Interim report – first nine months 2014

Danske
Bank
Group

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INCOME STATEMENT (DKK millions)	Q1-Q3 2014	Q1-Q3 2013	Index 14/13	Q3 2014	Q2 2014	Index Q3/Q2	Q3 2013	Index 14/13	Full year 2013
Net interest income	17,227	16,437	105	5,976	5,900	101	5,561	107	22,077
Net fee income	7,525	6,705	112	2,640	2,480	106	2,263	117	9,468
Net trading income	5,585	4,332	129	1,525	2,195	69	413	-	5,799
Other income	978	1,008	97	304	365	83	333	91	1,308
Net income from insurance business	1,330	474	281	488	437	112	479	102	1,088
Total income	32,645	28,956	113	10,933	11,377	96	9,049	121	39,740
Expenses	16,551	17,207	96	5,530	5,589	99	5,460	101	23,794
Profit before loan impairment charges	16,094	11,750	137	5,403	5,788	93	3,589	151	15,947
Loan impairment charges	1,935	3,195	61	668	626	107	944	71	4,111
Profit before tax, core	14,159	8,554	166	4,735	5,162	92	2,646	179	11,836
Profit before tax, Non-core*	-1,026	-1,357	-	-232	-162	-	-342	-	-1,777
Profit before tax	13,133	7,197	182	4,503	5,000	90	2,304	195	10,059
Tax	3,002	2,005	150	1,231	953	129	768	160	2,944
Net profit for the period	10,131	5,192	195	3,272	4,047	81	1,536	213	7,115
Attributable to additional tier 1 etc.**	181	1	-	81	82	99	1	-	-

BALANCE SHEET (END OF PERIOD) (DKK millions)									
Due from credit institutions and central banks	45,615	110,817	41	45,615	44,466	103	110,817	41	53,714
Repo loans	288,376	312,943	92	288,376	292,673	99	312,943	92	316,079
Loans and advances	1,581,719	1,562,879	101	1,581,719	1,566,498	101	1,562,879	101	1,536,773
Trading portfolio assets	751,138	707,570	106	751,138	696,500	108	707,570	106	695,722
Investment securities	309,345	121,713	254	309,345	207,171	149	121,713	254	161,917
Assets under insurance contracts	263,338	244,343	108	263,338	259,052	102	244,343	108	246,484
Total assets in Non-core*	35,959	45,196	80	35,959	36,107	100	45,196	80	41,837
Other assets	161,804	162,769	99	161,804	171,018	95	162,769	99	174,531
Total assets	3,437,294	3,268,230	105	3,437,294	3,273,485	105	3,268,230	105	3,227,057
Due to credit institutions and central banks	119,361	151,429	79	119,361	129,517	92	151,429	79	132,253
Repo deposits	424,595	375,442	113	424,595	411,690	103	375,442	113	331,091
Deposits	761,076	772,984	98	761,076	763,571	100	772,984	98	776,412
Bonds issued by Realkredit Danmark	656,022	605,817	108	656,022	648,068	101	605,817	108	614,196
Other issued bonds	315,867	317,587	99	315,867	297,571	106	317,587	99	310,178
Trading portfolio liabilities	532,982	435,111	122	532,982	407,457	131	435,111	122	435,183
Liabilities under insurance contracts	280,919	263,310	107	280,919	275,077	102	263,310	107	262,468
Total liabilities in Non-core*	6,366	18,630	34	6,366	8,505	75	18,630	34	17,476
Other liabilities	140,076	126,101	111	140,076	135,024	104	126,101	111	135,924
Subordinated debt	41,291	58,502	71	41,291	41,094	100	58,502	71	66,219
Additional tier 1 etc.**	5,736	1	-	5,736	5,668	101	1	-	-
Shareholders' equity	153,003	143,316	107	153,003	150,244	102	143,316	107	145,657
Total liabilities and equity	3,437,294	3,268,230	105	3,437,294	3,273,485	105	3,268,230	105	3,227,057

RATIOS AND KEY FIGURES									
Earnings per share (DKK)***	10.0	5.2		3.2	4.0		1.5		7.1
Diluted earnings per share (DKK)***	10.0	5.2		3.2	4.0		1.5		7.1
Return on avg. shareholders' equity (% p.a.)***	8.9	4.9		8.5	10.8		4.3		5.0
Return on avg. tangible equity (% p.a.)***	10.4	5.8		9.8	12.5		5.0		5.9
Net interest income as % p.a. of loans and deposits	0.98	0.94		1.02	1.01		0.95		0.95
Cost/income ratio (%)	50.7	59.4		50.6	49.1		60.3		59.9
Total capital ratio (%)	19.3	19.1		19.3	18.6		19.1		21.4
Common equity tier 1 capital ratio (%)	15.0	14.2		15.0	14.4		14.2		14.7
Share price (end of period) (DKK)	160.2	118.7		160.2	153.9		118.7		124.4
Book value per share (DKK)	153.1	143.3		153.1	150.4		143.3		145.6
Full-time-equivalent staff (end of period)****	18,838	19,831		18,838	18,914		19,831		19,122

* Changes have been made to the highlights for 2013, as presented in note 1.
** Additional tier 1 capital holders and non-controlling interests.
*** Ratios are calculated as though the additional tier 1 capital were a liability.
**** The full-time-equivalent staff number does not include staff under notice and released from duty.
As shown in note 2 on business segments, the financial highlights deviate from the corresponding figures in the consolidated financial statements.

Executive summary

"In the third quarter, we continued to make progress in strengthening our position as a Nordic universal bank by focusing on relations with our customers and improving financial performance," says Thomas F. Borgen, CEO. "In the first nine months of 2014, we increased net profit by 95% from the profit for the same period last year, which shows that our initiatives are working. The results are encouraging, but we still have some way to go before reaching our long-term targets. We will continue to execute our strategy and focus on becoming a truly customer-driven, simple and efficient bank."

Financial summary

- For the first nine months of 2014, Danske Bank posted a net profit of DKK 10.1 billion. In light of continually subdued macroeconomic growth and stronger competition, we find the results satisfactory. The improvement of 95% from the first nine months of 2013 was driven by growth in most income lines, lower expenses and lower impairments.

- The return on shareholders' equity after tax was 8.9% p.a., against 4.9% p.a. for the first nine months of 2013. The return on tangible equity was 10.4% p.a.

- Net interest income rose 5% from the level in the first nine months of 2013 in an environment of persistently low interest rates. Net interest income benefited from the repayment of the hybrid capital raised from the Danish state and a higher investment return from our liquidity bond portfolio.

- Net fee income showed a 12% increase owing to higher customer activity at the banking units and positive developments at Danske Capital.

- Net trading income increased 29%, primarily because of higher income at Group Treasury owing to the sale of Nets. Income from Market Making activities was largely unchanged. There was a positive trend in Market Making income in the third quarter stemming mainly from lower credit spreads, which were supported by the ECB stimulus measures. Client-driven income at Corporates & Institutions continued to rise on the strength of higher activity within transaction banking and capital markets.

- Net income from insurance business amounted to DKK 1.3 billion, up from DKK 0.5 billion in the first nine months of 2013. The financial results for the first nine months of 2014 made it possible to book the risk allowance to income for all four interest rate groups.

