328	479	54	1,452	575	878	173
Hotels, restaurants and leisure...	1,117	434	683	42	1,563	410	1,153	678
Metals and mining.....	44	21	23	10	100	42	58	23
Other commercials.....	51	12	39	3	19	8	11	1
Pharma and medical devices.....	29	9	20	6	52	11	41	17
Private housing co-ops and non-profit associations.....	542	205	336	60	715	231	484	84
Pulp, paper and chemicals.....	137	92	44	-	418	180	237	62
Retailing.....	2,156	991	1,165	224	2,137	1,030	1,108	422
Services.....	592	329	263	63	941	526	415	182
Shipping, oil and gas.....	5,728	2,393	3,335	-	6,509	2,270	4,239	95
Social services.....	932	343	589	177	872	323	549	-
Telecom and media.....	167	87	80	7	177	106	71	9
Transportation.....	340	77	262	23	866	129	737	523
Utilities and infrastructure.....	25	13	12	8	47	47	-	-
Personal customers.....	5,870	2,750	3,120	289	5,388	2,931	2,457	261
Total.....	<u>27,636</u>	<u>11,980</u>	<u>15,657</u>	<u>1,399</u>	<u>31,776</u>	<u>12,934</u>	<u>18,842</u>	<u>4,275</u>

Note: The Group implemented the new requirements related to the definition of default in January 2022 in order to align the existing definition of default to the new requirements outlined in the Guidelines and the RTS. The figures in the table above have not been restated for this change.

The following table sets forth information on the Group's loan impairment charges as at the dates and for the years indicated:

	As at and for the year ended December 31,		
	2022	2021	2020
	(DKK in millions)		
ECL impairment on due from credit institutions and central banks.....	25	29	(3)
ECL impairment on loans at amortized cost.....	979	353	5,863
ECL impairment on loan commitments and guarantees etc.....	483	(493)	889
ECL impairment total.....	<u>1,487</u>	<u>(111)</u>	<u>6,748</u>
Fair value credit risk adjustment on loans at fair value.....	15	252	341
Total.....	<u>1,502</u>	<u>141</u>	<u>7,089</u>
ECL on new assets.....	3,117	3,768	4,651
ECL on assets derecognized.....	(6,448)	(6,701)	(5,260)
Impact of net remeasurement of ECL (including changes in models).....	3,271	1,287	4,366
Write-offs charged directly to income statement.....	2,050	2,407	3,986
Received on claims previously written off.....	(233)	(373)	(376)
Interest income, effective interest method.....	(255)	(248)	(278)
Total.....	<u>1,502</u>	<u>141</u>	<u>7,089</u>

The following tables set forth the Group's allowance account broken down by segment and type of impairment as at the dates indicated:

	Personal Customers	Business Customers	LC&I	Northern Ireland	Group Functions	Allowance account total
	(DKK in millions)					
ECL allowance account as at						
January 1, 2021.....	5,814	9,956	5,777	990	15	22,554
ECL on new assets.....	524	1,768	1,215	259	2	3,767
ECL on assets derecognized.....	(864)	(2,023)	(3,333)	(266)	(3)	(6,489)
Impact on remeasurement of ECL (including changes in models).....	304	934	152	(135)	4	1,259
Write-offs debited to allowance account.....	-	-	-	(5)	-	(5)
Foreign currency translation.....	12	2	257	71	-	343
Other changes.....	(136)	(454)	1,159	(63)	(1)	505
ECL allowance account as at December 31, 2021.....	5,654	10,186	5,227	850	17	21,935
ECL on new assets.....	606	2,107	330	67	6	3,116
ECL on assets derecognized.....	(713)	(2,100)	(3,383)	(128)	(4)	(6,329)
Impact on remeasurement of ECL (including changes in models).....	837	663	1,494	244	15	3,253
Write-offs debited to allowance account.....	(946)	(438)	(684)	(129)	-	(2,198)
Foreign currency translation.....	(32)	(166)	67	(41)	(1)	(173)
Other changes.....	22	(16)	(2)	-	(3)	1
ECL allowance account as at December 31, 2022.....	5,427	10,235	3,050	863	31	19,605

Note: As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021," the Group has restated the comparative financial highlights and segment reporting as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures.

	Personal & Business Customers	LC&I	Northern Ireland	Group Functions	Allowance account total
	(DKK in millions)				
ECL allowance account as at January 1, 2020.....	14,771	4,942	730	8	20,451
ECL on new assets.....	2,399	1,990	108	10	4,507
ECL on assets derecognized.....	(3,043)	(2,031)	(103)	(3)	(5,180)
Impact on remeasurement of ECL (including changes in models).....	1,807	2,122	354	1	4,283
Write-offs debited to allowance account.....	(160)	(865)	(51)	-	(1,076)
Foreign currency translation.....	14	(388)	(48)	(2)	(425)
Other changes.....	(14)	8	(1)	1	(6)
ECL allowance account as at December 31, 2020.....	15,773	5,777	990	15	22,554

Note: As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021," the Group has restated the comparative financial highlights and segment reporting as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The figures in the

table as at December 31, 2020, have not been restated for these changes and, therefore, are not directly comparable in all respects with the information presented as at December 31, 2022 and 2021.

As discussed in more detail under “*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2020*,” the Group has restated the comparative financial highlights and segment reporting as at and for the year ended December 31, 2020, in the 2021 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures.

Past Due Amounts in Core Activities

The following tables set forth the Group’s past due amounts (no evidence of impairment) in core activities as at the dates indicated:

As at December 31, 2022							
	Personal Customers	Business Customers	LC&I	Northern Ireland (DKK in millions)	Other areas (for example, Group Functions)	Total past due amounts	Total due under loans
6–30 days	23	24	1	2	–	49	1,547
31–60 days	20	3	–	–	–	24	467
> 60 days	58	4	1	–	–	64	487
Total past due amounts	101	31	2	2	–	136	–
Total due under loans	1,627	788	2	83	2	–	2,501

As at December 31, 2021							
	Personal Customers	Business Customers	LC&I	Northern Ireland (DKK in millions)	Other areas (for example, Group Functions)	Total past due amounts	Total due under loans
6–30 days	45	16	1	2	–	65	944
31–60 days	16	4	–	2	–	23	480
> 60 days	46	5	–	1	–	52	510
Total past due amounts	107	25	2	6	–	140	–
Total due under loans	1,549	285	9	92	1	–	1,935

Note: As discussed in more detail under “*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021*,” the Group has restated the comparative financial highlights and segment reporting as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures.

As at December 31, 2020						
	Personal & Business Customers	LC&I	Northern Ireland (DKK in millions)	Group Functions	Total past due amounts	Total due under loans
6–30 days	91	3	1	–	95	1,530
31–60 days	33	–	1	–	35	691
> 60 days	42	–	–	–	43	587
Total past due amounts	166	4	2	–	173	–
Total due under loans	2,723	16	60	8	–	2,807

Note: As discussed in more detail under “*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021*,” the Group has restated the comparative financial highlights and segment reporting as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The figures in the table as at December 31, 2020, have not been restated for these changes and, therefore, are not directly comparable in all respects with the information presented as at December 31, 2022 and 2021.

As discussed in more detail under “*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2020*,” the Group has restated the comparative financial highlights and segment reporting as at and for the year ended December 31, 2020, in the 2021 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures.

Counterparty Credit Risk

General

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 credit worthiness of a counterparty) and market risk (the potential value of a derivative contract).

The Group takes on counterparty credit risk when it enters into over-the-counter derivatives, securities financing transactions (“SFTs”) and exchange-traded derivatives. These 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 potential future exposure (“PFE”) of such transactions

fluctuates since the market value is related to the underlying market factors (such as foreign exchange and interest rate fluctuations) and may thus shift between positive and negative levels.

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 individual derivative transaction is not covered after netting and the realization of collateral.

At the customer level, counterparty credit risk is managed by means of maximum tolerable 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 appetite, including current exposure and exposure at default.

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 counterparty's rating and the rating of the underlying securities.

The Group manages its exposure to market risk on FVA (xVA), including CVA, under separate limits in the xVA framework as described under "*Market Risk*" below.

As at December 31, 2022, 3.4 percent of the Group's total REA related to counterparty credit risk, including clearing counterparty default risk and CVA risk charge.

Governance and Responsibilities

The Group organizes its counterparty credit risk activities in line with the principles of the three-lines-of-defense model as defined in its ERM framework.

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

Methodologies and Models

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

Current exposure 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 the 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 (approximately 6 percent), 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 DFSA 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.

Monitoring and Reporting

The Group carries out daily counterparty credit risk measurement and monitoring as well as intraday line utilization monitoring. An overview of counterparty credit risk exposure 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.

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 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 utilizations, registration of master agreements, measurement and management reporting.

Counterparty Credit Risk Exposure

Current gross exposure is the total of all positive market values from transactions made before balance sheet netting (netting effect) and collateral reduction (collateral effect). It is equivalent to the total amount of derivatives with positive fair value on the balance sheet. As at December 31, 2022, the Group's current gross exposure to derivatives was DKK 1,215 billion (December 31, 2021: DKK 671 billion). When netting effects and collateral received are taken into account, the current exposure to derivatives was DKK 21 billion as at December 31, 2022 (December 31, 2021: DKK 25 billion).

As at December 31, 2022, the financial institutions segment represented the Group's highest level of exposure (increasing to 66 percent from 45 percent as at December 31, 2021), while exposures to commercial property companies, corporates and public institutions were lower.

Until the end of 2022, the Group cleared approximately 60 percent of the total notional amount of derivatives transactions through clearing counterparties and used collateral agreements to support approximately 93 percent of non-cleared transactions.

The following tables set forth the Group's current exposure to derivatives and SFTs before and after netting and collateral on current exposure as at the dates indicated:

	As at December 31		
	Total	Derivatives	SFTs
	(DKK in millions)		
2022			
Current gross exposure	1,225,587	1,214,815	10,772
Current exposure after netting.....	97,784	89,139	8,645
Current exposure after netting and collateral	27,274	20,659	6,615
2021			
Current gross exposure	676,787	670,662	6,125
Current exposure after netting.....	81,626	76,829	4,796
Current exposure after netting and collateral	30,586	25,209	5,377
2020			
Current gross exposure	905,600	899,739	5,862
Current exposure after netting.....	114,248	109,601	4,647
Current exposure after netting and collateral	43,430	37,027	6,403

As at December 31, 2022, approximately 79.6 percent of the Group's collateral agreement holdings consisted of cash. The remainder consisted mainly of Danish mortgage bonds and government bonds issued by Denmark, France and Germany.

As at December 31, 2022, approximately 98 percent of the exposure related to counterparties with a classification comparable to an investment grade rating.

Exposure Relating to Counterparty Credit Risk and Credit Exposure from Trading and Investment Securities

The following table sets forth a breakdown of the Group's exposure to counterparty credit risk from derivatives and credit exposure from trading and investment securities as at the dates indicated:

	As at December 31,		
	2022	2021	2020
	(DKK in billions)		
Counterparty credit risk			
Derivatives with positive fair value	430.1	260.2	379.6
Reverse transactions and other loans at fair value ⁽¹⁾	246.8	254.1	259.4
Credit exposure from other trading and investment securities			
Bonds.....	502.2	539.8	583.4
Shares.....	10.2	13.3	16.7
Other unutilized commitments ⁽²⁾	0.1	0.1	0.2
Total.....	<u>1,189.3</u>	<u>1,067.6</u>	<u>1,239.3</u>

(1) Reverse transactions and other loans at fair value included as counterparty credit risk are loans at the trading units of LC&I. As at December 31, 2022, these loans consisted of reverse transactions of DKK 246.0 billion (December 31, 2021: DKK 252.3 billion; December 31, 2020: DKK 256.7 billion), of which DKK 37.4 billion (December 31, 2021: DKK 37.7 billion; December 31, 2020: DKK 50.0 billion) related to credit institutions and central banks, and other primarily short-term loans of DKK 0.8 billion (December 31, 2021: DKK 1.7 billion;

December 31, 2020: DKK 2.8 billion), of which DKK 0.8 billion (December 31, 2021: DKK 1.7 billion; December 31, 2020: DKK 2.4 billion) relates to credit institutions and central banks.

(2) Other unutilized commitments comprise private equity investment commitments and other obligations.

Sustainability Risk

The 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. Climate risk is currently the most urgent and likely to remain the key ESG factor in upcoming years due to the accelerated speed of the energy transition. 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 impact on the Group's performance – including financial and reputational impacts – as a result of current or future ESG events or conditions. Sustainability risk is considered a cross-taxonomy risk 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. As a result, the potential impacts from sustainability risk have to be identified, assessed, monitored and mitigated as part of the existing management of the Group's risk categories under the three-lines-of-defense model. The group-level principles for sustainability risk management are outlined in the Group's enterprise risk management framework, and specifications are provided in relevant risk policies to enable the consideration of sustainability factors in the existing risk management processes across the Group's business activities.

In order to determine the areas in which the Group is most materially exposed to sustainability risks, the Group continuously assesses and reviews the ways in which ESG events and conditions can increase financial and non-financial risks. Taking a risk-based approach, the Group prioritizes its efforts to manage sustainability risk where the negative impact on the Group is deemed to be high.

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. The Group will continue to monitor risk management enhancements in the coming years across financial risks.

Sustainability and Credit Risk

Sustainability and credit risk management is laid out in a number of frameworks and policies. At the core, the Group publishes its viewpoints on a number of sustainability themes in position statements that outline the Group's expectations and, in some cases, list restrictions on loans granted to and investments made on behalf of businesses 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.

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 also enable the Group to monitor the overall sustainability risk level.

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

In 2022, further risk management efforts focused on the agriculture and the utilities and infrastructure portfolios. The assessment of the agriculture portfolio revealed a need for the portfolio to be rebalanced and decarbonized in the light of potential carbon taxes and other mitigation schemes that could have a significant financial impact on the sector in the long term. The Group has therefore started to look into obtaining agricultural climate footprint data in order to gain a more accurate assessment of the exposure and to develop a long-term climate plan for the sector. The utilities and infrastructure sector has seen an early transition in the Nordic countries, with good progress towards renewable energy. To maintain energy intensity below the net-zero pathway, the Group now also assesses customers' decarbonization strategy and transition plans.

Climate Risk Management

Climate risk is currently the most urgent of all ESG-related drivers capable of affecting the Group's credit risk, and risk practices are being enhanced in accordance with regulatory developments and the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures. Climate risk pertains to transition risks, which are risks associated with the shift to a low-carbon economy, and to physical risks arising from projected climate changes, including both long-term shifts (chronic changes) and event-driven changes (acute changes) to weather patterns. Credit risk will be affected by both of these climate-related risks in the medium and long term.

The Group takes a risk-based approach in prioritizing risk management efforts for sectors that are likely to be most exposed to transition and physical risks. For that purpose, the Group's climate risk heat is based on a mix of qualitative and quantitative input to define credit exposures most exposed to transition and physical risks. It is important to note that the climate risk heat map gives an indication of the size of the exposure at risk and not of the expected stress effects such as impairment charges. Such quantitative measures are to be assessed through scenario analysis and future stress testing. The Group will continue to refine the climate risk heat map as more climate risk data becomes available to support the identification of both transition and physical risks for the purpose of determining financial materiality.

Sustainability and Non-Financial Risks

From a Group perspective, the non-financial risks most materially affected by sustainability drivers relate specifically to the risk of not treating customers fairly (regulatory compliance), including practices and arrangements for product governance (operational risks).

Sustainability and Treating Customers Fairly

The standards for treating customers fairly are laid out in the Group's relevant policy, underlying frameworks and processes that address customer needs, profiling and information.

When it comes to investments, advisers use a digital system to identify and assess each customer's sustainability preferences as part of the suitability assessment through a set of questions based on the MiFID II and the Insurance Distribution Directive regulatory requirements for sustainability preferences. To ensure a product match between customer sustainability preferences and product recommendation, the Group's sustainability preferences concept is designed to ensure a link between the individual customer's sustainability preferences and the Group's product offerings. Efforts are still subject to further enhancement and continued close monitoring because the Sustainable Finance Disclosure Regulation and the EU Taxonomy Regulation are still considered subject to further clarifications on interpretation and application by legislators and regulators.

For product governance practices and arrangements, the Group's management of sustainability risk is laid out in frameworks and procedures subject to the Group's New & Amended Product Approval Policy and Product Governance Instructions. Similarly, the Group's position statements on various sustainability themes are integrated into the Group's investment product offerings to support the regulatory due diligence processes and the integration of sustainability risk into the investment decision-making process.

The Group continues to increase the oversight of risks in relation to its sustainability positioning, marketing and communication activities. Furthermore, additional oversight processes are being put in place with regards to the Group's general communications in its branding, marketing and disclosure activities relating to sustainability.

The expectations for sufficient oversight of non-financial risk management are likely to increase in the coming years and will be assessed through the sustainability risk inventory on an ongoing basis. This includes the Group's overall sustainability strategy and targets, including position statements and group-wide sustainability commitments. This will provide additional oversight to enable the Group to monitor progress in respect of these commitments and to ensure that there is a balance between risk and opportunities and that targets are set on the basis of sound methodologies.

Market Risk

Market Risk Management

The Group's market risk management is intended to ensure proper oversight of all market risks, including trading-related and non-trading-related market risks as well as the market risk in relation to FVA. The market risk framework is designed to systematically identify, assess, monitor and report on market risk. As at December 31, 2022, market risk accounted for 5.7 percent of the Group's total REA.

LC&I manages the market risk (such as interest rate risk, equity market risk and foreign exchange risk) associated with its trading activities in the financial markets. The market risk in relation to the trading portfolio can be defined as the risk of losses caused by changes in the market value of financial assets, liabilities and derivatives resulting from changes in market prices or rates.

Group Treasury manages the interest rate risks and structural foreign exchange risk associated with the assets and liabilities of the non-trading portfolio. Interest rate risk in the banking book (“**IRRBB**”) refers to the current or prospective risk to the Group’s capital and earnings arising from adverse movements in interest rates that affect the Group’s non-trading portfolio positions. Changes in interest rates also affect the Group’s earnings by altering interest rate-sensitive income and expenses, thus affecting the Group’s net interest income. Group Treasury also monitors the risks associated with the Group’s legacy defined benefit pension plans. The equity risk in relation to the non-trading portfolio is managed by Group Finance.

Danica Pension’s market risk is managed separately. For more detailed information, see “—*Life Insurance Risk*” below.

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 within which the Group’s market risk profile and business strategy are defined. The 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 LC&I, Group Treasury and Group Finance (the first line of defense) through the implementation of the Market Risk Policy into standard operating procedures and the control environment. Market risks in relation to other business units are transferred to and managed by Group Treasury. The units own, identify and manage the market risk and perform operational and managerial controls in the day-to-day risk management.

Market & Liquidity Risk (the second line of defense) at Group Risk Management owns the market risk framework and is in charge of market risk oversight and control of the first-line-of-defense units.

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 first-line-of-defense units. Group Finance is accountable for the independent price verification framework, prudent valuation and profit and loss control.

Market Risk Appetite

The Group has set a market risk appetite for its trading portfolio covering trading-related market risk and xVA-related market risk. The trading-related market risk appetite and the xVA-related market risk appetite determine 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 appetite 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 appetites for IRRBB (both economic value (“**EV**”) and net interest income), credit spread risk in the banking book, structural foreign exchange risk and pension risk.

The market risk appetite is 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 appetite.

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 two levels in the limit hierarchy for market risk (encompassing trading-related, xVA-related and non-trading portfolio market risks): Board of Directors limits and Group All Risk Committee limits.

Board of Directors limits are set by the Board of Directors in the Market Risk Policy. This document defines overall limits for material risk factors. The overall limits are supplemented by VaR and stressed VaR (“**SVaR**”) limits for trading-related market risk. The Group All Risk Committee delegates the Board of Directors limits to business units and assigns additional limits for less material risk factors. Stop loss limits for trading-related market risk supplement the forward-looking market risk limits.

Monitoring and Reporting

The Group carries out market risk controlling and reporting on a daily basis. The controlling process involves continuous intraday monitoring of limit utilizations with a full portfolio update every 30 minutes. All limit breaches are reported to the relevant authority within the limit structure.

Another important control activity is model risk management, which includes independent validation of models. For additional information on the Group’s model risk management, see “—*Non financial Risk—Non financial Risk Categories—Model Risk Management*” below.

The Board of Directors and senior management regularly receive reports that provide an overview of the Group's portfolios, main risk drivers and stress testing results for decision-making purposes. This also includes information on the allocation of regulatory capital to the various business units and trading activities. Furthermore, detailed reporting provides granular metrics to senior management at LC&I and Group Treasury for day-to-day risk management purposes.

Stress Testing

The Group performs market stress testing on a regular basis and in relation to specific events in trading and financial markets.

Efforts are made to ensure that the outcome under various stressed conditions is taken into account in the risk assessment and monitoring processes.

The stress testing program provides additional perspectives on market risk by applying multiple methodologies with various severities. The complexity of the methodology ranges from simple sensitivity analyses to complex scenario stress testing proportionally suited to the purpose of the individual stress test. In general, the Group's stress testing practices can be divided into the following three categories: (i) scenario analysis, which stresses risk factors on an individual and collective basis without relating the change(s) to a specific event (single-factor and multiple-factor stress tests); (ii) scenario stress testing, which assesses the consequences of specific events covering hypothetical and historical shocks to multiple risk factors simultaneously; and (iii) 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 appetite.

Methodologies and Models

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 market risk management. The Group also develops and maintains internal models that are 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.

VaR

The current internal market risk model was acknowledged by the DFSA in 2007 and has since then been used for the calculation of regulatory capital for the Group and the Bank. 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 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, for example.

VaR is a quantitative measure that shows, with a certain probability, the maximum potential loss that the Group will suffer within a specified holding period.

In general, a VaR model estimates a portfolio's aggregate market risk by incorporating a range of risk factors and assets.

All figures are calculated on a daily basis using full revaluations.

The SVaR used for risk monitoring and capital requirement calculations is 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 analyzed in order to determine the period to be used for calculating SVaR for capital requirements.

In the fourth quarter of 2022, the current inflation period (*i.e.*, the period running from October 2021 to September 2022), became the most stressed period and was thus used for calculating SVaR for capital requirements.

In addition to SVaR 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 Group's VaR and SVaR measures used for risk monitoring and capital requirement calculations:

	Risk monitoring		Capital requirement		Backtesting
	VaR limit	SVaR limit	VaR	SVaR	
Value-at-Risk					
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 portfolio	Recent

Backtesting of the Internal VaR Model

Regulatory backtesting is conducted on a daily basis to document the performance of the internal VaR model. The backtesting procedure compares calculated one-day VaR on trading book positions with actual and hypothetical profit/loss results. Actual profit/loss 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 profit/loss 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 trading is included although market prices change).

If the hypothetical or actual loss exceeds the VaR, an exception has occurred. Since the VaR figures used for backtesting are based on a confidence level of 99 percent (as in the calculation of regulatory capital), the expected number of exceptions per year is two or three. The backtesting of the internal VaR model showed three actual exceptions and six hypothetical exceptions in 2022. All of the exceptions were related to interest rate, inflation rate and credit spread increases.

Incremental Risk

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.

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 (the "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 (the "IRC"). The Group uses the internal VaR model to calculate the VaR and SVaR capital charges, whereas the IRC is calculated on the basis of the incremental risk model. No diversification effects between capital charges are taken into account.

The 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 REA for the Group's minor exposures to commodity risk and collective investment undertakings is calculated according to the standardized 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 credit default swap ("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 standardized approach.

Market Risk Profile

Trading-related Market Risk at LC&I

The Group's 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, etc. in equity-related assets. The Group's equity market risk is limited as compared to 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 to hedge inflation risks.

The following table sets forth information on the VaR for trading-related activities at LC&I (VaR estimates for the various risk types are calculated on a standalone basis, while the total VaR includes diversification effects; confidence level of 95 percent for a one-day horizon), by risk category as at the dates indicated:

	2022		2021		2020	
	Average for the year	As at December 31	Average for the year	As at December 31	Average for the year	As at December 31
	(DKK in millions)					
Bond spread risk.....	26	15	25	20	24	27
Interest rate risk.....	46	51	32	23	26	26
Foreign exchange risk	4	8	7	8	3	12
Equity risk.....	3	3	4	1	12	14
Diversification effects	(31)	(28)	(39)	(31)	(36)	(51)
Total VaR.....	48	49	29	21	29	28

The average trading-related market risk increased in the first half of 2022 as a result of a rise in outright interest rate risk exposure. Later in the year, the Group shifted its strategic focus to lowering overall risk levels and expanding risk measures. However, the VaR risk measure was inflated by the recent turmoil in interest rate markets. In VaR terms, the average trading-related market risk rose from DKK 29 million in 2021 to DKK 48 million in 2022. High market volatility, especially in interest rates, caused the Group's interest rate risk to increase.

The Group continued its trading strategy in 2021, with average trading-related market risk ending at the same level as in 2020 (DKK 29 million). Throughout the period, the risk related chiefly to fixed income products, which gave rise to bond spread risk and interest rate risk. Both average interest rate risk and bond spread risk increased in 2021. Furthermore, foreign exchange risk rose, while average equity risk declined. Because of substantial diversification, however, the risk factors hedged each other well, and the increases in average bond spread risk, interest rate risk and foreign exchange risk were counterbalanced by higher diversification.

Market Risk in relation to xVA

The Group's fair value accounting includes various valuation adjustments referred to as xVA inherent in the Group's derivatives portfolio – specifically CVA, FVA and CoIVA. 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 chiefly materialize due to changes in interest rates, funding spreads and credit spreads. These market risks can give rise to volatility in the FVAs.

Because of the size and nature of the Group's derivatives portfolio, the CVA, FVA and CoIVA adjustments are substantial, and the associated market risks are similarly of a considerable size. The strategy is therefore to hedge large parts of the market risks, while the default risks are capitalized in accordance with regulation. In relation to 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 the various xVA components 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 based on liquid indices or selected single-name CDS contracts. Funding spread risk is a key risk factor for xVA and has historically been a large profit/loss driver. In 2022, the hedging strategy was adjusted to manage credit spread risk and funding spread risk collectively. Overall, foreign exchange risks and interest rate risks from the xVA positions are almost fully hedged, with a very limited residual profit/loss effect.

In 2022, the xVA-related market risk appetite was further reduced following increased hedging efforts during the year. Moreover, the xVA hedging strategy contributed to a 74 percent reduction in actual daily income volatility as compared with the volatility of an unhedged portfolio.

Market Risk in relation to the Non-trading Portfolio

The Group's exposure to market risk in the non-trading portfolio originates mainly from IRRBB, 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

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 EV.

This means that IRRBB is driven by a number of factors: repricing mismatches between assets and liabilities, customer behavioralization, optionality within client products booked within the banking book, and interest rate floors and options on assets and liabilities held by the Group. Consequently, IRRBB covers interest rate risk, yield curve risk, option risk and behavioral characteristics risk.

Annually, the Board of Directors sets the Group's IRRBB appetites. These appetites are translated into a limit framework used for risk management purposes. The Group ALCO is responsible for the Group's IRRBB management. The Group Balance Sheet Risk Committee (the "BSRC") discharges the second-line-of-defense obligations in overseeing the implementation and maintenance of the group-wide framework for managing the Group's non-trading portfolio market risk. In the day-to-day management of activities, Group Treasury acts as the first line of defense for IRRBB. This involves managing the actual risk against the limit framework. As the second line of defense, Market & Liquidity Risk maintains the limit framework and monitors adherence to the limits.

The Group hedges its debt issuance programs 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 on a daily basis in accordance with the limit framework.

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

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, an overnight duration is used for own equity capital, while commercial margins are excluded. Allowance is made for contractual interest rate floors on customer products. In addition, debt issued by the Group and customer behavior 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 on a monthly basis, while the duration is reviewed annually. The EV risk metric applies an average duration of 5.1 years for NMDs, and the longest repricing maturity is 14 years. The Group ALCO approves the assumption made with respect to NMDs and endorses the sensitivity of the duration (any increase or decrease).

For regulatory purposes, the Group calculates EV under six regulatory stress scenarios (EV 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 steeper shift in interest rates. In these regulatory EV calculations, the maturity of NMDs is capped to five years in compliance with regulatory requirements.

The Group regularly reviews its IRRBB framework in order to make sure that it continues to have the capacity to capture banking book risks. Such reviews encompass new regulatory requirements and are aligned, where possible, with industry best practice. This framework seeks to identify scenarios that are generated by the following stressed situations: a short rate shock, a parallel shift in interest rates, a non-parallel shift in interest rates, contractual floors on customer products and debt issued by the Group, as well as customer behavior. The latter is an important component and encompasses the ongoing assessment of NMDs. The volume of NMDs is recalibrated each month, while the duration is reviewed annually. The Group ALCO approves the NMDs and endorses the sensitivity of the duration (any increase or decrease).

Equity Investments

As at December 31, 2022, the total value of the non-trading-related equity investments had been increased to DKK 1.2 billion from approximately DKK 0.8 billion as at December 31, 2021, and approximately DKK 1.3 billion as at December 31, 2020.

Bond Portfolio

As at December 31, 2022, the Group's bond holdings amounted to DKK 502,166 million calculated as the carrying amount (including Danica Pension's own bond holdings). Most of the bonds are Danish mortgage bonds, Swedish covered bonds and other covered bonds under public supervision.

The following tables set forth a breakdown of the Group's bond portfolio by type and external rating category as at the dates indicated:

As at December 31, 2022							
	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
	(DKK in millions)						
AAA	180,479	15,513	185,223	33,048	31,728	1,521	447,511
AA+	9,542	2,207	–	–	64	222	12,035
AA	19,234	215	–	10	117	1,329	20,904
AA-	6,727	–	–	–	–	27	6,754
A+	1,120	–	–	–	–	267	1,387
A	2,204	–	855	–	98	2,613	5,771
A-	–	–	–	–	–	1,194	1,194
BBB+	167	–	–	–	–	1,428	1,595
BBB	230	–	5	–	–	2,266	2,500
BBB-	1,106	–	–	–	–	336	1,443
BB+	–	–	–	–	–	650	650
BB	–	–	–	–	–	247	247
BB-	–	–	–	–	–	15	15
Sub-investment grade or unrated	–	–	–	–	–	161	161
Total	<u>220,809</u>	<u>17,935</u>	<u>186,083</u>	<u>33,057</u>	<u>32,007</u>	<u>12,274</u>	<u>502,166</u>

As at December 31, 2021							
	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds ⁽¹⁾	Corporate bonds	Total ⁽¹⁾
	(DKK in millions)						
AAA	203,216	12,061	190,753	56,491	25,090	334	487,946
AA+	9,186	15	–	–	87	3	9,292
AA	19,022	2,279	–	16	3	1,718	23,038
AA-	4,731	–	–	–	–	87	4,818
A+	304	–	–	–	–	41	345
A	3,263	–	473	–	472	1,641	5,848
A-	–	–	–	–	–	956	956
BBB+	1,465	–	–	–	–	1,005	2,470
BBB	455	–	10	–	–	1,363	1,828
BBB-	2,065	–	–	–	–	415	2,481
BB+	–	–	–	–	–	324	324
BB	–	–	–	–	–	183	183
BB-	–	–	–	–	–	30	30
Sub-investment grade or unrated	36	–	–	–	–	233	269
Total	<u>243,744</u>	<u>14,356</u>	<u>191,236</u>	<u>56,507</u>	<u>25,652</u>	<u>8,335</u>	<u>539,830</u>

(1) The Group has restated certain comparative figures as at December 31, 2021, to correctly present the appropriate figures in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures.

As at December 31, 2020							
	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
	(DKK in millions)						
AAA	221,354	7,522	212,971	71,928	13,344	1,387	528,506
AA+	11,293	–	–	–	66	157	11,516
AA	16,457	468	–	39	176	1,819	18,959
AA-	3,102	–	–	–	–	364	3,466
A+	–	–	–	–	–	110	110
A	3,700	–	174	–	378	3,142	7,394
A-	–	–	–	–	–	290	290
BBB+	2,408	–	–	–	–	940	3,348
BBB	1,628	–	32	–	–	1,953	3,613
BBB-	4,027	–	–	–	–	677	4,704
BB+	–	–	–	–	–	393	393
BB	–	–	–	–	–	927	927
BB-	–	–	–	–	–	31	31
Sub-investment grade or unrated	–	–	–	–	24	168	192
Total	<u>263,969</u>	<u>7,990</u>	<u>213,177</u>	<u>71,967</u>	<u>13,987</u>	<u>12,359</u>	<u>583,448</u>

The following tables set forth a breakdown of the Group's bond portfolio by type and geography as at the dates indicated:

As at December 31, 2022							
	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
	(DKK in millions)						
Denmark	46,390	–	186,083	–	–	6,056	238,530
Sweden	77,432	–	–	33,057	–	2,833	113,323
United Kingdom	6,795	–	–	–	2,680	897	10,371
Norway	3,902	–	–	–	28,163	–	32,065
United States	16,534	4,361	–	–	–	–	20,895
Spain	2,372	–	–	–	1	–	2,372
France	11,163	17	–	–	229	96	11,505
Luxembourg	–	6,123	–	–	–	82	6,205
Finland	8,293	4,637	–	–	362	1,421	14,713
Ireland	1,120	–	–	–	–	26	1,145
Italy	1,322	–	–	–	–	2	1,324
Portugal	14	–	–	–	–	–	14
Austria	4,393	–	–	–	13	61	4,467
Netherlands	3,261	2	–	–	16	512	3,791
Germany	37,142	–	–	–	290	288	37,719
Belgium	676	2,195	–	–	1	–	2,872
Other ⁽¹⁾	–	600	–	–	253	–	853
Total	<u>220,809</u>	<u>17,935</u>	<u>186,083</u>	<u>33,057</u>	<u>32,007</u>	<u>12,274</u>	<u>502,166</u>

(1) As at December 31, 2022, the Group had no exposure to government bonds issued by Russia or Ukraine.

As at December 31, 2021							
	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
	(DKK in millions)						
Denmark	79,233	–	191,236	–	–	2,498	272,967
Sweden	72,787	–	–	56,507	–	2,106	131,400
United Kingdom	4,300	–	–	–	2,128	274	6,701
Norway	5,249	–	–	–	21,612	1,737	28,599
United States	16,581	3,628	–	–	–	6	20,215
Spain	2,627	–	–	–	1	–	2,628
France	12,939	15	–	–	159	112	13,226
Luxembourg	–	5,982	–	–	–	66	6,048
Finland	6,684	1,908	–	–	766	760	10,119
Ireland	2,100	–	–	–	3	17	2,120
Italy	2,475	–	–	–	–	4	2,479
Portugal	46	–	–	–	–	–	46
Austria	4,674	–	–	–	–	57	4,731
Netherlands	5,526	6	–	–	27	489	6,047
Germany	27,564	–	–	–	687	38	28,289
Belgium	655	2,265	–	–	1	–	2,921
Other	304	551	–	–	268	168	1,291
Total	<u>243,744</u>	<u>14,356</u>	<u>191,236</u>	<u>56,507</u>	<u>25,652</u>	<u>8,335</u>	<u>539,830</u>

As at December 31, 2020							
	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
	(DKK in millions)						
Denmark	80,654	–	213,177	–	–	2,968	296,800
Sweden	91,397	–	–	71,967	–	3,977	167,341
United Kingdom	2,955	–	–	–	1,096	1,489	5,540
Norway	3,681	–	–	–	10,693	1,657	16,031
United States	13,457	1,876	–	–	–	15	15,348
Spain	3,921	–	–	–	1	2	3,925
France	11,693	–	–	–	466	27	12,186
Luxembourg	–	4,404	–	–	–	75	4,479
Finland	7,964	999	–	–	751	1,432	11,147
Ireland	2,187	–	–	–	3	59	2,249
Italy	4,357	–	–	–	–	4	4,361
Portugal	249	–	–	–	–	–	249
Austria	5,347	–	–	–	–	56	5,402
Netherlands	4,987	4	–	–	15	176	5,182
Germany	30,316	–	–	–	711	181	31,208
Belgium	803	299	–	–	1	–	1,102
Other	–	409	–	–	249	239	897
Total	<u>263,969</u>	<u>7,990</u>	<u>213,177</u>	<u>71,967</u>	<u>13,987</u>	<u>12,358</u>	<u>583,448</u>

Internal Pension Risk

Internal pension risk arises from the Group's liability for defined benefit pension plans established for current and former employees. Due to the overall size and maturity of the underlying liabilities, internal pension risk is considered a legacy risk that the Group should have the opportunity to reduce going forward.

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 recognized directly on the balance sheet. All of the plans are closed to new members.

Most of the Group's pension plans are defined contribution plans under which the Group pays contributions to insurance companies, including Danica Pension. The Group has, to a minor extent, entered into defined benefit pension plans. Under defined benefit pension plans, the Group is under an obligation to pay defined future benefits from the time of retirement. The Group's defined benefit pension plans contain provisions stipulating the pension benefits that the individual employee will be entitled to receive on retirement. As 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.

As at December 31, 2022, the Group's IFRS aggregate net pension assets amounted to DKK 1,120 million, as compared to DKK 2,010 million as at December 31, 2021, and DKK 1,905 million as at December 31, 2020.

The Group's defined benefit plans are funded by contributions from the Group and individual contributions from employees. Each pension plan is controlled by a separate, independent 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 monitors the interest rate, longevity, inflation and equity sensitivities of each pension plan and previously provided derivatives execution services in respect of the pension plans if the independent boards have approved the use of derivatives to adjust interest rate hedging levels.

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 and hedged to a high degree. The Group's ambition is to externalize risks wherever possible through the purchase of bulk annuity buy-in policies. To date, such transactions have been executed for a proportion of the liabilities in Northern Ireland, Ireland and Denmark.

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 percent 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. As at December 31, 2022, the Group's VaR was DKK 1,016 million (December 31, 2021: DKK 1,677 million).

The following table sets forth the sensitivity of the IFRS net pension obligation to changes in equity prices, interest rates and life expectancy:

	Change	Effect 2022	Effect 2021	Effect 2020
		(DKK in millions)		
Equity prices	-20 percent	(194)	(266)	(284)
Interest rates.....	+1/-1 percent	(147)/310	(259)/1,020	119/315
Life expectancy.....	+1 year	(283)	(330)	(398)

Pension obligations are measured in the Group's solvency calculations at fair value. Pension risk is assessed in the ICAAP using a VaR measurement at a confidence level of 99.9 percent and on a one-year time horizon.

Liquidity, Funding and Capital Risk

General

The Group is exposed to many different risks, and some of them may inevitably materialize, usually as financial losses. As a consequence, the Group must hold capital to absorb losses and have available liquidity to ensure that all obligations and commitments can be met, even if losses are accompanied by weakened investor confidence.

The overall structure of the balance sheet is managed to mitigate risks. Capital must be adequate, funding must be stable, and a liquidity buffer must be maintained to allow the Group to serve its customers and contribute to financial stability through the economic cycle.

In the Liquidity Policy and the Capital Policy, the Board of Directors has defined the overall principles and standards for managing liquidity, funding and capital. These are further specified in other governance documents, and adherence is monitored on an ongoing basis.

The Group All Risk Committee has established two subcommittees to address liquidity, funding and capital risks: Group ALCO and the Group BSRC. The Group ALCO is anchored in the first line of defense and is chaired by the CFO, while the Group BSRC is anchored in the second line of defense and is chaired by the CRO.

The Group ALCO has a strategic focus on asset and liability management components, such as net interest income, capital allocation, funds transfer pricing (“FTP”) as well as interest and FX risks on the balance sheet. The committee includes members from business units and CFO Area and observers from Group Risk Management.

The Group BSRC oversees the risk framework for liquidity, funding and capital risks at the Group level. The Group BSRC monitors and challenges the management of those risks. The committee includes members from Group Risk Management and observers from business units and CFO Area.

Capital, liquidity and funding are all subject to regulatory requirements, and the ILAAP and the ICAAP serve as input for the annual Supervisory Review and Evaluation Process (“SREP”).

Liquidity Risk Management

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 to support its strategies, business plans and rating ambitions even in stressed situations.

Risk Governance and Responsibilities

Like other risk types, liquidity risk is governed in line with the principles of the three-lines-of-defense model. Group Treasury and Group Finance make up the first line of defense for liquidity risk. With the support of Group Finance, Group Treasury is responsible for managing overall liquidity and ensures compliance with limits. The responsibility for short-term liquidity management is delegated to Liquidity Management at LC&I within certain limits and as outlined in Group Treasury guidelines. Group Finance is in charge of the capital and funding planning process.

Group Risk Management is the second line of defense. In particular, Liquidity & Capital Risk Management reviews and challenges the methodologies and metrics and has oversight responsibility for monitoring compliance with limits.

Liquidity risk management encompasses the use of a combination of risk indicators, risk triggers and risk policies. The Liquidity Policy sets the overall principles and standards as well as more specific guidelines for strong liquidity risk management across the Group. 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, reporting, the ILAAP, and the contingency plan for funding and liquidity. The Liquidity Policy also includes guidelines set by the Board of Directors for the Executive Leadership Team in the liquidity area.

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, but subject to coordination to ensure consistency across the Group. 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 the Bank.

Liquidity Risk Appetite and Limit Framework

Liquidity risk arises from the basic activities of banks, such as deposit-taking and lending. The transformation of short-term deposits into long-term loans exposes banks to maturity mismatches. The overall purpose of the Group’s liquidity management is to have a prudent liquidity position for the Group to be able to meet its payment obligations at all times. This makes the following liquidity management objectives pivotal:

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

If given sufficient time to respond to a crisis, the Group will be able to adapt to the situation and thus avoid abrupt or costly reactions to short-term market volatility. Having a prudent liquidity position protects against the effects of market volatility and ensures the sustainability of the Group’s long-term business model to enable the Group to serve its customers also during severe market conditions.

For liquidity management purposes, the term “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 recognized in Group aggregated figures unless explicitly stated otherwise.

The Group determines a set of liquidity risk indicators against which limits are set in order to ensure clear boundaries for liquidity risk. In the Liquidity Policy, the Board of Directors has set limits for each indicator as shown below. The Group BSRC has set further limits and thresholds to ensure awareness and timely action if the liquidity position deteriorates.

Indicator	Requirement	Frequency
Distance to Non-viability		
1	The liquidity reserve must be positive three months ahead in the most severe internal stress tests for the Group and the Bank.	Monthly
2	The Group’s LCR must be at least 115 percent, while the Bank’s LCR must be at least 110 percent.	Daily
3	The Bank’s 90-day modified LCR, as defined by the Supervisory Diamond of the Danish Financial Supervisory Authority, must be at least 100 percent.	Monthly
4	The Group’s currency-specific CR in EUR must be at least 100 percent.	Daily
5	The Group’s currency-specific CR in USD must be at least 100 percent.	Daily
Market Reliance		
6	The NSFR must be at least 104 percent for the Group and the Bank.	Monthly
7	Long-term unsecured funding maturing within 12 months may not exceed DKK 80 billion for the Group.	Daily
8	The Bank’s asset encumbrance may not exceed 40 percent of total assets.	Quarterly

The Group has also set internal limits for the currency-specific LCR in Norwegian kroner and Swedish kronor requiring the LCR in Norwegian kroner to be at least 50 percent and the LCR in Swedish kronor to be at least 75 percent.

Stress Testing

Stress tests are a core element of the models and methodologies used for managing liquidity risk. Stress tests are carried out for the Group and for the Bank to measure their immediate liquidity risks and detect signs of possible crises. The stress tests use three different standard scenarios: a scenario specific to the Group, a general market crisis scenario and a combination of the two scenarios. Stress-to-failure and LCR in stress calculations are also performed.

All stress tests are based on the assumption that the Group continue 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 funding source. The assessment of funding stability is based on the maturity structure for debt and behavioral data for deposits.

Methodologies and Models

The Group uses regulatory indicators such as the LCR and the NSFR as tools for asset and liability management. A crucial implementation tool in the internal management system is the FTP framework, which is based on LCR and NSFR metrics, among other things.

LCR and Other Liquidity Metrics

A number of metrics are used for monitoring liquidity. The key regulatory requirement is the LCR (see “—*Liquidity Risk Profile*” below) using stress scenarios defined by regulators. Other scenarios are analyzed in liquidity stress tests. A 90-day modified version of the LCR is also calculated as part of the supervisory process. In addition, liquidity curves based on contractual liquidity flows are monitored against limits and on a daily basis. Finally, intraday liquidity is monitored and reported by currency in accordance with the guidelines issued by the Basel Committee.