- Expenses fell from DKK 17.2 billion to DKK 16.6 billion as a consequence of our strong focus on costs. The cost/income ratio improved 8.7 percentage points to 50.7%.

- Impairments in our core activities remained low at DKK 1.9 billion. This corresponds to a loan loss ratio of 0.14% p.a.

- The stress test conducted by the EBA and the Danish FSA shows that Danske Bank has a strong capital base. On 26 October 2014, the Danish FSA assessed that impairments should have been DKK 1.6 billion higher at 31 December 2013. The assessment is based on the Asset Quality Review (AQR) as interpreted by the Danish FSA and information available until 26 October 2014. Since DKK 0.9 billion was recognised in the first three quarters of 2014, DKK 0.7 billion, of which DKK 0.4 billion relates to Non-core activities, will be taken into account in the last quarter of 2014. The FSA assessment is reflected in our guidance for impairments in the core and Non-core business for 2014.

- The result of Non-core activities, which consist mainly of the portfolio of Non-core Ireland exposures, was a loss before tax of DKK 1.0 billion. This was in line with our expectations, and the winding-up of Non-core activities is proceeding according to plan.

- The common equity tier 1 capital ratio and the total capital ratio were 15.0% and 19.3%, respectively, against 14.7% and 21.4% at 31 December 2013. Our capital base remained strong. With a liquidity coverage ratio (LCR) of 125% at 30 September 2014, our liquidity position also remained robust.

Outlook for 2014

- On the basis of the satisfactory results for the first nine months of 2014, we expect net profit for 2014 to be in the range of DKK 11.5-13.5 billion, an increase from our previous guidance of a range of DKK 10-13 billion. See page 9 for our full outlook.

Strategy execution and review

In the third quarter of 2014, we continued to implement our strategy to increase customer satisfaction by focusing on creating a more customer-focused bank and to improve the return on equity, guided by our focus on customer attention, simplicity and efficiency. We are encouraged by the fact that the positive development in business volumes from increased activity with customers continues and by the slow but steady improvement in customer satisfaction. We acknowledge, however, that we must continue our dedicated efforts if we are to reach our ambitions and fulfil our potential.

We continue our efforts to strengthen the proactive dialogue with our customers by constantly reducing advisers' administrative tasks. Customer demand for our digital solutions remains strong, and we stay abreast of digital advances by offering new features that enhance the easy banking experience for both personal and business customers. MobilePay has seen transaction volume soaring, fuelled by the rapidly increasing number of businesses – physical and online – that use MobilePay as a payment solution. More than 4,000 businesses have already started using or are about to start using our MobilePay Business solution. Most recently, we launched a solution for local authorities that enables users to use MobilePay to pay for a number of services. For our corporate customers, we have developed the Danske OneTrader solution, and almost 300 businesses have begun using the platform.

Our initiatives to reduce expenses to below DKK 23 billion in 2014 remain on track, as the cost-efficiency initiatives continue to work as planned. We remain committed to reducing expenses further in 2015.

We continuously analyse opportunities to increase value creation.

To implement our plan for delivering on our ambitions for Personal Banking in Norway and Sweden, we have strengthened the management team in Norway and are in the process of doing the same in Sweden. In Norway, we entered into an agreement with Akademikerne, a federation of professionals, to offer banking services to 80,000 of its members. This will support profitable growth in Norway.

In the third quarter, we completed the review of our wholesale operations (Corporates & Institutions).

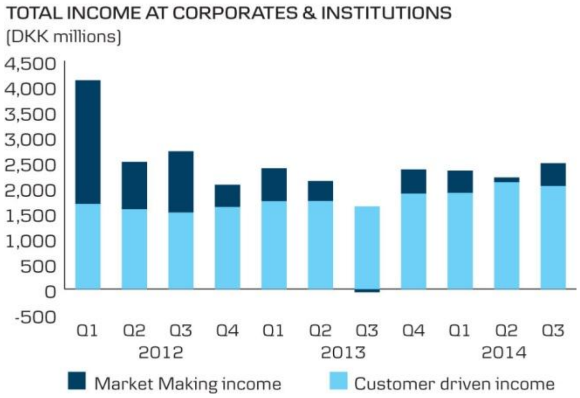
Corporates & Institutions
Our Corporates & Institutions unit is an important part of our offering as a Nordic universal bank. As the Nordic market has many international corporations, two floating currencies, two of the world's largest bond and derivatives markets, and one of the most active high-yield markets in the world, this market offers ample business opportunities. We have a strong position in all the Nordic markets and high customer satisfaction. This provides us with a solid platform to continue developing our offering to the benefit of our customers. The profit generated by Corporates & Institutions represents 26% of the Group's profit before tax.

The underlying conditions for financial market operations have changed significantly, structurally as well as cyclically, because of persistently low volatility, low interest rates and new regulatory requirements. In particular our FICC (Fixed Income, Commodities and Currencies) operations, which traditionally represent a significant part of the income at Corporates & Institutions, have been impacted by these changes that have put income under pressure and increased capital requirements.

In order to improve profitability, we will focus on two key objectives:

- Attaining a more balanced income base through increased client-driven income throughout Corporates & Institutions and less volatility in income from our FICC operations
- Improving cost efficiency and optimising capital consumption

Since 2013, it has been a key priority for us to focus on business areas where we can leverage our strong market position with the aim of increasing client-driven income. We have invested in transaction banking, debt capital markets, leveraged finance, equities and corporate finance. In addition, we have reorganised our corporate and institutional banking unit to increase our ability to provide clients with strategic advice and solutions. As a result, client-driven income rose 9% from 2012 to 2013, and 18% from the first nine months of 2013 to the first nine months of 2014.



We have reduced risk by implementing lower risk limits in our FICC operations. Furthermore, in order to optimise the Group's balance sheet management, we have transferred a significant part of the liquidity portfolio from FICC to Group Treasury. We believe our initiatives within FICC and our efforts to increase client-driven income will reduce income volatility and ensure a better balance between areas with differing return dynamics.

Improving cost efficiency and optimising capital consumption are the other key objectives. In the second quarter, we adjusted our cost base, including reduced the number of employees. At the same time, we continued to invest in people who specialise in our focus areas. Overall, we expect Corporates & Institutions' cost base in 2015 to be as much as 10% below the level in 2013. Besides the reduced limits, we have focused on optimising our capital consumption by increasing business in less capital-intensive areas and by other means.

On the basis of these initiatives, we target a return on allocated capital of 15% in the years ahead.

Ambitions and targets

The table shows the financial targets we aim to meet no later than at end-2015.

These targets are intended to provide transparency into Danske Bank's financial development and our progress on strategy execution.

Financial targets	Target	Year to be achieved	Status at 30 Sept. 2014	Comments
Shareholders' return on equity	9%	2015	8.9%	Initiatives progressing as planned
	Above 12%	Long term		
Ratings	Ratings improved by at least one notch	2015	S&P/Moody's/Fitch A/Baa1/A Negative/Positive/Stable	In progress, upgrade from S&P in April 2014
Common equity tier 1 capital ratio	Minimum 13%		15.0%	Met since end-2012
Total capital ratio	Minimum 17%		19.3%	Met since end-2012
Nominal costs	Below DKK 23 billion	2015	Q1-Q3: DKK 16.6 billion	Initiatives progressing as planned
C/I ratio	Below 50%		50.7%	
Dividend payments	About 40% of net profit	2015	For 2013: dividends of 28% of net profit	On track

We remain committed to our 2015 target of a return on equity after tax of 9%. We have a firm focus on executing the income and cost initiatives necessary to achieve this target.

In the third quarter of 2014, Fitch Ratings affirmed its long- and short-term ratings of Danske Bank. Fitch Ratings also affirmed its stable outlook for the long-term rating. For further information on ratings, please see the financial review on page 13.

We have met our capital ratio targets since the end of 2012. At 30 September 2014, the common equity tier 1 capital ratio was 15.0% and the total capital ratio was 19.3%. We implemented CRR/CRD IV on 1 January 2014.

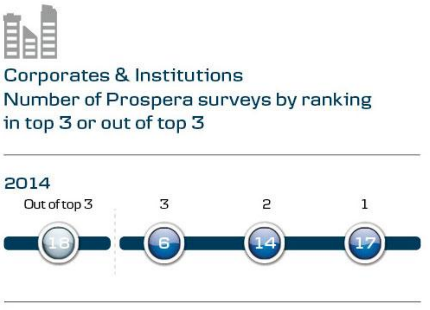
We continue to reduce nominal costs, and our initiatives to bring them down to our target of expenses below DKK 23 billion in 2015 are progressing as planned. We also continue to pursue initiatives to lift income in order to reach our target of a cost/income ratio below 50% in 2015.

We aim to pay dividends of about 40% of net profit as soon as it is prudent. We paid dividends of 28% for 2013 after five years without dividend payments.

We will provide an update on our ambitions and targets in connection with the announcement of our financial results for full-year 2014.

Customer satisfaction

In our efforts to further strengthen our market position, improving customer satisfaction remains a key priority. Our overall target is to be ranked number one or two in our focus segments by 2015.



Corporates & Institutions continued to see improving customer satisfaction. In the first nine months of 2014, clients ranked us number one in Trade Finance in all four Nordic countries and number one in Cash Management Nordic. We achieved runner-up positions in Credit Product Investors Nordic, Debt Capital Markets Issuers Nordic, Interest Rate Swaps Nordic and Foreign Exchange Nordic. We maintained our position as best Danish Fixed Income house, and in the Swedish fixed income market, we ranked number one for the 12th year in a row. In total, Corporates & Institutions ranked in the top three in 37 out of 55 surveys in the Nordic countries, with the number one position in 17 surveys.

Business Banking's and Personal Banking's customer satisfaction positions were largely unchanged. Satisfaction among Business Banking customers is steadily improving, and in four of five markets, we are above or on par with our peers. Satisfaction among Personal Banking customers is also moving steadily in the right direction but from a low level. We are working hard every day to enhance the customer experience and to be more proactive at all touch points because we know that the more interaction we have with our customers, the more they value our competencies and services.

In September 2014, Danske Bank Sweden received the prize as the Best Business Bank of the Year in the Swedish Finansbarometern survey, sharing first place with another bank. The respondents in the survey gave us high ratings in their evaluation of the quality of our advisory services and our product and services offering.

Market conditions

The stock markets were mixed in the third quarter, with European shares trending downwards and US shares showing small gains. These developments reflected continuing news of a slowing European economy while US activity remained strong. Bond yields fell further, with the 10-year German yield falling below 1% because of weaker activity and a further drop in inflation in the eurozone to 0.3%. Peripheral bond yields also continued to fall, with 10-year yields in Spain and Italy approaching 2%. The ECB added additional stimulus measures, introducing a purchase programme for asset-backed securities and covered bonds, and also lowering rates further, into negative territory. The Ukraine crisis remained in focus but subsided somewhat during the quarter.

Economic growth in Denmark remains subdued. Demand started to grow on the strength of a slowly improving housing market. Credit growth remained low, and it is unlikely to rebound until later in the recovery cycle owing to high levels of household savings. Businesses are still hesitant to invest, but slow credit growth is expected in the corporate sector. The Swedish and Norwegian economies are still seeing higher growth rates on the strength of domestic demand, and house prices in these countries continue to rise. The Finnish economy can be described as weak but stable. It is undergoing a structural transition that has kept and will continue to keep growth low for an extended period of time.

Outlook for 2014

Our guidance for 2014 is based on expectations of a continuation of slow and fragile macroeconomic growth and a continuation of low interest rate levels in our core markets.

Furthermore, the guidance is based on accounting figures adjusted for the transfer of Personal Banking and Business Banking activities in Ireland to the Non-core unit effective from 1 January 2014.

We expect total income above the 2013 level, with the increase driven by improvements in most income items. We expect low demand for loans, and lending volumes are thus likely to be only marginally higher.

Expenses are expected to be reduced to below DKK 23 billion. We expect expenses in the fourth quarter to be higher than in the previous quarters of 2014.

Impairments in our core activities are expected to be around DKK 3 billion, against our previous guidance of impairments below the 2013 level.

Non-core Ireland impairments are expected to be around DKK 1 billion.

On the basis of the satisfactory results for the first nine months of 2014, we expect net profit for 2014 to be in the range of DKK 11.5-13.5 billion, an increase from our previous guidance of a range of DKK 10-13 billion.

This guidance is generally subject to uncertainty and depends on economic conditions. Our trading income and insurance business income are particularly uncertain. The 2014 results for trading and insurance will depend greatly on developments in the financial markets and on whether Danica Pension can book the risk allowance and part of the balance on the shadow account to income.

Financial review

In the first nine months of 2014, Danske Bank Group posted a profit before tax from core activities of DKK 14.2 billion. The net profit was DKK 10.1 billion, up 95% from the level in the first nine months of 2013.

Income

Total income amounted to DKK 32.6 billion, up 13% from the first nine months of 2013.

Net interest income totalled DKK 17.2 billion, an increase of 5% owing mainly to the repayment of the hybrid capital raised from the Danish state and higher income from our liquidity bond portfolio. Net interest income was adversely affected by persistently low interest rates and an adjustment of the funds transfer pricing model. The adjustment caused a corresponding increase in net trading income and thus had no effect on total income.

For accounting purposes, additional tier 1 capital is classified as equity, with interest charged directly to equity. Key equity ratios and earnings per share, however, are calculated as though the additional tier 1 capital were a liability.

Net fee income amounted to DKK 7.5 billion, up 12%. Net fee income benefited from increased customer activity at all banking units and positive developments at Danske Capital.

Net trading income totalled DKK 5.6 billion, which represented an increase of 29% from the year-earlier level that was generated primarily by improved income at Group Treasury, including the gain of DKK 1.0 billion relating to Nets. Client-driven income rose on the strength of higher activity in transaction banking and capital markets.

The insurance business posted income of DKK 1.3 billion, against DKK 0.5 billion in the first nine months of 2013, and the risk allowance for all four interest rate groups could be booked to income.