Liquidity by Currency

The LCR regulation requires the denomination of high-quality liquid assets in the buffer to be consistent with the currency distribution of net liquidity outflows. In Denmark, these requirements are more specific. As a SIFI, the Bank is subject to currency-specific liquidity requirements for euro and U.S. dollars. Additionally, the Group has set internal limits on the LCRs for Norwegian kroner and Swedish kronor.

To maintain the availability of the relevant currencies in the medium to long term, the Group's funding plan seeks to balance long-term commitments with stable funding in each of the relevant currencies.

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 entered into force in June 2021 and applies to all individual banking units within the Group and to the Group as a whole.

Funds Transfer Pricing (FTP)

The Group's FTP framework is the Group's central management tool to adjust and manage the balance-sheet composition of its business units. Their business activity is guided 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, amortization profile, modelled behavior and interest rate risk. Some charges and credits are based on behavioral data, such as the expected stressed deposit run-off and expected amounts drawn on committed facilities.

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. It links liquidity risk assessment, product pricing, balance-sheet valuation and profitability analysis.

Monitoring and Reporting

Liquidity & Capital Risk Management has oversight responsibility for monitoring, controlling and reporting on liquidity risk indicators to the relevant parties and committees. Indicators for which limits are set by the Board of Directors are reported back to the Board of Directors and to other relevant stakeholders. Limits and thresholds set by the Group BSRC are reported back to the committee and to the head of Liquidity & Capital Risk Management.

Liquidity risk reporting consists of overviews, analyses and forecasts for critical risk indicators such as the LCR. This reporting outlines the drivers for changes in liquidity and gives senior management a clear understanding of the Group's day-to-day liquidity risk profile.

Monitoring and reporting are conducted separately in line with the principles of the three-lines-of-defense model. As the first line of defense, Group Finance calculates and reports on risk measures. The second line of defense, Group Risk Management, monitors compliance with internal limits. Furthermore, Group Risk Management is responsible for model risk management, which includes independent validation of models used by the first line of defense. For additional information on the Group's model risk management, see "*—Non financial Risk—Non financial Risk Categories—Model Risk Management*" below.

Internal Liquidity Adequacy Assessment Process (ILAAP)

The ILAAP is a process that evaluates the adequacy of the Group's and the Bank'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 Executive Leadership Team 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 within the SREP. The ILAAP report is submitted annually to the supervisory authorities along with the Group's ICAAP report.

Liquidity Risk Management

The Group uses regulatory indicators, such as the LCR and the NSFR, as tools for asset liability management. A crucial implementation tool is the FTP model.

Liquidity Risk Profile

Risk Indicators

Distance to Non-viability

The risk indicators used for managing the distance to non-viability allow the Group to adjust the size and composition of its liquidity reserve to meet its obligations in case of a stressed liquidity situation. The indicators include the LCR and the

internal liquidity stress tests. The LCR covers a 30-day stressed period, while the internal stress tests cover a three-month stressed period.

For additional information on the Group's LCR, see "*Operating and Financial Review and Prospects—Funding and Liquidity.*"

Market Reliance

The risk indicators addressing market reliance are effective management tools that enable the Group to maintain an adequate level of stable funding for its long-term commitments on the asset side. This reduces any pressure on the Group to fund large amounts during a liquidity crisis.

The NSFR, which took effect in June 2021, is a key indicator and management tool for funding stability and market reliance. NSFRs of the Bank and the Group declined from 121 percent and 130 percent, respectively, as at December 31, 2021, to 115 percent and 123 percent, respectively, as at December 31, 2022. The decline was due mainly to an increase in lending requiring additional stable funding and a decrease in long-term debt issues implying less available stable funding.

For additional information on the Group's NSFR, see "*Operating and Financial Review and Prospects—Funding and Liquidity—Liquidity Requirements.*"

The Group also monitors the diversification of its funding sources by currency, maturity, instrument and investor type to avoid excessive reliance on individual markets and funding sources. Special attention is devoted to the Norwegian Kroner and Swedish Kronor markets. Deposits in those currencies have risen significantly over time, but not enough to make up for a structural difference between deposits and lending. However, other sources of stable funding are available. Covered bonds in Norwegian Kroner are issued by the Bank, and covered bonds in Swedish Kronor are issued by the Group's subsidiary Danske Hypotek AB (publ). The Bank obtains additional funding in these currencies by issuing debt in U.S. dollar and euro along with strategic cross-currency swaps. Stable sources provide all the necessary funding, and no gaps need to be filled on an ongoing basis with short-term instruments.

Funding

The Group monitors its funding mix to ensure that it is well-diversified in terms of funding sources, maturities and currencies. A diverse range of funding sources is intended to provide protection against market disruptions.

For additional information on the Group's funding, see "*Operating and Financial Review and Prospects—Funding and Liquidity—Funding.*"

Liquidity Reserve

The Group's liquidity reserve is defined as all unencumbered liquid assets that are available to the Group in a stressed situation. Assets received as collateral are included in the reserve, whereas assets used as collateral are excluded.

Many of the bonds held in the liquidity reserve are central-bank-eligible instruments, and they are important for intra-day liquidity needs and overnight liquidity facilities.

The amounts of liquidity are calculated using haircut values mandated for each asset category in the LCR regulation. Some assets are excluded entirely. In internal stress tests, valuations closer to actual market values are generally used.

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.

The Group manages its capital risks through prudent planning and thus aims to ensure a sufficient level of capital to support its growth ambitions and to 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.

Capital management involves executing the 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. The Capital Policy contains the Group's overall principles and standards for capital management, including the governance process for all of the principles.

Risk Governance and Responsibilities

The Group's capital management practices are organized in line with the principles of the three-lines-of-defense model. Day-to-day monitoring and management of the Group's capital position and risks are handled by Group Finance in (CFO Area). As the first line of defense, Group Finance is responsible for monitoring and managing the Group's capital position on the basis of the principles set out in the Capital Policy, including stress testing, setting capital and payout targets, preparing a capital plan and allocating the cost of capital. Group Finance is also responsible for the annual ICAAP. The Group's capital and funding plan is implemented by Group Treasury (CFO Area).

Group Risk Management serves as the second line of defense. For capital risks, Liquidity & Capital Risk Management is responsible for reviewing and challenging the methods applied and the results produced. GIA serves as the third line of defense for the Group's capital management performing independent reviews of the main processes, such as the calculation of the REA, the ICAAP, capital levels and stress testing, and addressing risk assessments performed and control setups applied.

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

ICAAP

The ICAAP is an integral part of the Group's capital management practices. The purpose of the process is to assess, on an ongoing basis, the material risks that are inherent in the Group's business activities. The solvency need is determined as part of the ICAAP, and this ensures adequate capitalization based on the Group's risk profile. Forward-looking by nature, the ICAAP includes both group-wide and portfolio-specific stress testing. The conclusions from the ICAAP serve as input for the SREP, and they are submitted to the supervisory authorities once a year, along with the conclusions from the Group's ILAAP.

Capital Targets and Capital Distribution

The target for the CET1 capital ratio was kept at above 16 percent in the short term to ensure a sufficiently prudent buffer in relation to the capital requirement. The target for the total capital ratio was kept at above 20 percent. The targets take into account the expected increase in the Group's institution-specific buffer rate, mainly because of the announced increases in the countercyclical buffer rates in Denmark and Norway, reaching a level of 2.5 percent in March 2023, as well as an increase in the Swedish buffer rate from 1.0 percent to 2.0 percent. The target for the CET1 capital ratio includes a management buffer of at least 2.4 percent.

With respect to its capital targets, the Group has an ambition of paying out ordinary dividends within the range of 40–60 percent of its net profit.

The annual general meeting of shareholders of the Bank (the “**General Meeting**”) held on March 16, 2023, approved the Board of Directors' proposal not to pay out a dividend for 2022, due to the additional provision made in October 2022 regarding the Estonia AML matter. On June 7, 2023, the Bank announced that it intends to restart dividend payments concurrent with the release of its Interim report – first half 2023. On July 21, 2023, the Bank announced in its Interim report – first half 2023 that, based on its strong performance in the first half year of 2023 and its strong capital position at June 30, 2023, the Board of Directors approved an interim dividend of DKK 7 per share, corresponding to 59 percent of net profit for the six month period ending June 30, 2023. The dividend was paid on July 26, 2023. The Bank's dividend policy remains unchanged, targeting a dividend of 40–60 percent of net profit.

Capital Planning

For information on the Group's capital planning, see “*Operating and Financial Review and Prospects—Capital and Solvency—Capital Planning—General.*”

Input from Stress Testing

For information on the input from stress testing on the Group's capital planning, see “*Operating and Financial Review and Prospects—Capital and Solvency—Capital Planning—Input from Stress Testing.*”

Capital Allocation

The Group makes a full internal allocation of its total equity across business units on the basis of each unit's contribution to the Group's total risk as estimated by means of regulatory models. The principles for allocating capital across the business units are aligned with regulatory requirements. As a result, the capital consumption of the Group's individual business units is closely aligned with the Group's total capital consumption.

Monitoring and Reporting

The Group monitors risks related to its capital and capital position and submits risk reports to the CFO, the CRO and the Board of Directors. Capital management risk reporting consists of a monthly report on the Group's capital position (the Capital and REA Report) and an overview of the Group's capital position against trigger levels (the Indicator Dashboard). In addition, the Group prepares quarterly reports on its short- and long-term capital position measured against its risk and business strategy as part of the ICAAP.

Capital Profile

For information on the Group's capital profile, see “*Operating and Financial Review and Prospects—Capital and Solvency.*”

Life Insurance Risk

The Group's life insurance risk consists of the risks originating from its ownership of the Danica Group. This includes pension-related market risk and insurance risk. In addition, the operations in Danica Pension are also exposed to non-financial risk and ESG risk.

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

Furthermore, Danica Pension has a financial impact on the Group's capital through a capital deduction from its CET1 capital. The deduction is driven mainly by Danica Pension's solvency capital requirement, which again is driven primarily by pension-related market risk, insurance risk and the size of the buffers for with-profit 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 limits set by Danica Pension's Board of Directors, including limits set for the solvency capital requirement, the solvency coverage ratio, 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 asset-liability management purposes.

Danica Pension's CRO reports to Danica Pension's CEO and to the Group's LC&I CRO at Group Risk Management. Group Risk Management thus has oversight of Danica Pension's life insurance risk.

Life Insurance Risk Management

Operating under Directive 2009/138/EC of the European Parliament and of the Council on the taking up and pursuit of the business of Insurance and Reinsurance (Solvency II) (“**Solvency II**”), Danica Pension provides pensions as well as life and health insurance products in Denmark. As part of its product offerings, Danica Pension provides guaranteed life annuities; insurance against death, disability and accident; and guaranteed benefits on retirement. This exposes Danica Pension to insurance risks (such as longevity and disability risks) and to pension-related market risk.

Pension-related Market Risk

Pension-related market risk involves the risk of losses because of changes in the fair value of Danica Pension's assets and liabilities since assets and liabilities are not fully exposed to the same types of pension-related market risk. Pension-related market risk primarily covers changing market conditions, such as changes in interest rates, equity prices, property values, exchange rates and credit spreads. Pension-related market risk also includes:

- volatility risk, which relates primarily to the value of assets with embedded options, including equity options and swaptions;
- inflation risk, which relates mainly to the indexation of benefits for part of Danica Pension's health and accident products;
- liquidity risk, which is the risk of losses because Danica Pension may be forced to sell investment assets to meet liquidity needs;
- counterparty credit risk, which is the risk of losses because counterparties default on their obligations; and
- concentration risk, which is the risk of losses as a result of high exposure to a few asset classes, industries, issuers, etc.

Pension-related market risk may lead to financial losses for Danica Pension and thus reduce the total value of Danica Pension's investment assets and technical provisions, thereby reducing future fee earnings.

Danica Pension has three sources of pension-related market risk:

- with-profits products (conventional, average-rate products);
- unit-linked products (to which customers may have attached an investment guarantee); and
- investments relating to assets allocated to the shareholders' equity of Danica Pension and other products with direct equity exposure.

The amount of pension-related market risk differs for the various products in Danica Pension's product range.

Danica Pension's most significant pension-related market risk is the market risk relating to its with-profit products.

Pension-related Market Risks Related to the Danish With-profits Product

The with-profits pension products offer guaranteed benefits based on a technical rate of interest and are called Danica Traditionel. The portfolio of with-profits products is closed for new business, which means that the portfolio is in run-off.

The products offer policyholders an annuity or a lump sum consisting of a guaranteed minimum amount in nominal terms. Customers are divided into homogeneous interest rate groups on the basis of the technical rates, and each group has its own investment strategy and asset allocation. In each interest rate group, customers participate in a collective investment pool that covers a range of different assets (such as equities, property and bonds).

The policyholders earn interest at a rate set at the discretion of Danica Pension and the rate is subject to change at any time.

The difference between the actual (set) interest rate and the return on the policyholders' (collective) assets is allocated to collective buffer accounts owned by the customers. The balances of these buffer accounts are gradually transferred to the individual customer accounts in subsequent years by means of a bonus allocation mechanism. This means that high investment returns may lead to higher benefits than those guaranteed.

The mark-to-market value of the guaranteed benefits depends on the level of the discount curve, which is defined under Solvency II and based primarily on euro swap rates and also takes into account yields on Danish mortgage, credit and government bonds. The level of the long end of the discount curve, for which no reliable market data is available, is determined by the EIOPA.

For the portfolio of with-profits products, Danica Pension will have to cover the shortfall if the value of the assets falls below the value of the liabilities. This will be the case if, for example, investment returns become sufficiently negative (reducing the asset values) or if the level of the discount curve, all other things being equal, falls (increasing the value of the liabilities). Hence, the market risk on investments is borne by the customers to the extent that the negative returns can be covered by the collective buffer accounts. Once the buffer accounts have been depleted, negative investment returns on customer savings will require Danica Pension to step in with funds to ensure that it is possible to provide the benefits guaranteed to the policyholders. In that case, the Bank will incur a loss in the form of a decrease in equity holdings in Danica Pension.

Furthermore, Danica Pension can book the annual risk allowance fee income for each of the individual interest rate groups only if the collective bonus potential for the interest rate group is sufficient to cover the risk allowance. Managing the with-profits product thus involves a combination of managing risks on behalf of the policyholders and managing Danica Pension's risk of having to cover losses.

Pension-related Market Risks Related to Unit-linked Products

The pension-related market risk associated with unit-linked products is primarily borne by the policyholders, particularly in respect of contracts without an investment guarantee.

In unit-linked products, policyholders receive the actual return on the investments rather than a fixed interest rate return. However, some of the unit-linked products give the policyholders the option to have their benefits guaranteed.

Danica Pension's main savings product – and the product recommended to most customers – is called Danica Balance. Danica Balance is a life-cycle product, meaning that the asset allocation between different risk categories (bonds or equities, for example) for each customer is adjusted gradually as the customer gets older and approaches retirement.

For unit-linked products with financial guarantees, Danica Pension hedges the risk on financial guarantees by means of financial derivatives and by adjusting the investment allocation during the period leading up to retirement. The investment allocation is adjusted according to the guarantee amount, the investment horizon, among other factors. However, if a guarantee is attached to the individual policy, Danica Pension bears the risk in relation to the guarantee.

Pension-related Market Risk Related to Assets Allocated to Shareholders' Equity

Shareholders' equity in Danica Pension is exposed to market risk on assets in which the shareholders' equity is invested (*i.e.*, investment returns have full effect on Danica Pension's profits).

Further, Danica Pension's equity is exposed to pension-related market risk related to Danica Pension's health & accident products and to some life insurance products with investment guarantees. Danica Pension bears the risk if the changes in the value of provisions for these products differ from the changes in the value of the corresponding assets. The provisions are the net present value of expected future pay-outs and are exposed to movements in the discount curve, which is defined under Solvency II. The corresponding assets can be exposed to changes in interest rates and to changes in the values of equities and property.

Danica Pension has separate investment strategies for assets allocated to equity, to health & accident and to life insurance products with investment guarantees.

Insurance Risk

Insurance risks are linked to trends in policy surrender activity, mortality, disability, critical illness and other variables that could materialize unfavorably from Danica Pension's current assumptions and expectations. For example, an increase in longevity lengthens the period during which benefits are payable under certain pension plans and may potentially have a negative impact on Danica Pension's profits. Similarly, trends in mortality, sickness and recovery affect life insurance and disability benefits. The principal insurance risks are longevity risk and the risk of increased surrenders (*i.e.*, the risk of customers leaving Danica Pension or ceasing to pay premiums). Most insurance risks materialize over long-time horizons during which the gradual changes in biometric conditions deviate from those assumed in contract pricing.

Insurance risk may also materialize through changes in the actuarial assumptions used for liability valuation. Unfavorable changes in assumptions resulting in an increase in liabilities will, to the extent possible, be covered by the customer buffers. Once the buffer accounts have been depleted, Danica Pension will have to step in with funds to ensure that it is possible to provide the benefits guaranteed to the policyholders. In that case, the Bank will incur a loss in the form of a decrease in equity holdings in Danica Pension.

Concentration risk relating to life insurance risk is the risk of losses as a result of high exposure to a few customer groups and to a few individuals. Danica Pension limits concentration risk by means of risk diversification of the insurance portfolio and by means of reinsurance.

To limit losses on individual life insurance policies subject to high-risk exposure, Danica Pension reinsures a small portion of the risk related to mortality and disability.

The various risk elements are subject to ongoing actuarial assessment for the purposes of calculating insurance obligations and making relevant business adjustments.

Risk Governance and Responsibilities

The general strategic goals and the risk management framework for Danica Pension are decided by its Board of Directors. The risk appetite set by Danica Pension's Board of Directors defines the material risks to which Danica Pension is exposed and sets limits on aggregate measures of these risks. The Board of Directors has two committees: the Risk Committee and the Audit Committee. The general objective of the Risk Committee is to advise the Board of Directors on Danica Pension's risks and internal control system and to oversee the adequacy and effectiveness of Danica Pension's risk structure. The Audit Committee prepares the work of the Board of Directors in respect of financial reporting and auditing matters.

Danica Pension's solvency capital requirement is calculated in accordance with the Solvency II Directive standard model. However, a partial internal model is applied to the calculation of longevity risk. Approved by the DFSA, the partial internal model is based on the DFSA's life expectancy benchmark and longevity observations for Danica Pension's policyholders.

Danica Pension's daily risk management activities are governed by the risk management policy issued by Danica Pension's Board of Directors.

Accordingly, Danica Pension's risk management practices are organized in line with the principles of the three-lines-of-defense model:

- The first line of defense consists of all Danica Pension employees who are not organized within the second or third line of defense. The first line of defense owns and manages the business activities and related risks.
- The second line of defense oversees risk exposure and risk management in the first line of defense and consists of Danica Pension's risk management function, compliance function and actuarial function.

- The third line of defense consists of Danica Pension’s internal audit function and internal audit employees.

Danica Pension’s risk management activities are anchored in Danica Pension’s All Risk Committee, which is chaired by Danica Pension’s chief risk officer (CRO), who is also responsible for the risk management function. The All Risk Committee is responsible for maintaining the complete risk picture across all risk types and undertakings.

The All Risk Committee is supplemented by the Asset & Liability Management Committee (the “**ALM Committee**”). The ALM Committee coordinates the management of risks arising from differences in exposures between assets and liabilities and also ensures that limits set by the Board of Directors are not breached. The ALM Committee is chaired by Danica Pension’s CRO.

Danica Pension has three other committees that focus on the management of Danica Pension’s risks: the Investment Committee, the Valuation Committee and the Product Committee.

As a part of its risk governance, Danica Pension’s Board of Directors approves a capital plan and a capital contingency plan every year. Danica Pension may issue capital in the form of restricted tier 1 or tier 2 capital instruments in order to improve or optimize its capital structure. The Bank has no obligation to provide capital to Danica Pension to help re-establish its solvency position in adverse events.

Monitoring and Reporting

Danica Pension’s Board of Directors has set overall risk limits on the potential loss in a number of stress scenarios. The Risk Management function monitors these limits on a daily basis. Any breaches are reported by the CRO to the ALM Committee and senior management.

Danica Pension’s Board of Directors receives quarterly reports on Danica Pension’s risk and solvency position, including stress and sensitivity figures. Stress and sensitivity figures are also reported to the Bank via Group Risk Management and CFO Area (Capital Management).

Non-financial Risk

General

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.

Non-financial Risk Management

In accordance with the Group’s risk taxonomy as set out in its ERM framework, non-financial risk consists of the following six risk types: model risk, operational risk, technology and data risk, financial control and strategic risk, financial crime risk and regulatory compliance risk.

Three additional risk types – sustainability risk, reputational risk and conduct risk – are embedded across the taxonomy along with the six non-financial risk types. These are risks that either materialize in association with or compound the risk impact of the non-financial risks and must consequently be managed as an integral part of these six risk types.

The Group’s approach to non-financial risk management is set out in a number of governance documents. The Group Non-financial Risk Policy is the overarching policy and lays down the principles and responsibilities for managing non-financial risk across the three lines of defense as described under “—*Risk Strategy and Governance—Risk Management Organization*” above. Supplementary policies 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.

During 2022, the Group continued its efforts to strengthen the non-financial risk management framework and to increase awareness of non-financial risk across the Group. Activities included maturing non-financial risk tolerances and working with change risk management in respect of major strategic initiatives as well as critical and important outsourcing agreements. The Risk and Control Self-Assessment Module of the new Governance Risk and Compliance (“**GRC**”) management tool also went live in 2022.

The Group 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 ICAAP.

The Group takes mitigating actions and learns from materialized non-financial risk events in order to reduce the likelihood and impact of such risk events in the future and to avoid breaches of the risk tolerance threshold.

The non-financial risk tolerance threshold is set for net losses after recoveries for events that occur in the current calendar year. Compliance with this tolerance threshold is monitored and reported in accordance with internal procedures. The net loss for 2022 did not breach the threshold. Following a phased approach, additional tolerances were introduced and approved by the Board of Directors in April 2022, primarily covering compliance and financial crime risk types.

In 2022, the Group strengthened many of its policies as part of the annual review process. The Product Governance Policy for New & Amended Product Approval (“NAPA”) was updated along with the accompanying instructions and template, and the underlying process underwent significant transformation and simplification. The Risk and Control Self-Assessment Instructions were reviewed to strengthen risk identification and management, thereby further aligning existing methodologies with changing industry good practice. The implementation of the GRC platform progressed with releases of additional applications and an underlying platform upgrade. The Group is implementing the new platform in order to strengthen its risk management and regulatory compliance controls through effective data analytics. The GRC platform helps the Group identify immediate actions to ensure regulatory compliance on the basis of increased quality information and process optimization. Using a shared data model, the new platform will consist of seven applications that span all three lines of defense. Two new applications were successfully launched in 2022, with the last three to go live in 2023.

Governance and Responsibilities

Business units and functions across the Group, including dedicated business risk and control units, are responsible for the management of the Group’s non-financial risks and act as the first line of defense. They are in charge of managing non-financial risks in accordance with the Group’s risk tolerance threshold (where set). The Group’s second line of defense consists of Group Risk Management and Group Compliance, and these functions oversee all non-financial risks.

The Group ensures compliance with the Non-Financial Risk Policy and related governance documents through continuous oversight and monitoring by a number of sub-committees and councils, including the Non-Financial Risk Committee, the Compliance Risk Committee and the Model Risk Management Committee. As part of the process of simplifying the Group’s committee structure, a new governance structure for product approval has been implemented as an element of the NAPA policy with the introduction of product decision desks.

Risk Assessment and Risk Event Management

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: non-financial risk and control identification, inherent risk assessment, assessment of controls, residual risk assessment, and definition of mitigating actions. This is encapsulated in both the Non-Financial Risk Policy and the supporting Risk and Control Self-Assessment Instructions.

Risk event management aims to ensure timely and appropriate handling of detected events in order to minimize the potential impact on the Group and its stakeholders and to prevent reoccurrence. Furthermore, risk event management ensures timely, accurate and complete information for both internal and external reporting, including timely notification to relevant supervisory authorities. Non-financial risk events are registered, categorized and handled in line with reporting thresholds, and risk assessment and root cause analysis are performed to effectively address underlying risks and provide mitigation plans. The Group strives to learn from materialized events and observed near misses to improve its operational risk management framework on an ongoing basis. Event awareness and coverage continue to strengthen across the Group as registration, approval and escalation take place in an increasingly timely manner.

In 2022, the Group maintained its focus on risk management, risk awareness and risk culture initiatives, proceeded with prompt event reporting and follow-up on legacy issues, and continued its efforts to address significant events and remediation issues, with the debt collection case remaining the most critical one. An accelerated solution was developed to provide closure for the vast majority of debt collection customers, with the debts of a large number of customers to be set to zero. Only a few remediation issues are now outstanding since customers have been compensated and new solutions are in place. The Group maintains the aim of ensuring that all issues are handled in a consistent, timely and proactive manner and that lessons learned are applied across all issues. The central remediation unit is supplemented by operational units to ensure customer-oriented remediation and follow-up.

As in 2021, the majority of the loss events in 2022 fell into two broad categories: Clients, products and business practices and Execution, delivery and process management. There were losses relating to legacy systems and limitations in manual processes as well as product and service-related events.

Monitoring and Reporting

The Group monitors trends in risk performance data to identify changes in non-financial risk management that may require further analysis and mitigation and/or support risk profile conclusions and managerial decisions.

The Group standards require group-level aggregation and monitoring of its non-financial risk profile against the risk tolerance threshold. Non-financial risk monitoring comprises two core components: financial losses stemming from non-financial risk events and non-financial risk exposure derived from continuous risk assessments.

Reports on the Group's non-financial risk profile, including risks, events and risk tolerances, are submitted on a monthly basis to the Executive Leadership Team and on a quarterly basis to the Board of Directors.

Semiannually, the Group's non-financial risk loss events are reported to the DFSA on the basis of the EBA standards for common reporting. Operational risk is assessed annually within the scope of the Group's ICAAP.

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 set out in its ERM framework, is managed in accordance with specific regulatory requirements and business objectives.

Operational Risk Management

Operational risk is inherent in the Group's day-to-day operations. Such risk 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).

Operational risk is managed in line with the principles of the three-lines-of-defense model and in accordance with the Group Non-financial Risk Policy, which is supported by additional policies and instructions.

In 2022, the DFSA issued an order on the Bank's operational risk management execution. The Bank subsequently provided the DFSA with a detailed plan that will ensure, in conjunction with other ongoing initiatives, that the DFSA's observations are adequately addressed by the end of 2024. The DFSA has concluded that the Bank has complied with the order regarding the plan and has agreed to follow up with quarterly updates on the implementation of the plan.

Operational Resilience

Operational resilience is the Group's ability to continue to serve its customers and society and to protect its workforce in the face of operational stress resulting from disruptions. The Group's approach to operational resilience is based on effective operation of risk management frameworks combined with sufficient resources to manage and learn from disruptions and to adapt to changing conditions.

In 2022, the Group continued its efforts to strengthen operational resilience by further enhancing its policies and frameworks for alignment with regulatory and industry expectations and subsequent implementation. Implementation included planning for resilience in the event of effects from the Russian invasion of Ukraine materializing, including IT disruption and power outages.

The Group has a recovery plan to recover its capital and/or liquidity position and long-term viability in a crisis situation. An indicator framework has been established to escalate signs of financial weaknesses and to identify potential threats in due time for the Group to act.

Third-party Risk

Third-party risk management ("TPRM") is the process of managing the risks associated with processes, services or activities provided to the Group by third parties. The purpose of TPRM is to identify, manage and mitigate non-financial risks when the Group engages with a third party. Third-party arrangements classified as outsourcing or critical or important outsourcing are subject to specific regulatory requirements listed in the EBA Guidelines on Outsourcing and the Danish Executive Order on Outsourcing. Outsourcing arrangements are to be managed in accordance with the Group's TPRM Policy.

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.

The Group's business units and their support functions constitute the first line of defense and are responsible for identifying financial crime risks and for having appropriate processes and controls in place to ensure that these risks are identified, assessed, managed and reported appropriately. The Financial Crime Compliance function (a Group Compliance unit) forms

part of the second line of defense and is responsible for designing frameworks, setting policies and providing independent oversight and challenge to ensure that financial crime risks are managed effectively.

Financial Crime Strategy

The Group is undertaking a multi-year enhancement program to materially upgrade its financial crime risk management framework. The pace of progress has been significant in the past few years in particular. The Group has embarked on a comprehensive transformation covering all aspects of an effective control environment. The program covers controls to manage the elements of financial crime such as money laundering, terrorist financing, sanctions violations, fraud, tax evasion, and bribery and corruption, and controls to support processes such as data, reporting and employee training.

In 2022, the Group continued to make progress in executing its enhancement program, which is scheduled to be completed at the end of 2023.

The enhancement program is tracked through specific workstreams according to clearly defined roles and responsibilities. In addition, a monthly meeting to track progress is held with senior stakeholders, including Executive Leadership Team members, to discuss and align progress and risks. Monthly status updates are provided to the Executive Leadership Team, the Conduct & Compliance Committee, the Board of Directors and DFSA. The responsibility for tracking and reporting progress rests with Group Compliance to ensure independent and objective assessments to senior management.

The aim of the enhancement program is to ensure that the Group operates a financial crime control framework that (i) meets the regulatory requirements in the jurisdictions in which the Group operates and (ii) manages the Group's inherent financial crime risk in line with the Group's risk appetite.

The Group welcomes the DFSA's recent conclusions in its final report on the review of the Group's management of EU sanctions against Russia and Belarus and its framework for managing money laundering and terrorist financing. The DFSA's review did not give rise to any supervisory reactions.

In 2022, the Group continued to expand its business-as-usual risk management frameworks in anticipation of the transition from a remediation approach to a focus on measuring, reporting on and mitigating risks in real time. The Group established more detailed risk tolerance statements for elements of financial crime, and these are now being operationalized. The Group also set up a formalized governance structure for overseeing its business-as-usual risk management in a more systematic way, making greater use of key risk indicators.

Regulatory Compliance Risk Management

Regulatory compliance risk is defined as the risk that the Group receives regulatory, criminal or administrative sanctions, incurs material financial losses or suffers a loss of reputation as a result of its failure to comply with laws, rules and regulations applicable to the Group's activities in the areas of fair treatment of customers, market integrity, data protection and confidentiality, and breach of licensing, accreditation and/or individual registration requirements.

Group Compliance is responsible for designing frameworks, setting policies and providing independent oversight, challenge and advice to ensure that regulatory compliance risks are identified and managed effectively.

Regulatory compliance risks are reported to senior management in various ways, including through the Group Compliance Quarterly Report, which is presented to the Executive Leadership Team, the Conduct & Compliance Committee and the Board of Directors.

In order to enhance the governance and oversight of regulatory and conduct risk management, the Group set up the Regulatory Compliance & Conduct Council in 2022. The council is responsible for coordination and ongoing monitoring of the Group's regulatory and conduct risk profile.

Technology and Data Risk Management

Technology and data 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.

Requirements for the management of technology and data risk are documented in the Group's Non-Financial Risk Policy, IT Risk Management Policy and Security Policy.

Business units are responsible for managing their own technology and data risks, while the Security, Resilience and Controls function provides support in identifying, assessing and tracking technology and data risks. The Security, Resilience and Controls function, which reports to the chief security officer, submits monthly security risk updates to the CRO. On a quarterly basis, Group Non-Financial Risk undertakes a review of IT risks to assess the completeness and

accuracy of the Group's risk profile and the effectiveness of the risk management activities performed. An update on the technology risk profile is provided to the Non-Financial Risk Committee on a regular basis.

Various forums discuss and decide on technology risk matters. These forums include councils that are specific to technology-related teams and the Technology & Services Risk Committee. If required by Group policies, matters are escalated to the Group All Risk Committee. Oversight is provided through the Non-Financial Risk Committee (in the second line of defense).

Although individual business units are responsible for control management activities as part of their standard operations, there are known deficiencies in control activities and gaps in the technology and data risk profile. This is consistent with the IT inspection conducted by the DFSA in 2019. The inspection observed material gaps in the Group's IT risk framework and control activity, and they are being addressed through ongoing enhancements.

Cyber-Related Risk

The Board of Directors and the Executive Leadership Team acknowledge the materiality of the risk posed by cyber-related attacks and continue to invest in the Group's capabilities to prevent, detect, respond to and recover from cyber-related attacks.

The management of cyber-related risk is covered within the Group's overall risk management framework since such risk may prevent the Group from achieving its objectives. Governance structures and methods to oversee, priorities and undertake risk mitigation activities related to cyber-attacks are in place to ensure that the focus remains on the area.

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. The Model Risk Policy sets out standards and principles for the identification, management and governance of model risk.

In order to ensure that the amount of model risk acceptable to the Group continues to be aligned with its overall strategic objectives, the Group has defined and implemented a model risk tolerance statement. It supports clear communication of the requirements for mitigating excessive model risk and is included in the group-wide non-financial risk tolerance framework.

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. 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 model risk oversight, which includes independent model validation. The MRM function acts as the second line of defense within Group Risk Management and thus has a separate reporting line from model owners and the teams that develop and run models.

A key component of MRM oversight is the independent validation of models. The MRM function performs model validation for in-scope models and owns the validation process and methodology. The validation framework consists of a set of quantitative and qualitative processes and activities intended to verify that the models perform as expected.

New models in the validation scope are subject to initial validation before deployment into production, whereas in-scope models in the production environment are validated periodically, independently of the business units and of the team that develops the models. Significant model changes are validated before they go into production.

The scope of annual 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 also validated annually.

When models have been identified, their risks assessed and the models are then registered in a model inventory repository that features key characteristics of the models. Using this repository, the MRM function performs model risk monitoring, including checking adherence to model risk tolerances. Along with the overall status of the Group's model risk and the results of model validation, this information is reported on a periodic basis to the Model Risk Management Committee and

through the CRO letter to the Group All Risk Committee, the Board of Directors' Risk Committee and the Board of Directors.

Financial Control and Strategic Risk Management

Financial control risk is the risk of inaccurate or incomplete application of accounting and tax laws. Strategic risk is the risk of an opportunity loss of earnings resulting from the failure to account adequately for the impact of external factors on the Group's corporate strategy or the risk of a loss of market position due to the failure of the Group's corporate strategy (wrong prioritization or strategic choice, for example).

The consolidated financial statements are prepared in accordance with IFRS, while the parent company's financial statements are prepared in accordance with the Danish Financial Business Act. Interim and annual reports are prepared in accordance with Danish disclosure requirements for listed financial institutions. The risk of non-compliance with these standards is assessed on a quarterly basis in advance of the preparation of interim and annual reports.

The Group's risk appetite is embedded in its strategic and financial planning processes to ensure that the strategic decision-making process is based on a strong risk culture. Strategic risks are monitored by the owner of each strategic initiative and by business unit heads. Strategic risks are reviewed on a quarterly basis by the Executive Leadership Team and at least twice a year by the Board of Directors. Significant deviations from the goals set for strategy execution are escalated to the Executive Leadership Team or the Board of Directors.

As the first line of defense, the Group Strategic Steering unit is responsible for the development of the Group's corporate strategy in co-operation with business units and other Group functions. As such, it has the responsibility for identifying and managing the risks associated with this process. The Group's corporate strategy is formulated on the basis of both internal and external factors that shed light on the capabilities, challenges and opportunities that are relevant for the Group. Internal factors relate to past performance, available capacity and capabilities within the organization. This is supported by analyses of external factors such as peer performance and developments, changing consumer demands, technological trends, environmental and social developments, market developments, and macroeconomic and political environments.

Strategy execution results in actions plans, and action plans often introduce new processes and/or new products. With the introduction of new processes and new products, new risks are identified.

In 2022, the Group continued to make progress on its 2023 Better Bank ambitions towards customers, employees, shareholders and society. Risks related to the Better Bank transformation are identified, assessed and managed on an ongoing basis in accordance with the Group's standards. The performed risk assessment activities ensure that changes are embedded into the risk management process and that potential mitigating actions are identified and implemented. Risk assessments related to Better Bank initiatives were independently reviewed and challenged by Group Non-Financial Risk (Group Risk Management) in 2022. Ongoing risk assessment in this regard will continue, with key risk themes being evaluated on an ongoing basis. Business units and Group functions are in charge of implementing and executing on the strategy and taking corrective action in respect of deviations and risks relating to strategy operationalization. The implementation approach is tested against the Group's risk appetite to ensure alignment.

Conduct Risk

Conduct Risk Management

Conduct risk is defined as the risk that the Group's behavior in providing financial services causes customer detriment and/or damages the integrity of financial markets. Conduct risk is a cross-taxonomy risk type since it may arise when other ERM taxonomy risks materialize.

In 2022, the Group further matured its conduct risk management framework, and significant improvements were made in the following key areas:

- *Framework:* The Group's Conduct Program, which forms part of the Better Bank transformation program, developed and implemented a strong supporting risk management framework. The program remains on track to deliver scheduled enhancements in 2023.
- *Conduct Risk Policy:* The Board of Directors approved the annual review of the Conduct Risk Policy, which is supported by a new set of Conduct Risk Instructions providing additional guidance on the principles outlined in the Conduct Risk Policy.
- *Tone from the top:* Enhanced training was provided in relation to the Code of Conduct and conduct risk and is supported by additional tone-from-the-top initiatives, including the launch of videos from both the CEO and senior business management.

- *Training:* Mandatory conduct risk eLearning was provided to all employees to further increase awareness and understanding of conduct risk across the Group.

Governance and Responsibilities

Business units and group functions own their respective conduct risks and are accountable for establishing measures and controls to identify and mitigate these risks within their respective units and areas of responsibility. Group Compliance provides independent second-line-of-defense oversight of conduct risk.

To further strengthen compliance oversight in this area, the dedicated Conduct Team was integrated into the wider business advisory compliance structure in 2022. This enables a more holistic level of conduct risk oversight across all ongoing business unit compliance activities. The Group also established the Regulatory Compliance & Conduct Council to provide additional dedicated oversight of conduct risk.

Monitoring and Reporting

Progress in the implementation of the Conduct Program deliverables and conduct risks is reported in the Group Compliance Quarterly Report to the Executive Leadership Team, the Conduct & Compliance Committee and the Board of Directors.

Group Compliance continues to focus on advising on and challenging the work performed on the Group's remediation cases and to include conduct risk considerations in these activities. This work supports the Group's efforts in ensuring alignment with the remediation principles that apply to cases in which customers suffer detriment.

Conduct Risk Profile

Group Compliance expects the oversight of the Group's conduct risk profile to mature further in 2023 following significant enhancements in 2022:

- *Conduct risk tolerance statements:* The Board of Directors approved the Group's conduct risk tolerance statement, and the underlying indicators are under development. Implementation and enhanced reporting of the Group's performance against the new tolerance thresholds will continue in 2023, and these processes are targeted to improve the Group's prioritization of risk management decisions and mitigation responses.
- *Conduct oversight:* Group Compliance continues to develop its oversight of conduct risk with a focus on enhancing risk identification and advising business units on controls and risk mitigation. Some of the activities included providing guidance in relation to new and amended product approvals, risk and control self-assessments and whistleblowing cases across a variety of business units and subsidiaries.

DESCRIPTION OF THE GROUP

The following information is supplemented by, and should be read together with, the Group's Interim report – first half 2023 incorporated by reference into this Base Information Memorandum.

Overview

The Group is the leading financial service provider in Denmark (source: the DFSA) measured by total working capital as at December 31, 2022, and one of the largest in the Nordic region measured by total assets as at December 31, 2022. The Group offers customers a wide range of services in the fields of banking, mortgage finance, insurance, pension, real estate brokerage, asset management and trading in fixed income products, foreign exchange and equities. The Bank is the largest bank in Denmark (source: the DFSA), is one of the larger banks in Finland and Northern Ireland, and has challenger positions in Sweden and Norway. As at December 31, 2022, the Group's total assets amounted to DKK 3,763 billion and the Group employed 21,022 FTEs. As at the same date, the Group had approximately 3.3 million customers and approximately 2.5 million customers used the Group's online services. The Group had 153 branches as at December 31, 2022.

The Bank is the parent company of the Group. Danske Bank is a Nordic bank with bridges to the rest of the world, and its core markets are Denmark, Sweden, Norway and Finland. In these countries, it serves all types of customers, from retail and commercial customers to large corporate and institutional customers. It also operates in Northern Ireland, where it serves both retail and commercial customers. The Group has additional offices in several other European countries including branch offices in Poland and the U.K., where its main offerings are solutions for Nordic and local businesses as well as private banking clients. The Group also conducts broker-dealer activities in the United States.

The Group's History and Development

Danske Bank A/S was founded in Denmark and registered on October 5, 1871, and has, through the years, merged with a number of financial institutions. The Bank is a commercial bank with limited liability and carries on business under the Danish Financial Business Act. The Bank is registered with the Danish Business Authority.

In December 2017, Danica Pension entered into an agreement to purchase all shares of SEB Pension Danmark. Regulatory approvals were received on May 30, 2018, and the transaction was finalized on June 7, 2018. The companies have subsequently been renamed Danica Pensionsforsikring A/S and Danica Administration A/S. Danica Pensionsforsikring A/S is a major player in the Danish pension and commercial market. The principal activities of Danica Administration A/S are to provide administrative and agency services to Danica Pensionsforsikring A/S and other support function services. On June 27, 2019, Danica Pensionsforsikring (formerly SEB Pension Danmark) merged into Danica Pension. On January 1, 2021, the Danica Group merged its subsidiaries Danica Pension, Livsforsikringaktieselskab, and Forsikringsselskabet Danica Skadeforsikringaktieselskab af 1999 with Danica Pension, Livsforsikringaktieselskab, as the continuing company.

In April 2018, the Group announced its decision to align its business activities in the Baltic countries in accordance with the Group's strategy of focusing on customers in the Nordic region. As a result, all other local Baltic customers were transferred to the Non-core business unit.

On December 11, 2018, the Group announced the sale of Danica Pension Försäkringsaktiebolag (publ). The sale was completed on May 2, 2019.

Following the investigation into suspicious transactions in Estonia in the period from 2007 to 2015, it was announced on February 19, 2019, that the Estonian FSA has ordered the Bank to cease banking operations in Estonia. Independent of the notification from the Estonian FSA and in line with its strategy of focusing on its Nordic core markets, the Bank had for some time considered the future of its remaining activities in Estonia, Latvia and Lithuania, as well as the activities in Russia. The Bank has decided to close down all of these activities. However, the Bank will continue to operate its shared services center in Lithuania, which undertakes a number of administrative functions for the Group. The sale of the Bank's remaining portfolio of personal customers in Estonia to AS LHV Pank was finalized on November 23, 2019. The solvent liquidation of the Bank's Estonian and Latvian branches was finalized in March 2020.

On November 1, 2019, the Bank's Russian subsidiary entered into solvent liquidation. This was in line with the Bank's decision to close its Russian activities as announced on February 19, 2019. The Danske Bank Russia legal entity was deregistered in December 2020, and thereby the Bank's activities in Russia were terminated.

In December 2019 and January 2020, the Group entered into agreements to sell its personal customer portfolios in Latvia and Lithuania. The sale of the Latvian personal customer portfolio was completed in February 2020. The sale of the Lithuanian personal customer portfolio was also settled in the first half of 2020. In March 2021, the Latvian portfolio of commercial loans held by the Lithuanian branch was sold. Amortization of the portfolio of Lithuanian commercial loans held by the Lithuanian branch was completed at the end of 2022.

The merger of Forsikringselskabet Danica, Skadeforsikringsaktieselskab af 1999 (the former parent company of the Danica Group) into Danica Pension (with Danica Pension as the continuing entity) received regulatory approval on June 25, 2021, and was effected for accounting purposes as of January 1, 2021.

On June 30, 2021, the Bank announced that it had entered into an agreement with OP Financial Group in Finland and the consortium of banks behind Vipps in Norway to merge the three mobile payment providers MobilePay, Vipps and Pivo. On September 16, 2022, the Bank announced that following a dialogue with the European Commission's Directorate-General for Competition, the owner banks behind the planned merger of the three mobile payment providers MobilePay, Vipps and Pivo had decided that OP Financial Group in Finland would not be a co-owner and that Pivo would not be part of the merger. On October 21, 2022, the Bank announced that the agreement between the Bank and the consortium of banks behind Vipps to merge MobilePay and Vipps had been approved by all relevant authorities, including the EU Commission. The transaction was completed on November 1, 2022.

In December 2021, Danica Pension announced the sale of its Norwegian activities. With the sale, Danica Pension is focusing its business further and is in an even stronger position to develop the best pension solutions for the customers in Denmark. On July 1, 2022, the Bank announced that the sale had been completed.

On January 31, 2022, the Bank announced that it had completed the sale of its private banking operations in Luxembourg (Danske Bank International S.A.).