Expenses

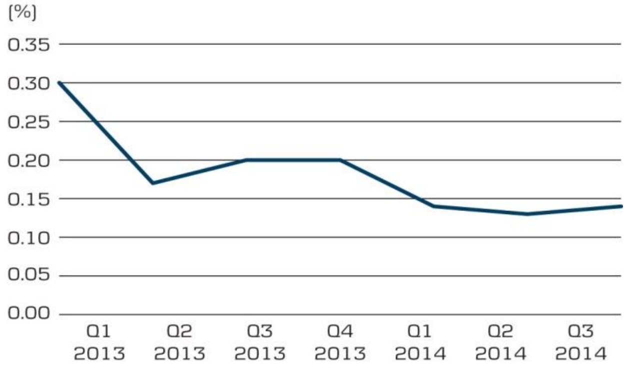
Expenses amounted to DKK 16.6 billion, down 4%. The fall was caused mainly by a reduction of salary, consultancy and marketing expenses.

Expenses for VAT, bank tax and financial services employer tax amounted to DKK 1.6 billion, against DKK 1.5 billion in the first nine months of 2013.

Impairments

Impairments in core activities declined to DKK 1.9 billion, or 0.14% of lending and guarantees, against 0.22% of lending and guarantees in the first nine months of 2013. Impairments declined at all business units.

LOAN LOSS RATIO, CORE ACTIVITIES



LOAN IMPAIRMENT CHARGES	Q1-Q3 2014		Q1-Q3 2013	
(DKK millions)	Charges	% of lending and guarantees	Charges	% of lending and guarantees
Personal Banking	895	0.15	1,434	0.22
Business Banking	846	0.19	1,326	0.28
C&I	195	0.05	435	0.11
Total	1,935	0.14	3,195	0.22

Tax

Tax on the profit for the first nine months of 2014 amounted to DKK 3.0 billion, or 22.9% of the profit before tax.

Q3 2014 vs Q2 2014

In the third quarter, profit before tax was DKK 4.5 billion, against DKK 5.0 billion in the second quarter.

Net interest income amounted to 6.0 billion, up 1%. The increase was owing mainly to a higher number of days in the third quarter and to higher lending margins.

Net trading income came to DKK 1.5 billion, against DKK 2.2 billion. Income from Market Making at Corporates & Institutions was higher in the third quarter, but second-quarter trading income benefited from the positive effect relating to Nets.

The insurance business generated net income of DKK 0.5 billion, in line with the performance in the second quarter.

Expenses declined 1% from the second-quarter level. The decrease was owing mainly to lower staff costs and consultancy expenses. Expenses in the third quarter were adversely affected by a write-down of properties.

Impairments in core activities amounted to DKK 0.7 billion, largely the same as in the second quarter.

Balance sheet

LENDING (END OF PERIOD) (DKK billions)	Q1-Q3 2014	Q1-Q3 2013	Index 14/13	Q3 2014	Q2 2014	Index Q3/Q2	Full year 2013
Personal Banking	806.5	820.5	98	806.5	802.0	101	808.1
Business Banking	636.5	619.4	103	636.5	630.1	101	612.6
C&I	175.7	160.7	109	175.7	167.6	105	154.4
Other Activities incl. eliminations	-3.9	-3.5	-	-3.9	0.2	-	-4.8
Allowance account, lending	33.1	34.2	97	33.1	33.4	99	33.4
Total lending	1,581.7	1,562.9	101	1,581.7	1,566.5	101	1,536.8
DEPOSITS (END OF PERIOD)							
Personal Banking	330.7	338.3	98	330.7	335.7	99	333.9
Business Banking	258.0	259.9	99	258.0	256.0	101	263.4
C&I	171.7	178.1	96	171.7	171.0	100	179.3
Other Activities incl. eliminations	0.7	-3.3	-	0.7	0.9	-	-0.1
Total deposits	761.1	773.0	98	761.1	763.6	100	776.4
BONDS ISSUED BY REALKREDIT DANMARK (END OF PERIOD)							
Bonds issued	656.0	605.8	108	656.0	648.1	101	614.2
Own holdings of bonds	91.4	124.1	74	91.4	95.0	96	116.8
Total Realkredit Danmark bonds	747.5	729.9	102	747.5	743.1	101	731.0
Other covered bonds	209.2	194.6	108	209.2	207.1	101	193.9
Deposits and issued mortgage bonds etc.	1,717.8	1,697.4	101	1,717.8	1,713.8	100	1,701.3
Lending as % of deposits and issued mortgage bonds etc.	92.1	92.1		92.1	91.3		90.3

Lending

At the end of September 2014, total lending was up 3% from the level at the end of 2013. Most of Danske Bank's markets saw weak growth and low demand for credit.

In Denmark, new gross lending, excluding repo loans, amounted to DKK 37.3 billion. Lending to personal customers accounted for DKK 16.8 billion of this amount.

Our market share of total lending in Denmark fell to 26.6% from 26.9% at the end of 2013, and our market share in Finland also fell slightly. We maintained our market shares of lending in Sweden, and in Norway the market share increased slightly.

MARKET SHARE OF LENDING (%)	30 Sep. 2014	31 Dec. 2013
Denmark (excluding mortgage loans)	26.6	26.9
Finland*	10.0	10.3
Sweden	4.8	4.8
Norway*	4.5	4.4

Source: Market shares are based on data from the central banks. The market shares include repo loans with the exception of the market shares for Sweden.

* The market share for Finland and Norway at 30 September is based on data from the central banks at 31 August 2014.

Lending equalled 92% of the total amount of deposits, mortgage bonds and other covered bonds, against 90% at the end of 2013.

Deposits

At the end of September 2014, total deposits were 2% below the level at the end of 2013, with marginal decreases recorded in all markets. The Group maintained its strong funding position.

MARKET SHARE OF DEPOSITS (%)	30 Sep. 2014	31 Dec. 2013
Denmark	27.0	27.6
Finland*	11.5	12.2
Sweden	4.3	4.7
Norway*	5.2	5.8

Source: Market shares are based on data from the central banks. The market shares include repo deposits with the exception of the market shares for Sweden.

* The market share for Finland and Norway at 30 September is based on data from the central banks at 31 August 2014.

Credit exposure

Credit exposure totalled DKK 3,656 billion, against DKK 3,395 billion at the end of 2013. Exposure from trading and investment activities accounted for DKK 1,061 billion of total credit exposure, against DKK 858 billion at the end of 2013. Exposure from lending activities amounted to DKK 2,214 billion, against DKK 2,173 billion at the end of 2013.

Home loans to personal customers accounted for 34% of the exposure from lending activities, and repo transactions accounted for some 13%. The credit quality of these portfolios is good.

Risk Management 2013, which is available at danskebank.com/ir, provides more details on Danske Bank's credit risks.

Credit quality

Credit quality is sound, and impairment coverage ratios, after collateral haircuts, remain high. Total impaired loans amounted to DKK 30.8 billion, of which 31.2% was in default. The impaired exposure is exposure to customers for which individual impairment charges have been made.

Impaired loans related mainly to commercial property customers and Danish personal customers.

IMPAIRED LOANS (DKK billions)	30 Sept. 2014	31 Dec. 2013
Gross impaired loans	61,865	60,355
Individual allowance account	31,089	31,464
Net impaired loans	30,776	28,891
Collateral (after haircut)	25,178	23,742
Coverage ratio	84.7	85.9
Coverage ratio, loans in default	100.0	99.9
Net impaired loans in % of total exposure	1.4	1.3

The impairment coverage ratio is calculated as individual allowance account amounts relative to gross impaired loans net of collateral (after haircut).