On June 7, 2023, the Group announced its intention to cease its activities related to its personal customers business in Norway to focus on its personal customer business in Denmark, Finland and Sweden. On July 19, 2023, the Group announced it has entered into an agreement to sell its personal customers business in Norway to Nordea. The sale of the personal customer business in Norway includes the management of 15 Danske Invest funds, which are primarily distributed to personal customers in Norway. The following assets will be part of the transaction: lending of approximately DKK 144 billion, deposits of approximately DKK 37 billion and total REA of approximately DKK 36 billion, each as at December 31, 2022, and the transaction is expected to result in a release of capital of approximately DKK 5.5 billion. In connection with the agreement, the Group recorded a provision related to prudent valuation and expected transaction costs, amounting to DKK 0.7 billion. In addition, the cost for the potential unwind of the CET1 currency hedge of approximately DKK 0.8 billion will lead to a reclassification between other comprehensive income and the income statement, subject to timing and currency development. In isolation, this will not change the Group's current financial guidance for full-year 2023. The sale is not expected to have any material effect on the Group's future earnings. The transaction is subject to regulatory approvals. Pending these approvals and preparation of the transfer of the customers, the transaction is expected to close in the fourth quarter of 2024.

In June 2023, Danske Bank also announced that it entered into a strategic partnership with Infosys to support the Group's digital and technology transformation. As part of the partnership, the Bank will sell Danske IT, a fully-owned subsidiary of the Bank headquartered in Bengaluru, India, to Infosys. Danske IT covers IT development and operations for the Group. The deal is subject to customary authority approvals, which are expected during the second half of 2023, with the sale expected to be finalized on September 1, 2023. As part of the sale, the 1,400 employees of Danske IT will transfer to Infosys.

Group Strategy

In 2019, the Group launched a Better Bank transformation strategy with the ambition of being a simpler and more competitive bank in order to be able to integrate more into the lives of its customers and the Nordic societies as well as to address a number of industry- and Group-specific challenges. The Group set targets for 2023 relating to its customer satisfaction, employee engagement, society and shareholders (achieving a return on shareholders' equity of 9–10 percent and a cost-income ratio in the low 50s). The target for return on shareholders' equity was subsequently revised to 8.5–9 percent and the target for cost income ratio revised to a cost-income ratio in the mid-50s. In connection with the announcement that it had reached coordinated resolutions with U.S. and Danish authorities regarding the Estonia AML matter on December 13, 2022, Danske Bank announced that it maintains its ambition of a return on shareholders' equity of 8.5 to 9 percent in 2023, however, now at the upper end of the range. To reach these targets, the Group has implemented agile ways of working for more than 4,000 FTEs working with development, simplified the commercial organization from four to three business units and launched new Purpose and Culture commitments. In 2022, the Group focused on developing digital tools aimed at enabling self-service and increasing adoption rates, which is expected to allow for both a better customer experience and a lowering of structural costs in a sustainable way. The Group also increased its commercial focus and accelerated the execution of the Better Bank plan in 2022 by dividing the business unit Personal & Business Customers into two business units: Personal Customers, and Business Customers. In addition, the Group continued to work on the transformation focused on enacting its Purpose and Culture commitments.

On June 7, 2023, the Bank released its new 2028 strategy to affirm its identity as a focused Nordic bank with a strong market presence in Denmark, Sweden, Finland and Norway. The Bank aims to continue its efforts to strengthen its position as a leading bank in the Nordic region and make significant investments into four strategic focus areas: Advisory, Digital,

Sustainability, and Simple, Efficient, Secure. The Bank strives to grow in focus customer segments both by means of extending its market share and growing its share of deposits. As a leading wholesale bank and business bank in the Nordics, it will serve business, corporate, and institutional customers. For retail and private banking customers, the Bank seeks to continue its strategic development to strengthen its relations with existing customers and attract new ones with a sharpened focus in each market:

- Denmark: The Group aims to reaffirm its position as the bank of choice across customer segments.
- Finland: The Group aims to maintain its position, serving customers across a broad set of segments and focusing on those customers with needs for specialist advice, for example, related to investments, in primarily urban areas.
- Sweden: The Group aims to become the premium retail and private banking bank for business owners and customers in the affluent segment or above.
- Norway: The Group has decided to exit the market for personal customers in Norway to focus its efforts, investments and capital on other parts of the Group's portfolio. The Group aims to be a leading bank for business, corporate and institutional customers, and it believes that it has a strong platform, which it intends to further strengthen and grow.

The Bank also announced that new targets for the Group had been set for 2026 reflecting the Group's ambition to deliver a solid return on equity, continue to simplify and raise efficiency, lower costs and consistently generate and distribute capital to its shareholders based on low risk levels (achieving a return on shareholders' equity of 13 percent and a cost income ratio of approximately 45 percent).

Business Units

The following table sets forth certain information regarding the business units of the Group (based on the Group's financial highlights and business segment presentation) as at the date and for the year indicated:

	As at and for the year ended December 31, 2022	
	Total assets	Profit/(loss) before tax
	(DKK in millions)	
Personal Customers.....	1,116,073	3,909
Business Customers	828,160	6,430
LC&I.....	3,905,154	6,635
Danica Pension	548,874	(1,565)
Northern Ireland.....	112,616	456
Non-core.....	2,180	(13)
Group Functions (including eliminations) ⁽¹⁾	<u>(2,750,058)</u>	<u>(18,136)</u>
Group total ⁽²⁾	<u>3,762,999</u>	<u>(2,284)</u>

(1) "Group Functions" includes Group Treasury, Technology & Services and other Group functions as well as eliminations.

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

As at January 1, 2020, the Group had five business units (Banking DK, Banking Nordic, C&I, Wealth Management and Northern Ireland), a Non-core unit and an Other Activities unit.

Banking DK and Banking Nordic integrated the former Personal Banking and Business Banking business units in a country-based structure, as well as the Private Banking activities that were part of the Wealth Management business unit until September 2019. C&I was the wholesale banking division of the Group and the Group's business activities in Germany and Poland were transferred from the former Business Banking business unit to C&I. The Wealth Management business unit included Danica Pension, Danske Invest and Asset Management. Other Activities encompassed Group Treasury, Group support functions and eliminations, including the elimination of returns on own shares and interest on additional tier 1 capital.

On August 25, 2020, the Bank announced that as a next step in the ongoing transformation, the Group was changing its organization to reduce complexity, increase efficiency and become even more competitive for its customers. As of January 1, 2021, the Group's commercial activities were organized in four reporting business units: Personal & Business Customers, LC&I, Danica Pension and Northern Ireland. In addition to the four commercial business units, the Group's reportable segments continued to include Non-core and Group Functions (previously called Other Activities). The new business segments were reflected in the Group's internal and external financial reporting from the first quarter of 2021.

As announced on January 7, 2022, the Bank implemented a new organization in May 2022 to split the former Personal & Business Customer unit into two business units. The Group's commercial activities are now organized in three customer

segment focused units: Personal Customers, Business Customers and LC&I. The Personal Customers unit serves the Group's personal customers across all markets as well as include the Group's subsidiary Realkredit Danmark. The Business Customers unit serves the Group's small- and medium-sized business customers across all markets and includes the Group's Asset Finance operations. The LC&I unit, as well as the remaining business units, Danica Pension, Northern Ireland, Non-Core and Group Functions, remain the same. The Group's financial reporting has been aligned with the new organizational structure from the second quarter of 2022.

Personal Customers

The Personal Customers unit provides advisory services to personal customers and private banking customers in Denmark, Sweden, Norway and Finland. Personal Customers unit advisers and experts help customers when and how it best suits the individual customer – over the phone, via its websites or at a branch. When customers need to make important financial decisions about, for example, their home, investments or pension, the Personal Customer unit offers customized advice that is based on their current situation and needs. And with the unit's intuitive digital solutions, Danske Bank aims to make it as easy as possible for its customers to do most of their banking business whenever and wherever they want. As at December 31, 2022, the Personal Customers business unit had approximately 4,262 FTEs. On June 7, 2023, the Bank announced that it intends to focus on the business, large corporate and institutional segments in Norway and plans to leave the Norwegian personal customer market. The sale of its Personal Customers operations in Norway will include loans and deposits, and the process to find a new owner is well progressed. See Notes G4 and G8 of the Group's Interim report – first half 2023 for more information.

Business Customers

The Business Customers unit offers its customers advice that seeks to add value to their business, no matter whether the customer is a sole proprietor or an entity in a multinational group. The Business Customers unit's strategic advisory services are always based on the needs of the business, for example, in connection with growth, an acquisition, a change of ownership, strategic development or international expansion. Business customers have access to the market's most innovative digital solutions that make day-to-day banking easy and pave the way for new insights and opportunities. As at December 31, 2022, the Business Customers business unit had approximately 1,635 FTEs.

LC&I

The LC&I business unit serves large corporate and institutional customers with their complex financing and transaction needs. Expertise is offered on financing, risk management, investments, financial advisory services and transaction banking solutions, and the business unit serves to stand as an intermediary between issuers and investors in order to create financing and investment opportunities. The business unit's core market is in Denmark, Sweden, Norway and Finland, however it also acts as a bridge to the world for Nordic customers as well as a gateway into the Nordics for international customers. As at December 31, 2022, the LC&I business unit had approximately 2,054 FTEs.

Danica Pension

Danica Pension serves customers in Denmark by offering various pension schemes, life insurance policies and health insurance covers for companies, organizations and individuals. As at December 31, 2022, Danica Pension had approximately 881 FTEs.

Northern Ireland

Northern Ireland serves personal, business and corporate customers in Northern Ireland alongside digital channels. As at December 31, 2022, the Northern Ireland business unit had approximately 1,288 FTEs.

Non-core

Non-core includes certain customer segments that are no longer considered part of the core business. Non-core is responsible for managing legacy assets and portfolios by way of divestment, refinancing with other credit institutions or amortization. As at December 31, 2022, Non-core had approximately 25 FTEs.

Group Functions

Group Functions consists of the following Group resource and service functions: Group Risk Management (including Group Legal); the CFO area (including Group Treasury); the Chief Operating Officer ("COO") area (including IT and Services); Group HR; the Chief of Staff unit (including Group Communications & Relations); and Group Compliance. These service areas support the main business units, performing tasks that span various customer groups and markets. As at December 31, 2022, Group Functions had approximately 10,878 FTEs.

Products and Services

The Group offers customers a wide range of services in the fields of banking, mortgage finance, insurance, pension, real-estate brokerage, asset management and trading in fixed income products, foreign exchange and equities.

The Group's products and services include day-to-day private customer banking services, including mortgages and consumer loans, credit and debit cards, and a wide range of savings and life insurance products. For corporate customers, the Bank offers traditional corporate banking products and services such as loans, cash management, payment and account services as well as risk management and advisory services. In addition, the Bank offers debt and equity capital market products, including corporate finance services. Within asset management and life insurance, the Group offers both private and corporate customers a wide range of investment and life insurance products and services.

Developing future customer journeys with a simplified, truly digital experience across all customer touchpoints is one of the Group's main focus areas. Since 2020, the Group has pursued its ambition to reduce the number of products for personal, business and corporate customers, and has simultaneously introduced new, relevant products in order to provide additional services, including improved digital services, and to support a transition for a sustainable future. New products included the launch of a FlexLife loan type with a fixed rate of interest for 30 years. Over the past several years, the Group has specifically focused on offering sustainability themed products, especially within investments in its green bond and loan offerings. For asset management and life insurance customers, the Group also offers sustainable investment products. Danske Bank joined the Net-Zero Banking Alliance in October 2021 and the Net-Zero Asset Managers Initiative in March 2021 and Danica Pension joined the Net-Zero Asset Owner Alliance in June 2020.

Distribution Channels

As at December 31, 2022, the Group served approximately 3.3 million customers. The Group serves its customers through various distribution channels, including nationwide branch networks, contact centers, the internet and mobile telephony, depending on the complexity of customers' needs. As at December 31, 2022, the Group had 153 branches, including 66 in Denmark, 19 in Finland, 24 in Sweden, 16 in Norway and 28 in Northern Ireland.

The Group's digitalization strategy also includes improving processes to make the Group more customer-centric and digitizing existing processes to improve efficiency. The Group's services are based on a single IT and service platform that lays the foundation for an efficient centralization of risk management, financial follow-up and product development. As at December 31, 2022, approximately 2.5 million customers actively used the Group's online services and approximately 75 percent of the digital customers in Denmark used Danske Mobile Banking.

Competitive Position and Main Markets

The markets in which the Group operates are highly competitive. The Group's principal competitors include several large regional banks active in its key markets, including the four Nordic countries in which the Group operates and Northern Ireland. In these markets, competitors of the Group aiming to increase their penetration of the relevant markets together with the expected implementation of new capital adequacy rules, have put pressure on both the Group's and its competitors' lending margins in recent years. To support its competitive position, the Group seeks to utilize its extensive operational network and distribution channels when providing banking and other financial services to its customers in various countries. See also "*Operating and Financial Review and Prospects—Primary Factors Affecting the Group's Results of Operations.*"

The following table sets forth a breakdown of the Group's loans and deposits by country (based on the Group's financial highlights and business segment presentation) as at the dates indicated:

	Loans as at December 31,			Deposits as at December 31,		
	2022	2021	2020	2022	2021	2020
	(DKK in billions)					
Denmark.....	948	992	986	501	414	435
Finland.....	199	187	185	162	112	136
Sweden.....	291	272	281	146	160	143
Norway.....	250	259	227	162	168	176
Northern Ireland.....	53	55	51	95	99	84
Latvia.....	—	—	—	—	—	—
Lithuania.....	—	—	1	—	—	—
Other.....	64	69	107	104	—	219
Total.....	<u>1,804</u>	<u>1,834</u>	<u>1,838</u>	<u>1,170</u>	<u>1,168</u>	<u>1,193</u>

The following table sets forth the Group's market share of total lending and deposits in the main countries in which the Group operates as at the dates indicated:

	Lending market share as at December 31,			Deposits market share as at December 31,		
	2022	2021	2020	2022	2021	2020
	(percent)					
Denmark ⁽¹⁾	24.6	24.8	25.6	28.3	29.1	30.5
Finland.....	9.6	9.5	9.7	9.8	10.0	11.8
Sweden ⁽²⁾	5.4	5.1	5.4	4.6	5.1	5.1
Norway.....	6.2	6.3	6.5	7.3	8.1	7.8
Northern Ireland ⁽³⁾	n/a	n/a	n/a	n/a	n/a	n/a

Note: The market shares for Denmark, Finland, Sweden and Norway are based on the Monetary Financial Institutions (as defined by the ECB) reporting to the respective central banks.

(1) Market shares for Denmark exclude repo lending and deposits, but include Realkredit Danmark.

(2) Market shares for Sweden exclude repo lending and deposits.

(3) Comparable market share information for Northern Ireland is not available as there is no central bank for Northern Ireland alone.

Denmark

The Danish Kroner is pegged to the euro. As Denmark experiences currency inflow from its current account surplus as well as foreign investor interest, the interest rate level in Denmark is slightly lower than in the eurozone. The certificate of deposit rate at the Danish Central Bank is 3.35 percent as at the date of this Base Information Memorandum, following increases in July, September, October and December 2022, and further increases in February, March, May, June and July 2023. In total, the increases amount to 395 basis points. Over the same period, the ECB has increased its deposit rate by 425 basis points. The lower increase in Denmark is a reaction to increased currency inflow to Denmark.

During the first half of 2023, inflation declined to 2.5 percent in June 2023, primarily due to lower energy prices and a temporary reduction of the electricity tax. However, inflation excluding energy and food remained elevated and was 4.9 percent in June 2023. Preliminary data suggest that GDP rose modestly, likely supported by strong growth in the pharmaceutical industry. This growth also supported the current account surplus, which remained high in the first half of 2023 despite no longer being supported by extraordinarily high earnings in the shipping industry. However, outside the pharmaceutical industry, the Danish economy likely stagnated or contracted. Estimates suggest that house prices have not yet declined enough to reflect the increase in interest rates, but prices have increased slightly in the first half of 2023.

2022 saw a continued economic recovery in Denmark, especially in the first half of the year. Removal of restrictions in place to prevent the spread of COVID-19 was reflected in higher spending on services such as travel, restaurants and cultural activities, but household incomes were undermined by a sharp increase in inflation, which peaked at 10.1 percent in October 2022. In total, there was a significant decline in household consumption, as real wages fell by more than 5 percent during the year. Both employment and unemployment increased as the labor force grew. The current account surplus increased partly due to very high earnings in the shipping industry and reached 13.3 percent of GDP. House prices declined as borrowing costs rose.

Despite restrictions on activity to prevent the spread of COVID-19 in several months during 2021, the year saw a strong economic recovery following the non-recurrence of the more comprehensive restrictions in 2020. The recovery was broad-based except for those industries that remained severely affected by restrictions, mostly travel and tourism. During the second half of 2021, activity was significantly higher than before the pandemic and unemployment lower. Inflation accelerated during 2021 and reached 3.1 percent in December 2021 as compared to December 2020. The increase was primarily caused by higher prices of energy and food, as inflation excluding those items remained below 2 percent for the same period. As inflation was low in the first half of 2021, total inflation for 2021 was only 1.9 percent. Companies reported widespread shortages of both manpower and materials, and wage growth accelerated.

The Danish economy was significantly impacted by the COVID-19 pandemic in 2020. The lockdown of society in the spring caused a large decline in economic activity as private consumption plunged along with investments and exports. Over the summer, reopening led to the release of large pent-up demand and private consumption rebounded, supported by forced holiday savings being repaid to consumers. Exports also rebounded in the second half of the year as global demand for goods increased significantly. The labor market was supported by government payments for workers sent home from work during the lockdown. The support helped to boost demand for the remaining consumption choices after the lockdown eliminated much service-related consumption. Housing in particular has been in great demand and house prices increased at a pace not observed since the years leading up to the financial crisis of 2007–2008.

The following table sets forth percentage changes for certain key economic indicators for Denmark for the periods indicated:

	For the year ended December 31,		
	2022	2021	2020
	(annual growth, percent)		
GDP	2.7	6.8	(2.4)
Private consumption (household consumption)	(1.6)	5.7	(1.4)
Government consumption	(2.8)	4.6	(1.7)
Gross fixed investments	3.2	6.6	4.3
Exports	10.8	7.7	(6.1)
Imports	6.5	8.8	(2.8)

Source: Statistics Denmark, Danske Bank Research.

The following table sets forth certain additional economic indicators for Denmark for the periods indicated:

	For the year ended December 31,		
	2022	2021	2020
	(percent)		
Inflation, CPI ⁽¹⁾	7.7	1.9	0.4
Unemployment rate (gross, average year)	2.6	3.6	4.6
General government budget balance, as percentage of GDP	3.5	0.0	0.2
Current account (4Q sum), as percentage of GDP	13.3	8.9	8.3

Source: Statistics Denmark, Danske Bank Research.

(1) Consumer price index.

Sweden

Inflation declined during the first half of 2023, but at 9.3 percent in June, it remained very high. Preliminary indicators from Statistics Sweden show a decline in GDP of 1.5 percent in the second quarter of 2023, following growth of 0.6 percent in the first quarter of 2023. Consumer spending is under pressure from declining real wages and higher interest rates. The unemployment rate stood at 7.9 percent in June 2023, compared to 7.5 percent in December 2022. House prices seem to have increased somewhat in the period, despite increasing interest rates.

Inflation rose sharply in 2022, to 12.3 percent in December 2022 from 3.9 percent in December 2021, according to Statistics Sweden's consumer price index. Real wages decreased, and consumer sentiment declined sharply. House prices declined 17.7 percent from March to December 2022, according to Valuegard HOX data. Forecasts indicate declining GDP and increasing unemployment in 2023. In response to the rise in inflation, the central bank has increased its main interest rate from zero in April 2022 to 2.5 percent in December 2022.

The Swedish economy recovered strongly in 2021 as the economic impact of the COVID-19 pandemic waned, although some industries, notably within travel and tourism, remained significantly affected. The central bank continued to support the economy through its quantitative easing program and by maintaining a zero interest rate policy. House prices increased strongly in 2021, causing concern that prices could decline later as interest rates increase. Like its neighboring countries, Sweden saw declining unemployment and increasing inflation during 2021.

Sweden handled the COVID-19 pandemic with fewer restrictions compared to the rest of the Nordics. Even so, economic activity in Sweden also declined sharply in the second quarter of 2020 followed by a sharp rebound in the second half of the year. Unemployment increased rapidly in the first half of the year but mainly due to a short-term work allowance system that allows employers to reduce their employees' working hours and receive financial support from the central government to compensate for a significant part of the costs for retaining the employees came into effect, the labor market has stabilized. The Swedish central bank increased the repo rate from negative 0.25 percent to 0.00 percent effective in January 2020. In March 2020, it introduced several measures to support the economy, such as expanding the quantitative easing program. When the COVID-19 pandemic emerged in the Nordics in March 2020, the Swedish Krona briefly weakened significantly but has since strengthened against the euro. Increased demand for housing in Sweden has also caused a sharp increase in prices.

The following table sets forth percentage changes for certain key economic indicators for Sweden for the periods indicated:

	For the year ended December 31,		
	2022	2021	2020
	(annual growth, percent)		
GDP	2.9	6.1	(2.2)
Private consumption	2.0	6.3	(3.2)
Government consumption	0.1	3.3	(1.8)
Gross fixed investments	6.2	7.1	1.7
Exports	7.1	11.1	(5.5)
Imports	9.4	11.6	(6.0)

Source: Statistics Sweden, Danske Bank Research.

The following table sets forth certain additional economic indicators for Sweden for the periods indicated:

	For the year ended December 31,		
	2022	2021	2020
	(percent)		
Inflation, CPI ⁽¹⁾	8.4	2.2	0.5
Unemployment rate	7.5	8.8	8.5
General government budget balance, as percentage of GDP	0.7	0.0	(2.8)
Current account (4Q sum), as percentage of GDP	3.6	1.7	1.5

Source: Statistics Sweden, Danske Bank Research.

(1) Consumer price index.

Norway

During the first half of 2023, inflation remained elevated and was 6.4 percent in June 2023. As a consequence, the Norwegian central bank increased interest rates again in March, May and June 2023, by a total of 1 percentage point. Preliminary data suggest that GDP declined compared to the second half of 2022, but the unemployment rate has remained broadly stable. House prices have increased slightly.

Inflation in Norway further increased during 2022, peaking at 7.5 percent in October 2022 from 5.3 percent in December 2021, according to Statistics Norway's consumer price index. GDP growth was above normal, supported by higher private consumption following continued normalization after the economic disruptions caused by restrictions against the COVID-19 pandemic. Real wages decreased, and consumer sentiment declined sharply. House prices increased during the first half of 2022 followed by a decline in the second half of 2022, resulting in a level in December 2022 that was 1.8 percent higher than in December 2021. The Norwegian central bank increased interest rates in March, June, August, September, November and December 2022, taking the main interest rate from 0.5 percent to 2.75 percent.

Norway saw a strong economic recovery in 2021 as most industries affected by COVID-19 pandemic-related restrictions in 2020 returned to more normal levels of activity, although some restrictions were also in place during significant parts of 2021. Following the sharp decline in oil prices in 2020, investment activity in Norway was subdued in 2021, subtracting from overall growth. Inflation increased strongly and reached 5.3 percent in December, partly as a consequence of the weakening of the Norwegian Krone in 2020. The central bank increased interest rates by 25 basis points in September and again in December 2021 taking the main interest rate to 0.5 percent.

Like for the rest of the Nordics, 2020 was a turbulent year for the Norwegian economy with the second quarter being a weak period in particular. Private consumption saw a particularly large decline whereas exporters managed to keep sales from plunging. Since the second quarter of 2020, the economy started to recover. As in Sweden and Denmark, Norway saw the largest increase in house prices in recent years. The unemployment rate saw an unprecedented large increase during the spring but declined quickly again over the summer months as the economy was reopened. In March 2020, the Norwegian Krone weakened 25 percent against the euro within a few days amid a collapse in the price of oil. The Norwegian central bank decreased its policy rate from 1.50 percent to 0.25 percent to support the economy and announced its preparedness to intervene in the currency market. Since then, the Norwegian Krone has stabilized.

The following table sets forth percentage changes for certain key economic indicators for Norway for the periods indicated:

	For the year ended December 31,		
	2022	2021	2020
	(annual growth, percent)		
GDP (mainland).....	3.8	4.2	(2.8)
Private consumption	6.9	4.4	(6.2)
Government consumption.....	0.1	5.0	(0.5)
Gross fixed investments (total)	4.3	(0.8)	(4.1)
Exports.....	5.9	5.8	(2.3)
Imports.....	9.2	(1.7)	(9.9)

Source: Statistics Norway, Danske Bank Research.

The following table sets forth certain additional economic indicators for Norway for the periods indicated:

	For the year ended December 31,		
	2022	2021	2020
	(percent)		
Inflation, CPI ⁽¹⁾	5.8	3.5	1.3
Unemployment rate (NAV)	1.8	3.2	5.0
General government budget balance, as percentage of GDP	25.6	10.6	(2.5)
Current account (4Q sum), as percentage of GDP	30.4	13.6	1.1

Source: Statistics Norway, Danske Bank Research.

(1) Consumer price index.

Finland

During the first half of 2023, inflation declined to 6.3 percent in June 2023. Consumer sentiment increased following its large decline in 2022, while the unemployment rate increased from 6.9 percent in December 2022 to 7.1 percent in June 2023. Economic indicators give a mixed impression of economic growth in the period, with preliminary GDP increasing 0.4 percent in the first quarter of 2023.

Inflation in Finland increased sharply in 2022, peaking at 9.1 percent in November 2022 compared to 3.5 percent in December 2021, according to Statistics Finland's consumer price index. Real wages decreased, and consumer sentiment declined sharply. Economic growth slowed as consumers reacted to higher prices and interest rates, and exports to Russia declined drastically following Russia's invasion of Ukraine.

The Finnish economy saw a significant recovery in 2021, although not quite as strong as in the other Nordic countries. Industries affected by COVID-19 pandemic-related restrictions in 2020 were able to return to more normal levels of activity, although significant restrictions remained in place for several months of 2021. Rising tensions between the EU and Russia caused concern, as approximately 5 percent of Finnish goods exports went to Russia in 2021. Unemployment decreased while inflation increased. As Finland is a euro country, its monetary policy is determined by the ECB, which maintained negative interest rates and quantitative easing throughout 2021, although those policies were ended in 2022.

Economic activity in Finland developed much like in the rest of the Nordics in 2020 and annual GDP growth rates have been almost identical. That said, the Finnish economy was slowing already before the COVID-19 pandemic as housing construction peaked and industrial investment turned more cautious. From this perspective, the Finnish economy weathered the pandemic quite robustly. Unlike in the rest of the Nordics, Finland has not experienced large price increases in the housing market.

The following table sets forth percentage changes for certain key economic indicators for Finland for the periods indicated:

	For the year ended December 31,		
	2022	2021	2020
	(annual growth, percent)		
GDP	1.6	3.2	(2.4)
Private consumption	1.7	3.5	(3.8)
Government consumption.....	0.8	3.9	1.2
Gross fixed investments.....	3.2	1.0	(1.0)
Exports.....	3.5	5.8	(7.8)
Imports.....	8.3	6.0	(6.2)

Source: Statistics Finland, Danske Bank Research.

The following table sets forth certain additional economic indicators for Finland for the periods indicated:

	For the year ended December 31,		
	2022	2021	2020
		(percent)	
Inflation, CPI ⁽¹⁾	7.1	2.2	0.3
Unemployment rate.....	6.8	7.7	7.7
General government budget balance, as percentage of GDP	(0.9)	(2.8)	(5.6)
Current account (4Q sum), as percentage of GDP	(3.6)	0.4	0.5

Source: Statistics Finland, Danske Bank Research.

(1) Consumer price index.

Legal and Arbitration Proceedings

Owing to its business volume, the Group is continually a party to various lawsuits and disputes and has an ongoing dialogue with public authorities, such as the DFSA and the Danish Tax Agency. In particular, the Bank has been involved in dialogue with various authorities and was subject to criminal investigations by the SCU and the DoJ and a civil investigation by the SEC each regarding the terminated non-resident portfolio at the Bank's Estonian branch. While the Bank has reached coordinated resolutions to settle the SCU, DoJ and SEC investigations, the Bank remains subject to a criminal investigation by authorities in France. The Bank continues to cooperate with all authorities. The Bank is also subject to ongoing civil litigation proceedings related to the Estonia AML matter. The outcome of claims, lawsuits or other legal proceedings against the Bank or the Group cannot be predicted with certainty. Except as described below, neither the Bank nor any of its subsidiaries is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had during the 12 months preceding the date of this Base Information Memorandum, a significant effect on the financial position or profitability of the Bank or of the Group.

As and when required, the Bank will update the financial market via the usual channels (*i.e.*, company announcement or on www.danskebank.com). To the extent required, the Issuer will also include updated information regarding current legal and regulatory proceedings in its interim financial statements (which will be incorporated by reference into this Base Information Memorandum by a supplement hereto at the relevant time).

Estonia AML Matter

In September 2017, the Group launched an investigation into the Bank's Estonian branch on the basis of suspicions that the branch was used to launder billions of Danish Kroner (in various currencies including U.S. dollars, euro and other currencies) in the period from 2007 to 2015. The Group had previously concluded that it was not sufficiently effective in preventing the Bank's Estonian branch from potentially being used for money laundering in the period from 2007 to 2015 and that this was due to critical deficiencies in governance and controls.

In December 2017, the Board of Directors mandated Bruun & Hjejle to lead the investigation. On September 19, 2018, the Group announced the findings of the investigation, which were published in a detailed report by Bruun & Hjejle on the investigation and its principal findings. In respect of the customers of the Bank's Estonian branch, the investigation found, *inter alia*, that approximately 15,000 customers (comprised of approximately 10,000 customers belonging to the Bank's Estonian branch's non-resident portfolio and approximately 5,000 customers with non-resident characteristics) had carried out a total of approximately 9.5 million payments with a total flow of payments amounting to approximately EUR 200 billion (the majority of the total amounts being in U.S. dollars and euro), in each case in the period 2007 to 2015, and that of the approximately 6,200 customers analyzed when the report was published, the vast majority had been found to be suspicious and almost all of these customers have been reported to the authorities.

The Bank has been involved in dialogue with various authorities and was subject to criminal investigations by the SCU and the DoJ and a civil investigation by the SEC each regarding the terminated non-resident portfolio at the Bank's Estonian branch. While the Bank has reached coordinated resolutions to settle the SCU, DoJ and SEC investigations, the Bank remains subject to a criminal investigation by authorities in France. The Bank continues to cooperate with all authorities.

The Bank is also subject to civil ongoing litigation in relation to the Estonia AML matter. This includes, *inter alia*, an action against the Bank (and other defendants) in the United States and a number of court cases initiated against the Bank in Denmark. These civil claims are not included in the coordinated resolutions with the DoJ, the SEC, and the SCU.

The full consequences of the AML matter related to the Bank's Estonian branch remain uncertain. It is not yet possible to reliably estimate the timing; form of further resolution; amount of further potential fines or money judgments, which could be material; or other adverse consequences for the Bank related to the ongoing French criminal investigation or civil claims (each as discussed below). The Group also may face additional investigations and proceedings, or related civil claims. Any of the foregoing may have a material adverse effect on the Group's business, results of operations, capital position, financial condition and reputation.

Regulatory and Criminal Investigations

On December 13, 2022, the Bank announced that it had reached final coordinated resolutions with the DoJ, the SEC and the SCU following the investigations into failings and misconduct related to the non-resident portfolio at the Bank's former Estonian branch. In relation to the resolutions with U.S. authorities, the Bank pleaded guilty to a criminal charge from the DoJ of conspiracy to commit bank fraud. Furthermore, the Bank agreed to settle a civil securities fraud action with the SEC. Under the SCU resolution, the Bank has agreed to accept a fine and confiscation for violations of the Danish AML Act and the Danish Financial Business Act.

The aggregate amounts payable to the U.S. and Danish authorities total USD 2.06 billion (approximately DKK 15.3 billion), which is covered by the provisions booked in connection with the Bank's financial results for the third quarter of 2022 and the third quarter of 2018. Reflecting cross-crediting arrangements between the three authorities as well as currency conversions, the amounts payable to the authorities are as follows: DoJ: USD 1,209 million, SEC: USD 179 million and SCU: DKK 4,749 million. All amounts were paid in January 2023.

As part of the Bank's agreement with the DoJ, the Bank was placed on corporate probation for three years from December 13, 2022, until December 13, 2025, and the Bank is committed to continuing to improve its compliance programs. The Bank has taken extensive remediation action to address those failings to prevent any similar occurrences, and the Bank remains in contact with the DoJ as a matter of post-resolution obligations set forth in the agreement with the DoJ. Furthermore, as ordered by the DFSA in 2020, the Bank has an independent expert monitoring the implementation of its financial crime plan, and in consequence, the DoJ has not imposed its monitor at this time, although it may do so in the future. In addition to the fine, forfeiture and probation, the Bank agreed, for a period of three years, to continue to conduct appropriate reviews of its existing compliance programs, policies, procedures, codes, systems, and internal controls, including its anti-money laundering compliance program, and compliance programs related to fraudulent conduct by employees, employee ethics, and whistleblowers, and where necessary and appropriate, the Bank agreed to adopt new, or modify the same. Over the same period, the Bank will be required to self-report its compliance therewith to the DoJ and the United States Attorney's Office for the Southern District of New York as well as to provide any reports of the independent expert. Should the Bank not comply with its agreement with the DoJ, it may be subject to prosecution.

The plea agreement reached with the DoJ has been approved by the U.S. District Court, and sentencing took place on January 5, 2023, by the same U.S. District Court that approved the plea agreement. The SEC filed a complaint against the Bank in a civil securities fraud action with the U.S. District Court on December 13, 2022, stating that the Bank violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by knowingly or recklessly making materially misleading statements and omissions in its publicly available reports, and also that the Bank engaged in deceptive acts, including misleading Danish regulators and U.S. correspondent banks, to conceal its AML and KYC deficiencies. The agreed final judgement was entered by the U.S. District Court on December 17, 2022, in accordance with the written consent of Danske Bank, giving effect to the SEC resolution. The agreement with the SCU formed the basis for a hearing at the City Court of Copenhagen on December 14, 2022, at which Danske Bank accepted the charges, the fine and the confiscation.

The coordinated resolutions mark the end of the criminal and regulatory investigations into the Bank by the authorities in Denmark and the United States.

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

Civil Claims

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

The civil claims filed against the Bank by institutional investors in courts in Denmark can be summarized to six case complexes with a current total claim amount of approximately DKK 12.8 billion. One of the case complexes has partly been referred to the Eastern High Court, while the remaining case complexes are stayed or pending before the Copenhagen City Court.

The Bank has been procedurally notified in two claims filed against Thomas F. Borgen. Under Danish law, the purpose of a procedural notification is to make a formal reservation of rights to bring a potential claim against the notified party. The first case was dismissed in the first instance and subsequently appealed by the claimants. The original claim amount for both claims was approximately DKK 3.2 billion but has been reduced to approximately DKK 1.7 billion.

On August 5, 2021, an action was filed in the United States District Court for the Eastern District of New York by approximately 500 plaintiffs, comprising U.S. military members and U.S. civilians who allegedly were killed or wounded

while serving in Afghanistan between 2011 and 2016 and their families, against the Bank and Danske Markets as well as various branches of Deutsche Bank and Standard Chartered Bank and two money remitters, Placid Express and Wall Street Exchange. Danske Markets has since been released from the case. The plaintiffs claim that the defendant banks and money remitters allegedly aided and abetted a terrorist syndicate that sponsored violence in Afghanistan, in violation of the Anti-Terrorism Act, through the facilitation of certain transactions that allegedly allowed funds to ultimately be transferred to the terrorist organizations. The complaint sought unspecified punitive and compensatory damages. On December 29, 2022, the action was dismissed by the court and on January 27, 2023, the complainants filed an appeal of the dismissal.

Market Monitoring

In June 2019, the DFSA conducted an inspection of the Bank's market monitoring function and issued a number of orders on December 6, 2019. The Bank has since then taken a series of steps to ensure compliance with the orders. In June 2020, the DFSA filed a criminal complaint against the Bank for violation of the Market Abuse Regulation on account of inadequate market monitoring and market manipulation in respect of self-matching trades, and on June 25, 2021, the Bank was preliminarily charged by the SCU with this alleged violation. On February 6, 2023, the SCU announced that the Public Prosecutor has decided to drop the preliminary charges against the Bank, which means that no criminal proceedings will be raised against the Bank. The reason for the decision is that on December 14, 2022, the Bank pleaded guilty in another case (the Estonia matter) and on that basis the Public Prosecutor considers that the Bank would not be convicted or would only be assessed insignificant fines if the court found the Bank guilty.

Debt Collection Case

In May 2019, the Bank launched an investigation after it was discovered that data errors resulted in the Bank collecting debts that were time-barred or collecting larger amounts than were owed. The Bank provided information to the authorities and initiated contact with affected customers. On September 21, 2020, the DFSA issued four orders to the Bank in relation to systemic errors in its debt collection system and the ongoing remediation. On November 26, 2020, the DFSA ordered the Bank to arrange for and bear the costs of an impartial investigation into the measures taken and to be taken by the Bank to correct the errors in the debt collection process and into the IT systems used for debt collection. By the end of October 2021, the Bank had reviewed all of the 197,000 customer cases in its debt collection systems for which there is a risk of overcollection as a result of the data errors originally identified. The review showed that actual overcollection has taken place for approximately 7,800 of these customers. On December 3, 2021, the DFSA ordered the Bank to extend and broaden the impartial investigation of the Bank's debt collection. As the Bank's investigation progressed, new issues emerged that increased the scope and complexity of the challenges considerably.

As announced on August 31, 2022, the Bank has chosen an accelerated solution for its debt collection customers, whereby approximately 90,000 debt collection customers in Denmark will have their debt to the bank set to zero, and the Bank will not collect this debt. Furthermore, the Bank has decided to compensate customers for any potential overcollection related to the issues in the historical debt collection systems on the basis of a data-driven model. The Bank expects the compensation payout to the vast majority of customers to be completed by the end of 2023.

In the third quarter of 2022, the Group's operating expenses were impacted by a one-off amount of DKK 600 million, whereas write-downs of debt increased loan impairment charges by a one-off amount of DKK 650 million, which includes part of the compensation to customers. It was furthermore communicated that further sample checks related to the customer compensation model were needed, and this work has now resulted in the Bank taking a more conservative approach, which is to the benefit of our debt collection customers. This approach impacted the Group's operating expenses by a further DKK 310 million in the fourth quarter of 2022 to cover compensation to debt collection customers for potential overcollection of debt.

The Bank continues to have a dialogue with and report progress with the debt collection case to the impartial reviewers appointed by the DFSA. The Bank expects to inform regulators and customers of the approach for its markets outside of Denmark at a later stage. Based on the Bank's current knowledge, it expects a small financial impact in 2023 from resolving the matter outside of Denmark.

GDPR

In April 2022, the Danish Data Protection Agency informed the Bank that it had filed a criminal complaint against the Bank for the violation of the GDPR and has recommended that the Danish prosecution service seek to impose a fine of DKK 10 million on the Bank. In June 2022, the Danish Police raised preliminary criminal charges against the Bank. The Bank has a dialogue with and cooperates with the Danish Police.

Ireland Transaction Monitoring

On September 15, 2022, the Central Bank of Ireland (the "CBI") announced the conclusion of its investigation into the Group's operations in Ireland. Following a notification from the Group's Irish Branch to the CBI in 2019 of the omission of certain customers from the Group's automated transaction monitoring system for a period from 2010 to 2019, the CBI

commenced an investigation into the matter. The Group has agreed to pay a fine of EUR 1.82 million under the CBI's administrative sanctions procedure. The issue under investigation by CBI has been fully remediated since March 2019 and the agreed settlement brought an end to the investigation.

Facilities and Equipment

The Group's property portfolio typically consists of property located in prime locations in major cities in the countries where the Group operates. The portfolio mainly consists of leased office premises, including the Group's headquarters in Copenhagen, Denmark, but also includes a small proportion of other commercial property and residential property.

As at December 31, 2022, the Group's total assets included tangible assets of DKK 7.6 billion, investment property of DKK 1.8 billion and right-of-use lease assets of DKK 2.6 billion (including domicile property of DKK 2.6 billion), which together represented 0.3 percent of the Group's total assets.

In addition, the Group has recognized assets held for sale of DKK 350 million as at December 31, 2022, consisting of assets of Group undertakings, loans and tangible assets actively marketed for sale within 12 months, for example assets and businesses taken over under non-performing loan agreements. The properties comprise properties in Denmark and properties in other countries.

Investment property is real property, including real property let under operating leases, which the Group owns for the purpose of receiving rent and/or obtaining capital gains. Plant and equipment covers equipment, vehicles, furniture, fixtures and leasehold improvements. Lease assets consist of assets let under operating leases, except real property.

As at the date of this Base Information Memorandum, the Group has no material planned investments in tangible assets and investment property.

The Group's balance sheet also included investment property under insurance contracts of DKK 15.0 billion as at December 31, 2022, which are earmarked for policyholders, that is, assets on which most of the return accrues to policyholders.

Information Technology

For more than 15 years, the "One Group – one system" motto has been the guiding principle of the Group's IT strategy. The "One Group – one system" means that almost all of the Group's brands and subsidiaries operate on the same platform, where systems, products and processes are integrated and used across national borders and companies. In addition to streamlining products that can be combined on the basis of customer wishes and needs, this platform also seeks to ensure high efficiency for all business units. In 2020, the Group continued to modernize and improve its IT infrastructure, which led to a significant reduction in developer waiting time. In 2021, the Group embarked on a transformation journey where all IT development, maintenance and run activities in the Group will follow agile ways of working. This transformation is expected to yield better productivity and stability, lower costs and improve developers' engagement, motivation and creativity in 2023.

Employees

As at December 31, 2022, the Group had a total of 21,022 FTEs.

The following tables set forth the number of FTEs by business unit as at the dates indicated:

	As at December 31	
	2022	2021
		(restated) ⁽¹⁾
Personal Customers.....	4,262	4,866
Business Customers	1,635	1,699
LC&I.....	2,054	2,684
Danica Pension	881	960
Northern Ireland.....	1,288	1,268
Non-core	25	25
Group Functions	<u>10,878</u>	<u>10,252</u>
Total.....	<u>21,022</u>	<u>21,754</u>

(1) As discussed in more detail under "Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021," the Group has restated the comparative financial highlights and segment reporting as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures.

	As at December 31	
	2021	2020
		(restated)⁽¹⁾
Personal & Business Customers	6,565	6,913
LC&I.....	2,684	2,553
Danica Pension	960	817
Northern Ireland.....	1,268	1,353
Non-core	25	32
Group Functions	<u>10,252</u>	<u>10,707</u>
Total.....	<u>21,754</u>	<u>22,376</u>

(1) As discussed in more detail under “*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2021*,” the Group has restated the comparative financial highlights and segment reporting as at and for the year ended December 31, 2021, in the 2022 Financial Statements incorporated by reference into this Base Information Memorandum. The figures in the table above as at December 31, 2021 and 2020, have not been restated for these changes and, therefore, are not directly comparable in all respects with the restated information presented as at December 31, 2022 and 2021.

In Denmark, collective bargaining agreements are made periodically between The Danish Employers’ Association for the Financial Sector (FA) and Financial Services Union Denmark (in Danish: *Finansforbundet*). In Finland, Sweden, Norway, Northern Ireland and the Republic of Ireland, collective bargaining agreements are also periodically entered into by the relevant local employee and employer organizations. The Bank believes that good relationships with the Group’s employees and the unions are important.

THE DANISH BANKING SYSTEM AND REGULATION

The Danish Banking System

Overview

Denmark's banking system includes commercial banks, such as the Bank, savings banks (in Danish: *sparekasser*) and cooperative savings banks (in Danish: *andelskasser*). Other principal financial institutions in Denmark include mortgage credit institutions, insurance companies and pension funds.

Central Bank of Denmark

The Danish Central Bank is organized under, and its operations are governed by, Danmarks Nationalbank Act (No. 116, April 7, 1936), as amended from time to time. Although ultimately subject to the legislative control of the Danish parliament (in Danish: *Folketinget*), the Danish Central Bank is an autonomous institution.

The objective of the Danish Central Bank is to ensure a stable and well-functioning financial system in Denmark. The Danish Central Bank has a number of responsibilities not shared by other banks. The Danish Central Bank produces and distributes Danish banknotes and coins; conducts monetary and foreign-exchange policies to ensure the stability of the Danish Kroner in relation to the euro; manages the foreign-exchange reserve; acts as a banker to the banks and mortgage-credit institutions and to the central government; handles overall tasks in relation to payment systems; analyzes financial stability; collects, collates and publishes financial statistics; and represents Denmark internationally in a number of areas.

The Danish Central Bank participates in the management of the central government debt. This is primarily the responsibility of the Ministry of Finance. The Ministry of Finance and the Danish Central Bank are together responsible for the management of the central government debt.

The Danish Central Bank undertakes the administrative tasks, while the Ministry of Finance is responsible for the central government's borrowing and debt management, including relations with the Danish parliament.

The DFSA

The DFSA is the public agency in Denmark responsible for the supervision of credit institutions (including banks and mortgage credit institutions), insurance companies, pension funds, insurance brokers, the Danish Labor Market Supplementary Pension (ATP), the Danish Employees' Capital Fund (LD), the Danish Labor Market Occupational Diseases Fund (AES), investment companies, investment management companies and investment associations (UCITS and AIFM).

Monetary Policy

Danish monetary policy is conducted in accordance with the principle of substantial freedom of capital movements. Emphasis is placed primarily on market-oriented instruments. Interest policy is determined in light of the objective of keeping the exchange rate of the Danish Kroner stable against the euro within the Exchange Rate Mechanism 2 framework.

The liquidity impact of the central government deficit is offset by sales of government securities. Short-term changes in liquidity may be absorbed by the Danish Central Bank by the issuance of 14-day certificates of deposit, which can be traded among the banks. Liquidity will mainly be supplied through the repurchase of certificates of deposit or through Treasury bill and government bond repurchase agreements.

Foreign Exchange Regulation

The Consolidated Act on Foreign Exchange Regulations etc. (No. 279, April 11, 1988) grants authority to the Danish Ministry of Industry, Business and Financial Affairs and the Danish Central Bank to regulate the import and export of goods, purchase and sale of foreign currencies and cross-border payment transactions, including transactions to and from Danish and foreign banks. At present, a very liberal system is in existence based upon an Executive Order (No. 658, July 11, 1994) pursuant to which a free cross-border flow is permitted for practically all transactions. Due to an increased focus on measures to prevent money laundering and financing of terrorist activities, the Danish Customs Act was amended in 2002 to include a provision pursuant to which anyone who enters or leaves the Danish customs area carrying "money, etc." exceeding EUR 10,000 in value must, at their own initiative, go through a customs check and declare all "money, etc." to the customs and tax authorities. The expression "money, etc." comprises cash, as well as bearer instruments such as traveler's checks.

Regulation

Overview

The Group is supervised by, *inter alia*, the DFSA and subject to, *inter alia*, the CRR, which was amended by CRR II, and regulates, *inter alia*, (i) elements of own funds, (ii) capital requirements for credit risk, market risk and operational risk, (iii) large exposures, (iv) liquidity, (v) leverage, (vi) reporting and (vii) disclosure. In addition, the Group is subject to the Danish Financial Business Act, which implements, *inter alia*, the CRD IV Directive and the CRD V Directive that include requirements regarding, *inter alia*, (i) prudential supervision; (ii) the pillar 2 supervisory review process, including the ICAAP and SREP; (iii) capital buffers, including the capital conservation buffer, countercyclical capital buffer, G-SII buffer, O-SII buffer and SyRB; and (iv) the combined buffer requirement and restrictions on distributions.

Under Article 141 of the CRD IV Directive, institutions that fail to meet the combined buffer requirement will be subject to restrictions on distributions (which include, *inter alia*, distributions in connection with CET1 capital, payments on additional tier 1 instruments and variable remuneration).

Since June 2014, the DFSA has designated the Bank as a SIFI in Denmark. The SIFI buffer imposed on the Bank, for 2023, is 3 percent, which is unchanged from previous years.

The Danish Recovery and Resolution Act and Danish Financial Business Act implement BRRD and BRRD II, which regulate, *inter alia*, (i) recovery and resolution planning; (ii) resolution, including the objectives, conditions and principles for resolution; (iii) resolution tools in the form of the (a) sale of business tool, (b) bridge institution tool, (c) asset separation tool and (d) bail in tool; (iv) the MREL; and (v) resolution powers. Entities in the Group are also subject to other Danish laws, including the Danish Mortgage Credit Act and the Danish Companies Act.

Directive (EU) 2019/2162 of the European Parliament and of the Council of November 27, 2019, on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (the “**Covered Bonds Directive**”) is implemented into Danish law and the implementing provisions became applicable on July 8, 2022. The Covered Bonds Directive includes requirements regarding, *inter alia*, (i) dual recourse and bankruptcy remoteness; (ii) cover pools and coverage; (iii) eligible assets; (iv) coverage and liquidity requirements; and (v) public supervision.

In Denmark and other jurisdictions, deposit guarantee schemes and similar funds (“**Deposit Guarantee Schemes**”) have been implemented from which compensation for deposits would become payable to customers of financial services firms in the event a financial services firm is unable to pay, or unlikely to pay, claims against it. In most jurisdictions in which the Group operates, these Deposit Guarantee Schemes and resolution funds are funded, directly or indirectly, by financial services firms that operate and/or are licensed in the relevant jurisdiction. The minimum target levels for EU Deposit Guarantee Schemes and resolution funds are set forth in the BRRD, Directive 2014/49/EU of the European Parliament and of the Council on deposit guarantee schemes and in Regulation 2014/806/EU of the European Parliament and of the Council establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation 1093/2010/EU (the “**SRM**”) (the latter of which will be relevant for Danish credit institutions should Denmark choose to participate in the banking union, which includes the SRM).

The Group is subject to similar regulation in jurisdictions other than Denmark, including other Member States such as Finland, Ireland, Luxembourg and Sweden. The Group may be subject to stand-alone requirements and supervision in each of the jurisdictions in which it operates, but the Group is subject to consolidated supervision by the DFSA.

The Adopted EU Banking Reform Package, Including Changes to the CRR and the CRD IV Directive

The EU Banking Reform Package, consisting of CRR II, the CRD V Directive and BRRD II and SRMR II, was adopted on May 20, 2019, and published on June 7, 2019. The EU Banking Reform Package introduces and strengthens various measures including leverage ratio and net stable funding requirements, a new market risk framework, the standardized approach to counterparty credit risk, enhanced minimum requirements for own funds and eligible liabilities subordination rules and the tightening of the large exposures limit. The rules implementing the CRD V Directive and BRRD II into Danish law, with certain exemptions, entered into force on December 28, 2020, whereas CRR II, with certain exemptions, has applied from the end of June 2021. The CRD V Directive and BRRD II were implemented into Danish law by the Danish BRRD II/CRD V Act.

The EU Banking Reform Package includes, *inter alia*, changes to the counterparty credit risk framework, introduction of a leverage ratio requirement and a NSFR requirement, revisions to the Pillar II framework, transition of IFRS 9 and its impact on capital ratios and revisions to the framework concerning IRRBB. The Bank does not expect that the adopted changes will have any significant effect on its overall capital requirements. The Bank estimates that the transition impact of IFRS 9 on the CET1 capital ratio will be a reduction of 0.3 percentage points as at the end 2022 when fully phased-in at the end of 2025.

The NSFR is a structural stable funding ratio requirement intended to ensure a sound funding structure by promoting an increase in long-dated funding. The NSFR is the ratio of an institution's amount of available stable funding to its amount of required stable funding over a one-year horizon. The NSFR requirement has applied from the general application date of the CRR II in June 2021.

As of January 1, 2018, all EU credit institutions must have an LCR of at least 100 percent. Danish SIFIs, including the Bank, were however subject to a LCR requirement of at least 100 percent from October 2015. With an LCR of 151 percent as at December 31, 2022, the Group complied with the LCR requirement as defined by the European Commission. The Group also complied with all other liquidity requirements. Stress tests show that the Group has a sufficient liquidity buffer for more than the coming twelve months.

Basel IV

In December 2017, the BCBS published the finalization of the Basel III framework, which included the (i) standardized approach for credit risk, (ii) internal ratings-based approach for credit risk, (iii) minimum capital requirements for credit valuation adjustment risk, (iv) minimum capital requirements for operational risk, (v) output floor and (vi) leverage ratio. Due to the COVID-19 pandemic, the BCBS deferred the implementation of the finalization of the Basel III framework from 2022 to 2023. These reforms took effect from January 1, 2023, and will be phased in over a five-year period. In addition, the BCBS published the revised minimum capital requirements for market risk in January 2019.

As part of the EU's Banking Package 2021 and in order to implement Basel IV, the European Commission adopted, in October 2021, the CRR III Proposal and the CRD VI Proposal. The CRR III Proposal and the CRD VI Proposal include several EU-specific deviations from Basel IV. On the basis of the Group's current and updated analysis of the EU Banking Package 2021, the Group's current capital planning takes into account the expected REA impact of the initial implementation expected in 2025. The fully phased-in impact of the EU Banking Package 2021 on the Group depends on the final outcome of the EU legislative process, including the calibration of the output floor.

In June 2023, the EU co-legislators reached a political agreement on the CRR III Proposal and the CRD IV Proposal. The final legal texts are, however, not expected to be finalized before autumn 2023. Taking into account the transitional arrangements with regard to the output floor, the Group currently expects the output floor to restrict the Group at the earliest in 2033, when the transitional arrangements are set to lapse. As the political agreement on the CRR III Proposal and the CRD VI Proposal have not been finalized and adopted as EU law, the full extent of the CRR III Proposal and the CRD IV Proposal are still subject to some uncertainties.

The Bank Recovery and Resolution Directive (BRRD)

The Danish Recovery and Resolution Act and Danish Financial Business Act implement the BRRD and its amendments via BRRD II. If the relevant resolution authority considers that (i) an institution is failing or likely to fail, and (ii) there is no reasonable prospect that any alternative private sector measures or supervisory action (including early intervention measures, or the write down or conversion of relevant capital instruments and eligible liabilities as described below) would prevent the failure of the institution within a reasonable timeframe, and (iii) a resolution action is necessary in the public interest, the relevant resolution authority may, *inter alia*, use the following resolution tools and powers alone or in combination without the consent of the institution's creditors, including the Holders: (a) the sale of business tool, (b) the bridge institution tool, (c) the asset separation tool; and (d) the bail-in tool. In relation to the bail-in tool, the BRRD prescribes the sequence of write downs and conversions.

An institution will be considered as failing or likely to fail when: (i) the institution infringes or there are objective elements to support a determination that the institution will, in the near future, infringe the requirements for continuing authorization; and/or (ii) the assets of the institution are or there are objective elements to support a determination that the assets of the institution will, in the near future, be less than its liabilities; and/or (iii) the institution is or there are objective elements to support a determination that the institution will, in the near future, be unable to pay its debts or other liabilities as they fall due; and/or (iv) extraordinary public financial support is required (except for certain prescribed forms).

In addition to the bail in tool, the BRRD includes the requirement to write down or convert relevant capital instruments (additional tier 1 instruments and tier 2 instruments) and certain eligible liabilities. The power to write down or convert relevant capital instruments and eligible liabilities may be exercised either (i) independently of resolution action or (ii) in combination with a resolution action, where the conditions for resolution are met. Resolution authorities must exercise the write down or conversion power when, *inter alia*, (i) it is determined that the conditions for resolution have been met, before any resolution action is taken, and/or (ii) it is determined that unless that power is exercised, the institution will no longer be viable, and/or (iii) extraordinary public financial support is required by the institution (except in prescribed circumstances).

Pursuant to the BRRD, an institution will be deemed to be no longer viable only if both of the following conditions are met: (i) the institution is failing or likely to fail and (ii) there is no reasonable prospect that any action, including alternative private sector measures or supervisory action (including early intervention measures), other than the write down or

conversion, independently or in combination with a resolution action, would prevent the failure of the institution within a reasonable timeframe.

When complying with the requirement to write down or convert relevant capital instruments and eligible liabilities, resolution authorities must exercise the write down or conversion power in accordance with the priority of claims under normal insolvency proceedings. Any shares issued to holders of such capital instruments upon any such statutory conversion into equity may also be subject to subsequent application of the general bail in tool, which may result in cancellation or dilution of the shareholding. Accordingly, the impact of the bail in tool and the requirement to write down or convert relevant capital instruments and eligible liabilities on Holders will depend on their ranking, including any priority given to other creditors such as depositors.

The BRRD also prescribes that resolution authorities shall have resolution powers, including general powers to, *inter alia*, amend or alter the maturity of debt instruments and other bail-inable liabilities issued by an institution under resolution or amend the amount of interest payable under such instruments and other bail-inable liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period, except for certain secured liabilities.

Pursuant to the BRRD, a Member State may, as a last resort and after having assessed and exploited the other resolution tools to the maximum extent practicable whilst maintaining financial stability, provide extraordinary public financial support through additional financial stabilization tools, in the form of the public equity support tool and temporary public ownership tool. Any such extraordinary public financial support must be provided in accordance with the EU state aid framework.

In addition, the BRRD prescribes that institutions meet, at all times, the MREL, which is expressed as percentages of (i) the total REA and (ii) the total exposure measure. As a part of the BRRD's subordination requirement, the resolution authority may, *inter alia*, decide that the MREL must be met by resolution entities that are G-SIIs, or resolution entities that are part of a resolution group the total assets of which exceed EUR 100 billion, using, *inter alia*, own funds and subordinated eligible instruments not exceeding the greater of (i) 8 percent of total liabilities, including own funds, of the entity or (ii) the amount resulting from the following formula: two times the amount resulting from the total capital ratio of 8 percent plus two times the additional own funds requirement plus the combined buffer requirement (the "**Prudential Formula Subordination Requirement**").

The Bank and Group constitute a Top Tier Bank. In its annual MREL decision in 2022, the DFSA published the MREL for the Bank on a consolidated basis at the level of the resolution group. The backward-looking MREL was set to 26.7 percent of the Bank's total REA and 6.0 percent of the Bank's total exposure measure. In relation hereto, the subordination requirement for the Bank, on a consolidated basis at the level of the resolution group, was set as the higher of 8 percent of total liabilities and own funds and two times the solvency need plus the combined buffer requirement (*i.e.*, in accordance with the Prudential Formula Subordination Requirement). At 2022, the subordination requirement for the Bank amounted to DKK 205 billion, while the backward-looking subordination requirement was 28.2 percent of the total REA.

Danish mortgage credit institutions are exempt from the MREL. Realkredit Danmark is accordingly not included in the MREL on the consolidated basis at the level of the resolution group. Instead, the Danish Financial Business Act prescribes that Danish mortgage credit institutions are subject to a debt buffer requirement amounting to 2 percent of their unweighted loans. Liabilities and own funds, used to fulfill the MREL, cannot simultaneously be used to fulfill the debt buffer requirement that applies to Realkredit Danmark and vice versa.

If a Danish mortgage credit institution is part of a group that has been designated a SIFI or G-SII (at the consolidated level) and where the group is to be subject to a determined MREL (at the consolidated level), the debt buffer requirement must be set at a level that ensures that the total requirement regarding the group's debt buffer requirement, own funds of the group's mortgage credit institutions and the MREL amount to at least 8 percent of the group's total liabilities. Consequently, if the sum of MREL for the Bank and the debt buffer requirement for Realkredit Danmark is lower than 8 percent of the Group's total liabilities, the DFSA is expected to increase the MREL requirement for the Bank. However, based on current projections, the sum of MREL for the Bank and the debt buffer requirement for Realkredit Danmark will exceed 8 percent of the Group's total liabilities.

Directive (EU) 2017/2399 amended the BRRD in relation to the ranking of unsecured debt instruments in the insolvency hierarchy. The BRRD accordingly prescribes that certain deposits and other certain claims shall have a priority ranking which is higher than the ranking provided for the claims of ordinary unsecured creditors. In addition, ordinary unsecured claims have a higher priority ranking than that of unsecured claims resulting from debt instruments that meet prescribed conditions, including an original contractual maturity of at least one year. Directive (EU) 2017/2399 was implemented into Danish law via the Danish act no. 706 of 2018, which entered into force on July 1, 2018. See also "*Risk Factors—Risks Related to the Notes—The Non Preferred Senior Notes rank junior to the Issuer's other unsubordinated creditors.*"

ORGANIZATION AND MANAGEMENT

General Meeting

According to the Articles of Association, the annual General Meeting must be held every year not later than April 30. Extraordinary General Meetings may be held if so decided by the Board of Directors or requested by one of the auditors appointed at the General Meeting or by shareholders who jointly hold at least in aggregate 5 percent of the share capital in the Bank.

The Board of Directors calls the General Meeting by announcement on Danske Bank's website. Written notice of the General Meeting is given to all registered shareholders who have requested to receive written notice. The General Meeting must be called at three to five weeks' notice.

Shareholders are entitled to propose specific issues to be included on the agenda and transacted at the General Meeting. Proposals under the fixed items on the agenda may be made at the General Meeting. The shareholder must submit a written request to the Board of Directors, and the request must reach the Board of Directors at least six weeks before the General Meeting takes place.

Shareholders are entitled to attend the General Meeting if they have requested an admission card at least two days before the General Meeting. At the General Meeting, they are entitled to one vote for each share they hold on the registration date, that is, one week before the date of the General Meeting.

The Bank has one class of shares, and there are no limitations on holdings, voting rights or other opportunities for shareholders to influence decisions.

The chair of the General Meeting, who is appointed by the Board of Directors, ensures that the General Meeting is conducted in an orderly manner. For this purpose, the Articles of Association vest the chair of the General Meeting with the authority needed, including the right to arrange discussions, issues to be voted upon and voting methods, conclude debates and the right to expel General Meeting participants.

A shareholder who cannot attend the General Meeting can vote by postal ballot before the General Meeting. Resolutions of the General Meeting are made by a simple majority of votes unless otherwise provided by law or the Articles of Association.

Resolutions to amend the Articles of Association that, under Danish law, cannot be made by the Board of Directors, are passed only if adopted by at least two-thirds of the votes cast and by at least two-thirds of the share capital represented at the General Meeting and entitled to vote. A resolution to wind up the Bank by merger or voluntary liquidation can be passed only if adopted by at least three-quarters of the votes cast and by at least three-quarters of the share capital represented at the General Meeting and entitled to vote.

The Bank's Board of Directors

The Board of Directors has the overall responsibility for the management of the Bank and supervises the Executive Leadership Team. Under the current management structure, the Board of Directors outlines the overall principles governing the affairs of the Group, whereas the Executive Leadership Team is in charge of the day-to-day management, observing the guidelines and regulations issued by the Board of Directors. The Board of Directors must give specific authorization for transactions if the individual purchase or sales price exceeds DKK 350 million. The Board of Directors must also consider from time to time whether the financial position of the Bank is sound in the context of the Bank's operations and ensure that the book-keeping and asset management is controlled in a satisfactory manner.

The Board of Directors, which consists of non-executive directors, is elected by the shareholders of the Bank at the General Meeting with the exception of those directors who are elected pursuant to prevailing law concerning employee representation on the Board of Directors (currently four). Under Danish law, employees of companies that have employed an average of at least 35 employees in the preceding three years are entitled to elect directors corresponding to one-half the number of directors elected by the General Meeting. The members of the Board of Directors elected by the employees are elected for terms of four years and they hold the same rights and obligations as any member of the Board of Directors elected by the General Meeting. The members of the Board of Directors elected by the General Meeting are elected for a one-year term and the number of such directors may range from six to ten (currently eight). Directors are eligible for re-election. According to Danish law, the members of the Executive Leadership Team may not also be members of the Board of Directors of the Bank.

The Board of Directors appoints and dismisses the members of the Executive Leadership Team, the Group Chief Auditor and the Company Secretary. The Board of Directors has established Rules of Procedure for the Executive Leadership Team and for the Board of Directors itself, which lay down guidelines for their work, specify the duties of the Board of Directors

and the Executive Leadership Team, the powers of authority, and the framework of the Group's financial reporting and planning, controls and organization. Head of GIA reports directly to the Board of Directors.

On February 17, 2023, the Bank announced that Bente Avnung Landsnes would not stand for re-election at the 2023 annual General Meeting. On March 16, 2023, the annual General Meeting re-elected Martin Blessing, Lars-Erik Brenøe, Raija-Leena Hankonen-Nybom, Jan Thorsgaard Nielsen, Carol Sergeant, Jacob Dahl, Allan Polack, and Helle Valentin as members of the Board of Directors. At the Board of Directors meeting held immediately after the annual General Meeting, Martin Blessing was elected chair and Jan Thorsgaard Nielsen vice chair of the Board of Directors.

The members of the Board of Directors as at the date of this Base Information Memorandum are as follows:

	First elected to the Board of Directors	Expiration of current term
Martin Blessing, Chair	2020	2024
Jan Thorsgaard Nielsen, Vice Chair.....	2018	2024
Carol Sergeant	2013	2024
Lars-Erik Brenøe	2016	2024
Jacob Dahl	2022	2024
Raija-Leena Hankonen-Nybom	2020	2024
Allan Polack	2022	2024
Helle Valentin.....	2022	2024
Bente Bang ⁽¹⁾	2018	2026
Kirsten Ebbe Brich ⁽¹⁾	2014	2026
Aleksandras Cicasovas ⁽¹⁾	2022	2026
Louise Aggerstrøm Hansen ⁽¹⁾	2022	2026

(1) Elected by the Bank's employees.

The business address for the current members of the Board of Directors is Danske Bank A/S, 2–12 Holmens Kanal, DK-1092 Copenhagen K, Denmark.

Martin Blessing has been the Chair of the Board of Directors since 2022 and a member of the Board of Directors since 2020. Mr. Blessing is an executive officer of MB-Ventures GmbH and the Chair of the Advisory Board of Unzer Group GmbH.

Within the last five years, Mr. Blessing has been the co-president of global wealth management of UBS Switzerland AG, a member of the group executive board of UBS Group AG and a member of the board of directors of Cembra Money Bank AG.

Jan Thorsgaard Nielsen has been a member of the Board of Directors since 2018 and has been the Vice Chair of the Board of Directors since 2018. Mr. Nielsen is the chief investment officer of A.P. Møller Holding A/S as well as the chair or member of the boards of directors of 21 affiliated undertakings of APMH Invest A/S, a member of the board of directors of LEGO A/S and an owner of Thorsgaard Holding ApS, Thorsskov Holding ApS and Thorsskov Aps.

Within the last five years, Mr. Nielsen has been the chair or a member of the boards of directors of eight other affiliated undertakings of APMH Invest A/S and a member of the boards of directors of A.P. Møller Capital P/S and A.P. Møller Capital GP ApS.

Carol Sergeant has been a member of the Board of Directors since 2013. Ms. Sergeant is a senior member of the board of directors and the chair of the risk committee of Belmont Green Finance Limited and a company director of Threadneedle Solutions Ltd.

Within the last five years, Ms. Sergeant has been a financial services non-executive director and special adviser to Bank CEOs, Chairmen and Government; a member of the board of directors, the chair of the risk committee and a member of the audit committee of BNY Mellon SA/NV; a trustee of The Governing Council of the Centre for the Study of Financial Innovation (CSFI) and the ambassador of Money Advice Trust, UK; a member of the boards of directors and chair of the risk committees of PCF Group plc and PCF Bank Limited; a member of advisory board and chair of Global Women's Leadership Council of Bayes Business School, a trustee and member of the audit and investment committee of the Lloyds Register Foundation, a member of the board of directors of Hanseaticsoft A/S and owner of LRQA Danmark ApS. Ms. Sergeant has also held a number of public policy positions as well as charity and academic positions.

Lars-Erik Brenøe has been a member of the Board of Directors since 2016. Mr. Brenøe is a lawyer, a member of the boards of directors or the executive boards of one affiliated undertaking of The A.P. Møller and Chastine Mc-Kinney Møller Foundation, the chair or vice chair of the boards of directors of three affiliated undertakings of Maersk Broker K/S, a member of the board of directors of Odense Havn and a member of the board of directors of A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond.

Within the last five years, Mr. Brenøe has been the chair or a member of the boards of directors of Navigare Capital Partners A/S, Maersk Property A/S, A.P. Møller Capital GP ApS and A.P. Møller Capital P/S. Moreover, Mr. Brenøe has been a member of the central board of The Confederation of Danish Industry and the vice chair of the Danish Committee on Foundation Governance.

Jacob Dahl has been a member of the Board of Directors since 2022. Mr. Dahl is an owner of Jaka1 ApS and Jaka2 ApS.

Within the past five years, Mr. Dahl has been Senior Partner and Leader of Asia Banking Sector and co-Leader of Global Banking Sector, McKinsey & Company, Hong Kong, and Senior Partner and Leader of EEMA Financial Sector and Co-leader of Global Banking Sector, McKinsey and Company, Johannesburg.

Raija-Leena Hankonen-Nybom has been a member of the Board of Directors since 2020. Ms. Hankonen-Nybom is a member of the boards of directors and the chair of the audit committees of Cargotec Corporation, Helsinki Deaconess Foundation sr, Metsä Board Oyj and Posti Group Oyj. Ms. Hankonen-Nybom is also a member of the boards of directors of Directors' Institute Finland and Savonlinna Opera Festival.

Within the last five years, Ms. Hankonen-Nybom has been the lead audit partner and the chair of the board of KPMG Oy Ab and the chair of the boards of directors of Brigadeiro Holding Oy and Jalmari and Rauha Ahokas Medical Foundation.

Allan Polack has been a member of the Board of Directors since 2022. Mr. Polack is the chair of the board of directors of Fonden Human Practice Foundation and a member of the boards of directors of SimCorp A/S and Valdemar Frænkel og Moder Emmy Polack F. Berendts Mindelegat. Mr. Polack is also the chair of the supervisory board of Home.Earth K/S and a member of the Ældresagens Senat.

Within the past five years, Mr. Polack has been Group Chief Executive Officer of PFA Pension; chair of the board of directors of PF I A/S; and a member of the boards of directors of Forsikring & Pension (F&P), Letpension and a number of property subsidiaries of the PFA Group. Mr. Polack has also been a member of the boards of directors of Fonden F&P Formidling, Forsikringsorganisationernes Fællessekretariat FMBA and PFA Brug Livet Fonden.

Helle Valentin has been a member of the Board of Directors since 2022. Ms. Valentin is a Managing Partner, IBM Consulting, EMEA and a member of the boards of directors of IBM Danmark ApS and RWE AG.

Within the past five years, Ms. Valentin has been General Manager, IBM Consulting & IBM Services, Nordic and Managing Director and Global Account Partner, IBM Corporation.

Bente Bang has been elected by the Bank's employees and has been a member of the Board of Directors since 2018. Ms. Bang is the chair of Bikubens Personleforening and a member of the board of directors of Finansforbundet i Danske Bank.

Within the last five years, Ms. Bang has been a member of the boards of directors of Danske Kreds Jubilæumsfond and Danske Banks Velfærdsfond af 1993.

Kirsten Ebbe Brich has been elected by the Bank's employees and has been a member of the Board of Directors since 2014. Ms. Brich is the chair of Finansforbundet i Danske Bank Jubilæumsfond; a member of the boards of directors of Finansforbundet i Danske Bank, Danske Unions, Danske Banks Pensionskasse for Førtidspensionister and Danske Banks Velfærdsfond af 1993; and a member of the executive committee of Finansforbundet.

Within the last five years, Ms. Brich has been a member of the boards of directors of Danske Kreds Jubilæumsfond.

Louise Aggerstrøm Hansen has been elected by the Bank's employees and has been a member of the Board of Directors since 2022. Ms. Hansen is Chief Analyst, Danish Macro Research, Markets and Transaction Banking at Danske Bank.

Within the last five years, Ms. Hansen has been Senior Analyst, Danish Macro Research, Markets and Transaction Banking, Danske Bank.

Aleksandras Cicasovas has been elected by the Bank's employees and has been a member of the Board of Directors since 2022. Mr. Cicasovas is a Senior Project Manager at Danske Bank. Mr. Cicasovas is a member of the Lithuanian Works Council, Danske Bank and European Works Council, Danske Bank.

Within the last five years, Mr. Cicasovas has been a Technical Project Manager at Barclays Bank.

Bank's Executive Leadership Team

The Executive Leadership Team is in charge of the day-to-day management of the Group as laid down in the Rules of Procedure.

The members of the Executive Leadership Team as at the date of this Base Information Memorandum are as follows:

	Position	Year of birth	Year employed by the Bank⁽¹⁾	Appointed to the Executive Leadership Team
Carsten Rasch Egeriis	CEO	1976	2017	2017
Magnus Agustsson.....	CRO	1973	2021	2021
Joachim Alpen	Head of LC&I	1967	2023	2023
Christian Bornfeld.....	Head of Personal Customers and Financial Crime Risk & Prevention	1976	2022	2022
Karsten Breum	Chief People Officer	1972	2020	2020
Stephan Engels.....	CFO	1962	2020	2020
Johanna Norberg.....	Head of Business Customers & Country Manager, Danske Bank Sweden	1971	1999	2022
Dorthe Tolborg	CCO	1964	2014	2023
Frans Woelders	COO	1965	2020	2020

(1) Includes employment in Group companies and entities acquired by the Bank.

The business address for the current members of the Executive Leadership Team is Danske Bank A/S, 2–12 Holmens Kanal, DK-1092 Copenhagen K, Denmark.

Carsten Rasch Egeriis joined the Executive Leadership Team in 2017 and has been the CEO since 2021. Mr. Egeriis is the chair of the boards of directors of Finans Danmark, FR I af 16. september 2015 A/S and Danica Pension.

Within the last five years, Mr. Egeriis has been the CRO at the Bank; the chair of the boards of directors of Realkredit Danmark A/S; the vice chair of e-nettet A/S; and a member of the boards of directors of Danske Bank, Belfast (Northern Bank Limited), Northern Ireland, Bikubens Pensionsfond and Kreditforeningen Danmarks Pensionsafvklingskasse.

Magnus Agustsson joined the Executive Leadership Team in 2021 as the CRO. Mr. Agustsson is a member of the board of directors of Realkredit Danmark A/S.

Within the last five years, Mr. Agustsson has been the chief risk officer at Skandinaviska Enskilda Banken AB.

Joachim Alpen joined the Executive Leadership Team on August 1, 2023, as Head of LC&I.

Within the last five years, Mr. Alpen has been Co-Head of Large Corporates & Financial Institutions at Skandinaviska Enskilda Banken AB.

Christian Bornfeld joined the Executive Leadership Team in 2022, and has been Head of Personal Customers and Financial Crime Risk & Prevention since 2022. Mr. Bornfeld is chair of the board of directors of Realkredit Danmark A/S, a member of the board of directors of Vipps AS, and personal substitute for the chairmen of the boards of directors of Finans Danmark and FR I AF 16. SEPTEMBER 2015 A/S.

Within the last five years, Mr. Bornfeld has been the chief innovation & technology officer (Group COO) and vice chair of the Executive Board of ABN AMRO.

Karsten Breum joined the Executive Leadership Team in 2020 as Chief People Officer. Mr. Breum is chair of Bikubens Pensionsfond and Finanssektorens Arbejdsgiverforening (FA) (The Danish Employers' Association for the Financial Sector), and a member of the boards of directors of Danske Banks Fond, Finanskompetencepuljen and Grænsefonden.

Within the last five years, Mr. Breum has been the Head of Group HR at the Bank. Mr. Breum has also been chief HR officer and member of the Executive Board of the Panalpina transport and logistics company and a member of the board of directors of Digital Dogme.

Stephan Engels joined the Executive Leadership Team in 2020 as CFO. Within the last five years, Mr. Engels has been a member of the board of directors of Danske Bank, Belfast (Northern Bank Limited), Northern Ireland, and the member of the board of managing directors responsible for group finance, group investor relations, group tax, group treasury and mBank of Commerzbank AG.

Johanna Norberg joined the Executive Leadership Team on May 1, 2022, as Head of Business Customers at Danske Bank and Country Manager of Danske Bank Sweden. Ms. Norberg is the chair of the board of directors of Danske Hypotek AB (publ) and a member of the board of directors of Samuel Söderström Foundation.

Within the last five years, Ms. Norberg has been the Head of Business Customers, Danske Bank, the Country Manager of Danske Bank Sweden and Global Head of Capital Markets at Danske Bank and a member of the board of directors of Danske Bank International S.A.

Dorthe Tolborg joined the Executive Leadership Team on June 1, 2023, as CCO. Ms. Tolborg is a member of Eksamensudvalget of the Danish Business Authority, a member of Revisornævnet of the Danish Business Authority and a member of Revisorrådet of the Danish Business Authority.

Within the last five years, Ms. Tolborg has been the Chief Audit Executive of the Bank.

Frans Woelders joined the Executive Leadership Team on March 18, 2020, as the COO. Mr. Woelders is a member of the board of directors of Danske Bank, Belfast (Northern Bank Limited), Northern Ireland, and the owner of Woelders Werkt B.V.

Within the last five years, Mr. Woelders has been the chief digital officer, Personal Banking at NatWest Group (formerly The Royal Bank of Scotland).

Conflict of Interest

No actual or potential conflict of interests exists between any of the duties of the members of the Board of Directors and the Executive Leadership Team and their private interests or other duties.

Remuneration and Benefits

Remuneration of the Board of Directors

Members of the Board of Directors of the Group receive a fixed fee. Members of the Board of Directors are not covered by incentive programs and do not receive performance-based remuneration. The fee is set at a level that is market aligned and reflects the qualifications and competencies required in view of the Group's size and complexity, the responsibilities and the time the members of the Board of Directors are expected to allocate to discharge their obligations as members of the Board of Directors. No pension contributions are payable on fees of the members of the Board of Directors except for the members elected by the employees or where this is required under local regulations. Employee-elected members of the Board of Directors, in their roles as employees of the Bank, are entitled to variable remuneration and staff benefits like their peers at the Group.

The members of the Board of Directors receive a fixed annual base fee. The Chair of the Board of Directors will receive four times the amount of the base fee and the Vice Chair two times the amount of the base fee. In addition to the base fee, members receive compensation if they serve as members of one or more of the board committees. The Chair of a board committee receives an additional fee. The remuneration of the Board of Directors is subject to the approval of the annual General Meeting.

The following table sets forth the remuneration of the members of the Board of Directors for the year ended December 31, 2022:

	For the year ended December 31, 2022 (DKK in thousands)
Members of the Board of Directors elected by the 2022 AGM	
Martin Blessing, Chair	2,873
Jan Thorsgaard Nielsen, Vice Chair	1,846
Bente Avnung Landsnes	915
Lars-Erik Brenøe	1,242
Jacob Dahl	692
Raija-Leena Hankonen-Nybom	1,135
Allan Polack	822
Carol Sergeant	1,414
Helle Valentin	649
Employee representatives in 2022	
Louise Aggerstrøm Hansen	519
Bente Bang	790
Aleksandras Cicasovas	519
Kirsten Ebbe Brich	880
Former members of the Board of Directors	
Karsten Dybvad ⁽¹⁾	840
Charlotte Hoffmann ⁽²⁾	206
Thorbjørn Lundholm Dahl ⁽²⁾	<u>165</u>
Total remuneration	<u>15,506</u>
of which remuneration for committee work	4,350

(1) Chair of the Board of Directors until March 17, 2022.

(2) Member of the Board of Directors until March 17, 2022.

Remuneration of the Executive Leadership Team

According to the Group's remuneration policy (the "**Remuneration Policy**"), the remuneration of the Executive Leadership Team reflects the Group's desire to attract, motivate and retain qualified members of the Executive Leadership Team and to offer a competitive total remuneration package with an appropriate balance between fixed and variable pay. In connection with the annual assessment of the remuneration of the members of the Executive Leadership Team, developments in market practice are assessed.

The Remuneration Committee makes recommendations on adjustments of the remuneration of the members of the Executive Leadership Team to the Board of Directors. The remuneration of the members of the Executive Leadership Team may consist of base salary, pension and other benefits, short- and long-term incentive programs and extraordinary payments. Subject to individual agreement, the members of the Executive Leadership Team are also entitled to a mobile telephone, internet, newspapers, a company car, health insurance and health checks, assistance from health providers and other benefits in kind, including security arrangements for the member of the Executive Leadership Team as deemed necessary by the Board of Directors in order to protect the individual member and to safeguard the interests of the Bank and its customers.

Variable remuneration is part of the total remuneration package for members of the Executive Leadership Team and the variable remuneration for the members of the Executive Leadership Team cannot exceed 50 percent of the individual member's annual base salary (however, subject to applicable legislation). Variable remuneration for members of the Executive Leadership Team consists of an annual and short-term incentive program (the "**Short-term Incentive Program**") and a three-year, long-term incentive program (the "**Long-term Incentive Program**").

For the Short-term Incentive Program, the performance of the Executive Leadership Team members is assessed annually based on written performance agreements containing both financial and non-financial predefined and weighted key performance indicators ("**KPIs**") at the Group, business unit/functional and individual levels. Performance of the Executive Leadership Team is assessed by the Remuneration Committee and the Board of Directors at their discretion, and in the case of extraordinary circumstances and/or unforeseen events, the Remuneration Committee and the Board of Directors may decide to deviate from the KPI results and targets. Payments under the Short-term Incentive Program to the individual members of the Executive Leadership Team are subject to requirements on split payments and are, therefore, split between 40 percent cash and 60 percent shares. The 60 percent share remuneration is deferred for five years, followed by a one-year

retention period and backtesting before the shares are available to trade. In accordance with applicable national and European legislation, variable remuneration is subject to backtesting and clawback provisions.

The Long-term Incentive Program is a share-based program and works alongside the Short-term Incentive Program to balance incentives between short- and long-term objectives. The performance criteria for the Long-term Incentive Program is the three-year Total Shareholder Return performance relative to a select group of Nordic peers. Additional metrics can be included for settling the Long-term Incentive Program award if approved by the Board of Directors in advance of granting the award. In 2022, there were three Long-term Incentive Programs running and the Long-term Incentive Programs have a vesting period of three years. The current programs running are the 2020–2022, the 2021–2023 and 2022–2024 Long-term Incentive Programs. After a three-year vesting period, 40 percent of the shares will be paid out. The remaining shares are deferred for five years from grant date, followed by a one-year retention period before the shares are available to trade. The deferred remuneration is subject to backtesting and clawback.

The members of the Executive Leadership Team are subject to rules for material risk takers (“MRTs”). A significant part of the performance-based remuneration is deferred and may be forfeited pursuant to applicable regulation and the Remuneration Policy. The deferral period is at least five years, compared to more than four years for other MRTs, followed by a one-year retention period before the shares are available to trade. Shares granted as part of performance-based remuneration are subject to a lock-up period of six months. Any trading of such shares is subject to the Group’s procedures for insiders.

The agreements on performance-based remuneration for the individual members of the Executive Leadership Team ensure that all or part of the deferred performance-based remuneration may be clawed back if the Group’s results prove unsatisfactory or the performance-based remuneration has been granted on basis of data that is subsequently proven to be manifestly misstated or inaccurate.

The following table sets forth the remuneration of the members of the Executive Leadership Team for the year ended December 31, 2022:

	For the year ended December 31, 2022									
	Fixed remuneration				Variable remuneration					
	Base salary	Pension ⁽¹⁾	Benefits	Total fixed remuneration	Extra-ordinary payments (DKK in millions)	Cash	Shares	Total variable remuneration	Total remuneration	Fixed / variable ratio (percent)
Execute Leadership Team										
Carsten Rasch Egeriis, CEO.	14.00	–	0.83	14.83	–	0.72	2.17	2.89	17.72	83/17
Berit Behring, Head of LC&I	8.50	1.70	0.19	10.39	–	0.32	1.14	1.46	11.84	88/12
Johanna Norberg, Head of Business Customers ⁽²⁾	4.33	0.87	0.27	5.47	–	0.20	0.63	0.83	6.30	87/13
Christian Bornfeld, Head of Personal Customers and Financial Crime Risk & Prevention ⁽²⁾	5.00	1.00	0.30	6.31	–	0.18	0.66	0.83	7.14	88/12
Stephen Engels, CFO	8.50	1.70	0.26	10.46	–	0.49	1.39	1.88	12.34	85/15
Frans Woelders, COO	8.50	1.70	0.26	10.46	–	0.30	1.11	1.41	11.87	88/12
Magnus Agustsson, CRO	7.50	1.50	0.32	9.32	–	0.39	1.16	1.55	10.87	86/14
Karsten Breum, Chief People Officer	<u>7.00</u>	<u>1.40</u>	<u>0.23</u>	<u>8.63</u>	=	<u>0.27</u>	<u>0.96</u>	<u>1.23</u>	<u>9.86</u>	88/12
Total earned	<u>63.33</u>	<u>9.88</u>	<u>2.66</u>	<u>75.87</u>	=	<u>2.85</u>	<u>9.23</u>	<u>12.08</u>	<u>87.95</u>	
Former members of the Executive Leadership Team while in office										
Glenn Söderholm, Head of Personal & Business Customers ⁽³⁾	2.83	0.57	0.11	3.51	–	0.10	0.29	0.39	3.91	90/10
Philippe Vollot, Chief Administrative Officer ⁽⁴⁾ ..	<u>3.54</u>	<u>0.71</u>	<u>0.07</u>	<u>4.32</u>	=	<u>0.14</u>	<u>0.30</u>	<u>0.44</u>	<u>4.76</u>	91/9
Total earned	<u>6.37</u>	<u>1.28</u>	<u>0.18</u>	<u>7.84</u>	=	<u>0.24</u>	<u>0.59</u>	<u>0.84</u>	<u>8.67</u>	
Former members of the Executive Leadership Team during notice period⁽⁵⁾										
Philippe Vollot, Chief Administrative Officer ⁽⁴⁾ ..	<u>2.83</u>	<u>0.57</u>	<u>0.06</u>	<u>3.46</u>	=	<u>0.11</u>	<u>(0.30)⁽⁶⁾</u>	<u>0.11</u>	<u>3.57</u>	N/A
Total earned	<u>2.83</u>	<u>0.57</u>	<u>0.06</u>	<u>3.46</u>	=	<u>0.11</u>	<u>(0.30)</u>	<u>0.11</u>	<u>3.57</u>	

Note: The categorization of the remuneration components in the table above differs from that in the 2022 Financial Statements incorporated by reference herein, including the presentation of pension paid as cash allowance, which is classified as fixed salary in the 2022 Financial Statements. Further, the value of the Long-term Incentive Program grant in the table above is the grant value of the award for the 2022–2024 performance period. This value is lower than the maximum possible award as it takes into account the range of potential outcomes, including 0 percent and 100 percent. It is based on the expected value of the outcome of the total shareholder return performance of the Bank against its Nordic peers. The basis of presentation used is different from the approach applied in the 2022 Financial Statements where one third of the award granted is considered earned in each of the three performance years of the program.

- (1) Including pension amounts paid into a pension scheme and paid out as cash for employees covered by Section 48E/F of the Danish Tax Assessment Act. The CEO does not receive a pension or any pension allowance.
- (2) Member of the Executive Leadership Team from May 1, 2022.
- (3) Resigned from the Executive Leadership Team on April 30, 2022.
- (4) Resigned from the Executive Leadership Team on June 2, 2022.
- (5) Chris Vogelzang, former CEO, who resigned from the Executive Leadership Team in 2021 and whose notice period lasted until October 31, 2022, received DKK 14.68 million in fixed and variable remuneration in 2022 as per the contractual severance terms. Jakob Groot, former Head of Corporates & Institutions, who resigned from the Executive Leadership Team in 2020 and whose notice period lasted until February 28, 2022, received DKK 1.19 million in fixed and variable remuneration in 2022 as per the contractual severance terms.
- (6) Philippe Vollot forfeits the rights to conditional shares earned in 2022 during his notice period. Additionally, Mr. Vollot forfeits the rights to variable share-based payments earned in previous years.

For additional information regarding remuneration of the members of the Board of Directors and the Executive Leadership Team, see note G36 to the 2022 Financial Statements incorporated by reference into this Base Information Memorandum.

Severance Terms for the Executive Leadership Team

In general, the members of the Executive Leadership Team are entitled to a notice period upon termination from the Group of 12 months (18 months for members of the Executive Leadership Team who joined the Executive Leadership Team before January 1, 2022) and to terminate their own positions with a notice of 6 months (9 months for members of the Executive Leadership Team who joined the Executive Leadership Team before January 1, 2022). During such notice period, the members of the Executive Leadership Team are entitled only to full salary and benefits to the extent such member does not obtain other income during the notice period. As a general rule, the members of the Executive Leadership Team are not entitled to severance pay, unless an exemption has been granted and upon specific approval by the Board of Directors.