Accumulated individual impairments amounted to DKK 31.1 billion, or 1.6% of lending and guarantees. Accumulated collective impairments amounted to DKK 3.3 billion, or 0.2% of lending and guarantees. The corresponding figures at 31 December 2013 were DKK 31.5 billion and DKK 3.3 billion, respectively.

ALLOWANCE ACCOUNT BY BUSINESS UNITS
(% of loans and guarantees)

Recognised losses in the first nine months of 2014 amounted to DKK 3.6 billion. Of these losses, DKK 0.6 billion was attributable to facilities not already subject to impairment.

Asset Quality Review

During recent months, the Group participated in a pan-European stress test exercise whose purpose was to test the banks' ability to absorb losses in two specific economic scenarios. For the majority of its business, Danske Bank participated under the instructions of the Danish FSA, but our Finnish subsidiary was also included in the ECB's review of euro zone banks (the Comprehensive Assessment).

The AQR is intended to enhance the transparency of bank exposures, including the adequacy of asset and collateral valuations and related provisions, while the aim of the stress test is to assess the resilience of banks' balance sheets.

The stress test involved two macroeconomic scenarios covering the period 2014-2016. The stressed solvency of the banks, measured as common equity tier 1 capital relative to risk-weighted assets, was measured against a threshold, set by the EBA, of 5.5% in the adverse macroeconomic scenario and a threshold of 8% in the baseline scenario.

Danske Bank passed the stress test with a capital buffer of DKK 57 billion, which resulted in a common equity tier 1 capital ratio of 11.7% at the end of 2016 in the adverse scenario. The capital ratio was calculated to be 14.5% at the end of 2016 in the baseline scenario. This means that Danske Bank has a substantial capital buffer compared with the EBA thresholds.

On the basis of the AQR, the Danish FSA has assessed that impairments should have been DKK 1.6 billion higher at the end of 2013, of which DKK 0.9 billion has already been recognised during the first nine months of 2014. The remaining impairments amount to DKK 0.7 billion, of which DKK 0.3 billion relates to our core business and DKK 0.4 billion relates to our Non-core business and will be taken into account in the last quarter of the year. The FSA assessment is reflected in our guidance for impairments in the core and Non-core business for 2014.

In addition, we have received orders to improve the impairment process and an order to implement, by the end of 2014, a model that maximises the use of market-implied data for the valuation of the credit risk on derivatives.

All relevant information regarding the stress test and the AQR is available at danskebank.com/ir.

Trading and investment activities

At 30 September 2014, credit exposure from trading and investment activities amounted to DKK 1,061 billion, against DKK 858 billion at 31 December 2013. The increase took place primarily in the hold-to-maturity bond portfolio.

Danske Bank has made agreements with many of its counterparties to net positive and negative market values of derivatives. The net exposure was DKK 97 billion, against DKK 73 billion at the end of 2013, and most of it was secured through collateral management agreements.

The value of the bond portfolio was DKK 680 billion, against DKK 598 billion at the end of 2013. Of the total bond portfolio, 85% was recognised at fair value and 15% at amortised cost.

BOND PORTFOLIO (%)	30 Sept. 2014	31 Dec. 2013
Government bonds and bonds guaranteed by central or local governments	40	35
Bonds issued by quasi-government institutions	1	1
Danish mortgage bonds	40	44
Swedish covered bonds	12	14
Other covered bonds	3	2
Corporate bonds	4	4
Total holdings	100	100
Hold-to-maturity bonds included in total holdings	15	10
Available-for-sale bonds included in total holdings	9	10

Capital and solvency

Danske Bank's total capital consists of tier 1 capital (common equity tier 1 capital and additional tier 1 capital instruments after deductions) and tier 2 capital. At 30 September 2014, total capital amounted to DKK 167.5 billion, and the total capital ratio was 19.3%. The common equity tier 1 capital ratio stood at 15.0%.

In 2013, we implemented temporary capital add-ons to the risk weights for our corporate portfolio, excluding items with counterparty risk, to comply with the IRB orders from the Danish FSA. As stated in a company announcement in June 2014, the temporary capital add-on of 3 percentage points, which is separate from the 10 percentage points required by the order, no longer applies. With effect from the third quarter of 2014, this caused an increase in the common equity tier 1 capital ratio of about 0.4 of a percentage point.

At 30 September 2014, risk-weighted assets amounted to DKK 868 billion, against DKK 852 billion at 31 December 2013. The main reason for the increase was the implementation of CRR/CRD IV on 1 January 2014.

At 30 September 2014, Danske Bank Group's solvency need amounted to DKK 92.1 billion, or 10.6% of risk-weighted assets. Total capital thus included a capital buffer of DKK 75.4 billion. Under Danish law, Danske Bank must publish its solvency need on a quarterly basis. More detailed information is available at danskebank.com/ir.

We estimate that the effect of CRR/CRD IV on our fully loaded common equity tier 1 capital ratio in 2018 will be a reduction of about 1.2 percentage points from the ratio at 30 September 2014.

On the basis of the CRR definition, Danske Bank's leverage ratio, taking transitional arrangements into account, was 4.0% at 30 September 2014. Assuming fully implemented tier 1 capital rules, without taking into account any refinancing of non-eligible hybrid capital instruments, the leverage ratio would be 3.5%. An expert group will consider whether it is appropriate to implement the leverage ratio as a capital constraint in Denmark and whether the applied level should be above the 3% suggested by the Basel Committee.

For more information about the effect of the new regulations, see Risk Management 2013.

Ratings

In the third quarter of 2014, Fitch Ratings affirmed its long- and short-term ratings of Danske Bank and also affirmed its stable outlook for the long-term rating.

In the first half of 2014, Standard & Poor's (S&P) raised Danske Bank's long-term rating to A from A- and its short-term rating to A-1 from A-2. S&P also changed its outlook for the long-term rating from stable to negative. Moody's affirmed its long- and short-term ratings of Danske Bank and also affirmed its positive outlook for the long-term rating.

DANSKE BANK'S RATINGS AT 30 SEPT. 2014	Moody's	S&P	Fitch
Long-term	Baa1	A	A
Short-term	P-2	A-1	F1
Outlook	Positive	Negative	Stable

Mortgage bonds and mortgage-covered bonds issued by Realkredit Danmark are rated AAA by S&P (stable outlook).

Realkredit Danmark bonds are also rated by Fitch Ratings. Bonds issued from capital centre S are rated AAA, while bonds issued from capital centre T are rated AA+. Both ratings have a stable outlook.

SIFI requirements

In June 2014, the Danish FSA designated Danske Bank a systemically important financial institution (SIFI). In addition to the minimum capital requirement of 8% of risk-weighted assets and a capital conservation buffer requirement of 2.5%, Danske

Bank will face a unique SIFI capital buffer requirement of 3%, bringing the fully phased-in capital requirement, including buffer requirements but excluding Pillar II requirements, to 13.5% in 2019. The total common equity tier 1 requirement, including buffer requirements for Danske Bank, will be 10%. An additional countercyclical capital buffer requirement of up to 2.5% may be imposed during periods of high loan growth.

On 10 October 2014, the EU Commission published the final proposal for a delegated act on the LCR. According to the act, Danish mortgage bonds will be assigned the highest qualification if they meet certain criteria, and they may account for up to 70% of a bank's liquidity portfolio. Only government bonds may constitute an unlimited portion of the buffer.