Employee Performance-based Share Remuneration Program

Effective from 2010, the Group has granted rights to conditional shares under the bonus structure for MRTs and other employees (including members of the Executive Leadership Team as discussed under “—*Remuneration of the Executive Leadership Team*” above) as part of their performance-based remuneration. MRTs and other employees may be entitled to variable remuneration, the Short-term Incentive Program, and have a performance agreement with predetermined KPIs at the Group, business unit/function and individual levels. All KPIs are evaluated on an annual basis. Variable pay to MRTs is divided into a minimum of 40 percent cash and a maximum of 60 percent shares, and is deferred for a minimum of four years (minimum of five years for members of the Executive Leadership Team) as required by the EBA. Rights to shares for MRTs vest four years after being granted (at least five years for the members of the Executive Leadership Team) provided that the employee, with the exception of retirement, has not resigned from the Group. In addition to this requirement and before pay-out of deferred shares, backtesting is conducted to assess whether the initial criteria for granting the bonus at the time of grant (four years ago, or at least five years ago for the members of the Executive Leadership Team) are still considered fulfilled, whether the Bank’s economic situation has deteriorated significantly and whether the individual has proven fit and proper. Shares granted as part of variable remuneration are subject to a minimum retention period of six months (12 months for members of the Executive Leadership Team) before the shares can be traded.

Management's Shareholdings and Options

Shareholdings

The following table sets forth the number of the Bank's shares, share options and conditional shares held by the current members of the Board of Directors and the Executive Leadership Team and their immediate family as at the dates indicated:

	<u>As at June 30, 2023</u>	<u>As at December 31, 2022</u>	
	<u>Number of the Bank's shares</u>	<u>Options</u>	<u>Number of conditional shares</u>
Board of Directors			
Martin Blessing	18,000	–	–
Jan Thorsgaard Nielsen	25,000	–	–
Carol Sergeant	7,023	–	–
Lars-Erik Brenøe	32,886	–	–
Jacob Dahl	7,200	–	–
Raija-Leena Hankonen-Nybom	8,000	–	–
Allan Polack	3,800	–	–
Helle Valentin	600	–	–
Bente Bang	1,262	–	–
Kirsten Ebbe Brich	3,796	–	–
Aleksandras Cicasovas	600	–	–
Louise Aggerstrøm Hansen	676	=	=
Total	<u>108,833</u>	=	=
Executive Leadership Team			
Carsten Rasch Egeriis	24,474	–	91,370
Magnus Agustsson	–	–	15,437
Joachim Alpen	–	–	–
Christian Bornfeld	8,000	–	8,686
Karsten Breum	62,013	–	39,661
Stephen Engels	23,000	–	61,729
Johanna Norberg	16,307	–	34,686
Dorthe Tolberg	–	–	–
Frans Woelders	5,000	=	57,264
Total	<u>138,794</u>	=	<u>285,298</u>

Under the Market Abuse Regulation (Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse), the acquisition and sale of shares in the Bank by persons discharging managerial responsibility (“PDMRs”) and related parties must be reported to the DFSA promptly and no later than three business days after the date of the transaction and be publicly disclosed when transactions in aggregate exceed EUR 20,000 per calendar year. The Bank discloses all additions, disposals and total holdings of members of the Board of Directors and the Executive Leadership Team (PDMRs) and their related parties.

Board of Directors Practices

Pursuant to the Articles of Association, the Board of Directors must consist of not less than six and not more than ten members elected by the General Meeting. The members of the Board of Directors elected by the General Meeting are elected for one-year terms and may be re-elected. In addition to the members elected by the General Meeting, the employees of the Group are entitled to elect a number of employee representatives corresponding to one-half the number of members elected by the General Meeting. The employee representatives are elected for a term of four years. Pursuant to the Danish Financial Business Act, a member of the Board of Directors may not serve on the Executive Leadership Team. Generally, the members of the Executive Leadership Team attend meetings of the Board of Directors.

Following the Bank's General Meeting, the members of the Board of Directors elect a chair and a vice chair from among themselves.

The Board of Directors constitutes a quorum when more than half of its members, including the Chair or Vice Chair, participate in the passing of a resolution. In case of parity of votes, the Chair or, in his absence, the Vice Chair chairing the meeting, has the casting vote. Resolutions of the Board of Directors are passed by simple majority of the votes present at the meeting, unless otherwise provided by law, the Articles of Association or the Rules of Procedure of the Board of Directors.

Each member of the Board of Directors and the Executive Leadership Team defines, oversees and is accountable for the implementation of the governance arrangements that ensure effective and prudent management of the Bank. Each member

of the Board of Directors and the Executive Leadership Team shall at all times ensure that his or her (and his or her related parties') private or professional interests, directly or indirectly, are not in conflict with the interests of the Bank. Members of the Board of Directors and the Executive Leadership Team shall not participate in the preparations, discussions or decision making processes concerning an agreement between the Bank and the member in question or concerning legal proceedings brought against any third party if the member in question has a significant interest therein that may conflict with the Bank's interests. A member of the Board of Directors cannot be present during discussions of accounts and facilities available to a company in which they are members of the board of directors or the executive board. However, a member of the Executive Leadership Team may be present during discussions of the accounts and facilities of any Group entity, even if such a member is the member of the board of directors or management of the company in question.

The external auditor and the Chief Audit Executive are entitled to participate in meetings of the Board of Directors during the consideration of matters relevant to the auditing or the financial reporting of the Group. At the request of any member of the Board of Directors, the external auditor and the Chief Audit Executive shall participate in meetings of the Board of Directors.

The Board of Directors is kept informed of the auditors' work on an ongoing basis through submission of audit reports to it and the Board of Directors evaluates this work upon the signing of the reports, or otherwise by contacting the Chair where matters of significance are identified which ought to be reported to the Board of Directors.

According to the Danish Financial Business Act, the Board of Directors must (i) determine and continuously consider what business activities the Bank is to perform, (ii) identify and quantify the Bank's risk profile, including assessing the risks that the Bank may assume and (iii) establish internal policies for the management of the Bank's business activities and risk profile. Based on the Bank's risk profile and its internal policies, the Board of Directors must prepare written guidelines for the Executive Leadership Team. These guidelines must, as a minimum, contain the following:

- the framework for the risks that the Executive Leadership Team may put on the Bank;
- the principles upon which different types of risk are determined;
- which transactions the Executive Leadership Team may execute without the approval of the Board of Directors; and
- the procedure for the Executive Leadership Team's reporting to the Board of Directors with regard to the risks associated with the Bank's activities.

The Rules of Procedure of the Board of Directors contain the information required by the Danish Financial Business Act.

Permanent Committees

General

The Board of Directors has established five board committees: the Risk Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Conduct & Compliance Committee. The committees act as preparatory committees for the Board of Directors. Under Danish law, board committees have no decision-making authority but serve in a consulting role only. The tasks of the committees are laid out in charters of each committee, which are reviewed at least once a year.

Audit Committee

The Audit Committee operates as a preparatory committee for the Board of Directors with respect to accounting and auditing matters, including related risk matters. The committee reviews and submits recommendations to the Board of Directors regarding financial reports and the assessment of the related risks, sustainability reporting, accounting principles and procedures, internal controls, and reports from both internal and external auditors. The Audit Committee convenes at least four times a year.

The Audit Committee currently consists of Raija-Leena Hankonen-Nybohm (Chair), Jan Thorsgaard Nielsen and Allan Polack. The Audit Committee held seven meetings in 2022.

Conduct & Compliance Committee

The Conduct & Compliance Committee operates as a preparatory committee for the Board of Directors with respect to conduct and reputational risk, compliance and financial crime prevention and other matters that the Board of Directors may want to have examined by the Conduct & Compliance Committee. Furthermore, the committee oversees investigations of significant instances of breach of requirement and/or obligations within the areas of compliance risk and oversees communication with the DFSA and the whistleblowing scheme. The committee monitors the adequacy of Group

compliance resources; oversees the Group's conduct in relation to its corporate and societal obligations and monitors the Group's adherence to guidance, direction and policies for the Group's approach to customers and regulation.

The Conduct & Compliance Committee currently consists of Lars-Erik Brenøe (Chair), Martin Blessing, Kirsten Ebbe Brich and Carol Sergeant. The Conduct & Compliance Committee held seven meetings in 2022.

Nomination Committee

The Nomination Committee operates as a preparatory committee for the Board of Directors with respect to the nomination and appointment of candidates to the Executive Leadership Team and the Board of Directors and the evaluation of the work and performance of the Executive Leadership Team, the Board of Directors and their individual members. The committee also submits proposals to the Board of Directors for succession planning, diversity and inclusion. The Nomination Committee convenes at least twice a year.

The Nomination Committee currently consists of Jan Thorsgaard Nielsen (Chair), Martin Blessing and Helle Valentin. The Nomination Committee held six meetings in 2022.

Remuneration Committee

The Remuneration Committee operates as a preparatory committee for the Board of Directors with respect to matters concerning remuneration, with a focus on the remuneration of the members of the Board of Directors, the Executive Leadership Team, MRTs, key employees and executives in charge of control and internal audit functions, and on incentive programs. The committee monitors trends in the Group's salary and bonus policies and practices. It monitors the incentive programs to ensure that they promote ongoing, long-term shareholder value creation as well as compliance with the Remuneration Policy. The Remuneration Committee convenes at least twice a year.

The Remuneration Committee currently consists of Martin Blessing (Chair), Bente Bang, Lars-Erik Brenøe and Jacob Dahl. The Remuneration Committee held five meetings in 2022.

Risk Committee

The Risk Committee operates as a preparatory committee for the Board of Directors with respect to the Group's risk management and it advises the Board of Directors on the Group's risk profile, risk culture, risk appetite, risk strategy and risk management framework. The committee therefore reviews and submits recommendations to the Board of Directors regarding the Group's risk appetite, policies and instructions, its capital, leverage, liquidity, solvency and recovery requirements, its operational resilience framework, its impairment levels, its products and services from a risk perspective and the credit quality of the Group's loan portfolio. Furthermore, the committee reviews the use of internal models, the adequacy and sufficiency of staff resources of the risk management control function and incentive programs from a risk perspective. The Risk Committee convenes at least six times a year.

The Risk Committee currently consists of Carol Sergeant (Chair), Louise Aggerstrøm Hansen, Jacob Dahl and Allan Polack. The Risk Committee held eight meetings in 2022.

Declaration on Corporate Governance

By adhering to sound principles of corporate governance, the Bank wishes to maintain the confidence of investors, achieve its financial objectives and act with integrity towards all its stakeholders. The Bank aims to create transparency for shareholders and other stakeholders by describing aspects of its organization and processes.

The Bank is subject to the Danish Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance in December 2020 (the "**Recommendations**"). On an annual basis, the Board of Directors considers all Recommendations applying the "comply or explain" principle. On its website, the Bank has published a corporate governance report with comments on its compliance with the Recommendations. The conclusion of the last evaluation for 2022 was that the Bank complies with all of the Recommendations.

RELATED PARTY TRANSACTIONS

The following information is supplemented by, and should be read together with, the Group's Interim report – first half 2023 incorporated by reference into this Base Information Memorandum.

Pursuant to IFRS, a related party to the Group is either a party over which the Group has control or significant influence or a party that has control or significant influence over the Group. All entities over which the Group has control are consolidated and are therefore not considered a related party in relation to the Group.

The Group, as a bank, enters into a significant number of transactions with related parties, substantially all of which occur in the normal course of business. Payment services, trading in securities and other instruments, depositing of surplus liquidity and the provision of short- and long-term financing are the primary services provided by the Bank. The Danica Group manages the employer pension plans of a number of related parties, and the Bank manages the assets of a number of the Group's pension funds. Transactions with related parties are settled on an arm's length basis and recognized in the financial statements applying the same accounting policy as for similar transactions with unrelated parties.

Transactions with Associated Undertakings

The following table sets forth the Group's transactions with associated undertakings as at the dates and for the years indicated:

	As at and for the year ended December 31,		
	2022	2021	2020
	(DKK in millions)		
Loans and loan commitments	2,644	2,029	1,659
Securities and derivatives	11,698	11,736	11,092
Deposits	1,218	1,020	894
Derivatives	34	6	–
Guarantees issued	6	6	9
Guarantees and collateral received	192	419	568
Interest income	77	56	52
Interest expense	15	1	7
Fee income	84	3	3
Dividend income	–	–	15
Other income	1	–	(1)
Loan impairment charges	–	11	1

Transactions with associated companies covers transactions with the following companies: Administrationselskabet Forenede Gruppeliv, Bankomat AB, Capital Four – Strategic Lending Fund K/S, Danske Shoppingcentre P/S, Danske Shoppingcentre FC P/S, E Nettet A/S, Gro Fund I K/S, Gro Fund II K/S, G.S.V. Holding A/S, Komplementarselskabet CØ ApS, Komplementarselskabet Danske Shoppingcentre ApS, Komplementarselskaber ERDA II, Komplementarselskabet P/S Magnolieholm, K/S ERDA II, P/S Magnolieholm, Maritime Investmetnt Fund I K/S, Maritime Investment Fund II K/S, Samejet Nymøllevej 59-91, Sanistål A/S, Udviklingselskabet CØ P/S, P/S Downtown CBD, Komplementarsnpartsselskabet Downtown CBD, Tapio Technologies Oy, Meglerhuset Nylander AS, Irish Clearing House Ltd, Irepse Oy, Gro Capital A/S, Maritime GP F I ApS, Nylander Finans AS, Aquaporin A/S and VIPPS AS.

Transactions with Parties with Significant Influence

Related parties with significant influence are shareholders with holdings exceeding 20 percent of the share capital of the Bank. In 2022, 2021 and 2020, the A.P. Møller and Chastine Mc-Kinney Møller Foundation and companies of A.P. Møller Holding Group, Copenhagen, on a consolidated basis, were such related parties. During this three-year period and in 2023 until the date of this Base Information Memorandum, no other related parties had significant influence on the Bank.

The following table sets forth the Group's transactions with parties with significant influence as at the dates and for the years indicated:

	As at and for the year ended December 31,		
	2022	2021	2020
	(DKK in millions)		
Loans and loan commitments	7,544	4,045	3,408
Securities and derivatives	1,035	2,667	1,883
Deposits	9,889	7,620	9,017
Derivatives.....	387	64	475
Guarantees issued	166	127	227
Guarantees and collateral received.....	288	221	262
Interest income.....	121	58	53
Interest expense	19	4	39
Fee income.....	15	11	14
Dividend income.....	125	21	5
Other income	1	6	4
Loan impairment charges.....	1	1	-

Transactions with the Board of Directors and the Executive Leadership Team

The following table sets forth the Group's transactions with the members of the Board of Directors and the Executive Leadership Team as at the dates and for the years indicated:

	As at and for the year ended December 31,		
	2022	2021	2020
	(DKK in millions)		
Board of Directors			
Loans and loan commitments	47	52	39
Deposits	29	24	56
Guarantees and collateral received.....	31	49	67
Interest income.....	1	1	1
Fee income.....	-	-	12
Acquisitions of Danske Bank shares.....	2	-	2
Executive Leadership Team			
Loans and loan commitments	28	43	37
Deposits	12	15	11
Guarantees and collateral received.....	16	31	30
Acquisitions of Danske Bank shares.....	6	-	4

The following table sets forth the average interest rates on credit facilities granted to members of the Board of Directors and the Executive Leadership Team for the years indicated:

	For the year ended December 31,		
	2022	2021	2020
	(percent)		
Board of Directors	1.2	1.3	1.5
Executive Leadership Team.....	1.7	1.6	1.3

TERMS AND CONDITIONS OF THE NOTES

This description of the Program contains the Conditions of the Notes which (subject to completion and/or amendment by way of the relevant Pricing Supplement for each Tranche of Notes) will be endorsed upon, or attached to, each Note. The relevant Pricing Supplement in relation to any Tranche of Notes will specify specific terms (including, but not limited to Conditions relating to payment, and the interest rate basis for the Notes) which shall, to the extent so specified or to the extent inconsistent with the following Conditions, complete the following Conditions for the purpose of such Notes. The relevant Pricing Supplement will be endorsed upon, or attached to, each Note.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Clearing and Settlement.”

1. General

- 1.1 Danske Bank A/S (the “**Issuer**”) has established a U.S. Medium-Term Note Program (the “**Program**”) for the issuance of up to U.S.\$ 20,000,000,000 in aggregate principal amount of debt instruments (the “**Notes**”). Where a particular Condition (as defined below) is applicable only to certain classes of Notes, “**Notes**” shall be construed in accordance with the relevant Condition.
- 1.2 Notes issued under the Program are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each, a “**Tranche**”) of Notes. Each Tranche is the subject of a pricing supplement document (the “**Pricing Supplement**”) which completes these Terms and Conditions (the “**Conditions**”). The Conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.
- 1.3 The Notes are subject to an amended and restated fiscal and paying agency agreement dated as of April 8, 2020 (as supplemented, amended and/or replaced from time to time, the “**Agency Agreement**”) between the Issuer, U.S. Bank National Association as fiscal agent (the “**Fiscal Agent**,” which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agent(s) named therein (the “**Paying Agent(s)**,” which expression shall include the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Agency Agreement). The Notes have the benefit of a deed of covenant dated April 8, 2020 (as supplemented, amended and/or replaced from time to time, the “**Deed of Covenant**”).
- 1.4 All subsequent references in these Conditions to “**Notes**” are to the Notes which are the subject of the relevant Pricing Supplement. Copies of the Pricing Supplement applicable to a particular Tranche are available for inspection by Holders (as defined below) of such Tranche during normal business hours at the corporate trust office of the Fiscal Agent. In the case of a Tranche of Notes which is not admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, copies of the Pricing Supplement will only be available for inspection by Holders of such Notes.
- 1.5 Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. The holders of the Notes (the “**Holders**”) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement and the Deed of Covenant (i) are available for inspection by Holders during normal business hours at the corporate trust office of the Fiscal Agent or (ii) may be provided by email to a Holder following their prior written request to the Fiscal Agent and provision of proof of holding and identity (in a form satisfactory to the Fiscal Agent).
- 1.6 The Notes will be issued only in registered form and in minimum denominations of U.S.\$ 200,000 (or, in the case of Notes not denominated in U.S. dollars, the equivalent thereof in such foreign currency, rounded down to the nearest 100,000 units of such foreign currency, but so that in no event will the minimum denomination be lower than EUR 100,000 or its equivalent at the Issue Date of the relevant Notes) and integral multiples of U.S.\$ 1,000 (or, in the case of Notes not denominated in U.S. dollars, 1,000 units of such foreign currency) in excess thereof.
- 1.7 Unless otherwise specified in the relevant Pricing Supplement, the Notes will be denominated in U.S. dollars and payments of the principal and any premium or interest on the Notes will be made in U.S. dollars. If any of the Notes are denominated in a Specified Currency (as defined below) other than U.S. dollars (a “**Foreign Currency Note**”), payments of the principal and any premium or interest on such Notes will be made in accordance with Condition 12.3 (*Payments on Foreign Currency Notes*).

2. Definitions and Interpretation

- 2.1 Definitions: In these Conditions the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the relevant Pricing Supplement;

“Adjustment Spread” means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the relevant circumstances, any economic prejudice or benefit (as applicable) to the Holders as a result of the replacement of the Original Reference Rate with the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Original Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines is recognized or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Reference Rate or the Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognized or acknowledged, the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines is recognized or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Original Reference Rate, where such rate has been replaced by the relevant Successor Reference Rate or Alternative Reference Rate (as applicable); or
- (iv) if no such industry standard is recognized or acknowledged, the Issuer, in its discretion, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines to be appropriate;

“Affiliates” has the meaning given to such term in paragraph (a)(l) of Rule 144 under the United States Securities Act of 1933, as amended;

“Alternative Reference Rate” means an alternative benchmark or screen rate that the Issuer (following consultation with an Independent Adviser (if applicable)) determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of debt securities denominated in the Specified Currency and of a comparable duration:

- (i) in the case of Notes for which the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable, to the relevant Interest Periods; or
- (ii) in the case of Notes for which the Fixed Rate Reset Note Provisions are specified in the relevant Pricing Supplement as being applicable, to the relevant Reset Periods,

or, in any case, if the Issuer (following consultation with an Independent Adviser (if applicable)) determines that there is no such rate, such other rate as the Issuer (following consultation with an Independent Adviser (if applicable)) determines in its discretion is most comparable to the Original Reference Rate;

“Applicable Business Center(s)” means the city or cities specified as such in the relevant Pricing Supplement;

“Applicable Financial Center(s)” means the city or cities specified as such in the relevant Pricing Supplement;

“Applicable MREL Regulations” means, at any time, the laws, regulations, requirements, guidelines and policies then in effect in Denmark giving effect to any MREL Requirement or any successor regulations then applicable to the Issuer and/or the Group, including, without limitation to the generality of the foregoing, CRD/CRR, the BRRD and those regulations, requirements, guidelines and policies giving effect to any MREL Requirement or any successor regulations then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group);

“Articles of Association” means the articles of association of the Issuer;

“BBSW” means the Bank Bill Swap Reference Rate;

“Benchmark Event” means, with respect to an Original Reference Rate:

- (i) such Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered; or

- (ii) the later of (A) a public statement by the administrator of such Original Reference Rate that it will, on or before a specified date, cease publishing such Original Reference Rate, permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Original Reference Rate) and (B) the date falling six months prior to the specified date referred to in (ii)(A); or
- (iii) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that such Original Reference Rate has been permanently or indefinitely discontinued; or
- (iv) the later of (A) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that such Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (B) the date falling six months prior to the specified date referred to in (iv)(A); or
- (v) the later of (A) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that such Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (B) the date falling six months prior to the specified date referred to in (v)(A); or
- (vi) it has or will prior to the next Interest Determination Date or Reset Determination Date, as applicable, become unlawful for the Calculation Agent or any other agents party to the Agency Agreement to calculate any payments due to be made to the Holders using such Original Reference Rate; or
- (vii) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used;

“Benchmark Replacement” means, with respect to an Original Reference Rate, the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (i) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for such Original Reference Rate and (b) the Benchmark Replacement Adjustment;
- (ii) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
- (iii) the sum of: (a) the alternate rate of interest that has been selected by the Issuer as the replacement for such Original Reference Rate giving due consideration to any industry-accepted rate of interest as a replacement for the then-current benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of Interest Accrual Period, the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the Original Reference Rate (including the daily published component used in the calculation thereof):

- (i) in the case of clause (i) or (ii) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Original Reference Rate permanently or indefinitely ceases to provide the Original Reference Rate (or such component); or
- (ii) in the case of clause (iii) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Relevant Time on the relevant Interest Determination Date, the Benchmark Replacement Date will be deemed to have occurred prior to the Relevant Time for such determination;

“Benchmark Transition Event” means, with respect to an Original Reference Rate, the occurrence of one or more of the following events with respect to such Original Reference Rate (including the daily published component used in the calculation thereof):

- (i) a public statement or publication of information by or on behalf of the administrator of such Original Reference Rate (or such component) announcing that such administrator has ceased or will cease to provide such Original Reference Rate (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Original Reference Rate (or such component); or
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of such Original Reference Rate (or such component), the central bank for the currency of such Original Reference Rate (or such component), an insolvency official with jurisdiction over the administrator for such Original Reference Rate (or such component), a resolution authority with jurisdiction over the administrator for such Original Reference Rate (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Original Reference Rate, which states that the administrator of such Original Reference Rate (or such component) has ceased or will cease to provide such Original Reference Rate (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Original Reference Rate (or such component); or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative;

“Broken Amount” has the meaning given in the relevant Pricing Supplement;

“BRRD” means Directive (2014/59/EU) of the European Parliament and of the Council on resolution and recovery of credit institutions and investment firms dated May 15, 2014 and published in the Official Journal of the EU on June 12, 2014 (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time (including, for the avoidance of doubt, the amendments to such Directive resulting from Directive (EU) 2019/879 of the European Parliament and of the Council on the loss-absorbing and recapitalization capacity of credit institutions and investment firms dated May 20, 2019 (“**BRRD II**”), and published in the Official Journal of the European Union on June 7, 2019);

“Business Day” means (i) in the case of Interest Determination Dates and Reset Determination Dates only, where the relevant Pricing Supplement specifies a “Business Day” preceded by a city for the purposes of the Interest Determination Date(s) or, as the case may be, the Reset Determination Date(s), a day on which commercial banks and foreign exchange markets settle payments and are open for business (including dealing in foreign exchange and foreign currency deposits) in that city; and (ii) in all other cases, a day on which commercial banks and foreign exchange markets settle payments and are open for business (including dealing in foreign exchange and foreign currency deposits) in each Applicable Business Center, and if TARGET is an Applicable Business Center, a TARGET Settlement Day;

“Business Day Convention,” in relation to any particular date, shall be as specified in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **“Following Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day;

- (ii) **“Modified Following Business Day Convention”** or **“Modified Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **“Preceding Business Day Convention”** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **“FRN Convention,” “Floating Rate Convention”** or **“Eurodollar Convention”** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
 - (a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **“No Adjustment”** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“Calculation Agent” means the Fiscal Agent or such other Person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Pricing Supplement;

“Calculation Amount” has the meaning given to such term in the relevant Pricing Supplement (the **“Original Calculation Amount”**), provided that if the Outstanding Principal Amount of each Note is reduced as required by the current legislation and/or regulations applicable to the Issuer, the Calculation Agent shall (a) adjust the Calculation Amount on a *pro rata* basis to account for such reduction and (b) notify the Holders in accordance with Condition 21 (*Notices*) and the Fiscal Agent (if the Fiscal Agent is not the Calculation Agent) of the details of such adjustment;

“Call Option” has the meaning given in the relevant Pricing Supplement;

“CIBOR” means the Copenhagen interbank offered rate;

“Clearstream, Luxembourg” means Clearstream Banking S.A.;

“CMT Rate” means with respect to the Reset Date, the rate that is equal to:

- (i) the Original Reset Reference Rate Payment Basis yield for United States Treasury Securities at “constant maturity” for a period to maturity which is equal or comparable to the duration of the relevant Reset Period, as published in the H.15 under the caption “Treasury constant maturities (nominal)” (or any successor publication that is published by the Board of Governors of the United States Federal Reserve System that establishes yields for United States Treasury Securities at “constant maturity”), as that yield is displayed on such Reset Determination Date, on the Relevant Screen Page; or
- (ii) if the yield referred to in paragraph (i) above is not published by the Relevant Time on the Relevant Screen Page on such Reset Determination Date, the Original Reset Reference Rate Payment Basis yield for the United States Treasury Securities at “constant maturity” having a period to maturity which is equal or comparable to the duration of the relevant Reset Period, as published in H.15 under the caption “Treasury constant maturities (nominal)” (or any successor publication that is published by the Board of Governors of the United States Federal Reserve System that establishes yields for United States Treasury Securities at “constant maturity”), on such Reset Determination Date; or
- (iii) if neither the yield referred to in paragraph (i) above nor the yield referred to in paragraph (ii) above is published by the Fallback Relevant Time on such Reset Determination Date, the Reset Reference Bank Rate in respect of such Reset Determination Date;

in the case of (ii) and (iii) above, all as determined by the Calculation Agent;

“**Contractual Currency**” has the meaning given to such term in Condition 22 (*Currency Indemnity*);

“**CRD/CRR**” means, as the context requires, any or any combination of the CRD Directive, the CRR and any CRD/CRR Implementing Measures;

“**CRD Directive**” means Directive (2013/36/EU) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated June 26, 2013, and published in the Official Journal of the EU on June 27, 2013 (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time (including, for the avoidance of doubt, the amendments to such Directive resulting from Directive (EU) 2019/878 of the European Parliament and of the Council as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures dated May 20, 2019, and published in the Official Journal of the European Union on June 7, 2019);

“**CRD/CRR Implementing Measures**” means any regulatory capital rules or regulations or other requirements, which are applicable to the Issuer and which prescribe (alone or in conjunction with any other rules, regulations or other requirements) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on a non-consolidated or consolidated basis) to the extent required by the CRD Directive or the CRR, including for the avoidance of doubt and without limitation any regulatory technical standards released from time to time by the European Banking Authority (or any successor or replacement thereof);

“**CRR**” means Regulation (2013/575) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated June 26, 2013 and published in the Official Journal of the EU on June 27, 2013, as amended or replaced from time to time (including, for the avoidance of doubt, the amendments to such Regulation resulting from Regulation (EU) 2019/876 of the European Parliament and of the Council as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements dated May 20, 2019, and published in the Official Journal of the European Union on June 7, 2019);

“**Danish Bankruptcy Act**” means the Danish Bankruptcy Act (Consolidated Act No. 1600 of December 25, 2022, as amended or replaced from time to time) (in Danish: *konkursloven*);

“**Danish Financial Business Act**” means the Danish Financial Business Act (Consolidated Act No. 406 of March 29, 2022, as amended or replaced from time to time);

“**Danish Recovery and Resolution Act**” means the Danish Recovery and Resolution Act of Certain Financial Undertakings (Consolidated Act No. 24 of January 4, 2019, as amended or replaced from time to time);

“**Danish Statutory Loss Absorption Powers**” means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Denmark, relating to (i) the transposition of the BRRD (or, as the case may be, any provision of Danish law transposing or implementing such Directive) as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified or converted into Ordinary Shares, other securities or other obligations of the Issuer or any other Person or suspended for a temporary period;

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

- (i) if “**Actual/Actual (ICMA)**” is so specified, means:
 - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (A) the actual number of days in such Regular Period and (B) the number of Regular Periods in any year; and
 - (b) where the Calculation Period is longer than one Regular Period, the sum of:
 - (i) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (A) the actual number of days in such Regular Period and (B) the number of Regular Periods in any year; and
 - (ii) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (A) the actual number of days in such Regular Period and (B) the number of Regular Periods in any year;

- (ii) if “**Actual/365**,” “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30; and

- (vi) if “**30E/360**” or “**Eurobond Basis**” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

- (vii) if “**30E/360 (ISDA)**” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30;

“**Designated Maturity**” means, in respect of a Series of Notes for which (i) the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable and (ii) Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Pricing Supplement, the period of time designated in the relevant Reference Rate;

“**Determination Date(s)**” has the meaning given in the relevant Pricing Supplement;

“**DFSA**” means the Danish Financial Supervisory Authority (in Danish: “*Finanstilsynet*”) and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer and/or the FS (if applicable), in any case as determined by the Issuer;

“**DTC**” means The Depository Trust Company;

“**Early Redemption Amount (Tax)**” means, in respect of any Note, its Outstanding Principal Amount or such other amount as may be specified in, or calculated or determined in accordance with, these Conditions or the relevant Pricing Supplement;

“**Enforcement Events**” has the meaning given to such term in Condition 14 (*Enforcement Events*);

“**EURIBOR**” means the eurozone interbank offered rate;

“**Euroclear**” means Euroclear Bank SA/NV;

“**Euronext Dublin**” means the Irish Stock Exchange plc, trading as Euronext Dublin;

“**Fallback Relevant Time**” means the time specified in the relevant Pricing Supplement;

“**Final Redemption Amount**” means, in respect of any Note, its Outstanding Principal Amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Pricing Supplement;

“**First Reset Date**” means the date specified in the relevant Pricing Supplement;

“**First Reset Period**” means the period from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Pricing Supplement, the Maturity Date;

“**First Reset Period Fallback Yield**” means the yield specified in the relevant Pricing Supplement;

“**First Reset Rate of Interest**” means, in respect of the First Reset Period and, if applicable, subject to Condition 7.3 (*Reset Reference Rate Conversion*), the rate of interest determined by the Calculation Agent on (or, if applicable, in respect of) the relevant Reset Determination Date as the sum of the relevant CMT Rate plus the relevant Reset Margin;

“**Fixed Interest Amount**” has the meaning given in the relevant Pricing Supplement;

“**FS**” means “*Finansiel Stabilitet*” and any successor or replacement thereto, or other resolution authority with the ability to exercise any Danish Statutory Loss Absorption Powers in relation to the Issuer, in any case as determined by the Issuer;

“**Group**” means the Issuer together with its Subsidiaries and other entities that are consolidated in the Issuer’s calculation of the Common Equity Tier 1 Capital Ratio on a consolidated level in accordance with CRD/CRR requirements;

“**H.15**” means the daily statistical release designated as H.15, or any successor publication, published by the board of governors of the Federal Reserve System at www.federalreserve.gov/releases/H15 or such other page, section, successor site or publication as may replace it;

“**HIBOR**” means the Hong Kong interbank offered rate;

“**IA Determination Cut-off Date**” means:

- (i) in the case of Notes for which the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable, in any Interest Period, the date that is no later than five Business Days prior to the Interest Determination Date relating to the immediately following Interest Period; or
- (ii) in the case of Notes for which the Fixed Rate Reset Note Provisions are specified in the relevant Pricing Supplement as being applicable, in any Reset Period, the date that is no later than five Business Days prior to the Reset Determination Date relating to the next succeeding Reset Period;

the date that is no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period;

“**Independent Adviser**” means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

“**Initial Rate of Interest**” has the meaning specified in the relevant Pricing Supplement;

“**Interest Accrual Period**” means (i) each Interest Period and (ii) any other period (if any) in respect of which interest is to be calculated, being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due;

“**Interest Amount**” means, in relation to the Calculation Amount and an Interest Period, the amount of interest payable in respect of the Calculation Amount for that Interest Period;

“**Interest Commencement Date**” means the Issue Date of the Note or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

“**Interest Determination Date**” has the meaning given in the relevant Pricing Supplement;

“**Interest Payment Date**” means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“**Interest Period**” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“**ISDA Definitions**” means either: (i) the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series) as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”) (the “**2006 ISDA Definitions**”) or (ii) the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of

the relevant Series) as published by ISDA (the “**2021 ISDA Definitions**”), in each case as specified in the relevant Pricing Supplement;

“**ISDA Fallback Adjustment**” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Original Reference Rate;

“**ISDA Fallback Rate**” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Original Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“**Issue Date**” has the meaning given in the relevant Pricing Supplement;

“**Margin**” has the meaning given in the relevant Pricing Supplement;

“**Maturity Date**” has the meaning given in the relevant Pricing Supplement;

“**Maximum Rate of Interest**” has the meaning given in the relevant Pricing Supplement;

“**Maximum Redemption Amount**” has the meaning given in the relevant Pricing Supplement;

“**Member States**” means the member states of the European Economic Area;

“**Minimum Rate of Interest**” has the meaning given in the relevant Pricing Supplement;

“**Minimum Redemption Amount**” has the meaning given in the relevant Pricing Supplement;

“**MREL Disqualification Event**” means, in respect of a Series of Notes, the determination by the Issuer that, as a result of:

- (i) the implementation of any Applicable MREL Regulations on or after the date of issue of the last Tranche of such Notes; or
- (ii) a change in any Applicable MREL Regulations becoming effective on or after the date of issue of the last Tranche of such Notes,

it is likely that all or part of the Outstanding Principal Amounts of such Series of Notes will be excluded from the “eligible liabilities” (or any equivalent or successor term) available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) if the Issuer and/or the Group is/are then or, as the case may be, will be subject to such MREL Requirement, provided that a MREL Disqualification Event shall not occur where such exclusion:

- (A) is or will be caused by (1) the remaining maturity of such Notes being less than any period prescribed by any applicable eligibility criteria under the Applicable MREL Regulations, or (2) any applicable limits on the amount of “eligible liabilities” (or any equivalent or successor term) permitted or allowed to meet any MREL Requirement(s) being exceeded; and/or
- (B) was reasonably foreseeable at the date of issue of the last Tranche of such Notes;

“**MREL Eligible Liabilities**” means “eligible liabilities” (or any equivalent or successor term) which are available to meet any MREL Requirement (however called or defined by the then Applicable MREL Regulations) of the Issuer and/or the Group under Applicable MREL Regulations;

“**MREL Requirement**” means the total loss-absorbing capacity requirement and/or the minimum requirement for own funds and eligible liabilities, in each case which is or, as the case may be, will be, applicable to the Issuer and/or the Group;

“**New York Federal Reserve’s Website**” means the website of the Federal Reserve Bank of New York or any successor source;

“**NIBOR**” means the Norwegian interbank offered rate;

“**Non-Preferred Senior Liabilities**” means any unsecured liabilities of the Issuer which rank below (i) any Preferred Senior Notes and (ii) any obligations of the Issuer that rank *pari passu* with any Preferred Senior Notes upon an insolvency of the Issuer in accordance with Section 13(3) of the Danish Recovery and Resolution Act;

“**Non-Preferred Senior Notes**” means the Notes (i) specified as such in the relevant Pricing Supplement and (ii) having the status set out in Condition 5.2 (*Status – Non-Preferred Senior Notes*);

“**Optional Redemption Amount (Call)**” means, in respect of any Note, its Outstanding Principal Amount, or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Pricing Supplement;

“**Optional Redemption Date (Call)**” has the meaning given in the relevant Pricing Supplement;

“**Ordinary Shares**” means fully paid-up ordinary shares in the capital of the Issuer;

“**Original Calculation Amount**” has the meaning given to such term in the definition of Calculation Amount;

“**Original Reference Rate**” means:

- (i) the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) of the relevant Notes;
- (ii) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of Condition 9.1 (*Reference Rate Replacement – Independent Adviser*); or
- (iii) any Benchmark Replacement which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of Condition 9.2 (*Reference Rate Replacement – ARRC*),

as applicable;

“**Original Reset Reference Rate Payment Basis**” has the meaning given in the relevant Pricing Supplement. In the case of Notes, the Original Reset Reference Rate Payment Basis shall be annual, semi-annual, quarterly or monthly;

“**Outstanding Principal Amount**” means, in respect of a Note, the outstanding principal amount of such Note, as adjusted from time to time for any reduction of the principal amount of such Note as required by then current legislation and/or regulations applicable to the Issuer;

“**Payment Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Applicable Financial Center specified in the relevant Pricing Supplement and, if TARGET is an Applicable Financial Center, a TARGET Settlement Day;

“**Permission Withdrawal Early Redemption Restriction**” has the meaning given to such term in Condition 11.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*);

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other entity, whether or not having separate legal personality;

“**Preferred Senior Notes**” means the Notes (i) specified as such in the relevant Pricing Supplement and (ii) having the status set out in Condition 5.1 (*Status – Preferred Senior Notes*);

“**Private Placement Legend**” means the legend set forth in the form of Notes scheduled to the Agency Agreement;

“**Qualifying Notes**” means, in respect of a Series of Notes, at any time, any securities (other than such Notes) issued or guaranteed by the Issuer that:

- (i) contain terms which comply with the then current requirements for “eligible liabilities” (or any equivalent or successor term) provided for in the Applicable MREL Regulations in relation to the relevant MREL Requirement(s) (which, for the avoidance of doubt, may result in the relevant securities (a) not including, or restricting for a period of time the application of, one or more of the early redemption rights which are included in the relevant Notes, and (b) including change(s) compared to the terms of the relevant Notes which are necessary to ensure the effectiveness and enforceability of Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*)); and
- (ii) if the relevant substitution and variation of the relevant Notes pursuant to Condition 11.10 (*Substitution and Variation of Notes*) is to ensure the effectiveness and enforceability of Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*), contain terms which include change(s)

- compared to the terms of the relevant Notes which are necessary to ensure the effectiveness and enforceability of Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*); and
- (iii) carry the same rate of interest as the relevant Notes prior to the relevant substitution or variation pursuant to Condition 11.10 (*Substitution and Variation of Notes*); and
 - (iv) have the same Specified Denomination(s) and Outstanding Principal Amounts as the relevant Notes prior to the relevant substitution or variation pursuant to Condition 11.10 (*Substitution and Variation of Notes*); and
 - (v) have the same Maturity Date and the same Interest Payment Dates as the relevant Notes prior to the relevant substitution or variation pursuant to Condition 11.10 (*Substitution and Variation of Notes*); and
 - (vi) have at least the same ranking as the relevant Notes prior to the relevant substitution or variation pursuant to Condition 11.10 (*Substitution and Variation of Notes*); and
 - (vii) shall not, immediately following the relevant substitution or variation pursuant to Condition 11.10 (*Substitution and Variation of Notes*) be subject to a MREL Disqualification Event and/or a tax event referred to in Condition 11.2 (*Early Redemption Following a Tax Event*); and
 - (viii) have terms not otherwise materially less favorable to the Holders than the terms of the relevant Notes, as determined by the Issuer in its sole and absolute discretion, and provided that the Issuer shall have delivered a certificate to that effect signed by two of its directors to the Fiscal Agent (and copies thereof will be available at the specified office of the Fiscal Agent during its normal business hours) not less than 5 Business Days prior to (a) in the case of a substitution of the relevant Notes pursuant to Condition 11.10 (*Substitution and Variation of Notes*), the issue date of the relevant securities or (b) in the case of a variation of the relevant Notes pursuant to Condition 11.10 (*Substitution and Variation of Notes*), the date such variation becomes effective; and
 - (ix) if (A) the relevant Notes were listed or admitted to trading on an exchange-regulated market of Euronext Dublin immediately prior to the relevant substitution or variation, are listed or admitted to trading on an exchange-regulated market of Euronext Dublin or (B) the relevant Notes were listed or admitted to trading on a recognized stock exchange other than an exchange-regulated market of Euronext Dublin immediately prior to the relevant substitution or variation, are listed or admitted to trading on any recognized stock exchange (including, without limitation, an exchange-regulated market of Euronext Dublin), in either case as selected by the Issuer;

“**Rate of Interest**” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

“**Record Date**” has the meaning given to such term in Condition 12 (*Payments – Notes*);

“**Redemption Amount**” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Outstanding Principal Amount, the Optional Redemption Amount (Call) or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, these Conditions or the relevant Pricing Supplement;

“**Reference Banks**” has the meaning given in the relevant Pricing Supplement or, if none, four major banks selected by the Issuer in the market that is most closely connected with the Reference Rate;

“**Reference Bond Quotation**” means, in relation to a Reset Reference Bank and a Reset Determination Date, the rate, as determined by the Calculation Agent, of the Original Reset Reference Rate Payment Basis yield-to-maturity based on the secondary market bid price of such Reset Reference Bank for the relevant Reset United States Treasury Security at approximately the Fallback Relevant Time on the United States Government Securities Business Day following such Reset Determination Date;

“**Reference Price**” has the meaning given in the relevant Pricing Supplement;

“**Reference Rate**” has the meaning given in the relevant Pricing Supplement, subject as provided in Condition 9.1 (*Reference Rate Replacement – Independent Adviser*) or Condition 9.2 (*Reference Rate Replacement – ARRC*), as applicable, and shall be any one of SOFR, EURIBOR, NIBOR, STIBOR, CIBOR, SHIBOR, BBSW, HIBOR, CMT Rate, Commercial Paper Rate, Treasury Rate, Prime Rate, Eleventh District Cost of Funds Rate or Federal Funds Rate, subject as provided in Condition 9.1 (*Reference Rate Replacement – Independent Adviser*) or Condition 9.2 (*Reference Rate Replacement – ARRC*), as applicable;

“Regular Period” means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

“Relevant Amounts” means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts (as described in Condition 13 (*Taxation*)) due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Danish Statutory Loss Absorption Powers by the FS;

“Relevant Banking Day” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in the place of presentation of the relevant Note or in connection with the transfer of Notes only, the place of the Fiscal Agent;

“Relevant Date” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Applicable Financial Center of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders;

“Relevant Financial Center” has the meaning given in the relevant Pricing Supplement;

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto;

“Relevant Nominating Body” means, in respect of an Original Reference Rate:

- (i) the central bank for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such Original Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof;

“Relevant Screen Page” means the page, section or other part of a particular information service (including, without limitation, the Reuters Money 3000 Service) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of (i) displaying rates or prices comparable to the Reference Rate or (ii) displaying yields for the relevant CMT Rate;

“Relevant Time” has the meaning given in the relevant Pricing Supplement;

“Reset Date” means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

“Reset Determination Date” means, in respect of a Reset Period, the date specified as such in the relevant Pricing Supplement;

“Reset Margin” means, in respect of a Reset Period, the margin that is applicable for the purpose of determining the Rate of Interest in respect of such Reset Period and has the meaning given in the relevant Pricing Supplement;

“**Reset Period**” means the First Reset Period or a Subsequent Reset Period, as the case may be;

“**Reset Reference Bank Rate**” means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 percent (0.0005 percent being rounded upwards)) determined on the basis of the Reference Bond Quotations provided by the Reset Reference Banks to the Calculation Agent at approximately the Fallback Relevant Time on such Reset Determination Date. If at least three such Reference Bond Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean (rounded as aforesaid) of the Reference Bond Quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two Reference Bond Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean (rounded as aforesaid) of the Reference Bond Quotations provided. If fewer than two Reference Bond Quotations are provided, the Reset Reference Bank Rate for the relevant Reset Interest Period will be (a) in the case of each Reset Period other than the First Reset Period, the Reset Reference Bank Rate in respect of the immediately preceding Reset Period or (b) in the case of the First Reset Period, the First Reset Period Fallback Yield;

“**Reset Reference Banks**” means five major banks which are primary United States Treasury Securities dealers or market makers in pricing corporate bond issues denominated in U.S. dollars, as published on the New York Federal Reserve’s Website, as selected by the Issuer in its discretion;

“**Reset United States Treasury Security**” means, in relation to a Reset Determination Date, the United States Treasury Security:

- (i) with an original term to maturity upon issue of approximately the duration of the relevant Reset Period and a remaining term to maturity of not less than the duration of the relevant Reset Period; and
- (ii) which is in a principal amount equal to at least U.S.\$1,000,000,000;

“**Restricted Securities**” has the meaning given to such term in Rule 144(a)(3) under the United States Securities Act 1933, as amended;

“**Second Reset Date**” means the date specified in the relevant Pricing Supplement;

“**SHIBOR**” means the Shanghai interbank offered rate;

“**SOFR**” means, in respect of any Relevant Business Day (“**RBDx**”), a reference rate equal to the daily Secured Overnight Financing Rate for such RBDx as provided by the SOFR Administrator on the SOFR Administrator’s Website or such other Relevant Screen Page as specified in the relevant Pricing Supplement, in each case at or about 3.00 p.m. (New York City time) on the Relevant Business Day immediately following RBDx;

“**SOFR Administrator**” means the Federal Reserve Bank of New York (or a successor administrator of SOFR);

“**SOFR Administrator’s Website**” means the website of the SOFR Administrator, or any successor source;

“**Specified Currency**” has the meaning given in the relevant Pricing Supplement;

“**Specified Denomination(s)**” has the meaning given in the relevant Pricing Supplement;

“**Specified Period**” has the meaning given in the relevant Pricing Supplement;

“**STIBOR**” means the Stockholm interbank offered rate;

“**Subsequent Reset Date**” means the date or dates specified in the relevant Pricing Supplement;

“**Subsequent Reset Period**” means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date or the Maturity Date, as the case may be;

“**Subsequent Reset Rate of Interest**” means, in respect of any Subsequent Reset Period and, if applicable, subject to Condition 7.3 (*Reset Reference Rate Conversion*), the rate of interest determined by the Calculation Agent on (or, if applicable, in respect of) the relevant Reset Determination Date as the sum of the CMT Rate plus the relevant Reset Margin;

“Subsidiary” means, in relation to any Person (the **“first Person”**) at any particular time, any other Person (the **“second Person”**):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

“Successor Reference Rate” means the rate that the Issuer (following consultation with an Independent Adviser (if applicable)) determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

“TARGET Settlement Day” means any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System (**“TARGET”**) which was launched on November 19, 2007, or any successor thereto is open;

“Tax Event” has the meaning given to such term in Condition 11.2 (*Early Redemption Following a Tax Event*);

“Treaty” means the Treaty establishing the European Communities, as amended;

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment;

“United States Government Securities Business Day” means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities;

“United States Treasury Securities” means securities that are direct obligations of the United States Treasury, issued other than on a discount basis; and

“Zero Coupon Note” means a Note specified as such in the relevant Pricing Supplement.