As regards the liquid assets included in the calculation of the LCR as defined by the Danish FSA, Danske Bank is counting holdings of covered bonds and Danish mortgage bonds, including own issued bonds, until the final European legislation takes effect in 2015. Under the Danish Bank Package 6, Danish SIFI banks must have an LCR of 100% provided Danish mortgage bonds can be included to a sufficient extent. This is expected to be the case upon the publication of the delegated act.

With an LCR of 125% at the end of September 2014, Danske Bank was in compliance with the LCR requirement as defined by the Danish FSA. Danske Bank also complied with all other liquidity requirements.

Stress tests show that we have a sufficient liquidity buffer well beyond a 12-month horizon.

Funding and liquidity

With a liquidity buffer of DKK 368 billion at 30 September 2014, Danske Bank's liquidity position remains robust. The buffer consists of cash and holdings at central banks of DKK 0.1 billion; securities issued or guaranteed by sovereigns, central banks or multilateral development banks of DKK 78 billion; covered bonds (including mortgage bonds) of DKK 268 billion; and other holdings of DKK 21 billion.

In the first nine months of 2014, Danske Bank issued senior debt for DKK 17.9 billion, covered bonds for DKK 25.1 billion, tier 1 capital for 5.6 billion, and tier 2 capital for DKK 3.7 billion, for a total of DKK 52.3 billion. We also redeemed long-term debt of DKK 58.7 billion.

At the end of September 2014, the total amount of outstanding long-term funding, excluding additional tier 1 capital and senior debt issued by Realkredit Danmark, was DKK 318 billion, against DKK 332 billion at the end of 2013.

DANSKE BANK, EXCLUDING REALKREDIT DANMARK (DKK billions)	30 Sept. 2014	31 Dec. 2013
Covered bonds	188	164
Senior unsecured debt	89	102
Subordinated debt	41	66
Total	318	332

Reduced F1 FlexLån® refinancing risk

The shift in personal and business customer demand from short-term, F1 FlexLån® mortgage loans to mortgage products funded by bonds with longer maturities continued. The volume of FlexKort® loans rose from DKK 11.7 billion at the end of 2013 to DKK 21.8 billion. At 30 September 2014, the F1 FlexLån® volume amounted to DKK 100.2 billion and accounted for 13.8% of total mortgage lending, compared with DKK 122.1 billion, or 17.0%, at the end of 2013.

The Supervisory Diamond

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

At 30 September 2014, Danske Bank was in compliance with all threshold values. A separate report is available at danskebank.com/ir.

The FSA plans to introduce risk indicators and threshold values for mortgage credit institutions. The requirements will cover lending growth, interest rate risk, interest-only loans, loans with short maturities and large exposures. A draft Supervisory Diamond is currently subject to consultation.

Solvency II (insurance)

The new international insurance rules, Solvency II, will take effect on 1 January 2016. The rules are intended to protect customer funds, and they will generally increase capital requirements.

Danica Pension is well prepared and is closely monitoring the work on the EU rules. While the current Solvency I capital requirements are volume-based, the Solvency II requirements will be risk-based. As a forerunner of the Solvency II rules, the Danish FSA introduced individual solvency need requirements in 2007. Under these requirements, which are also risk-based, Danish insurance companies must meet the higher of the Solvency I and individual solvency need requirements. The individual solvency need requirements were changed gradually in the period before 2014 to bring Danish requirements closer to the Solvency II requirements.

Personal Banking

We continued to strengthen relations with both personal and private banking customers and to deliver on our two customer promises: making it easy for our customers to do their banking business with us and providing proactive financial care.

Key developments from first nine months 2013 to first nine months 2014

- Profit before tax of DKK 3.7 billion, up 79%
- Return on allocated capital of 15.3%, up 5.7 percentage points
- Total income of DKK 12.4 billion, up 1%
- Net interest income of DKK 8.1 billion, down 2%
- Expenses of DKK 7.8 billion, down 11%
- Impairments of DKK 0.9 billion, down 38%
- Cost/income ratio improved to 62.8%, down 8.5 percentage points

Profit before tax rose on the basis of tight cost control and improved household finances that led to a decline in impairments.

PERSONAL BANKING (DKK millions)	Q1-Q3 2014	Q1-Q3 2013	Index 14/13	Q3 2014	Q2 2014	Index Q3/Q2	Q3 2013	Index 14/13	Full year 2013
Net interest income	8,104	8,268	98	2,761	2,728	101	2,777	99	11,009
Net fee income	3,343	3,051	110	1,157	1,124	103	1,034	112	4,204
Net trading income	459	417	110	141	113	125	128	110	644
Other income	495	482	103	165	192	86	152	109	667
Total income	12,401	12,218	101	4,224	4,157	102	4,091	103	16,524
Expenses	7,787	8,708	89	2,509	2,626	96	2,821	89	11,738
Profit before loan impairment charges	4,614	3,510	131	1,715	1,531	112	1,270	135	4,786
Loan impairment charges	895	1,434	62	342	216	158	442	77	1,887
Profit before tax	3,719	2,076	179	1,373	1,315	104	828	166	2,899
Loans and advances, excl. reverse trans. before impairments	806,466	820,497	98	806,466	801,985	101	820,497	98	808,087
Allowance account, loans	7,420	7,319	101	7,420	7,486	99	7,319	101	7,691
Deposits, excl. repo deposits	330,717	338,288	98	330,717	335,724	99	338,288	98	333,852
Bonds issued by Realkredit Danmark	426,149	418,744	102	426,149	422,522	101	418,744	103	419,907
Allocated capital (average)	32,351	28,889	112	32,143	32,483	99	31,585	102	29,613
Net interest income as % p.a. of loans and deposits	0.96	0.94		0.98	0.97		0.96		0.97
Profit before loan impairment charges as % p.a. of allocated capital	19.0	16.2		21.3	18.9		16.1		16.2
Profit before tax as % p.a. of allocated capital (ROE)	15.3	9.6		17.1	16.2		10.5		9.8
Cost/income ratio (%)	62.8	71.3		59.4	63.2		69.0		71.0
Full-time-equivalent staff	6,796	7,292	93	6,796	6,813	100	7,292	93	6,856

Note 2 provides financial highlights at country level for Personal Banking.

Developments in 2014

In Finland, the benefit programme got off to a good start. Many of our customers with the largest business volume have already signed up, and their business volume is developing positively. In the customer programme in Denmark, we added investment benefits and a discount on the Business One/Plus solutions for customers who are also business customers. The customer programme encourages customers to expand their business with us.

In Norway and Sweden, the potential for growing our business is good. In Norway, we entered into an agreement with Akademikerne, a federation of professionals, to offer banking services to 80,000 of its members.

Mobile solutions for all – anywhere, any time

To match customers' rapid switch from conventional eBanking to mobile solutions, we continued to develop convenient and seamless options on all platforms together with our customers. We recently launched a new Android tablet banking app and investment services in our Windows Phone app.

Our MobilePay app now has more than 1.6 million active users in Denmark, and with the rapidly increasing number of businesses (physical and online) that accept MobilePay, transaction volume is soaring. We have assembled a new advisory board that includes external experts to further our development of convenient mobile solutions.

First nine months 2014 vs first nine months 2013

Profit before tax rose 79% to DKK 3.7 billion, and the return on allocated capital improved 5.7 percentage points to 15.3%, mainly because of lower expenses and lower impairments.

Total income increased 1% to DKK 12.4 billion. The increase was owing mainly to higher fee income in investment and service areas combined with improved trading income, mainly from customer refinancing of mortgage loans. Changes in funds transfer pricing had an adverse effect.

We reduced expenses 11% through tight cost control and efficiency gains resulting from a modernisation of our distribution structure.

Impairments fell 38% to DKK 0.9 billion as household finances improved.

Credit exposure

Credit exposure consists of mortgages, loans secured by other assets, consumer loans, and fully or partially secured credits.

Total credit exposure increased slightly in the third quarter of 2014, ending at the same level as at the end of 2013. The gap between amortisation and new lending seems to have closed. At 30 September 2014, net credit exposure amounted to DKK 805 billion.

	Net credit exposure		Impairments (ann.) (%)
(DKK millions)	30 Sept. 2014	31 Dec. 2013	30 Sept. 2014
Denmark	541,473	540,644	0.19
Finland	92,406	95,895	0.03
Sweden	70,136	74,137	0.10
Norway	76,807	71,890	0.01
Northern Ireland	18,432	16,638	0.07
Other	5,657	5,589	0.27
Total	804,912	804,793	0.15

Improved credit quality

Macroeconomic conditions in Denmark are slowly improving, bringing a general improvement in credit quality and declining impairments year on year. The delinquency rate at Realkredit Danmark was stable, on a par with the level in 2013. The loan loss ratio at Realkredit Danmark was 0.22%.

The credit quality of Personal Banking customers also improved in most other markets. The proportion of customers with low credit scores fell in most countries.

Impairments remained low, ending at DKK 895 million in the first nine months of 2014.

LOAN-TO-VALUE RATIOS, HOME LOANS

	30 Sept. 2014		31 Dec. 2013	
	LTV (%)	Exposure (DKK bn)	LTV (%)	Exposure (DKK bn)
Denmark	73.5	504	72.5	501
Finland	61.1	85	61.5	87
Sweden	66.9	64	67.4	67
Norway	63.5	71	62.2	67
Northern Ireland	74.3	17	78.4	15
Average	70.6	740	69.9	737

Q3 2014 vs Q2 2014

Profit before tax rose 4% to DKK 1.4 billion, mainly because of improved net fee and trading income combined with lower expenses.

Total income increased 2%, mainly because of higher market activity that led to higher net interest, net fee and trading income.

Expenses fell 4% as a result of continually tight cost control and efficiency measures relating to the distribution structure. Impairments increased because of an add-on of DKK 100 million to existing collective charges for weak exposures.

Business Banking

We continued to improve our customer offering with the aim of providing targeted solutions and optimising our digital channels to make banking easier.

Key developments from first nine months 2013 to first nine months 2014

- Profit before tax of DKK 4.3 billion, up 18%
- Return on allocated capital of 13.3%, up 2.5 percentage points
- Total income of DKK 9.0 billion, up 1%
- Net interest income of DKK 6.7 billion, up 1%
- Expenses of DKK 3.9 billion, down 1%
- Impairments of DKK 0.8 billion, down 36%
- Cost/income ratio improved to 43.4%, down 1.0 percentage point

Profit before tax rose on the strength of improved business conditions across our markets. The improvement drove an increase in lending volumes during the year, which in turn offset the decline in interest rate levels. An increase in activity drove the rise in net fee income, and impairments also benefited from the improved business conditions.

BUSINESS BANKING (DKK millions)	Q1-Q3 2014	Q1-Q3 2013	Index 14/13	Q3 2014	Q2 2014	Index Q3/Q2	Q3 2013	Index 14/13	Full year 2013
Net interest income	6,677	6,636	101	2,309	2,283	101	2,254	102	8,892
Net fee income	1,530	1,419	108	513	510	101	464	111	1,926
Net trading income	445	486	92	130	120	108	129	101	758
Other income*	380	375	101	114	134	85	110	104	495
Total income	9,032	8,916	101	3,066	3,047	101	2,957	104	12,071
Expenses	3,918	3,958	99	1,269	1,301	98	1,271	100	5,482
Profit before loan impairment charges	5,114	4,958	103	1,797	1,746	103	1,686	107	6,589
Loan impairment charges	846	1,326	64	342	205	167	378	90	1,751
Profit before tax	4,268	3,632	118	1,455	1,541	94	1,308	111	4,838
Loans and advances, excl. reverse trans. before impairments	636,507	619,391	103	636,507	630,075	101	619,391	103	612,573
Allowance account, loans	22,442	23,608	95	22,442	22,634	99	23,608	95	22,726
Deposits, excl. repo deposits	258,044	259,933	99	258,044	255,999	101	259,933	99	263,424
Bonds issued by Realkredit Danmark	297,583	291,217	102	297,583	296,442	100	291,217	104	290,237
Allocated capital (average)	42,889	44,856	96	42,585	43,151	99	44,082	97	44,483
Net interest income as % p.a. of loans and deposits	1.02	1.03		1.06	1.06		1.05		1.04
Profit before loan impairment charges as % p.a. of allocated capital	15.9	14.7		16.9	16.2		15.3		14.8
Profit before tax as % p.a. of allocated capital (ROE)	13.3	10.8		13.7	14.3		11.9		10.9
Cost/income ratio (%)	43.4	44.4		41.4	42.7		43.0		45.4
Full-time-equivalent staff	3,607	3,721	97	3,607	3,670	98	3,721	97	3,759

*Operational leasing, excluding property leasing, is presented on a net basis under Other income.

Note 2 provides financial highlights at country level for Business Banking.

Developments in 2014

In August, we were named Business Bank of the Year by Swedish companies participating in the "Finansbarometern" survey. Our range of solutions is the same in all the Nordic countries, and the award shows that we are on the right track and that our initiatives are well received by customers. We saw increased business momentum, with growing volumes in all the Nordic markets.

The new solutions for small Danish business customers introduced in May, with a new advisory setup and attractive customer packages, have been well received, and the inflow of customers has increased since the launch. The solutions are transparently priced, and each solution offers a specific set of benefits tailored to the needs of small business customers.

In the third quarter, we introduced an easier and more transparent process for cross-border payments in Business Online that saves time for customers and reduces the risk of errors and delays.

Since the launch of MobilePay Business in February, more than 10,000 businesses have expressed an interest in the solution, and more than 4,000 businesses have already started using it or are about to start. In the third quarter, we concluded our first MobilePay Business agreement with a nationwide company, Mini Trans, a Danish delivery and removal company. We also launched a solution for local authorities that enables users to use MobilePay to pay for a number of services.

First nine months 2014 vs first nine months 2013

In the first nine months of 2014, profit before tax rose 18% to DKK 4.3 billion, and the return on allocated capital climbed from 10.8% to 13.3%.

Total income increased slightly, mainly as a result of more business and higher volumes compensating for a successful reduction of the F1 FlexLån® loan volume to reduce refinancing risks and the effect of changes in funds transfer pricing.

Net interest income rose slightly as income initiatives more than offset the effect of lower interest rate levels. With a rise of 8%, net fee income showed a satisfactory trend.