2.2 Interpretation: In these Conditions:

- (i) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (iii) references to Notes being “outstanding” shall be construed in accordance with the Agency Agreement;
- (iv) if an expression is stated in Condition 2.1 (*Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes;
- (v) any reference to the Agency Agreement or the Deed of Covenant shall be construed as a reference to the Agency Agreement or the Deed of Covenant, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes;
- (vi) if the relevant Pricing Supplement specifies any Redemption Amount on a per Calculation Amount basis, the relevant Redemption Amount in respect of a Note shall be deemed to be the product of the relevant Redemption Amount per Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination; and
- (vii) any reference to any legislation, any provision thereof or to any instrument, order or regulation made thereunder shall be construed as a reference to such legislation, provision, instrument, order or regulation as the same may have been, or may from time to time be, supplemented, amended, modified, varied, extended, replaced or re-enacted.

3. **Book Entry, Delivery and Form**

- 3.1 The Notes will be issued only in registered form. The Notes will be in substantially the form (subject to amendment and completion) scheduled in the Agency Agreement.
- 3.2 Notes are issued in the Specified Denominations and may be held in holdings equal to the minimum denomination specified in the relevant Pricing Supplement and integral multiples of U.S.\$ 1,000 (or, in the case of Notes not denominated in U.S. dollars, 1,000 units of such foreign currency) in excess thereof. The Holder of each Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note relating thereto (other than the endorsed form of transfer) or any previous loss or theft of such Note) and no Person shall be liable for so treating such Holder. Title to Notes will pass by transfer and registration in the register which the Issuer shall procure to be kept by the Fiscal Agent.
- 3.3 The Notes sold pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) (“**Rule 144A**”) initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the “**Rule 144A Global Notes**”).
- 3.4 The Notes sold pursuant to Regulation S under the Securities Act (“**Regulation S**”) initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the “**Regulation S Global Notes**” and, together with the Rule 144A Global Notes, the “**Global Notes**”).
- 3.5 Upon issuance, the Global Notes will be deposited with the Fiscal Agent or the Paying Agent as custodian for DTC, in New York, New York, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below.
- 3.6 Except as set forth below, the Global Notes may be transferred, in whole but not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for Notes in definitive form, except in the limited circumstances described under “*Clearing and Settlement.*”
- 3.7 Notes sold to QIBs in reliance on Rule 144A (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under “*Transfer and Transfer Restrictions.*” In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear or Clearstream, Luxembourg), which may change from time to time.

4. **Transfer of Notes**

- 4.1 A Note may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part (provided that such part is, or is an integral multiple of, the Calculation Amount specified in the relevant Pricing Supplement) only upon the surrender of the Note to be transferred, together with the form of transfer endorsed on it (the “**Certificate of Transfer**”) duly completed and executed, at the corporate trust office of the Fiscal Agent. A new Note will be issued to the transferee and, in the case of a transfer of part only of a Note, a new Note in respect of the balance not transferred will be issued to the transferor.
- 4.2 Subject to such reasonable procedures as it may prescribe, the Issuer will keep a note register (the “**Note Register**”) for the exchange, registration and registration of transfer of Notes at the principal corporate trust office of the Fiscal Agent in the Borough of Manhattan in the City of New York, the Fiscal Agent acting as the Issuer’s agent for such purposes. The Fiscal Agent will keep the Note Register at said office and will make such Note Register available for inspection upon the request of the Issuer. Included in the Note Register will be the name and address of the Holder of each Note, the amount of each Note, notations as to whether such Notes have been paid or canceled, and, in the case of mutilated, destroyed, stolen or lost Notes, whether such Notes have been replaced. In the case of the replacement of any of the Notes, the Fiscal Agent will keep a record of the Note so replaced, and the Note issued in replacement thereof. In the case of the cancellation of any of the Notes, the Fiscal Agent will keep a record of the Note so canceled and the date on which such Note was canceled. The Fiscal Agent and the Issuer may treat the person in whose name the Note is registered as the owner of such Note for all purposes.
- 4.3 All Notes issued upon any transfer or exchange of Notes shall be valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under the Agency Agreement as the Notes surrendered upon such transfer or exchange. Each Note authenticated and delivered upon any transfer or exchange for or in lieu of the whole or any part of any Note shall carry all the rights to interest (if any) and additional amounts (if any) in each case accrued and unpaid and to accrue, which were carried by the whole or such part, as the case may be, of such Note.

- 4.4 The Issuer or Fiscal Agent may decline to exchange or register the transfer of any Note during the period of 15 days preceding (i) the due date for any payment of principal of or interest on or additional Amounts with respect to the Notes or (ii) the date on which Notes are scheduled for redemption pursuant to Condition 11 (*Redemption, Purchase, Substitution and Variation*).
- 4.5 Transfer, registration and exchange shall be permitted and executed as provided in this Condition 4 without any charge to the Holder other than any taxes or governmental charges payable on transfers or any expenses of delivery by other than regular mail, but subject to such reasonable regulations as the Issuer and the Fiscal Agent may prescribe. Registration of the transfer of a Note by the Fiscal Agent shall be deemed to be the acknowledgment of such transfer on behalf of the Issuer.
- 4.6 Upon the transfer, exchange or replacement of Notes not bearing the Private Placement Legend, the Fiscal Agent shall deliver Notes that do not bear the Private Placement Legend. Upon the transfer, exchange or replacement of Notes bearing the Private Placement Legend, the Fiscal Agent shall deliver only Notes that bear the Private Placement Legend unless such transfer is, in the case of Rule 144A Global Notes, at least one year (or such other period as shall constitute the required holding period pursuant to Rule 144 under the Securities Act) after the later of (i) the issue date of such Note (or any predecessor of such Note) and (ii) the sale of such Note (or any predecessor of such Note) by the Issuer or an Affiliate of the Issuer (computed in accordance with paragraph (d) of Rule 144 under the Securities Act) and the Holder of such Note is not at the proposed date of such transfer and was not during the three months preceding such proposed date of transfer an Affiliate of the Issuer.

5. **Status of the Notes**

In respect of this Condition 5, reference is also made to statutory loss absorption as more fully described in the risk factor in this Base Information Memorandum entitled “The Bank may be subject to bail-in under the BRRD, and the exercise of any power under the BRRD could have a material adverse effect on Holders.”

- 5.1 *Status – Preferred Senior Notes:* The Preferred Senior Notes are intended to constitute MREL Eligible Liabilities.

The Preferred Senior Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank:

- (i) *pari passu* without any preference among themselves;
- (ii) at least *pari passu* with all other ordinary, unsubordinated and unsecured obligations of the Issuer, present and future, save for certain mandatory exceptions provided by law (including obligations benefitting from a preferred ranking to the Preferred Senior Notes); and
- (iii) senior to any Non-Preferred Senior Liabilities as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer.

- 5.2 *Status – Non-Preferred Senior Notes:* The Non-Preferred Senior Notes are intended to constitute MREL Eligible Liabilities.

The Non-Preferred Senior Notes constitute direct, unconditional and unsecured Non-Preferred Senior Liabilities and will at all times rank:

- (i) *pari passu* without any preference among themselves;
- (ii) *pari passu* with all other Non-Preferred Senior Liabilities, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
- (iii) senior to holders of the Ordinary Shares and any subordinated obligations or instruments that rank or are expressed to rank junior to the Non-Preferred Senior Liabilities, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (iv) junior to present or future claims of (a) depositors of the Issuer and (b) other unsubordinated creditors of the Issuer that are not creditors in respect of Non-Preferred Senior Liabilities (including, without limitation, excluded liabilities of the Issuer pursuant to Article 72a(2) of the CRR), in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer.

5.3 *Waiver of Set-off, Counterclaim or Netting*

Subject to applicable law, no Holder, who shall in the event of the liquidation or bankruptcy of the Issuer be indebted to the Issuer, shall be entitled to exercise any right of set-off, counterclaim or netting against moneys owed by the Issuer in respect of the Notes held by such Holder.

6. **Fixed Rate Note Provisions**

6.1 This Condition 6 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.

6.2 *Accrual of Interest:* The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (*Payments – Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of:

- (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder; and
- (ii) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent non-payment).

6.3 *Fixed Interest Amount:* The Interest Amount payable in respect of the Calculation Amount for any Interest Period shall be the relevant Fixed Interest Amount, subject as provided in Condition 8.11 (*Calculation of Interest Amount in Global Form*). Where the Specified Denomination of a Note is the Calculation Amount, the amount of interest payable in respect of such Note shall be the Fixed Interest Amount. Where the Specified Denomination of a Note is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the product of the Fixed Interest Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, subject as provided in Condition 8.11 (*Calculation of Interest Amount in Global Form*). Payments of interest on any Interest Payment Dates will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount, so specified.

6.4 *Calculation of Interest Amount:* The Interest Amount payable in respect of the Calculation Amount for any period for which a Fixed Interest Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards), subject as provided in Condition 8.11 (*Calculation of Interest Amount in Global Form*). For this purpose a “**sub-unit**” means, in the case of any currency other than U.S. dollar, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of U.S. dollars, means one cent. In the case of Notes where the Calculation Amount has not been adjusted as described in the definition thereof, where the Specified Denomination of a Note is the Calculation Amount, the amount of interest payable in respect of such Note shall be the Interest Amount. In the case of such Notes, where the Specified Denomination of a Note is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the product of the Interest Amount and the amount by which the Calculation Amount is required to be multiplied to reach the Specified Denomination, without any further rounding.

In the case of Notes where the Calculation Amount has been adjusted as described in the definition thereof, where the Specified Denomination of a Note is the Original Calculation Amount, the amount of interest payable in respect of such Note shall be the Interest Amount. In the case of such Notes, where the Specified Denomination of a Note is a multiple of the Original Calculation Amount, the amount of interest payable in respect of such Note shall be the product of the Interest Amount and the number by which the Original Calculation Amount is required to be multiplied to equal the Specified Denomination of such Note, without any further rounding, subject as provided in Condition 8.11 (*Calculation of Interest Amount in Global Form*).

If, as required by then current legislation and/or regulations applicable to the Issuer, the Outstanding Principal Amounts are reduced during an Interest Period, the Calculation Amount will be adjusted by the Calculation Agent to reflect such Outstanding Principal Amounts from time to time so that the relevant amount of interest is determined by reference to such Calculation Amount as adjusted from time to time, all as determined by the Calculation Agent.

7. **Fixed Rate Reset Note Provisions**

7.1 This Condition 7 is applicable to the Notes only if the Fixed Rate Reset Note Provisions are specified in the relevant Pricing Supplement as being applicable.

7.2 *Accrual of Interest:* The Notes bear interest on their Outstanding Principal Amounts:

- (i) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date at the Initial Rate of Interest;
- (ii) for the First Reset Period at the First Reset Rate of Interest; and
- (iii) for each Subsequent Reset Period thereafter (if any) to (but excluding) the Maturity Date at the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on each relevant Interest Payment Date (subject as provided in Condition 12 (*Payments – Notes*)). Save as otherwise provided herein, the provisions applicable to Fixed Rate Notes shall apply to Fixed Rate Reset Notes.

7.3 *Reset Reference Rate Conversion:* This Condition 7.3 is only applicable if Reset Reference Rate Conversion is specified in the relevant Pricing Supplement as being applicable. The First Reset Rate of Interest and, if applicable, each Subsequent Reset Rate of Interest will be converted from the Original Reset Reference Rate Payment Basis specified in the relevant Pricing Supplement to a basis which matches the per annum frequency of Interest Payment Dates in respect of the relevant Notes (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it).

7.4 *Publication:* The Calculation Agent will cause the First Reset Rate of Interest, any Subsequent Reset Rate of Interest, the relevant CMT Rate used in the calculation thereof and, in respect of a Reset Period, the Interest Amount payable on each Interest Payment Date falling in such Reset Period to be notified to the Paying Agents, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each First Reset Rate of Interest, any Subsequent Reset Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Holders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

7.5 *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent or for determining the CMT Rate, as applicable, will (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents, the Calculation Agent (if applicable) and the Holders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent or, if applicable, the Issuer in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8. **Floating Rate Note Provisions**

8.1 This Condition 8 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.

8.2 *Accrual of Interest:* The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (*Payments – Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 8 (as well after as before judgment) until whichever is the earlier of:

- (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder; and
- (ii) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent non-payment).

8.3 *Screen Rate Determination:*

(A) *Screen Rate Determination – Term Rate*

If Screen Rate Determination and Term Rate are both specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iii) if, in the case of Condition 8.3(A)(i) above, such rate does not appear on that page or, in the case of Condition 8.3(A)(ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Issuer or an agent on its behalf appointed at such time will:
 - (a) request the principal Relevant Financial Center office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Center interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (b) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the principal financial center of the Specified Currency, selected by the Issuer or an agent on its behalf appointed at such time, at approximately 11:00 a.m. (local time in the principal financial center of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading banks in the relevant financial center for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or, as the case may be, the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or, as the case may be, an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or, as the case may be, the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(B) *Screen Rate Determination – Overnight Rate*

(1) *Overnight Rate – Non-Index Determination*

If Screen Rate Determination and Overnight Rate are both specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, and the relevant Pricing Supplement also specifies Index Determination as being “Not Applicable,” the Rate of Interest applicable to the Notes for each Interest Accrual Period will, subject to Condition 9.1 (*Reference Rate Replacement – Independent Adviser*) or Condition 9.2 (*Reference Rate Replacement – ARRC*), as applicable, and as provided below, be the Compounded Daily Reference Rate plus or minus (as indicated in the relevant Pricing Supplement) the applicable Margin, where:

“**Compounded Daily Reference Rate**” means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment in the Specified Currency (with the applicable Reference Rate – being SOFR, as specified in the relevant Pricing Supplement and further described below – as the reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date as further specified in the relevant Pricing Supplement, in accordance with the relevant following formula (expressed as

a percentage rate per annum and rounded, if necessary, to the nearest 0.001 percent (0.0005 percent being rounded upwards):

Observation Shift

where “**Observation Shift**” is specified as the Observation Method in the relevant Pricing Supplement:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{r_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

“**D**” is the number specified in the relevant Pricing Supplement;

“**d**” is, for a relevant Observation Period, the number of calendar days in such Observation Period;

“**d₀**” is, for a relevant Observation Period, the number of Relevant Business Days in such Observation Period;

“**i**” is, for a relevant Observation Period, a series of whole numbers from one to d₀, each representing a Relevant Business Day in chronological order from (and including) the first Relevant Business Day in such Observation Period;

“**Relevant Business Day**” means a United States Government Securities Business Day;

“**n_i**,” for any Relevant Business Day “**i**” in a relevant Observation Period, means the number of calendar days from (and including) such Relevant Business Day “**i**” to (but excluding) the following Relevant Business Day;

“**Observation Period**” means, in respect of a relevant Interest Accrual Period, the period from (and including) the date falling “**p**” Relevant Business Days prior to the first day of such Interest Accrual Period to (but excluding) the date which is “**p**” Relevant Business Days prior to the Interest Payment Date for such Interest Accrual Period (or the date falling “**p**” Relevant Business Days prior to such earlier date, if any, on which the Notes become due and payable);

“**p**” means, for a relevant Interest Accrual Period, the number of Relevant Business Days specified as the Observation Shift Period in the relevant Pricing Supplement (or, if no such number is specified, two Relevant Business Days);

“**r**” means, in respect of any Relevant Business Day, the applicable SOFR rate in respect of such Relevant Business Day; and

“**r_i**” means, for any Relevant Business Day, the applicable SOFR rate as set out in the definition of “**r**” above in respect of the such Relevant Business Day.

Lag

where “**Lag**” is specified as the Observation Method in the relevant Final Terms or Pricing Supplement:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{r_{i-pBD} \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

“**D**” is the number specified in the relevant Pricing Supplement;

“**d**” is, for a relevant Interest Accrual Period, the number of calendar days in such Interest Accrual Period;

“**d₀**” is, for a relevant Interest Accrual Period, the number of Relevant Business Days in the relevant Interest Accrual Period;

“**i**” is, for a relevant Interest Accrual Period, a series of whole numbers from one to **d₀**, each representing a Relevant Business Day in chronological order from (and including) the first Relevant Business Day in such Interest Accrual Period;

“**Relevant Business Day**” means: a United States Government Securities Business Day;

“**n_i**,” for any Relevant Business Day “**i**” in a relevant Interest Accrual Period, means the number of calendar days from (and including) such Relevant Business Day “**i**” to (but excluding) the following Relevant Business Day;

“**p**” means the number of Relevant Business Days included in the Lag Look-Back Period specified in the relevant Pricing Supplement (or, if no such number is specified, two Relevant Business Days);

“**r**” means, in respect of any Relevant Business Day, the applicable SOFR rate in respect of such Relevant Business Day; and

“**r_{i-pBD}**” means, for any Relevant Business Day “**i**” in the relevant Interest Accrual Period, the applicable SOFR rate as set out in the definition of “**r**” above in respect of the Relevant Business Day falling “**p**” Relevant Business Days prior to the applicable Relevant Business Day “**i**.”

Lock-out

where “**Lock-out**” is specified as the Observation Method in the relevant Pricing Supplement and if “SOFR” is specified in the relevant Pricing Supplement as the applicable Reference Rate:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{r_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

“**D**” is the number specified in the relevant Pricing Supplement;

“**d**” is, for a relevant Interest Accrual Period, the number of calendar days in such Interest Accrual Period;

“**d₀**” is, for a relevant Interest Accrual Period, the number of Relevant Business Days in such Interest Accrual Period;

“**i**” is, for a relevant Interest Accrual Period, a series of whole numbers from one to **d₀**, each representing a Relevant Business Day in chronological order from (and including) the first Relevant Business Day in such Interest Accrual Period;

“**Lock-out Period**” means, with respect to an Interest Accrual Period, the period from (and including) the day following the Interest Determination Date to (but excluding) for such Interest Accrual Period (A) the corresponding Interest Payment Date for such Interest Accrual Period or (B) the date on which the relevant payment of interest falls due, if different;

“**n_i**,” for any Relevant Business Day “**i**” in a Relevant Interest Accrual Period, means the number of calendar days from (and including) such Relevant Business Day “**i**” (but excluding) the following Relevant Business Day;

“**r**” means:

- (a) in respect of any Relevant Business Day “**i**” that is a Reference Day, the applicable SOFR rate in respect of the Relevant Business Day immediately preceding such Reference Day, and
- (b) in respect of any Relevant Business Day “**i**” that is not a Reference Day (being a Relevant Business Day in the Lock-out Period), the applicable SOFR rate in respect of the Relevant Business Day immediately preceding the last Reference Day of the

relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date);

“**Reference Day**” means each Relevant Business Day in the relevant Interest Accrual Period, other than any Relevant Business Day in the Lock-out Period;

“**Relevant Business Day**” means a United States Government Securities Business Day; and

“**r_i**” means the applicable SOFR rate as set out in the definition of “r” above for the applicable Relevant Business Day “i.”

(2) Overnight Rate – Index Determination

If Screen Rate Determination and Overnight Rate are both specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, and the relevant Pricing Supplement also specifies Index Determination as being “Applicable,” the Rate of Interest applicable to the Notes for each Interest Accrual Period will, subject to Condition 9.1 (*Reference Rate Replacement – Independent Adviser*) or Condition 9.2 (*Reference Rate Replacement – ARRC*) as applicable, and as provided below, be the relevant Compounded Daily Reference Rate plus or minus (as indicated in the relevant Pricing Supplement) the applicable Margin.

If “SOFR” is specified in the relevant Final Terms or Pricing Supplement as the applicable Reference Rate, the Compounded Daily Reference Rate shall be the Compounded Daily SOFR Rate, where:

“**Compounded Daily SOFR Rate**” means, with respect to an Interest Accrual Period, the rate (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 percent (0.0005 percent being rounded upwards)) determined by the Calculation Agent in accordance with the following formula:

$$\left(\frac{\text{SOFR Index}_{\text{End}}}{\text{SOFR Index}_{\text{Start}}} - 1 \right)^x \frac{360}{d_c}$$

where:

“**d_c**” is the number of calendar days from (and including) the day in relation to which SOFR IndexStart is determined to (but excluding) the day in relation to which SOFR IndexEnd is determined;

“**Relevant Number**” is the number specified as such in the relevant Pricing Supplement (or, if no such number is specified, two);

“**SOFR**” means the daily secured overnight financing rate as provided by the SOFR Administrator on the SOFR Administrator’s Website;

“**SOFR Index**,” with respect to any United States Government Securities Business Day, means the SOFR index value as published by the SOFR Administrator as such index appears on the SOFR Administrator’s Website at or around 3:00 p.m. (New York time) on such United States Government Securities Business Day (the “**SOFR Determination Time**”);

“**SOFR Index_{Start}**,” with respect to an Interest Accrual Period, is the SOFR Index value for the day which is the Relevant Number of United States Government Securities Business Days preceding the first day of such Interest Accrual Period; and

“**SOFR Index_{End}**,” with respect to an Interest Accrual Period, is the SOFR Index value for the day which is the Relevant Number of United States Government Securities Business Days preceding (A) the Interest Payment Date for such Interest Accrual Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Accrual Period).

If, as at any relevant SOFR Determination Time, the relevant SOFR Index is not published or displayed on the SOFR Administrator’s Website by the SOFR Administrator, the Compounded Daily SOFR Rate for the applicable Interest Accrual Period for which the relevant SOFR Index

is not available shall be the “Compounded Daily Reference Rate” determined in accordance with Condition 8.3(B)(1) above as if “Index Determination” were specified in the relevant Final Terms or Pricing Supplement as being ‘Not Applicable,’ and for these purposes: (i) the “Observation Method” shall be deemed to be “Observation Shift” and (ii) the “Observation Shift Period” shall be deemed to be equal to the Relevant Number of United States Government Securities Business Days, as if such alternative elections had been made in the relevant Final Terms or Pricing Supplement.

(3) Fallback provisions – SOFR

For the purposes of Condition 8.3(B)(1), subject to Condition 9.1 (*Reference Rate Replacement – Independent Adviser*) or Condition 9.2 (*Reference Rate Replacement – ARRC*), as applicable, where SOFR is specified in the relevant Pricing Supplement as the applicable Reference Rate then if, in respect of any Relevant Business Day, such Reference Rate is not available, then (unless the Fiscal Agent has been notified of (as applicable) any Successor Reference Rate or Alternative Reference Rate (and any related Adjustment Spread and/or Benchmark Amendments (as defined below), if applicable)) or any Benchmark Replacement (and any related Benchmark Replacement Adjustment and/or Benchmark Replacement Conforming Changes, if applicable) as applicable, the SOFR in respect of such Relevant Business Day shall be deemed to be the SOFR for the first preceding Relevant Business Day on which the SOFR was published on the SOFR Administrator’s Website, and “r” shall be construed accordingly under Condition 8.3(B)(1).

(4) Further fallbacks –SOFR

In the event that the Rate of Interest cannot be determined in accordance with any of the foregoing provisions, but without prejudice to Condition 9.1 (*Reference Rate Replacement – Independent Adviser*) or Condition 9.2 (*Reference Rate Replacement – ARRC*), as applicable, the Rate of Interest shall be:

- (a) that determined as at the last preceding Interest Determination Date (though substituting where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Accrual Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Accrual Period); or
- (b) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Notes for the first scheduled Interest Accrual Period had the Notes been in issue for a period equal in duration to the first scheduled Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Accrual Period).

8.4 *ISDA Determination*: If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement.

- 8.5 *Linear Interpolation:* Where Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the relevant Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such next shorter or (as the case may be) next longer rate as last determined.
- 8.6 *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- 8.7 *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of the Calculation Amount for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit (as defined in Condition 6.4 (*Calculation of Interest Amount*)) of the Specified Currency (half a sub-unit being rounded upwards). Where the Specified Denomination of a Note is the Calculation Amount, the amount of interest payable in respect of such Note shall be the Interest Amount, subject as provided in Condition 8.11 (*Calculation of Interest Amount in Global Form*). Where the Specified Denomination of a Note is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the product of the Interest Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding, subject as provided in Condition 8.11 (*Calculation of Interest Amount in Global Form*).
- 8.8 *Calculation of other amounts:* If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.
- 8.9 *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination. Notice thereof shall also promptly be given to the Holders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.
- 8.10 *Notifications etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 by the Calculation Agent will (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents, the Calculation Agent (if applicable) and the Holders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent or, if applicable, the Issuer in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- 8.11 *Calculation of Interest Amount in Global Form:* Notwithstanding Condition 6.3, Condition 6.4, and/or Condition 8.7, as applicable, for so long as the Notes are represented by a global note held on behalf of DTC, any listing authority, stock exchange or quotation system, the amount of interest payable in respect of such Notes for any period shall be calculated as described in “*Clearing and Settlement*” of the Base Information Memorandum relating to the Program dated September 6, 2023.

9. **Reference Rate Replacement**

9.1 *Reference Rate Replacement – Independent Adviser*

- (i) *Application:* This Condition 9.1 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement and Screen Rate Determination and any Reference Rate other than those referencing the USD Benchmark are both specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, in each case, to one or more Interest Periods and if Reference Rate Replacement is also specified in the relevant Pricing Supplement.

- (ii) If notwithstanding the provisions of Condition 8.3(A) (*Screen Rate Determination – Non-Overnight Rate*), the Issuer determines that a Benchmark Event has occurred when any Rate of Interest (or any component part thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions shall apply to the relevant Series of Notes:
- (a) the Issuer shall use reasonable endeavors, as soon as reasonably practicable, to appoint and consult with an Independent Adviser with a view to the Issuer determining (without any requirement for the consent or approval of the Holders) (A) a Successor Reference Rate or, failing which, an Alternative Reference Rate, for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes and (B) in either case, an Adjustment Spread;
 - (b) if the Issuer is unable to appoint an Independent Adviser prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may still determine (A) a Successor Reference Rate or, failing which, an Alternative Reference Rate and (B) in either case, an Adjustment Spread in accordance with this Condition 9.1. Without prejudice to the definitions thereof, for the purposes of determining any Successor Reference Rate, Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;
 - (c) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with paragraphs (a) and (b) above, such Successor Reference Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate or the Reset Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 9.1);
 - (d) if the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines that an Adjustment Spread is required to be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable). If the Issuer is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;
 - (e) if the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) and/or an Adjustment Spread in accordance with the above provisions, the Issuer may (without any requirement for the consent or approval of the Holders) also specify changes to these Conditions, the Agency Agreement and/or the Deed of Covenant in order to ensure the proper operation of such Successor Reference Rate or Alternative Reference Rate or any Adjustment Spread (as applicable), including, but not limited to (1) the Applicable Business Center(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Relevant Financial Center, Relevant Screen Page and/or Relevant Time (as applicable) applicable to the Notes and (2) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available. For the avoidance of doubt, the Fiscal Agent and any other agents party to the Agency Agreement shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to the application of this Condition 9.1. No consent shall be required from the Holders in connection with determining or giving effect to the relevant Successor Reference Rate or Alternative Reference Rate or any Adjustment Spread (as applicable) or such other changes, including for the execution of any documents or other steps to be taken by the Fiscal Agent (if required or useful); and

- (f) the Issuer shall promptly, following the determination of any Successor Reference Rate, Alternative Reference Rate and/or Adjustment Spread (as applicable) give notice thereof to the Fiscal Agent and, in accordance with Condition 21 (*Notices*), the Holders. Such notice shall specify the effective date(s) for such Successor Reference Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Agency Agreement, the Deed of Covenant and these Conditions (if any).

An Independent Adviser appointed pursuant to this Condition 9.1 shall act in good faith and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Fiscal Agent or the Holders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 9.1.

Without prejudice to the obligations of the Issuer under this Condition 9.1, the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 8.3 (*Screen Rate Determination*) (i) if the Issuer, following consultation with the Independent Adviser (if applicable), is unable to or does not determine a Successor Reference Rate or an Alternative Reference Rate in accordance with this Condition 9.1, and (ii) where the Issuer determines a Successor Reference Rate or Alternative Reference Rate, unless and until the Fiscal Agent has been notified of such Successor Reference Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Agency Agreement, the Deed of Covenant and these Conditions (if any).

Notwithstanding any other provision of this Condition 9.1, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 9.1, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to:

- (i) prejudice the qualification of the Notes as MREL Eligible Liabilities; and/or
- (ii) result in the DFSA treating the next Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.
- (iii) *Notifications etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 9.1 by the Issuer will (in the absence of willful default, bad faith or manifest error) be binding on the Paying Agents, the Calculation Agent (if applicable) and the Holders and (subject as aforesaid) no liability to any such Person will attach to the Issuer in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

9.2 *Reference Rate Replacement – ARRC*

- (i) *Application:* This Condition 9.2 is applicable to the Notes only if “SOFR” is specified in the relevant Pricing Supplement as the applicable Reference Rate and “Reference Rate Replacement – ARRC” is also specified in the relevant Pricing Supplement.

If the Issuer determines on or prior to the Relevant Time on the relevant Interest Determination Date that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Original Reference Rate, the Benchmark Replacement will replace the Original Reference Rate for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates (subject to any subsequent application of this Condition 9.2 with respect to such Benchmark Replacement).

Where this Condition 9.2 applies, if the Issuer considers it necessary to make Benchmark Replacement Conforming Changes, the Issuer may (without any requirement for the consent or approval of the Holders) determine (acting in good faith and in a commercially reasonable manner) the terms of the relevant Benchmark Replacement Conforming Changes. For the avoidance of doubt, the Fiscal Agent and any other agents party to the Agency Agreement shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to the application of this Condition 9.2. No consent shall be required from the Holders in connection with determining or giving effect to the relevant Benchmark Replacement, Benchmark Replacement Adjustment (if applicable) or any Benchmark Replacement Conforming Changes, including for the execution of any documents or other steps to be taken by the Fiscal Agent (if required or useful). Without prejudice to the definitions thereof, for the purposes of determining any Benchmark Replacement Conforming Changes, the Issuer will take into account any relevant and

applicable market precedents, any operational requirements of the Calculation Agent, any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets.

The Issuer shall promptly, following the determination of any relevant Benchmark Replacement and Benchmark Replacement Adjustment (if applicable), give notice thereof to the Fiscal Agent and, in accordance with Condition 21 (*Notices*), the Holders. Such notice shall specify the effective date(s) for such Benchmark Replacement and Benchmark Replacement Adjustment (if applicable) and any Benchmark Replacement Conforming Changes (if any).

Notwithstanding any other provision of this Condition 9.2:

- (a) no rate determined in accordance with this Condition 9.2 will be adopted, and no other amendments to the terms of the Notes will be made to effect the Benchmark Replacement Conforming Changes, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as MREL Eligible Liabilities; and/or
 - (b) no rate determined in accordance with this Condition 9.2 will be adopted, and no other amendments to the terms of the Notes will be made to effect the Benchmark Replacement Conforming Changes, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the DFSA treating the next Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.
- (ii) *Notifications etc.*: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 9.2 by the Issuer will (in the absence of willful default, bad faith or manifest error) be binding on the Paying Agents, the Calculation Agent (if applicable) and the Holders and (subject as aforesaid) no liability to any such Person will attach to the Issuer in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

10. **Zero Coupon Note Provisions**

10.1 This Condition 10 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.

10.2 *Late Payment on Zero Coupon Notes*: If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of:
 - (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder; and
 - (b) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent non-payment).

11. **Redemption, Purchase, Substitution and Variation**

11.1 *Scheduled Redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 12 (*Payments – Notes*).

11.2 *Early Redemption Following a Tax Event*: If, in relation to any Series of Notes:

- (i) as a result of any official change in the laws, regulations or rulings of Denmark or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which becomes effective on or after the date of issue of the first Tranche of such Series of Notes or any other date specified in the relevant Pricing Supplement, the Issuer would be required to pay additional amounts as provided in Condition 13 (*Taxation*); and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, any such event, a “**Tax Event**,”

the Issuer (including any successor entity) may, at its option (but subject to Condition 11.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*)) at any time and having given no less than thirty nor more than sixty days’ notice (ending, in the case of the Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders in accordance with Condition 21 (*Notices*) (which notice shall be irrevocable, subject to the Permission Withdrawal Early Redemption Restriction), redeem all (but not some only) of the outstanding Notes comprising the relevant Series at their Early Redemption Amount (Tax), together with accrued interest (if any) thereon, provided, however, that no such notice of redemption may be given earlier than ninety days (or, in the case of Notes which bear interest at a floating rate, a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Notes plus sixty days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the relevant Notes then due.

11.3 *Early Redemption upon the Occurrence of a MREL Disqualification Event*: In relation to a Series of Notes, if the MREL Disqualification Event Redemption Option is specified in the relevant Pricing Supplement as being applicable, upon the occurrence of a MREL Disqualification Event, the Issuer may, at its option (but subject to Condition 11.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*)) at any time and having given no less than thirty nor more than sixty days’ notice (ending in the case of such Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders of such Notes in accordance with Condition 21 (*Notices*) (which notice shall be irrevocable, subject to the Permission Withdrawal Early Redemption Restriction), redeem all (but not some only) of such outstanding Notes comprising the relevant Series at their Outstanding Principal Amounts, together with accrued interest (if any) thereon.

11.4 *Redemption at the Option of the Issuer*: If a Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer (but subject to Condition 11.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*)) in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call), together with accrued interest (if any) thereon, upon the Issuer’s giving not less than the minimum period nor more than the maximum period of notice specified in the relevant Pricing Supplement to the Holders in accordance with Condition 21 (*Notices*) (which notice shall be irrevocable, subject to the Permission Withdrawal Early Redemption Restriction and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call)).

The notice to Holders referred to in this Condition 11.4 shall specify the serial numbers of the Notes so to be redeemed.

If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

11.5 *Partial Redemption*: If the Notes are to be redeemed in part only on any date in accordance with Condition 11.4 (*Redemption at the Option of the Issuer*), the Notes shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, provided always that the amount redeemed in respect of each Note shall be equal to the Specified Denomination thereof or an integral multiple thereof, subject always to compliance with all applicable laws and the requirements of any listing authority, stock exchange or quotation system on which the relevant Notes may be listed, traded or quoted.

In the case of the redemption of part only of a Note, a new Note in respect of the unredeemed balance shall be issued in accordance with Condition 4 (*Transfer of Notes*) which shall apply as in the case of a transfer of Notes as if such new Note were in respect of the untransferred balance.

11.6 *Redemption at the option of the Issuer (Clean-up Call)*: If (i) the Clean-up Call Option is specified in the relevant Pricing Supplement as being applicable and (ii) at any time, the outstanding aggregate nominal amount of the Notes of the relevant Series is 20 percent (or such other amount as may be specified as the Clean-up Call Threshold in the relevant Pricing Supplement) or less of the aggregate nominal amount of the Notes of such Series originally issued (and, for these purposes, any further Notes issued pursuant to Condition 20 (*Further Issues*) and consolidated with the Notes as part of the same Series shall be deemed to have been originally issued), the Issuer may, at its option (but subject to Condition 11.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*)) at any time and having given no less than thirty nor more than sixty days’ notice to the Holders of such Notes in accordance with Condition 21 (*Notices*) (which notice shall be irrevocable, subject to the Permission Withdrawal Early Redemption Restriction), redeem all (but not some only) of such outstanding Notes comprising the relevant Series at their Outstanding Principal Amounts, together with accrued interest (if any) thereon.

For the avoidance of doubt, the calculation described in this Condition 11.6 shall not take into account any adjustment to the Outstanding Principal Amounts.

- 11.7 *Early Redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
- (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or, as the case may be, the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Pricing Supplement for the purposes of this Condition 11.7 or, if none is so specified, a Day Count Fraction of 30E/360.

- 11.8 *Purchase:* The Issuer or any of its Subsidiaries may (but subject to Condition 11.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*)) purchase Notes whether in the open market, in the context of market making, or otherwise, at any price.
- 11.9 *Cancellation:* All Notes which are redeemed will forthwith (but subject to Condition 11.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*)) be cancelled. All Notes so cancelled, and any Notes purchased pursuant to Condition 11.8 (*Purchase*) above that are cancelled, shall be forwarded to the Fiscal Agent and cannot be reissued or resold.
- 11.10 *Substitution and Variation of Notes:* Subject to Condition 11.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*), and having given no less than thirty nor more than sixty days' notice to the Holders (in accordance with Condition 21 (*Notices*)), if the MREL Disqualification Event Substitution/Variation Option is specified in the relevant Pricing Supplement as being applicable and a MREL Disqualification Event has occurred and is continuing, or to ensure the effectiveness or enforceability of Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*), the Issuer may substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Holders, so that they become or remain Qualifying Notes.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Holders can inspect or obtain copies of the new terms and conditions of the Qualifying Notes. Such substitution or variation will be effected without any cost or charge to the Holders.

- 11.11 *Conditions to Redemption etc. Prior to Maturity Date (if any):* The Notes may only be redeemed, purchased, cancelled, substituted, varied or modified (as applicable) pursuant to Condition 11.2 (*Early Redemption Following a Tax Event*), Condition 11.3 (*Early Redemption upon the Occurrence of a MREL Disqualification Event*), Condition 11.4 (*Redemption at the Option of the Issuer*), Condition 11.6 (*Redemption at the option of the Issuer (Clean-up Call)*), Condition 11.8 (*Purchase*), Condition 11.9 (*Cancellation*) or Condition 11.10 (*Substitution and Variation of Notes*), as the case may be, if:
- (i) in the case of any such substitution, variation or modification, the Issuer has notified the DFSA of, and the DFSA has given permission to, such substitution, variation or modification (as applicable) in accordance with the CRD/CRR requirements;
 - (ii) in the case of any such redemption, purchase or cancellation, the Issuer has notified the DFSA of, and the DFSA has given permission to, such redemption, purchase or cancellation (as applicable) in accordance with the CRD/CRR requirements (which, in the case of Notes, as at September 6, 2023, are set out in Articles 77 and 78a of the CRR and Commission Delegated Regulation (241/2014) of 7 January 2014 supplementing CRR with regard to regulatory technical standards for own funds and eligible liabilities requirements for institutions, as amended, (which outline the limited circumstances in which the DFSA may grant its permission to such redemption, purchase or cancellation (as applicable))) and, if so given by the DFSA, such permission has not been withdrawn by the DFSA prior to the date fixed for redemption, purchase or cancellation (as applicable); and
 - (iii) in the case of a redemption of Notes as a result of a MREL Disqualification Event or a redemption event occurring under Condition 11.2 (*Early Redemption Following a Tax Event*), the Issuer has delivered a certificate signed by two of its directors to the Fiscal Agent (and copies thereof will be available at the specified office of the Fiscal Agent during its normal business hours) not less than five Business Days

prior to the date set for redemption that such event has occurred or will occur no more than 90 days following the date fixed for redemption, as the case may be.

If applicable, if after a notice of redemption has been given pursuant to Condition 11.2 (*Early Redemption Following a Tax Event*), Condition 11.3 (*Early Redemption upon the Occurrence of a MREL Disqualification Event*) or Condition 11.4 (*Redemption at the Option of the Issuer*) or Condition 11.6 (*Redemption at the option of the Issuer (Clean-up Call)*) (as applicable), the DFSA withdraws its permission to the relevant redemption before the relevant redemption date, such notice of redemption shall automatically be revoked and the relevant redemption shall not be made until a new redemption notice is given and all conditions for redemption as described in this Condition 11.11 have been fulfilled. The redemption restriction described in this paragraph is referred to as the “**Permission Withdrawal Early Redemption Restriction.**”

Any refusal by the DFSA to grant its permission to any such redemption, purchase or cancellation (as applicable) pursuant to paragraph (ii) of this Condition 11.11 (or, as the case may be, any withdrawal by the DFSA of any such permission) will not constitute a default under the relevant Notes.

12. Payments – Notes

12.1 *Redemption Amount:* Payments of the Redemption Amount (together with accrued interest) due in respect of Notes shall be made in the currency in which such amount is due, and save in the case of partial payment of the Redemption Amount, surrender of the relevant Notes at the corporate trust office of the Fiscal Agent. If the due date for payment of the Redemption Amount of any succeeding Note is not a business day (as defined below), then the Holder will not be entitled to payment until the next business day, and from such day and thereafter will be entitled to payment by check (which may be posted to the address (as recorded in the Note Register) of the Holder thereof (or, in the case of joint Holders, the first-named)) on any Relevant Banking Day, or will be entitled to payment by transfer to a designated account on any day which is a business day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in these Conditions.

12.2 *Principal and Interest:* Except as otherwise provided in Condition 12.3 (*Payments on Foreign Currency Notes*) below with respect to Foreign Currency Notes, payments of principal and interest shall be made by check drawn in the currency in which the payment is due to the Holder (or in the case of joint Holders, the first-named) appearing in the Note Register as at the opening of business (as at the local time) on the fifteenth Relevant Banking Day before the due date for payment (the “**Record Date**”), and posted to the address (as recorded in the Note Register) of the Holder (or, in the case of joint Holders, the first-named) on the Relevant Banking Day unless prior to the relevant Record Date such Holder has applied to the Fiscal Agent, and the Fiscal Agent has acknowledged such application, for payment to be made to a designated account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to a designated account, if the due date for any such payment is not a Payment Business Day, then the Holder will not be entitled to payment thereof until the next succeeding business day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in these Conditions.

12.3 *Payments on Foreign Currency Notes:* Unless otherwise specified in the relevant Pricing Supplement, payments of principal of and interest on Foreign Currency Notes will be made in U.S. dollars unless the Holder thereof elects to receive such payments in the Specified Currency as described below.

Any U.S. dollar amount to be received by a Holder of a Foreign Currency Note will be based on the highest bid quotation in the City of New York received by the Fiscal Agent at approximately 11:00 a.m., New York City time, on the second business day preceding the applicable payment date of such Note from three recognized foreign exchange dealers for the purchase by the quoting dealer of the Specified Currency for U.S. dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all Holders of Foreign Currency Notes scheduled to receive U.S. dollar payments and at which the applicable dealer commits to execute a contract. If such bid quotations are not available, payments will be made in the Specified Currency. All currency exchange costs will be borne by the Holder of the Foreign Currency Note by deductions from such payments.

Unless otherwise specified in the relevant Pricing Supplement, a Holder of a Foreign Currency Note may elect to receive payment of the principal of and any interest on such Note in the Specified Currency by transmitting a written request for such payment to the Paying Agent at its office in the City of New York on or prior to the relevant Record Date or at least 15 days prior to maturity, as the case may be. Such request, which must include the wire transfer instructions referred to below, may be in writing (mailed or hand-delivered) or by cable or facsimile transmission. A Holder of a Foreign Currency Note may elect to receive payment in the Specified

Currency for all principal and any interest payments and need not file a separate election for each payment. Such election will remain in effect until revoked by written notice to the Paying Agent, but written notice of any such revocation must be received by the Paying Agent on or prior to the relevant Record Date or at least 15 days prior to maturity, as the case may be. Holders of Foreign Currency Notes whose Notes are to be held in the name of a broker or nominee should contact such broker or nominee to determine whether and how an election to receive payments in the Specified Currency may be made.

The payment of principal of or interest on Foreign Currency Notes paid in the Specified Currency other than at maturity will be made by check drawn upon a bank office located outside the United States, and any such payments due at maturity will be made by wire transfer of immediately available funds to an account maintained by the Holder with a bank office located in the country which issued the Specified Currency upon presentation of such Notes to the Paying Agent in time for such wire transfer to be made by the Paying Agent in accordance with its normal procedures.

If a Specified Currency is not available for the payment of principal or interest with respect to a Foreign Currency Note due to the imposition of exchange controls or other circumstances beyond the control of the Issuer, the Issuer will be entitled to satisfy its obligations to Holders of Foreign Currency Notes by making such payment in U.S. dollars on the basis of the noon buying rate in the City of New York for cable transfers for such Specified Currency as determined by the Federal Reserve Bank of New York (the “**Market Exchange Rate**”) on the second business day prior to the date of such payment, or if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate.

12.4 *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*). No commissions or expenses shall be charged to the Holders in respect of such payments.

12.5 In this Condition, “**business day**” means:

- (i) Relevant Banking Day; or
- (ii) Payment Business Day.

13. **Taxation**

13.1 *Gross up:* All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Denmark or any political subdivision therein or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, in the case of a payment of interest only, the Issuer shall pay such additional amounts as will result in receipt by the Holders after such withholding or deduction of such amounts as would have been receivable by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in relation to any payment in respect of any Note:

- (i) to, or to a third party on behalf of, a Holder or beneficial owner which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of it having some connection with Denmark other than:
 - (a) the mere holding of the Note; or
 - (b) the receipt of principal, interest or other amount in respect of such Note; or
- (ii) to, or to a third party on behalf of, a Holder or beneficial owner who fails to comply with the Issuer’s request to make a declaration of non-residence (or similar declaration) if such declaration is required under Danish law as a pre-condition to relief or exemption from such withholding or deduction; or
- (iii) presented for payment (where presentation is required) more than thirty days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on or before the expiry of such period of thirty days; or
- (iv) where such withholding or deduction is imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, or any law or regulation implementing an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing;

nor will additional amounts be paid with respect to any payment of principal or interest on a Note to any Holder that is a fiduciary or partnership or other than the sole beneficial owner of any such payment to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the Holder of such Note. The obligation to pay taxes, duties, assessments and governmental charges shall not apply to (a) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, assessment or other governmental charge or (b) any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal or interest on the Notes.

- 13.2 *Taxing Jurisdiction:* If the Issuer (including any successor entity) becomes subject at any time to any taxing jurisdiction other than Denmark, references in these Conditions to Denmark shall be construed as references to Denmark and/or such other jurisdiction.

14. **Enforcement Events**

- 14.1 *No Events of Default:* There are no events of default in respect of the Notes. Holders shall not be entitled at any time to file for bankruptcy or liquidation of the Issuer.

- 14.2 *Enforcement Events:* If an order is made or an effective resolution is passed for the bankruptcy or liquidation of the Issuer (an “**Enforcement Event**”), any Holder may prove or claim in such proceedings in respect of the Notes, such claim being for payment of the Outstanding Principal Amount of the Notes at the time of commencement of such bankruptcy or liquidation of the Issuer together with any interest accrued and unpaid on the Notes from (and including) the Interest Payment Date immediately preceding the occurrence of such Enforcement Event and any other amounts payable on the Notes (including any damages payable in respect thereof). Such claim shall rank as provided in Condition 5 (*Status of the Notes*).

- 14.3 *Enforcement of Obligations:* Subject to Condition 14.1 (*No Events of Default*) and without prejudice to Condition 14.2 (*Enforcement Events*), any Holder may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes, provided that the Issuer shall not by virtue of the institution of any proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

15. **Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Notes are presented for payment within five years of the appropriate Relevant Date.

16. **Replacement of Notes**

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the corporate trust office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

17. **Agents**

- 17.1 *Obligations of Agents:* In acting under the Agency Agreement and in connection with the Notes, the Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders, and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Agency Agreement or other agreement entered into with respect of its appointment or incidental thereto.

- 17.2 *Termination of Appointments:* The initial Paying Agents in respect of any Notes shall be specified in the relevant Notes. The Calculation Agent in respect of any Notes shall be specified in the relevant Pricing Supplement. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) or the Calculation Agent and to appoint an additional or successor fiscal agent, paying agent, calculation agent or registrar; provided, however, that:

- (i) the Issuer shall at all times maintain a Fiscal Agent;
- (ii) the Issuer shall at all times maintain a Note Register;

- (iii) the Issuer shall at all times maintain a Paying Agent (which may be the Fiscal Agent) with an office in the City of New York;
- (iv) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer shall at all times maintain a Calculation Agent with an office located in such place as may be required by these Conditions; and
- (v) if and for so long as the Notes are admitted to listing and/or to trading and/or quotation on any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent (which may be the Fiscal Agent) with a specified office in the place required by such listing authority, stock exchange and/or quotation system.

18. Meetings of Holders; Modification and Waiver

- 18.1 *Meetings of Holders:* The Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings (including by way of conference call or by use of a videoconference platform) of Holders of Notes of any Series to consider and vote upon matters relating to such Series of Notes, including (without limitation) the modification by the Holders of a majority in principal amount of Notes of any such Series then outstanding or 66 2/3 percent in principal amount of the Notes of any such Series represented and voting at a meeting; or in the case of a written consent without a meeting, the consent of the Holders of at least a majority in aggregate principal amount of the Notes of any such Series outstanding at the time, of any provision of these Conditions as they apply to such Series; provided that the following modifications in respect of any Notes may only be made with the consent of the Holder of each of the Notes affected thereby: (i) a change in the stated maturity of any Note, or the date for any payment on any Note; (ii) the reduction of the principal amount of, or the rate or amount of interest on, any Note or the reduction of the amount payable thereon in the event of redemption or default, or the reduction of any additional amounts which are otherwise payable under Condition 13 (*Taxation*); or (iii) a change in the currency of payment of principal of, or interest on, any Note or any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) payable with respect thereto; or (iv) a change in the obligation of the Issuer to pay any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) (except as otherwise permitted by such Note); or (v) the impairing of the right to institute suit for the enforcement of any such payment on, or with respect to, any Note; or (vi) a reduction in the percentage of the aggregate principal amount of any Notes outstanding, the consent of whose Holders is required for any such modification or to waive any future compliance or past default or reduce the quorum required at any meeting of Holders or reduce the percentage of aggregate principal amount of Notes outstanding necessary to rescind or annul any declaration of the principal of and accrued interest on any Note to be due and payable. Any modifications, amendments or waivers to the Agency Agreement or to these Conditions will be conclusive and binding on all Holders of the applicable Series, whether or not they have given a consent or were present at such meeting, and on all future Holders of the applicable Series, whether or not notation of such modifications, amendments or waivers is made upon the Notes of the applicable Series. Any instrument given by or on behalf of any Holder in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent Holders of such Note of the applicable Series.

The persons entitled to vote a majority in principal amount of the Notes of any Series at the time outstanding shall constitute a quorum for the purpose of any action to be taken at a meeting of Holders of Notes with respect to the Notes of such Series. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting may be adjourned (or an adjourned meeting may be further adjourned) for a period of not less than 10 days as determined by the chair of the meeting. At the reconvening of any meeting further adjourned for lack of a quorum, the persons entitled to vote 25 percent in principal amount of the Notes at the time outstanding shall constitute a quorum.

Any modification to these Conditions pursuant to the operation of the provisions described in this Condition 18.1 is subject to Condition 11.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*).

- 18.2 *Modification:* The Issuer may make, without the consent of the Holders of Notes of any Series:
- (i) any modification to the Notes of any Series or these Conditions to correct a manifest error with respect to the Notes of the relevant Series; or
 - (ii) subject to Condition 11.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*), any modification to the Notes of any Series or these Conditions which is not prejudicial to the interests of the Holders of the relevant Series.

19. **Merger, Consolidation and Sale of Assets**

The Issuer will not consolidate with, or merge with or into, or sell, or convey all or substantially all its assets in one transaction or a related series of transactions, unless (i) either the Issuer is the surviving corporation, or the surviving, resulting or transferee entity (the “successor entity”) irrevocably submits to the jurisdiction of the courts of England, and expressly assumes the due and punctual payment of all obligations on all the Notes and the due and punctual performance of all the covenants and obligations of the Issuer under the Notes, the Agency Agreement and the Deed of Covenant, by a supplemental agreement satisfactory to the Fiscal Agent, and (ii) immediately after such event, the Issuer or such successor entity is not in breach of any covenants or obligations under the Notes, the Agency Agreement or the Deed of Covenant, provided, however, that nothing herein stated shall prevent the Issuer from selling or conveying all or substantially all its assets in one transaction or related series of transactions in connection with any restructuring of the Issuer’s assets or operations insofar as such transaction or transactions are required and approved of by the DFSA or other competent regulatory authority or are otherwise required by Danish law or regulations.

20. **Further Issues**

The Issuer may from time to time, without the consent of the Holders, create and issue further Notes having the same Terms and Conditions as any Series of Notes in all respects (or in all respects except for the issue date, the issue price or the first payment of interest (if any)) so as to form a single Series with such Series of Notes.

21. **Notices**

Notices to Holders will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the Note Register) at their respective addresses as recorded in the register kept by the Fiscal Agent, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day and, if such Notes are listed on the Official List of Euronext Dublin and admitted to trading on the exchange-regulated market of Euronext Dublin (so long as such Notes are listed on the Official List of Euronext Dublin and the rules of that exchange so permit), if published on the website of Euronext Dublin (www.euronext.com/en/markets/dublin).

Notwithstanding the foregoing, so long as any Notes are represented by a Global Note which is held by or on behalf of DTC for the benefit of participants in DTC, all notices with respect to such Notes shall be sent only to DTC which will communicate such notices to its participants in accordance with its standard and customary procedures in effect at that time, provided that, if the Notes of a Series are listed on a stock exchange then all notices shall also be made in accordance with the standard and customary procedures then in effect at such stock exchange. Any such notice shall be deemed to have been given to the Holders of the relevant Notes on the first Business Day after the day on which the said notice was given to DTC or as otherwise provided by the applicable rules of a stock exchange.

22. **Currency Indemnity**

The currency in which the Notes are denominated or, if different, payable, as specified in the relevant Pricing Supplement (the “**Contractual Currency**”), is the sole currency of account and payment for all sums payable by the Issuer in respect of the Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount of the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount of the Contractual Currency expressed to be due to any Holder in respect of such Note the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer’s other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Notes or any judgment or order. Any such loss as aforesaid shall be deemed to constitute a loss suffered by the relevant Holder and no proof or evidence of any actual loss will be required by the Issuer.

23. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement):

- (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 percent being rounded up to 0.00001 percent);
- (ii) all U.S. dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up); and
- (iii) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

24. **Waiver and Remedies**

No failure to exercise, and no delay in exercising, on the part of the Holder of any Note, any right in these Conditions shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

25. **Governing Law, Jurisdiction and Acknowledgement of Danish Statutory Loss Absorption Powers**

- 25.1 *Governing Law:* The Notes, the Agency Agreement and the Deed of Covenant and any non-contractual obligations arising from or in connection with any of them, shall be governed by, and construed in accordance with, English law, except for Condition 5 (*Status of the Notes*), Condition 11.2 (*Early Redemption Following a Tax Event*), Condition 11.3 (*Early Redemption upon the Occurrence of a MREL Disqualification Event*), Condition 14 (*Enforcement Events*) and Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*), which shall be governed by, and shall be construed in accordance with, Danish law.
- 25.2 *English Courts:* The Issuer has irrevocably agreed, for the benefit of the Fiscal Agent and the Holders, that the courts of England are to have jurisdiction to hear and determine any suit, action or proceedings which may arise out of or in connection with the Notes, the Agency Agreement and the Deed of Covenant or any non-contractual obligation arising out of or in connection with them (together referred to as “Proceedings”) and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- 25.3 *Appropriate Forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Proceedings and, accordingly, that it will not argue to the contrary.
- 25.4 *Rights of the Holders to Take Proceedings outside England:* Condition 25.2 (*English Courts*) is for the benefit of the Holders only. As a result, nothing in this Condition 25 prevents any Holder from taking Proceedings in any other courts with jurisdiction. To the extent allowed by law, any Holder may take concurrent Proceedings in any number of jurisdictions.
- 25.5 *Service of Process:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to the Issuer at 75 King William Street, London EC4N 7DT (any correspondence to be addressed to the “Legal Department”) or at any address of the Issuer in Great Britain at which service of process may be served on it in accordance with the Companies Act 2006. Nothing in this Condition 25.5 shall affect the right of any Holder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.
- 25.6 *Acknowledgement of Danish Statutory Loss Absorption Powers:* Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Holder (which, for the purposes of this Condition 25.6, includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Holder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Danish Statutory Loss Absorption Powers by the FS and acknowledges, accepts, consents to and agrees to be bound by:
- (i) the effect of the exercise of any Danish Statutory Loss Absorption Powers by the FS, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
 - (a) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;

- (b) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into Ordinary Shares, other securities or other obligations of the Issuer or another Person, and the issue to or conferral on the Holder of such Ordinary Shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
 - (c) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
 - (d) the amendment of the Maturity Date, the amendment of the amount of interest payable on the Notes (if any), or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (ii) the variation of the terms of the Notes, as deemed necessary by the FS, to give effect to the exercise of any Danish Statutory Loss Absorption Powers by the FS.

Upon the Issuer being informed and notified by the FS of the actual exercise of any Danish Statutory Loss Absorption Powers with respect to the Notes, the Issuer shall notify the Holders without delay in accordance with Condition 21 (*Notices*). Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Danish Statutory Loss Absorption Powers nor the effects on the Notes described in this Condition 25.6.

26. **Rights of Third Parties**

No person shall have any right to enforce any term or Condition in respect of a Note, the Fiscal Agency Agreement or the Deed of Covenant under the Contracts (Rights of Third Parties) Act 1999.

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Program.

MiFID II product governance / Professional investors and eligible counterparties only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Details of any negative target market to be included if applicable]*. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.

U.K. MiFIR product governance / Professional investors and eligible counterparties only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**U.K. MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Details of any negative target market to be included if applicable]*. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended) (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**U.K. PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the U.K. PRIIPs Regulation.

PRICING SUPPLEMENT DATED [●]

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH THE PROSPECTUS REGULATION (AS DEFINED BELOW) OR REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (THE “U.K. PROSPECTUS REGULATION”) FOR THIS ISSUE OF NOTES.

Series No. [●]

Tranche No. [●]

DANSKE BANK A/S

U.S.\$ 20,000,000,000

U.S. Medium-Term Note Program

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

PART A – CONTRACTUAL TERMS

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) or to supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the Base Information Memorandum dated September 6, 2023, [and the Supplement No. [●] dated [●]] which [together] constitute[s] a base information memorandum (the “**Base Information Memorandum**”). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Information Memorandum. The Base Information Memorandum is available for viewing at, and copies may be obtained from, the website of the Irish Stock Exchange plc, trading as Euronext Dublin at www.euronext.com/en/markets/dublin for a period of 12 months following the date of the Base Information Memorandum (dated September 6, 2023).

[The following alternative language applies if the first Tranche of an issue of Notes which is being increased was issued under a Base [Information Memorandum/Prospectus] with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the Base [Information Memorandum/Prospectus] dated [original date] [together with any supplements which amend the Conditions], which are incorporated in the Base Information Memorandum dated [current date] [and the Supplement No. [●] dated [●]], which [together] constitute[s] a base information memorandum (the “**Current Base Information Memorandum**”). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Information Memorandum. The Current Base Information Memorandum is available for viewing at, and copies may be obtained from, the website of the Irish Stock Exchange plc, trading as Euronext Dublin at www.euronext.com/en/markets/dublin for a period of 12 months following the date of the [Current] Base Information Memorandum [(dated [current date])].

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs (in which case the subparagraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Pricing Supplement.]

- | | | |
|----|--|--|
| 1. | Issuer: | Danske Bank A/S |
| 2. | (i) Series Number: | [] |
| | (ii) Tranche Number: | [] |
| | (iii) Date on which the Notes will be consolidated and form a single Series: | [Not Applicable]/[The Notes will be consolidated and form a single Series with [identify earlier Tranche(s)] on the Issue Date.] |
| 3. | (i) Specified Currency or Currencies: | [] |
| | (ii) Indicate Payment in U.S. dollars or Specified Currency: | [] |

4. Aggregate Nominal Amount: []
- (i) Series: []
- (ii) Tranche: []
5. Issue Price: [] percent of the Aggregate Nominal Amount [plus [amount] accrued interest from [insert date]] (if applicable)
6. (i) Specified Denomination(s): []
- (No Notes may be issued which have a minimum denomination of less than U.S.\$ 200,000 (but so that in no event will the minimum denomination be lower than EUR 100,000 or its equivalent at the date of issue of the relevant Notes) and integral multiples of U.S.\$ 1,000 (or, in the case of Notes not denominated in U.S. dollars, 1,000 units of such foreign currency).)*
- (ii) Calculation Amount: []
- (If only one Specified Denomination, insert the Specified Denomination.*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date [and Interest Commencement Date]: []
- (ii) Interest Commencement Date (if different from the Issue Date): []
8. Maturity Date: [specify date] [subject to adjustment in accordance with the Business Day Convention specified in paragraph 17 (iii) below] *(Include adjustment wording for Floating Rate Notes)*
9. Form of Notes: Registered ([Regulation S]/[Rule 144A] Global Note(s))
10. Interest Basis: [[] percent Fixed Rate]
 [Reset Notes]
 [[SOFR][[]-month] [currency]
 EURIBOR/NIBOR/STIBOR/CIBOR/SHIBOR/
 BBSW/HIBOR/CMT Rate/ Commercial Paper
 Rate/Treasury Rate/Prime Rate/Eleventh District Cost
 of Funds Rate/Federal Funds Rate] +/- [] percent
 Floating Rate]
 [Zero Coupon]
 (further particulars specified below at paragraph [[15]
 [and] [16]/[17]/[18]])
11. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100.00 percent of their Aggregate Nominal Amount]
12. Change of Interest Basis or Redemption/Payment Basis: [Not Applicable/cross refer to paragraphs [[15],[16] and/or [17 below]] if details are included there]

- 13 Call Option: [Applicable/Not Applicable]
[(see paragraph 19/20 below)]
14. [(i)] Status of the Notes: [Preferred Senior/Non-Preferred Senior] Notes
- [(ii)] Date [Board of Directors] approval for issuance of Notes obtained: []
- (N.B. Only relevant where Board of Directors (or similar) authorization is required for the particular tranche of Notes)*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [] percent per annum [payable [annually/semiannually/quarterly/monthly] in arrear]
- (ii) Interest Payment Dates(s): [] in each year
- (iii) Fixed Interest Amount(s) for Notes in definitive form: [] per Calculation Amount
- (iv) Broken Amount(s) for Notes in definitive form: [Not Applicable/[] per Calculation Amount [for the [short/long] first Interest Period] payable on []]
- (Insert particulars of any initial or final broken amounts of interest that do not correspond with the Fixed Interest Amount)*
- (v) Day Count Fraction: [30/360 / Actual/Actual ([ICMA]/[ISDA]) / Actual/365 (Fixed)]
- (vi) Record Date: []
16. **Reset Note Provisions** [Applicable/Not Applicable]
- (i) Initial Rate of Interest: [] percent per annum payable [annually/semiannually/quarterly/monthly] in arrear
- (ii) Reset Margin: [[Plus/Minus] [] percent per annum]
- (iii) Interest Payment Date(s): [] in each year
- (iv) Fixed Interest Amount up to (and including) the First Reset Date for Notes in definitive form: [] per Calculation Amount
- (v) Broken Amount(s) for Notes in definitive form: [Not Applicable/[] per Calculation Amount [for the [short/long] first Interest Period] payable on []]
- (Insert particulars of any initial broken interest amounts which do not correspond with the Fixed Interest Amount[(s)])*
- (vi) First Reset Date: []
- (vii) Second Reset Date: [[]/Not Applicable]
- (viii) Subsequent Reset Date(s): [[] [and []]/Not Applicable]
- (ix) Reset Determination Date(s): []

(specify in relation to each Reset Date)

- (x) Relevant Time: []
- (xi) Relevant Screen Page: []
- (xii) Reset Reference Rate: CMT Rate
- (xiii) Reset Reference Rate Conversion: [Applicable/Not Applicable]
- (xiv) Original Reset Reference Rate Payment Basis: [Annually/Semiannually/Quarterly/Monthly/Not Applicable]
- (xv) First Reset Period Fallback Yield: []/[Not Applicable]
- (xvi) Fallback Relevant Time: []/[Not Applicable]
- (xvii) Day Count Fraction: [30/360]/[Actual/Actual (ICMA)]/[Actual/365 (Fixed)]
- (xviii) Calculation Agent: [] []

17. **Floating Rate Note Provisions**

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Specified Period: [Not Applicable/[]]
(Specified Period and Interest Payment Dates are alternatives. A Specified Period, rather than Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")
- (ii) Interest Payment Dates: [[]/Not Applicable]
(Specified Period and Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iv) Applicable Business Center(s): [*insert Applicable Business Center(s)*]/[Not Applicable]
- (v) Manner in which the Rate(s) of Interest and Interest Amount is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s): []
- (vii) Screen Rate Determination: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

– Term Rate: [Applicable/Not Applicable]

– Overnight Rate: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

● Index Determination:	[Applicable/Not Applicable] <i>(If ‘Index Determination’ is ‘Applicable,’ insert number of days (expected to be five or greater) as the Relevant Number, and the other bullets under this paragraph should be specified as ‘Not Applicable.’)</i> <i>(If ‘Index Determination’ is ‘Not Applicable,’ delete ‘Relevant Number’ and complete the other bullets under this paragraph.)</i>
● Relevant Number	[2/[] United States Government Securities Business Days] / [Not Applicable]
● Observation Method:	[Lag/Lock-out/Observation Shift/Not Applicable] <i>(N.B. Lock-out is only applicable where the Reference Rate is SOFR)</i>
● Lag Look-back Period:	[2/[] Relevant Business Days]/[Not Applicable]
● Observation Shift Period:	[2/[] Relevant Business Days][Not Applicable]
● D:	[365/360/[]] days
– Reference Rate:	[SOFR][[[]-month] [currency] EURIBOR/NIBOR/STIBOR/CIBOR/SHIBOR/BBSW/HIBOR/CMT Rate/Commercial Paper Rate/Treasury Rate/Prime Rate/Eleventh District Cost of Funds Rate/Federal Funds Rate/specify other]
– Interest Determination Date(s):	[] / [] United States Government Securities Business Days prior to each Interest Period Date <i>(include where the Reference Rate is SOFR and the Observation Method is Look-back, Observation Period Shift or Lock-out)</i>
– Relevant Screen Page:	[]
– Relevant Time:	[] in the Relevant Financial Center
– Relevant Financial Center:	[]
– Reference Banks:	[]
– Reference Rate Replacement – Independent Adviser:	[Applicable/Not Applicable] <i>(N.B. will not be applicable if Reference Rate Replacement – ARRC is specified to be applicable below)</i>
– Reference Rate Replacement – ARRC:	[Applicable/Not Applicable] <i>(N.B. only applicable where the Reference Rate is SOFR)</i>
● ISDA Definitions:	[2006 ISDA Definitions]/[2021 ISDA Definitions] <i>(N.B. To be specified if “Reference Rate Replacement – ARRC” is specified as “Applicable”)</i>
(viii) ISDA Determination:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
– ISDA Definitions:	[2006 ISDA Definitions]/[2021 ISDA Definitions]

- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []
- (ix) Linear Interpolation: [Applicable/Not Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using linear interpolation in accordance with Condition 8.5 (*Linear Interpolation*) (*specify for each short or long interest period*)]
- (x) Margin(s): [+/-] [] percent per annum
- (xi) Minimum Rate of Interest: [Not Applicable/[] percent, per annum]
- (xii) Maximum Rate of Interest: [Not Applicable/[] percent, per annum]
- (xiii) Day Count Fraction: []

18. **Zero Coupon Note Provisions**

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Accrual Yield: [] percent per annum
- (ii) Reference Price: []
- (iii) Day Count Fraction: [Actual/365
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360]

PROVISIONS RELATING TO REDEMPTION

19. **Call Option**

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Optional Redemption Date(s) (Call): []
- (ii) Optional Redemption Amount (Call): [] per Calculation Amount
- (iii) If redeemable in part: [Applicable/Not Applicable]

(If not applicable, delete the remainder of this subparagraph)

- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice period: Minimum period: [5] days
Maximum period: [30] days

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)

20. **Clean-up Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraph of this paragraph)
 Clean-up call Threshold: [As set out in the Conditions/[●] percent, of the aggregate nominal amount of the Notes]
21. **MREL Disqualification Event Redemption Option** [Applicable/Not Applicable]
22. **Final Redemption Amount** [[] per Calculation Amount/Not Applicable]
23. **Early Redemption Amount**
 Early Redemption Amount payable on redemption for taxation reasons: [As set out in the Conditions/[] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Applicable Financial Center(s): [Not Applicable/*Give details*]
(See definition of Payment Business Day in the Conditions. Note that this item relates to the date and place of payment and not Interest Payment Dates)
25. MREL Disqualification Event Substitution/Variation Option: [Applicable/Not Applicable]
26. Other terms and conditions: []/[Not Applicable]

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:
Duly authorized

By:
Duly authorized

CC: U.S. Bank National Association as Fiscal Agent

PART B – OTHER INFORMATION

The following information is not included in, or considered part of, the Conditions.

1. Listing and Admission to Trading

- (i) Listing: [The Official List of Euronext Dublin/*specify*/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [Euronext Dublin's exchange-regulated market]/*specify*] with effect on or about []/Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*
- (iii) Estimate of total expenses related to admission to trading: [[]/[Not Applicable]]

2. Ratings

[Not Applicable/The Notes to be issued [[have been]/[are expected to be]] rated [] by [*insert the legal name of the relevant credit rating agency entity(ies)*].]:

[There is no guarantee that [any of] the above rating[s] will be maintained following the date of this Pricing Supplement. Up-to-date information should always be sought by direct reference to the relevant rating agency.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Program generally or, where the issue has been specifically rated, that rating.)

Each of [*relevant rating agencies*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended.

Each of [*relevant rating agency*] is not established in the [European Union] and is not registered under Regulation (EC) No. 1060/2009 (as amended).

3. [Interests of Natural and Legal Persons involved in the [Issue/Offer]

Need to include a description of any interest, including conflicting ones, that is material to the issue/ offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

Save as discussed in the “*Plan of Distribution*” section of the Base Information Memorandum, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

[4.] Estimated Net Proceeds

[Estimated net proceeds: []]

[5.] Fixed Rate Notes and Reset Notes only – Yield

Indication of yield: []

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.][⁽¹⁾

[6.] Operational Information:

ISIN Code: []

CUSIP: []

Common Code: []

(1) Complete section only if applicable. Otherwise delete and re-number sections accordingly.

CFI: [[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

FISN: [[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

Any clearing system(s) other than DTC and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

[Original issue discount:

(i) Total amount of OID: []

(ii) Yield to maturity: []

(iii) Interest accrual period: []]

Delivery: Delivery [against/free of] payment

[Names and addresses of additional Paying Agent(s) (if any): []]

[7.] **Distribution**

Method of Distribution: [Syndicated/Non-syndicated]

If syndicated, names of Dealers: [*Name(s)*]

Stabilizing Manager (if any): [Not Applicable/*give name*]

If Non-syndicated, name of relevant Dealer: [*Name*]

CLEARING AND SETTLEMENT

The following description of the operations and procedures of DTC, Euroclear and Clearstream, Luxembourg is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them from time to time. The Issuer and the Dealers take no responsibility for these operations and procedures and urge investors to contact the system of their participants directly to discuss these matters.

General

DTC has advised the Issuer that DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a “banking organization” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provision of Section 17A of the Exchange Act. DTC was created to hold securities for its participating organizations (collectively, the “**Participants**”) and to facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in the accounts of its Participants. The Participants include securities brokers and dealers (including the Agents, banks, trust companies, clearing corporations and certain other organizations). Access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a Participant either directly or indirectly (collectively, the “**Indirect Participants**”). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participant or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participant and Indirect Participants.

DTC has also advised the Issuer that, pursuant to procedures established by it, (i) upon deposit of Global Notes, DTC will credit the accounts of Participants with portions of the principal amount of the Global Notes and (ii) ownership of such interest in the Global Notes will be shown on, and the transfer of ownership thereof will be affected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes may hold their interest therein directly through DTC, if they are Participants in such system, or indirectly through organizations (including Euroclear and Clearstream, Luxembourg) which are Participants in such system. Euroclear and Clearstream, Luxembourg will hold interests in the Regulation S Global Note on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories. All interests in a Global Note, including those held through Euroclear or Clearstream, Luxembourg, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream, Luxembourg may also be subject to the procedures and requirements of such systems. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants and certain banks, the ability of a person having a beneficial interest in a Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate evidencing such interest.

Except as described below, owners of interests in the Global Notes registered in the name of DTC or its nominee will not be considered the registered owners or Holders thereof under the Agency Agreement for any purpose.

Payments in respect of the principal and interest (if any) on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered Holder under the Agency Agreement. Under the terms of the Agency Agreement, the Issuer will treat the persons in whose names the Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, neither the Issuer, the Fiscal Agent nor any agent of, the Issuer or the Fiscal Agent has or will have any responsibility or liability for (i) any aspect of DTC’s records or any Participants’ or Indirect Participants’ records relating to or payments made on account of beneficial ownership interests in the Global Notes, or for maintaining, supervising or reviewing any of DTC’s records or any Participants’ or Indirect Participants’ records relating to or payments made on account of beneficial ownership interests in the Global Notes or (ii) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants. DTC has advised the Issuer that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the interest payment date, in amounts proportionate to their respective holdings in the principal amount of the beneficial interests in the relevant security as shown on the records of DTC unless DTC has reason to believe it will not receive payment on such interest payment date. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC or the Issuer. Neither the Issuer nor the Paying Agents will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the Notes, and the Issuer and the Paying Agents may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Except for trades involving only Euroclear and Clearstream, Luxembourg participants, interests in the Global Notes are expected to be eligible to trade in DTC's Same Day Funds Settlement System, and secondary market trading activity in such interests will, therefore, settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its Participants. See “—*Same Day Settlement and Payment*” below.

Subject to the transfer restrictions set forth under “*Transfer and Transfer Restrictions*,” transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same day funds, and transfers between participants in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described herein, cross-market transfers between the Participants in DTC, on the one hand, and Euroclear or Clearstream, Luxembourg participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by its respective depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlements on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream, Luxembourg participants may not deliver instructions directly to the depositories for Euroclear or Clearstream, Luxembourg.

DTC has advised the Issuer that it will take any action permitted to be taken by a Holder of Notes only at the direction of one or more Participants to whose account DTC has credited the interest in the Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures to facilitate transfers of interest in the Global Notes among Participants in DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, the Fiscal Agent nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Interest Amount Calculation

Notwithstanding Condition 6.3 (*Fixed Interest Amount*), Condition 6.4 (*Calculation of Interest Amount*) and/or Condition 8.7 (*Calculation of Interest Amount*), as applicable, for so long as any of the Notes is represented by a Global Note held on behalf of DTC, (i) the amount of interest payable in respect of such Notes for any period shall be calculated by applying the relevant Rate of Interest to the Outstanding Principal Amounts of such Notes, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the relevant Specified Currency (half a sub-unit being rounded upwards) and (ii) the definition of “Interest Amount” set out in Condition 2.1 (*Definitions*) shall instead be construed in relation to such calculation. For this purpose a “**sub-unit**” means, in the case of any currency other than U.S. dollar, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of U.S. dollar, means one cent.

Exchange of Global Notes for Definitive Notes

A Global Note is exchangeable for a Note in registered definitive form (a “**Definitive Note**”) if (i) DTC notifies the Issuer that it is unwilling or unable to continue as depository for the Global Notes or has ceased to be a clearing agency registered under the Exchange Act and, in either case, the Issuer thereupon fails to appoint a successor depository within 120 days after the date of such notice or (ii) the Issuer, at its option, notifies the Fiscal Agent and the Paying Agents in writing that it has elected to cause the issuance of the Definitive Notes. In all cases, Definitive Notes delivered in exchange for any Global Notes or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository in accordance with its customary procedures and will bear the restrictive legend referred to in “*Transfer and Transfer Restrictions*,” unless the Issuer determines otherwise in compliance with applicable law.

Exchange of Definitive Notes for Global Notes

Definitive Notes that are “restricted securities” within the meaning of Rule 144 under the Securities Act may not be transferred for beneficial interests in any Global Note unless the transferor first delivers to the Fiscal Agent a written certificate to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes.

Exchange or Transfer of Definitive Notes

Definitive Notes may be exchanged or transferred by a Holder by presenting or surrendering such Definitive Notes at the office of the Fiscal Agent with a written instruction of transfer in form satisfactory to the Fiscal Agent, duly executed by such Holder or his attorney, duly authorized in writing. If the Notes being exchanged or transferred are Restricted Securities, such Holder shall also provide a written certificate to the effect that such transfer will comply with the appropriate transfer restriction applicable to such Notes.

Exchange Among Regulation S Global Note and Rule 144A Global Note

On or prior to a date that is 40 days after the issue date of such Note, interests in a Regulation S Global Note may be transferred to a person who wishes to hold an interest in a Rule 144A Global Note only upon receipt by the Fiscal Agent of a written certification from the transferor (in the form set out in the Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB within the meaning of Rule 144A purchasing for its own account or for the account of a QIB, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States.

Interests in a Rule 144A Global Note may also be transferred to a person who wishes to hold an interest through a Regulation S Global Note, but only upon receipt by the Fiscal Agent of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or with Rule 144 (if available) under the Securities Act.

Any interest in either a Rule 144A Global Note or a Regulation S Global Note that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in such other Global Note.

Same Day Settlement and Payment

The Notes represented by the Global Notes will be eligible to trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading in any Definitive Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant purchasing an interest in a Global Note from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream, Luxembourg participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream, Luxembourg) immediately following the settlement date of DTC. DTC has advised the Issuer that cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interest in a Global Note by or through a Euroclear or Clearstream, Luxembourg participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day for Euroclear or Clearstream, Luxembourg following DTC's settlement date.

SPECIAL PROVISIONS RELATING TO FOREIGN CURRENCY NOTES

General

Unless otherwise specified in the relevant Pricing Supplement, the Notes will be denominated in U.S. dollars and payments of principal of and any premium and interest on the Notes will be made in U.S. dollars in the manner specified in this Base Information Memorandum and the relevant Pricing Supplement. If any of the Notes are to be denominated in a Specified Currency other than U.S. dollars (a “**Foreign Currency Note**”), payments of the principal and any premium or interest on such Notes will be made in accordance with Condition 12.3 (*Payments on Foreign Currency Notes*).

THIS BASE INFORMATION MEMORANDUM DOES NOT DESCRIBE ALL RISKS OF AN INVESTMENT IN FOREIGN CURRENCY NOTES THAT RESULT FROM SUCH NOTES BEING DENOMINATED IN, OR THE PAYMENTS WITH RESPECT TO SUCH NOTES BEING RELATED TO THE VALUE OF, A FOREIGN CURRENCY EITHER AS SUCH RISKS EXIST AT THE DATE OF THIS BASE INFORMATION MEMORANDUM OR AS SUCH RISKS MAY CHANGE FROM TIME TO TIME. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN FINANCIAL AND LEGAL ADVISERS AS TO THE RISKS ENTAILED IN AN INVESTMENT IN FOREIGN CURRENCY NOTES AND AS TO ANY MATTERS THAT MAY AFFECT THE PURCHASE OR HOLDING OF A FOREIGN CURRENCY NOTE OR THE RECEIPT OF PAYMENTS OF PRINCIPAL OF AND ANY PREMIUM AND INTEREST ON A FOREIGN CURRENCY NOTE IN A SPECIFIED CURRENCY. FOREIGN CURRENCY NOTES ARE NOT AN APPROPRIATE INVESTMENT FOR INVESTORS WHO ARE UNSOPHISTICATED WITH RESPECT TO FOREIGN CURRENCY TRANSACTIONS.

The information set forth in this Base Information Memorandum is directed to prospective purchasers who are United States residents, and the Issuer disclaims any responsibility to advise prospective purchasers including those who are residents of countries other than the United States with respect to any matters that may affect the purchase, holding or receipt of payments of principal of and any premium and interest on Foreign Currency Notes. Such persons should consult their own legal advisers with regard to such matters.

Foreign Currency Notes are issuable only in fully registered form, without coupons. The authorized denominations of Foreign Currency Notes will be specified in the relevant Pricing Supplement.

Purchase

Unless otherwise indicated in the relevant Pricing Supplement, purchasers are required to pay for Foreign Currency Notes in the Specified Currency. At the present time there are limited facilities in the United States for the conversion of U.S. dollars into foreign currencies or currency units and vice versa, and banks do not generally offer non-U.S. dollar checking or savings account facilities in the United States. If requested on or prior to the fifth business day preceding the date of delivery of the Notes, or by such other day as determined by the Issuer, the Issuer or its agent may offer to arrange for the conversion of U.S. dollars into the Specified Currency to enable the purchaser to pay for such Notes. Each such conversion will be made by the Issuer or its agent on such terms and subject to such conditions, limitations and charges as the Issuer or its agent may from time to time establish in accordance with its regular foreign exchange practices. All costs of exchange will be borne by the purchasers of the Foreign Currency Notes.

Judgments

In the event an action based on Foreign Currency Notes is commenced in a court of the United States, it is likely that such court would grant judgment relating to such Notes only in U.S. dollars. It is not clear, however, whether, in granting such a judgment, the rate of conversion into U.S. dollars would be determined with reference to the date of default, the date that judgment is rendered or some other date. Holders of Foreign Currency Notes would bear the risk of exchange rate fluctuations between the time the judgment is calculated and the time the Specified Currency is converted to U.S. dollars for payment of the judgment.

TRANSFER AND TRANSFER RESTRICTIONS

General

The following procedures and restrictions with respect to the registration of any transfer of any Note shall apply:

- (i) The Fiscal Agent shall register the transfer of any Note, if the requested transfer (x) is to the Issuer, (y) such transfer is, in the case of Rule 144A Global Notes, at least one year (or such other period as shall constitute the required holding period pursuant to Rule 144 under the Securities Act) after the later of (i) the issue date of such Note (or any predecessor of such Note) and (ii) the sale of such Note (or any predecessor of such Note) by the Issuer or an Affiliate of the Issuer (computed in accordance with paragraph (d) of Rule 144 under the Securities Act) and the Holder of such Note is not at the proposed date of such transfer and was not during the three months preceding such proposed date of transfer an Affiliate of the Issuer, or (z) such transfer is, in the case of Regulation S Global Notes, at least 40 days after the issue date of such Note (or any predecessor of such Note). No further documents, certifications or other evidence need be supplied in respect of any such transfer.
- (ii) The Fiscal Agent shall register the transfer of any Note if the Holder of such Note has properly completed the Certificate of Transfer, or a transfer instrument substantially in the form of such Certificate of Transfer, and has delivered such Certificate to the Fiscal Agent.
- (iii) The Fiscal Agent shall register the transfer of a Note to or from DTC or any other institutional trading system designated by the Issuer in a written notice to the Fiscal Agent. In connection with any such transfer to DTC for deposit or for deposit in such other institutional trading system, no further documents, certifications or other evidence need be supplied to the Fiscal Agent in respect thereof. In connection with any such transfer out of such other institutional trading system, the Fiscal Agent shall receive such documents, certifications or other evidence from the transferor or transferee as are specified in such written notice.
- (iv) If so directed by the Issuer, the Fiscal Agent shall register the transfer of the Notes, from or through any dealer, placement agent or other person specified by the Issuer which has agreed in writing to offer, sell and effect transfers of Notes only (i) to a prospective purchaser who such dealer, placement agent or other person has reasonable grounds to believe and does believe is a QIB; or (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S. No further documents, certifications or other evidence need be supplied in respect of any such transfer.
- (v) With respect to any requested transfer of a Note not provided for in (i) through (iv) above, the Fiscal Agent shall not register such transfer except upon the order of the Issuer signed by or on behalf of the Issuer by an authorized officer or a duly appointed attorney-in-fact of the Issuer and then only pursuant to any additional procedures as the Issuer may establish and against surrender of such Note. Such additional procedures may include, without limitation, (x) delivery by the transferor or the proposed transferee of an opinion of counsel reasonably satisfactory to the Issuer to the effect that such transfer may be effected without registration under the Securities Act and (y) the delivery by the proposed transferee of representation letters in form and substance reasonably satisfactory to the Issuer to ensure compliance with the provisions of the Securities Act. It is understood that the issuance of such order by the Issuer shall be in the sole and absolute discretion of the Issuer.
- (vi) Upon receipt of the duly completed Note and any required instruments of transfer, transfer notices or other written statements or documents as described above, the Fiscal Agent shall cancel such Note and register the transfer and complete, authenticate and deliver in the name of the designated transferee or transferees, one or more new Notes of authorized denominations in the principal amount specified on such Note.
- (vii) The Fiscal Agent shall have no liability whatsoever to any party so long as it registers the transfer in accordance with the instructions described herein.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

The Notes have not been registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold in the United States only to QIBs in reliance on Rule 144A under the Securities Act and outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act.

On or prior to the 40th day after the Closing Date, a beneficial interest in a Regulation S Global Note may be transferred to a person who wishes to take delivery of such beneficial interest through a Rule 144A Global Note only upon receipt by

the Fiscal Agent of a written certification (in the form set out in the schedule to the Agency Agreement) from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. After such 40th day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Note, as set out below.

A beneficial interest in a Rule 144A Global Note may also be transferred to a person who wishes to take delivery of such beneficial interest through a Regulation S Global Note only upon receipt by the Fiscal Agent of a written certification (in the form set out in the schedule to the Agency Agreement) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144A (if available) under the Securities Act.

Any beneficial interest in either a Rule 144A Global Note or a Regulation S Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Note will, upon transfer, cease to be a beneficial interest in such Global Note and become a beneficial interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note for so long as such person retains such an interest.

Each purchaser of the Notes who is in the United States or who is a U.S. Person or purchasing for the account of a U.S. Person will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S are used herein as defined therein):

- (i) It is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (A) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A or (B) a non-U.S. person that is outside the United States (or a non-U.S. person that is a dealer or other fiduciary as referred to above) in accordance with Rule 903 or Rule 904 of Regulation S.
- (ii) The Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (iii) It understands and agrees that Notes initially offered in the United States to QIBs will be represented by a Rule 144A Global Note and that Notes offered outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S will be represented by a Regulation S Global Note.
- (iv) It shall not resell or otherwise transfer any of such Notes except (A) to the Issuer or by, through or in a transaction approved by a Dealer, (B) within the United States to a QIB in a transaction complying with Rule 144A, (C) outside the United States to a non-U.S. person in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (E) pursuant to an effective registration statement under the Securities Act.
- (v) It agrees that it will deliver to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.
- (vi) All Rule 144A Global Notes and any Definitive Notes issued in exchange therefor, if any will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR ANY OTHER SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF DANSKE BANK A/S (THE “ISSUER”) THAT THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER OR BY, THROUGH OR IN A TRANSACTION APPROVED BY A DEALER, (2) SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT (“RULE 144A”), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOTIFY ANY

PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

BY ITS ACQUISITION AND HOLDING OF THIS NOTE OR ANY INTEREST HEREIN, THE PURCHASER AND HOLDER HEREOF AND EACH TRANSFEREE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY SUCH PURCHASER AND HOLDER HOLDS THIS NOTE OR INTEREST HEREIN, THAT EITHER (A) IT IS NOT (I) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”)) SUBJECT TO TITLE I OF ERISA, (II) A PLAN (AS DEFINED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”)) TO WHICH SECTION 4975 OF THE CODE APPLIES, (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE “PLAN ASSETS” BY REASON OF ANY SUCH PLAN’S OR EMPLOYEE BENEFIT PLAN’S INVESTMENT IN THE ENTITY (THE FOREGOING SHALL BE COLLECTIVELY REFERRED TO AS “PLANS”) OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN (“NON-ERISA ARRANGEMENT”) THAT IS SUBJECT TO SIMILAR PROVISIONS UNDER APPLICABLE FEDERAL, STATE, LOCAL, FOREIGN OR OTHER REGULATIONS, RULES OR LAWS THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”) AND IT IS NOT PURCHASING OR HOLDING THE NOTE ON BEHALF OF OR WITH THE ASSETS OF ANY PLAN OR NON-ERISA ARRANGEMENT, OR (B) ITS PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF THIS NOTE SHALL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR VIOLATE ANY APPLICABLE PROVISION OF SIMILAR LAW.”

- (vii) It acknowledges that the Fiscal Agent for the Notes will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the Fiscal Agent that the restrictions set forth herein have been complied with.
- (viii) It acknowledges that the Issuer, the Dealers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agrees that if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of the Notes are no longer accurate, it shall promptly notify the Issuer and the Dealers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (ix) It has received the information, if any, requested by it pursuant to Rule 144A, has had full opportunity to review such information and has received all additional information necessary to verify such information.
- (x) Each Plan who purchases the Notes, or any interest therein, including any fiduciary purchasing or holding the Notes (or any interest therein) on behalf of a Plan (“**Plan Fiduciary**”), will be deemed to have represented and agreed that (i) none of the Issuer, the Arranger, the Dealers, the Listing Agent and Fiscal Agent, nor any of their affiliates, has provided, and none of them will provide, any investment advice to it or to any fiduciary or other person investing the assets of the Plan in connection with its decision to invest in the Notes, and none of them is otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan or the Plan Fiduciary in connection with the Plan’s acquisition of the Notes; and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Notes.

PLAN OF DISTRIBUTION

The Notes are being offered on a continuous basis for sale by the Issuer to or through BNP Paribas Securities Corp., BofA Securities, Inc., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Danske Bank A/S, Goldman Sachs International, HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and UBS Securities LLC, together with such other Dealers as may be appointed by the Issuer with respect to a particular Tranche of Notes, pursuant to an amended and restated program agreement entered into on September 6, 2021, (as supplemented, amended and/or restated from time to time, the “**Program Agreement**”). One or more Dealers may purchase Notes, as principal or agent, from the Issuer from time to time for resale to investors and other purchasers at varying prices relating to prevailing market prices at the time of resale as determined by any Dealer, or, if so specified in the relevant Pricing Supplement, for resale at a fixed offering price. If the Issuer and a Dealer agree, a Dealer may also utilize its reasonable efforts on an agency basis to solicit offers to purchase the Notes.

Unless otherwise specified in the relevant Pricing Supplement, any Notes sold to one or more Dealers as principal will be purchased by such Dealers at a price equal to 100.00 percent of the principal amount thereof less a percentage of the principal amount equal to a commission as agreed upon by the Issuer and the relevant Dealers. Notwithstanding this, a Dealer may sell Notes it has purchased from the Issuer as principal to certain dealers less a concession equal to all or any portion of the discount received in connection with such purchase. Such Dealer may allow, and such dealers may reallocate, a discount to certain other dealers. After the initial offering of Notes, the offering price (in the case of Notes to be resold at a fixed offering price), the concession and the reallocation may be changed.

The Issuer may withdraw, cancel or modify the offering contemplated hereby without notice and may reject offers to purchase Notes in whole or in part. Each Dealer shall have the right, in its discretion reasonably exercised, without notice to the Issuer, to reject in whole or in part any offer to purchase Notes received by it on an agency basis.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilizing manager(s) (or persons acting on behalf of any stabilizing manager(s)) in the relevant Pricing Supplement may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilization action or over-allotment must be conducted by the relevant stabilizing manager(s) (or persons acting on behalf of any stabilizing manager(s)) in accordance with all applicable laws and rules.

The stabilizing manager(s) may purchase and sell Notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the stabilizing manager(s) of a greater number of Notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress.

The stabilizing manager(s) may also impose a penalty bid. This occurs when a particular stabilizing manager repays to the Dealers a portion of the underwriting discount received by it because the stabilizing manager or its affiliates have repurchased Notes sold by or for the account of such Stabilizing Manager in stabilizing or short covering transactions.

Neither the Issuer nor any of the Dealers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described in the immediately preceding paragraph may have on the price of Notes. In addition, neither the Issuer nor the Dealers makes any representation that the Dealers will engage in any such transactions or that such transactions, once commenced, will not be discontinued without notice. Furthermore, recent amendments to Rule 15c2-11 under the Exchange Act and regulatory interpretations thereof may restrict the ability of brokers and dealers to publish quotations on the notes on any interdealer quotation system or other quotation medium after January 4, 2025.

The Issuer has agreed to indemnify the Dealers against certain liabilities (including liabilities under the Securities Act) or to contribute to payments the Dealers may be required to make in respect thereof. The Issuer has also agreed to reimburse the Dealers for certain other expenses.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer’s affiliates. The Dealers and/or their affiliates may receive allocations of Notes (subject to customary closing conditions), which could affect future trading of the Notes. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge, and certain other

of those Dealers or their affiliates may hedge, their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of CDSs or the creation of short positions in the Issuer's securities, including potentially the Notes issued under the Program. Any such credit default swaps or short positions could adversely affect future trading prices of Notes issued under the Program. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

No action has been or will be taken in any jurisdiction by the Issuer or any Dealers that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Base Information Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Information Memorandum comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Base Information Memorandum or any other offering material relating to the Notes, in all cases at their own expense.

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in a transaction not subject to the registration requirements of, the Securities Act.

Each Dealer has agreed that, except as permitted by the Program Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the "distribution compliance period") within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells Notes (other than a sale pursuant to Rule 144A) during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons substantially to the following effect:

"The Notes covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, except in either case in accordance with Regulation S or Rule 144A under the Securities Act. Terms used above have the meanings given to them by Regulation S."

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

The Program Agreement also provides that the Dealers may arrange for the placing of a portion of the Notes to persons reasonably believed to be QIBs pursuant to Rule 144A.

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Selling Restrictions

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Information Memorandum as completed by the relevant Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

U.K.

Prohibition of Sales to U.K. Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Information Memorandum as completed by the relevant Pricing Supplement in relation thereto to any retail investor in the U.K. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other Regulatory Restrictions

Each Dealer has also represented and agreed, and each further Dealer appointed under the Program will also be required to represent and agree, that:

- *Financial promotion:* it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorized person, apply to the Issuer; and
- *General compliance:* it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the U.K.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “FIEA”) and each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Denmark

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered or sold and will not offer, sell or deliver any Notes directly or indirectly in Denmark by way of a public offering, unless, as applicable, in compliance with the Prospectus Regulation, the Danish Consolidated Act No. 41 of January 13, 2023, on Capital Markets, as amended, supplemented or replaced from time to time and any Executive Orders issued thereunder and in compliance with the Executive Order No. 191 of January 31, 2022, as amended, supplemented or replaced from time to time, issued pursuant to the Danish Financial Business Act.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are “accredited investors,” as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), as applicable, and are “permitted clients,” as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Information Memorandum (including any amendment thereto) contains a misrepresentation, provided

that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

If applicable, pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105") or applicable local rules in certain provinces of Canada, the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering of Notes under the Program.

Selling restrictions may be supplemented or modified by the agreement of the Issuer and the relevant Dealer(s).

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Program will be required to acknowledge, that this Base Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Program will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified and amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person pursuant (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Solely for the purposes of its obligations pursuant to section 309B(1) of the SFA, the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A(1) of the SFA) that the Notes are "**prescribed capital markets products**" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

None of the Issuer, the Fiscal Agent and the Dealers represent that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche of Notes, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree.

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in a supplement to this Base Information Memorandum.

No action has been or will be taken in any jurisdiction that would, or is intended to, permit a public offering of any of the Notes, or possession or distribution of the Base Information Memorandum or any other offering material or any set of Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Information Memorandum, any other offering material or any set of Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefor.

TAXATION

The following summary is based on the tax laws of Denmark and the United States as of the date of this Base Information Memorandum, and is subject to changes in Danish or United States law, including changes that could have a retroactive effect. The following summary is not exhaustive and does not take into account or discuss the tax laws of any country other than Denmark or the United States. Prospective investors are advised to consult their own professional tax advisers as to the Danish or United States or other tax consequences of the offering and the purchase, ownership and disposition of Notes.

Prospective investors who may be affected by the tax laws of other jurisdictions should consult their tax advisers with respect to the tax consequences applicable to their particular circumstances.

Danish Tax Considerations

The following summary refers solely to the tax system applicable to Holders that are not subject to full tax liability in Denmark, that are not companies included in a Danish joint taxation scheme, and that do not carry on business in Denmark through a permanent establishment.

Payments in respect of the Notes will not be subject to taxation in Denmark, no withholding tax will be required on such payments to any Holder of a Note and gains derived from the sale of Notes will not be subject to Danish personal or corporate income tax.

United States Federal Income Taxation

General

The following is a summary of the principal U.S. federal income tax consequences of the acquisition, ownership, disposition and retirement of Notes by a Holder (as defined below) thereof. This summary does not address the U.S. federal income tax consequences of every type of Note which may be issued under the Program, and the relevant Pricing Supplement or a supplement to this Base Information Memorandum will contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary applies only to Notes held as capital assets and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to Holders that are subject to special tax rules, such as certain financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, tax exempt organizations, dealers or traders in securities or currencies, or to Holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States or investors that have a functional currency other than the U.S. dollar. Moreover, this summary does not address the rules requiring persons that use the accrual method of accounting to include certain amounts in income no later than the time such amounts are reflected on certain financial statements, the U.S. federal estate and gift tax, state, local or non-U.S. tax laws, the Medicare surtax on “net investment income” or alternative minimum tax consequences of the acquisition, ownership or retirement of Notes and does not address the U.S. federal income tax treatment of Holders that do not acquire Notes as part of the initial distribution at their initial “issue price,” as defined under “—U.S. Holders—Original Issue Discount” below.

This summary is based on the Code, existing and proposed Treasury regulations, administrative pronouncements and judicial decisions, each as of the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. Any special U.S. federal income tax considerations relevant to a particular issue of the Notes will be provided in the relevant Pricing Supplement or in a supplement to this Base Information Memorandum.

For purposes of this description, a “**U.S. Holder**” is a beneficial owner of the Notes who for U.S. federal income tax purposes is (i) a citizen or resident of the United States; (ii) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any State thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elected to be treated as a U.S. person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax adviser as to the consequences of acquiring, owning or disposing of Notes.

A “**Non-U.S. Holder**” is a beneficial owner of the Notes other than a U.S. Holder or a partnership (or an entity treated as a partnership for U.S. federal income tax purposes) or a disregarded entity for U.S. federal income tax purposes (such Non-U.S. Holders, together with U.S. Holders, collectively “**Holders**” for purposes of this section entitled “*Taxation—United States Federal Income Taxation*” only).

Prospective investors should consult their own tax adviser with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning or disposing of Notes.

Characterization of the Notes

Whether a particular Note is treated as debt (and not equity) for U.S. federal income tax purposes is an inherently factual question and no single factor is determinative. The Issuer intends to treat the Notes as indebtedness for U.S. federal income tax purposes unless provided otherwise in the Pricing Supplement or in a supplement to this Base Information Memorandum, although no assurances can be given with respect to such treatment. The following discussion assumes that such treatment will be respected. If the treatment of the Notes as indebtedness is not upheld, it may affect the timing, amount and character of income inclusion to a U.S. Holder.

U.S. Holders

Foreign Currency Notes

Notes that are denominated in a currency other than the U.S. dollar are subject to special rules under Section 988 of the Code and the Treasury regulations thereunder (the “**988 Regulations**”). The proper application of the 988 Regulations to Foreign Currency Notes currently is unclear. Pursuant to Condition 12.3 (*Payments on Foreign Currency Notes*) of the Terms and Conditions of the Notes, unless otherwise specified in the relevant Pricing Supplement, payments of principal and interest on Foreign Currency Notes will be made in U.S. dollars based on the exchange rate methodology described in such Condition (the “**Bid Rate**”) unless the U.S. Holder elects to receive such payments in the Specified Currency. For purposes of applying the 988 Regulations to Foreign Currency Notes, we believe that it is reasonable to treat the Bid Rate as the relevant exchange rate for determining income, gain or loss with respect to payments on, or the proceeds from the disposition of, Foreign Currency Notes, and the remainder of this discussion assumes that such treatment is correct. It is possible, however, that the IRS could require a U.S. Holder to calculate income, gain or loss on the Notes using spot rates in effect on the relevant payment date. If such rates were to apply, it is possible that the character, amount, source and timing of income, gain or loss on the Notes could differ from what is described below. U.S. Holders should consult their tax advisers regarding the proper application of the 988 Regulations to the Foreign Currency Notes.

Interest

Except as set forth below, interest (including “qualified stated interest” as defined under “—*Original Issue Discount*” below) paid on a Note, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a “**foreign currency**”), including the amount of any applicable withholding tax thereon (other than interest on an Original Issue Discount Note (as defined under “—*Original Issue Discount*”) below that is not qualified stated interest), will be includible in a U.S. Holder’s gross income as ordinary interest income in accordance with the U.S. Holder’s usual method of tax accounting for U.S. federal income tax purposes. In addition, interest on the Notes and OID, if any, accrued on the Notes (as described under “—*Original Issue Discount*” below) will generally be treated as foreign-source income for U.S. federal income tax purposes and generally will be treated as “passive category income,” which may be relevant in calculating a U.S. Holder’s foreign tax credit limitation. The creditability of non-U.S. income taxes is subject to limitations, including some that vary depending on a U.S. Holder’s circumstances. In addition, Treasury regulations require non-U.S. income tax laws to meet certain requirements in order for taxes imposed under such laws to be eligible for credit. The Issuer has not determined whether these requirements have been met with respect to Danish withholding taxes. A recent notice from the IRS indicates, however, that the United States Treasury and the IRS are considering proposing amendments to such Treasury regulations and allows, subject to certain conditions, taxpayers to defer the application of many aspects of such Treasury regulations for taxable years ending on or before December 31, 2023 (the notice also indicates that the United States Treasury and the IRS are considering whether, and under what conditions, to provide additional temporary relief for later taxable years). U.S. Holders should consult their tax advisers regarding the creditability or deductibility of Danish taxes withheld with respect to the Notes generally and in their particular circumstances.

Foreign Currency Denominated Interest

Any interest paid in a foreign currency will be included in the gross income of a U.S. Holder in an amount equal to the U.S. dollar value of the interest payment, including the amount of any applicable withholding tax thereon, regardless of whether the foreign currency is converted into U.S. dollars. Generally, a U.S. Holder that uses the cash method of tax accounting will determine such U.S. dollar value using the spot rate of exchange on the date of receipt. Generally, a U.S. Holder that uses the accrual method of tax accounting will determine the U.S. dollar value of accrued interest income using the average rate of exchange for the accrual period (or, in the case of an accrual period that spans two taxable years

of the U.S. Holder, the part of the period within each taxable year) or, at the U.S. Holder's election, at the spot rate of exchange on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within each taxable year) or the spot rate on the date of receipt, if that date is within five days of the last day of the accrual period. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS. A U.S. Holder that uses the accrual method of accounting for tax purposes will recognize foreign currency exchange gain or loss on the receipt of an interest payment if the exchange rate in effect on the date payment is received (or in the case of interest paid in U.S. dollars under Condition 12.3 (*Payments on Foreign Currency Notes*), the Bid Rate) differs from the rate applicable to an accrual of that interest payment, regardless of whether the payment is in fact converted into U.S. dollars. Any such gain or loss will generally be U.S. source ordinary income or loss.

Original Issue Discount

U.S. Holders of Notes issued with OID will be subject to special tax accounting rules, as described in greater detail below. U.S. Holders of Notes issued with OID (including cash basis taxpayers) should be aware that, as described in greater detail below, they generally must include OID in income for U.S. federal income tax purposes as it accrues, in advance of the receipt of cash attributable to that income. However, U.S. Holders of such Notes generally will not be required to include separately in income cash payments received on the Notes, even if denominated as interest, to the extent such payments do not constitute qualified stated interest (as defined below). Notes issued with OID will be referred to as “**Original Issue Discount Notes.**” Solely for the purposes of determining for U.S. federal income tax purposes whether a Note has OID and the yield and maturity of a Note, the Issuer will be deemed to exercise any unconditional call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any unconditional put option that has the effect of increasing the yield on the Note. Notice will be given in the relevant Pricing Supplement when the Issuer determines that a particular Note will be an Original Issue Discount Note.

The following discussion does not address the U.S. federal income tax consequences of an investment in “contingent payment debt instruments.” In the event the Issuer issues contingent payment debt instruments, the relevant Pricing Supplement or a supplement to this Base Information Memorandum will describe the material U.S. federal income tax consequences thereof. Persons considering the purchase of Original Issue Discount Notes with such features should consult their own tax advisers with respect to such features.

Additional rules applicable to Original Issue Discount Notes that are denominated in or determined by reference to a currency other than the U.S. dollar are described under “—*Foreign Currency Original Issue Discount Notes*” below.

For U.S. federal income tax purposes, a Note, other than a Note with a term of one year or less, will be treated as issued with OID if the excess of the Note's “stated redemption price at maturity” over its issue price equals or exceeds a *de minimis* amount (0.25 percent of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of a Note that provides for payments other than qualified stated interest before maturity, its “weighted average maturity”). A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the Series of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. The “stated redemption price at maturity” of a Note is the sum of all payments required to be made on such Note other than “qualified stated interest” payments. The term “qualified stated interest” means stated interest that is unconditionally payable in cash or in property (other than debt instruments of the Issuer) at least annually at a single fixed rate (with certain exceptions for certain first or final interest payments) or, subject to certain conditions, based on one or more interest indices. Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between payments.

In the case of a Note issued with *de minimis* OID, the U.S. Holder generally must include such *de minimis* OID in income as stated principal payments are made on the Notes in proportion to the stated principal amount paid on the Note. Any amount of *de minimis* OID that has been included in income will be treated as capital gain.

Certain of the Notes may be redeemed prior to their maturity. Original Issue Discount Notes containing such features may be subject to rules that differ from the general rules discussed herein. Persons considering the purchase of Original Issue Discount Notes with such features should carefully examine the relevant Pricing Supplement and any supplement to this Base Information Memorandum and should consult their own tax advisers with respect to such features since the tax consequences with respect to OID will depend, in part, on the particular terms and features of the Notes.

U.S. Holders of Original Issue Discount Notes with a maturity upon issuance of more than one year must, in general, include OID in income on a constant yield method in advance of the receipt of some or all of the related cash payments.

The amount of OID includible in income by the U.S. Holder of an Original Issue Discount Note is the sum of the “daily portions” of OID with respect to the Note for each day during the taxable year or portion of the taxable year in which such U.S. Holder held such Note (“**accrued OID**”). The daily portion is determined by allocating to each day in any “accrual period” a *pro rata* portion of the OID allocable to that accrual period. The “accrual period” for an Original Issue Discount Note may be of any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period is an amount equal to the excess, if any, of (a) the product of the Note’s adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of any qualified stated interest allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The “adjusted issue price” of a Note at the beginning of any accrual period is generally equal to its issue price increased by the accrued OID for each prior accrual period and reduced by any payments made on such Note (other than qualified stated interest) on or before the first day of the accrual period. Under these rules, a U.S. Holder will have to include in income increasingly greater amounts of OID in successive accrual periods.

In the case of an Original Issue Discount Note that is a Floating Rate Note, both the “yield to maturity” and “qualified stated interest” will be determined solely for purposes of calculating the accrual of OID as though the Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to interest payments on the Note on its date of issue or, in the case of certain Floating Rate Notes, the rate that reflects the yield to maturity that is reasonably expected for the Note. Persons considering the purchase of Floating Rate Notes should carefully examine the relevant Pricing Supplement and any supplement to this Base Information Memorandum and should consult their own tax advisers regarding the U.S. federal income tax consequences of the holding and disposition of such Notes.

U.S. Holders may elect to treat all interest on any Note as OID and calculate the amount includible in gross income under the constant yield method described above. For the purposes of this election, interest includes stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. This election will generally apply only to the Note with respect to which it is made and is irrevocable without the consent of the IRS. U.S. Holders should consult their own tax advisers about this election.

Fungible Issue

The Issuer may, without the consent of the Holders of outstanding Notes, issue additional Notes with identical terms (except that the issue date, the issue price or the first payment of interest (if any) may be different in respect of different Tranches of the same Series). These additional Notes, even if they are treated for non-tax purposes as part of the same Series of Notes, in some cases may be treated as a separate Series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even if such outstanding Notes had no OID, or the additional Notes may have a greater amount of OID than such outstanding Notes. These differences may affect the market value of such outstanding Notes of the relevant series if the additional Notes are not otherwise distinguishable from such outstanding Notes.

Short-Term Notes

In the case of Notes having a term of one year or less (taking into account the last possible date that the Notes could be outstanding in accordance with its terms, including any rights to extend or rollover) (“**Short-Term Notes**”), all payments (including all stated interest) will be included in the stated redemption price at maturity and, thus, U.S. Holders generally will be taxable on the discount in lieu of stated interest. The discount generally will be equal to the excess of the stated redemption price at maturity over the issue price of a Short-Term Note, unless the U.S. Holder elects to compute this discount using tax basis instead of issue price, in which case such election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies, and is irrevocable without the consent of the IRS. In general, individuals and certain other cash method U.S. Holders of a Short-Term Note are not required to include accrued discount in their income currently unless they elect to do so (but will be required to include any stated interest in income as it is received). U.S. Holders that report income for United States federal income tax purposes on the accrual method and certain other U.S. Holders are required to accrue discount on such Short-Term Notes (as ordinary income) on a straight line basis, unless an election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder that is not required, and does not elect, to include discount in income currently, any gain realized on the sale, exchange or retirement of the Short-Term Note will generally be ordinary income to the extent of the discount accrued through the date of sale, exchange or retirement. In addition, a U.S. Holder that does not elect to include currently accrued discount in income may be required to defer deductions for a portion of the U.S. Holder’s interest expense with respect to any indebtedness incurred or continued to purchase or carry such Notes in an amount not exceeding the deferred income until the deferred income is realized.

Foreign Currency Original Issue Discount Notes

OID for any accrual period on an Original Issue Discount Note that is denominated in, or determined by reference to, a foreign currency will be determined for any accrual period in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described under “—*Foreign Currency Denominated Interest*” above. Upon receipt of an amount attributable to OID previously included in income (whether in connection with a payment of interest or the sale or retirement of a Note), a U.S. Holder may recognize foreign currency exchange gain or loss (taxable as ordinary income or loss) in an amount determined in the same manner as interest income received by a U.S. Holder on the accrual basis, as described under “—*Foreign Currency Denominated Interest*” above.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of the sum of all amounts payable on the Note after the purchase date other than qualified stated interest will be considered to have purchased the Note at a “premium.” A U.S. Holder generally may elect to amortize the premium over the remaining term of the Note on a constant yield method as an offset to interest when includible in income under the U.S. Holder’s regular accounting method. Special rules may limit the amount of premium that can be amortized during certain accrual periods in the case of a Note that is subject to optional redemption. In the case of a Note that is denominated in, or determined by reference to, a foreign currency, note premium will be computed in units of foreign currency, and amortizable note premium will reduce interest income in units of the foreign currency. At the time amortized note premium offsets interest income, exchange gain or loss (taxable as ordinary income or loss) is realized measured by the difference between exchange rates at that time and at the time of the acquisition of the Notes. Any election to amortize note premium shall apply to all notes (other than notes the interest on which is excludable from gross income) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. Premium on a Note held by a U.S. Holder that does not make such an election will decrease the gain or increase the loss otherwise recognized on disposition of the Note.

Sale, Exchange or Retirement

A U.S. Holder’s adjusted tax basis in a Note generally will be its U.S. dollar cost (as defined herein) increased by the amount of any OID included in the U.S. Holder’s income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID included in the U.S. Holder’s income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortizable premium applied to reduce interest on the Note. The U.S. dollar cost of a Note purchased with a foreign currency generally will be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder generally will recognize gain or loss on the sale, exchange or retirement of a Note equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued but unpaid interest, which will be taxable as such) and the U.S. Holder’s adjusted tax basis in the Note. The amount realized on a sale, exchange or retirement for an amount in foreign currency will be the U.S. dollar value of such amount on the date of sale, exchange or retirement or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and is irrevocable without the consent of the IRS. Gain or loss recognized on the sale or retirement of a Note (other than gain or loss that is attributable to changes in exchange rates, which will be treated as ordinary income or loss) will be capital gain or loss and will be long-term capital gain or loss if the Note was held for more than one year. Capital gains of non-corporate U.S. Holders (including individuals) derived in respect of capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Gain or loss recognized by a U.S. Holder on the sale or retirement of a Note that is attributable to changes in exchange rates will be treated as ordinary income or loss, equal to the difference, if any, between the U.S. dollar values of the Note (as adjusted for amortized bond premium, if any) (i) on the date of sale, exchange or retirement and (ii) on the date on which the U.S. Holder acquired the Note, provided that a U.S. Holder may recognize foreign currency exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest which will be treated as discussed above under “—*Interest*.” However, foreign currency exchange gain or loss (including with respect to amounts received attributable to accrued interest) is taken into account only to the extent of total gain or loss realized on the transaction. Gain or loss realized by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source income or loss. Consequently, a U.S. Holder may not be able to claim a foreign tax credit for any non-U.S. tax imposed upon a sale, exchange or retirement of a Note.

Sale or Exchange of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time such interest is received or at the time of such sale or retirement (or in the case of Notes traded on an established securities market sold by a cash basis U.S. Holder or an electing accrual basis U.S. Holder, at the time of the settlement of such sale or retirement). Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S.-source ordinary income or loss.

Substitution and Variation of the Notes

Condition 11.10 (*Substitution and Variation of Notes*) provides that, in certain circumstances, the Issuer may substitute all (but not some only) of the Notes or vary the terms of the Notes without any requirement for the consent or approval of the Holders. Depending on their terms, certain substitutions or variations may be treated for U.S. federal income tax purposes as a deemed disposition of such Notes by a U.S. Holder in exchange for new notes issued by the Issuer. As a result of this deemed disposition, among other things, a U.S. Holder could be required to recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes (as determined for U.S. federal income tax purposes) and the U.S. Holder's adjusted tax basis in such Notes, and the new notes may be treated as issued with OID. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of a substitution or variation of the terms of the Notes.

Other Notes

A description of the principal U.S. federal income tax considerations relevant to U.S. Holders of any other type of Note that the Issuer may issue under the Program will be set forth, if required, in the relevant Pricing Supplement or a supplement to this Base Information Memorandum.

Reportable Transaction Reporting

Under certain Treasury regulations, U.S. Holders that participate in "reportable transactions" (as defined in the regulations) must attach to their U.S. federal income tax returns a disclosure statement on IRS Form 8886. A reportable transaction includes transactions involving foreign currency exchange losses exceeding a statutory amount. U.S. Holders should consult their own tax advisers as to the possible obligation to file IRS Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of any non-U.S. currency received as interest or as proceeds from the sale or other disposition of the Notes.

Foreign Financial Asset Reporting

Individuals and certain domestic entities closely held by individuals that hold an interest in a "specified foreign financial asset" are required to attach certain information regarding such assets to their income tax return for any year in which the aggregate value of all such assets exceeds the relevant threshold. A "specified foreign financial asset" includes any depository or custodial accounts at an FFI, and to the extent not held in an account at a financial institution, (i) stocks or securities issued by non-U.S. persons; (ii) any financial instrument or contract held for investment that has an issuer or counterparty which is not a U.S. person; and (iii) any interest in a non-U.S. entity. Penalties may be imposed for the failure to disclose such information regarding specified foreign financial assets. The Notes are foreign financial assets subject to these requirements unless the Notes are held in an account at a financial institution (in which case the account may be reportable if maintained by a foreign financial institution). U.S. Holders are advised to consult their tax advisers regarding the potential reporting requirements that may be imposed on them by this legislation with respect to their ownership of the Notes.

Occurrence of a Benchmark Event

If the Issuer determines that a Benchmark Event has occurred when any Rate of Interest (or any component part thereof) on any Notes remains to be determined by reference to certain interbank offered floating rates (including EURIBOR and any other interbank offered rate), the Rate of Interest on any such Notes will be determined on the basis of a Successor Reference Rate or Alternative Reference Rate. It is possible that such replacement of an Original Reference Rate with a Replacement Reference Rate could be treated as a significant modification of such Notes for U.S. federal income tax purposes. In such event, for U.S. federal income tax purposes, such Notes would be treated as having been exchanged for new Notes (a "**deemed exchange**") and a U.S. Holder could be required to recognize taxable gain or loss with respect to such Notes as a result of the deemed exchange. In addition, such deemed exchange may affect the calculation of OID with respect to such Notes. U.S. Holders should consult their own tax advisers in this regard. Notwithstanding the foregoing, and although this issue is not free from doubt, since any such substitution of a Successor Reference Rate or Alternative Reference Rate for such original reference rate would occur pursuant to the original terms of the Notes, a "deemed

exchange” is not expected to occur and a U.S. Holder is not expected to be required to recognize taxable gain with respect to the Notes.

Non-U.S. Holders

Under U.S. federal income tax law currently in effect, subject to the discussion under “—*U.S. Backup Withholding and Information Reporting*” below and the discussion under “*Risk Factors—Risks Related to the Notes—Payments under the Notes may be subject to withholding tax pursuant to the U.S. Foreign Account Tax Compliance Act,*” payments of interest (including OID) on a Note to a Non-U.S. Holder generally will not be subject to U.S. federal income tax unless the income is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and, if an income tax treaty applies, unless the income is attributable to a Non-U.S. Holder’s permanent establishment in the United States).

Subject to the discussion under “—*U.S. Backup Withholding and Information Reporting*” below, any gain realized by a Non-U.S. Holder upon the sale, exchange or retirement of a Note generally will not be subject to U.S. federal income tax, unless (i) the gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and, if an income tax treaty applies, unless the income is attributable to a Non-U.S. Holder’s permanent establishment in the United States) or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

U.S. Backup Withholding and Information Reporting

Backup withholding and information reporting requirements may apply to certain payments of principal of, and interest on, Notes and to proceeds of the sale or redemption of Notes made within the United States or through certain U.S. or U.S.-related brokers, to certain Holders of Notes. The payor will be required to backup withhold on such payments to a Holder of a Note that is a U.S. person, other than an “exempt recipient,” if the Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. Payments of principal and interest to a Holder of a Note that is not a U.S. person will not be subject to backup withholding and information reporting requirements if an appropriate certification is provided by the Holder to the payor and the payor does not have actual knowledge or a reason to know that the certificate is incorrect. The backup withholding rate is currently 24 percent. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holder’s U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

The above summary is not intended to constitute a complete analysis of all tax consequences relating to the ownership of Notes. Prospective purchasers of Notes should consult their own tax advisers concerning the tax consequences of their particular situations.

The Proposed EU Financial Transaction Tax (“FTT”)

On February 14, 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia, (the “**participating Member States**”). However, on March 16, 2016, Estonia completed the formalities required to cease participation in FTT. The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The Commission’s Proposal remains subject to negotiation between the participating Member States, and may therefore be altered prior to implementation; the timing of which remains unclear and additional Member States may decide to participate and/or certain of the participating Member States may withdraw. Certain aspects of the Commission Proposal are controversial and, while the Commission Proposal initially identified the date of introduction of the FTT across the participating Member States as being January 1, 2014, this anticipated introduction date has been extended on several occasions due to disagreement among the participating Member States regarding a number of key issues concerning the scope and application of the FTT. On October 10, 2016, following a meeting of the Finance Ministers of the ten remaining participating Member States, it was reported that an agreement in principle had been reached on certain key aspects of the FTT and that the European Commission had consequently been asked to prepare draft FTT legislation on the basis of that agreement. However, the details of the FTT remain to be agreed and negotiations between participating Member States on the Commission’s proposal are continuing.

In December 2019, the German Federal Minister of Finance presented his European counterparts with a first draft bill on the FTT. This draft bill initially provides for a tax on share purchases in ten Member States.

In the program for its presidency of the Council of the European Union, for the six months commencing July 1, 2020, the German government stated its commitment to introducing a “European level” FTT. In addition, the European Parliament held discussions in September 2020 regarding the inclusion of the FTT as a new revenue stream in its long-term budget.

In seeking to move an EU-wide FTT forward, in February 2021, the Portuguese presidency of the Council of the European Union proposed an inclusive discussion amongst Member States to consult on tax design issues of the FTT. This proposal suggested a gradual implementation based on French and Italian tested models for unilateral FTTs. Member States were invited to submit views on this proposal.

The FTT was discussed in connection with the EU’s long-term budget, the Multiannual Financial Framework (“**MF**F”) and the EU’s recovery fund (Next Generation EU). The MF**F** for the years 2021 to 2027 provided that if no agreement had been reached between the participating Member States on the introduction of the FTT by the end of 2022, then the Commission will propose for an FTT as an EU own resource under the MF**F** by June 2024 for introduction by January 1, 2026. The Commission has pledged to release a proposal regarding this by January 1, 2024.

Prospective holders of Notes are advised to consult with their own tax, accounting, legal and financial advisors in respect of any tax matters in relation to the FTT.

CERTAIN ERISA CONSIDERATIONS

ERISA and Section 4975 of the Code, impose certain requirements on (a) employee benefit plans subject to Title I of ERISA, (b) individual retirement accounts, Keogh plans or other arrangements subject to Section 4975 of the Code, (c) entities whose underlying assets include “plan assets” by reason of any such plan’s or arrangement’s investment therein (the foregoing shall be collectively referred to as “Plans”) and (d) persons who are fiduciaries with respect to Plans. In addition, certain governmental, church and non-U.S. plans (“**Non-ERISA Arrangements**”) are not subject to Section 406 of ERISA or Section 4975 of the Code, but may be subject to similar provisions under applicable federal, state, local, foreign or other regulations, rules or laws (“**Similar Laws**”).

In addition to ERISA’s general fiduciary standards, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons who have specified relationships to the Plan, that is, “parties in interest” as defined in ERISA or “disqualified persons” as defined in Section 4975 of the Code (collectively, the foregoing shall be referred to as “**parties in interest**”) unless exemptive relief is available under an exemption issued by the U.S. Department of Labor. Parties in interest that engage in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. The Bank and its current and future affiliates may be parties in interest with respect to many Plans. Thus, a Plan fiduciary considering an investment in the Notes should also consider whether such an investment might constitute or give rise to a prohibited transaction under ERISA or Section 4975 of the Code. For example, the Notes may be deemed to represent a direct or indirect sale of property, extension of credit or furnishing of services between the Bank and an investing Plan which would be prohibited if the Bank was a party in interest with respect to the Plan unless exemptive relief were available under an applicable exemption.

In this regard, each prospective purchaser that is, or is acting on behalf of, a Plan, and proposes to purchase Notes, should consider the exemptive relief available under the following prohibited transaction class exemptions, or PTCEs: (A) the in-house asset manager exemption (PTCE 96-23), (B) the insurance company general account exemption (PTCE 95-60), (C) the bank collective investment fund exemption (PTCE 91-38), (D) the insurance company pooled separate account exemption (PTCE 90-1) and (E) the qualified professional asset manager exemption (PTCE 84-14). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code may provide a limited exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of the Plan involved in the transaction and provided further that the Plan pays no more, and receives no less, than adequate consideration in connection with the transaction (the so-called “**service provider exemption**”). There can be no assurance that any of these statutory or class exemptions will be available with respect to transactions involving the Notes.

Unless otherwise specified in the applicable Pricing Supplement, each purchaser or holder of a security, and each fiduciary who causes any entity to purchase or hold a Note, shall be deemed to have represented and warranted, on each day such purchaser or holder holds such Notes, that either (i) it is neither a Plan nor a Non-ERISA Arrangement and it is not purchasing or holding Notes on behalf of or with the assets of any Plan or Non-ERISA arrangement; or (ii) its purchase, holding and subsequent disposition of such Notes shall not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any applicable provision of Similar Law.

Each Plan who purchases the Notes, or any interest therein, including any fiduciary purchasing or holding the Notes (or any interest therein) on behalf of a Plan (*i.e.*, a Plan Fiduciary), will be deemed to have represented and agreed that (i) none of the Issuer, the Arranger, the Dealers, the Listing Agent and Fiscal Agent, nor any of their affiliates, has provided, and none of them will provide, any investment advice to it or to any fiduciary or other person investing the assets of the Plan in connection with its decision to invest in the Notes, and none of them is otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan or the Plan Fiduciary in connection with the Plan’s acquisition of the Notes; and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Notes.

The Bank intends to treat the Notes as indebtedness without any substantial equity features for purposes of applying ERISA or Section 4975 of the Code. If a Plan owns an equity interest in an entity or indebtedness having substantial equity features issued by an entity, the “plan assets” of such Plan may include an undivided portion of the entity’s underlying assets to which such equity interest or indebtedness relates, in addition to such equity interest or indebtedness, unless an exception to such “look through” treatment under ERISA applies. There is an exception for an “operating company,” which includes a company primarily engaged directly or through majority-owned subsidiaries in the production or sale of products or services (other than the investment of capital). There is little guidance as to what activities constitute the “investment of capital” so as to cause a company to be ineligible to be treated as an “operating company.” The Bank considers itself to qualify, and intends to operate itself so as to continue to qualify, as an “operating company” under ERISA, although no assurances are provided that such determination will be respected or the Bank’s qualification might not change based on its then-current activities. In the unlikely event that the “look through” treatment under ERISA were to apply to the Bank, the application of ERISA or Section 4975 of the Code to the Bank’s underlying assets and activities could materially and adversely affect its operations. In addition, under such circumstances, Plan Fiduciaries who decide to acquire the Notes

could, under certain circumstances, be liable for prohibited transactions or other violations as a result of their investment in the Notes or as co-fiduciaries for actions taken by or on behalf of the Bank.

The Notes are contractual financial instruments. The financial exposure provided by the Notes is not and is not intended to be a substitute or proxy for individualized investment management or advice for the benefit of any purchaser or holder of any Notes. The Notes have not been designed and will not be administered in a manner intended to reflect the individualized needs or objectives of any purchaser or holder of any Notes.

Each purchaser or holder of any Notes acknowledges and agrees that:

- (i) the purchaser, holder or purchaser or holder's fiduciary has made and will make all investment decisions for the purchaser or holder, and the purchaser or holder has not and will not rely in any way upon the Issuer or its affiliates to act as a fiduciary or adviser of the purchaser or holder with respect to (A) the design and terms of the Notes, (B) the purchaser or holder's investment in the Notes, or (C) the exercise, or failure to exercise, any rights that the Issuer or its affiliates or the purchaser or holder may have under or with respect to the Notes;
- (ii) the Issuer and its affiliates have acted and will act solely for their own account in connection with (A) all transactions relating to the Notes and (B) all hedging transactions in connection with their obligations under the Notes;
- (iii) any and all assets and positions relating to hedging transactions by the Issuer or its affiliates are assets and positions of those entities and are not assets and positions held for the benefit of any purchaser or holder;
- (iv) the interests of the Issuer and its affiliates may be adverse to the interests of any purchaser or holder; and
- (v) neither the Issuer nor any of its affiliates are fiduciaries or advisers of the purchaser or holder in connection with any such assets, positions or transactions, and any information that the Issuer or any of its affiliates may provide is not intended to be impartial investment advice.

Each purchaser of a Note will have exclusive responsibility for ensuring that its purchase, holding and subsequent disposition of such Note does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any applicable Similar Laws. Nothing herein shall be construed as a representation that an investment in the Notes would meet any or all of the relevant legal requirements with respect to investments by, or is appropriate for, Plans or Non-ERISA Arrangements generally or any particular Plan or Non-ERISA Arrangement.

Fiduciaries of any Plans and Non-ERISA Arrangements should consult their own legal counsel before purchasing the Notes. Neither this discussion nor anything in this Base Information Memorandum is or is intended to be investment advice directed at any potential purchaser that is a Plan or Non-ERISA Arrangement, or at such purchasers generally.

LEGAL MATTERS

Certain legal matters in connection with the offering of the Notes will be passed upon for the Bank by White & Case LLP as to English law and United States federal law. Certain legal matters in connection with the offering of the Notes will be passed upon for the Arranger and the Dealers by Davis Polk & Wardwell London LLP as to English law and United States federal law.

INDEPENDENT AUDITORS

The consolidated financial statements of the Group as at and for the years ended December 31, 2022 and 2021, have been audited by Deloitte Statsautoriseret Revisionspartnerselskab, as stated in their reports incorporated by reference into this Base Information Memorandum.

The consolidated interim financial statements of the Group for the financial period January 1 to June 30, 2023, have been reviewed by Deloitte Statsautoriseret Revisionspartnerselskab, as stated in their report incorporated by reference into this Base Information Memorandum.

ADDITIONAL INFORMATION

Name, Registered Office and Date of Registration

Danske Bank A/S
2-12 Holmens Kanal
DK-1092 Copenhagen K
Denmark

Telephone: +45 33 44 00 00

The Issuer is a commercial bank with limited liability, duly registered on October 5, 1871, in Denmark. The Legal Entity Identifier (LEI) for the Issuer is MAES062Z21O4RZ2U7M96.

Registration

The Issuer is registered with the Danish Business Authority under Danish corporate registration number 61126228.

Objectives

According to Article 2.1 of the Articles of Association, the objectives of the Issuer are to conduct banking business of every nature, as well as other kinds of business permitted under Danish law.

Financial Year and Financial Reporting

The financial year of the Issuer runs from January 1 to December 31.

The Issuer publishes quarterly interim financial statements.

Auditors

The Group's current auditors elected at the most recent annual General Meeting of the Issuer held on March 16, 2023, are, and the Consolidated Financial Statements have been audited by:

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen S
Denmark.

Admission to Listing and Trading

Application has been made for this Base Information Memorandum to be approved by Euronext Dublin and for the Notes to be issued under the Program to be admitted to the Official List and to trading on the Global Exchange Market.

However, Notes may be issued pursuant to the Program which will not be admitted to listing on the Official List of Euronext Dublin and admitted to trading and/or quotation by the Global Exchange Market or any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree.

Listing Agent

The Irish Listing Agent is Matheson and the address of its registered office is 70 Sir John Rogerson's Quay, Dublin 2, Ireland. Matheson is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to trading on the Global Exchange Market.

Authorizations

The establishment of the Program was authorized by a resolution of the Board of Directors of the Issuer passed on September 11, 2008. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorizations in connection with the issue and performance of the Notes.

Material Adverse Change and Significant Change

- (i) There has been no significant change in the financial or trading position of the Issuer or of the Issuer and its subsidiaries taken as a whole since June 30, 2023, the last day of the financial period in respect of which the most recent financial statements of the Issuer have been prepared; and

- (ii) save for as described in “*Risk Factors—Risks Related to the Markets in which the Group Operates—Disruptions and volatility in the global financial markets may adversely impact the Group*” and the investigations regarding the terminated non-resident customer portfolio at the Bank’s Estonian branch described under “*Description of the Group—Legal and Arbitration Proceedings—Estonia AML Matter*,” including the coordinated resolutions with U.S. and Danish authorities announced by the Issuer on December 13, 2022, there has been no material adverse change in the prospects of the Issuer since December 31, 2022, the last day of the financial period in respect of which the most recently audited financial statements of the Issuer have been prepared.

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