Expenses fell slightly as a result of tight cost control. A reduction in the number of employees and lower expenses for consultancy services and IT more than offset higher expenses for severance payments.

Credit exposure

At the end of September 2014, net credit exposure to business customers amounted to DKK 688 billion, against DKK 639 billion at the end of December 2013.

	Net credit exposure		Impairments (ann.) (%)
(DKK millions)	30 Sept. 2014	31 Dec. 2013	30 Sept. 2014
Denmark	400,636	378,808	0.31
Finland	57,378	49,904	0.13
Sweden	114,159	107,249	0.01
Norway	62,277	53,815	0.30
Northern Ireland	29,190	26,899	-0.79
Baltics	24,121	22,656	-0.13
Other	5	10	0.00
Total	687,766	639,341	0.19

Credit quality improving

In the first nine months of 2014, loan impairment charges amounted to DKK 0.8 billion, a decline of 36% from the level in the same period last year. The decline was the result of better market conditions and initiatives to improve asset quality.

The level of impairments was satisfactory.

Q3 2014 vs Q2 2014

The return on allocated capital fell from 14.3% in the second quarter of 2014 to 13.7% in the third quarter as a result of higher impairments.

Total income was up 1%, and net interest income rose 1%, primarily because of a rise in lending volumes.

Net fee income rose 1% as a result of increasing financing activity. Net trading income rose 8% because of a higher value adjustment of the bond portfolio at Realkredit Danmark.

Tight cost control resulted in a minor reduction in expenses despite higher severance payments.

Corporates & Institutions

We continued to adapt our business model to new regulations and market trends. We are increasing our focus on client-driven income while balancing our income streams and focusing on less capital-intensive activities.

Key developments from first nine months 2013 to first nine months 2014

- Profit before tax of DKK 3.4 billion, up 40%
- Return on allocated capital of 12.0%, up 1.8 percentage points
- Total income of DKK 7.0 billion, up 15%
- Net interest income of DKK 2.0 billion, up 22%
- Client-driven income of DKK 6.0 billion, up 18%
- Market Making income of DKK 1.0 billion, unchanged
- Expenses of DKK 3.4 billion, up 6%
- Impairments of DKK 0.2 billion, down 55%
- Cost/income ratio improved to 48.7%, down 4.2 percentage points

Higher customer activity at Capital Markets and larger lending volumes at General Banking led to increased client-driven income and higher net fee income. The fall in impairments also contributed to the growth in profit before tax. Expenses rose because of severance payments.

CORPORATES & INSTITUTIONS (DKK millions)	Q1-Q3 2014	Q1-Q3 2013	Index 14/13	Q3 2014	Q2 2014	Index Q3/Q2	Q3 2013	Index 14/13	Full year 2013
Net interest income	2,001	1,643	122	713	689	103	582	122	2,306
Net fee income	1,137	872	130	428	356	120	308	139	1,218
Net trading income*	3,877	3,552	109	1,342	1,155	116	671	200	4,894
Other income	3	10	32	1	2	-	3	-	17
Total income	7,018	6,077	115	2,483	2,201	113	1,564	159	8,435
Expenses	3,418	3,216	106	1,115	1,177	95	976	114	4,588
Profit before loan impairment charges	3,600	2,861	126	1,368	1,024	134	588	233	3,847
Loan impairment charges	195	435	45	-15	205	-	124	-	473
Profit before tax	3,405	2,426	140	1,383	819	169	464	298	3,374
Loans and advances, excl. reverse trans. before impairments	175,743	160,736	109	175,743	167,608	105	160,736	109	154,406
Allowance account, loans	2,620	2,686	98	2,620	2,598	101	2,686	98	2,410
Deposits, excl. repo deposits	171,715	178,103	96	171,715	171,033	100	178,103	96	179,273
Bonds issued by Realkredit Danmark	23,768	19,920	119	23,768	24,136	98	19,920	121	20,856
Allocated capital (average)	37,901	31,631	120	36,609	38,393	95	30,215	121	31,471
Net interest income as % p.a. of loans and deposits	0.77	0.65		0.83	0.82		0.71		0.71
Profit before loan impairment charges as % p.a. of allocated capital	12.7	12.1		14.9	10.7		7.8		12.2
Profit before tax as % p.a. of allocated capital (ROE)	12.0	10.2		15.1	8.5		6.1		10.7
Cost/income ratio (%)	48.7	52.9		44.9	53.5		62.4		54.4
Full-time-equivalent staff	1,508	1,594	95	1,508	1,532	98	1,594	95	1,565

TOTAL INCOME (DKK millions)	Q1-Q3 2014	Q1-Q3 2013	Index 14/13	Q3 2014	Q2 2014	Index Q3/Q2	Q3 2013	Index 14/13	Full year 2013
General Banking	3,169	2,644	120	1,112	1,077	103	930	120	3,635
Capital Markets	671	410	164	243	221	110	75	-	624
Sales and Research	2,191	2,042	107	674	809	83	625	108	2,719
Market Making	987	981	101	454	93	-	-66	-	1,457
Total income	7,018	6,077	115	2,483	2,201	113	1,564	159	8,435

* All income from Capital Markets, Sales and Research and Market Making, except for Corporate Finance, is presented under Net trading income.

Developments in 2014

Improving our position

Within Debt Capital Markets, bond issuance activity continued to increase, and new issuers continue to enter the market. For example, the utility company Fortum Värme raised SEK 2.5 billion in its debut transaction. This transaction gave investors a rare opportunity to buy BBB+ rated Swedish corporate bonds in local currency. On the institutional side, we were the only bank to be reappointed from a consortium of international banks for Portugal's second benchmark issuance since the country left the Troika programme in July 2014 – this time for a EUR 3 billion, 15-year transaction.

Targeted investments in our Corporate Finance offering are beginning to pay off in the form of increasing income, especially for our Swedish franchise, which is on track for a record year.

Our Leveraged Finance activities performed strongly in the first nine months of the year. In the third quarter we acted as mandated lead arranger and underwriter for the consortium of private equity funds that purchased Nets.

Seamless trading and market information

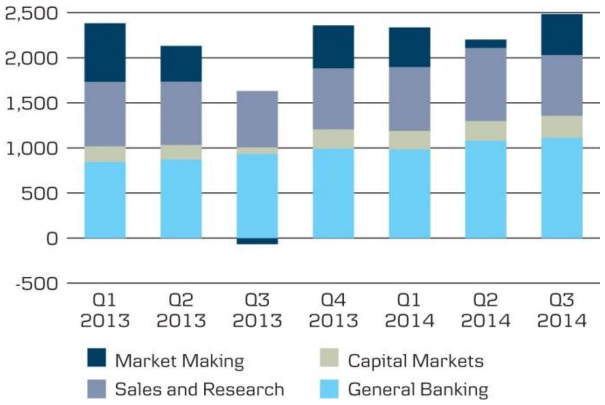
OneTrader, our electronic foreign exchange trading and market information platform, has been well received in the market, with almost 300 businesses using the platform since the launch in May.

First nine months 2014 vs first nine months 2013

At DKK 7.0 billion, total income increased 15% from the level in the first nine months of 2013.

In accordance with our strategy, we continued to see positive results for client-driven income. Client activity at Capital Markets, Sales and Research, and General Banking lifted income by DKK 1.0 billion.

TOTAL INCOME
(DKK millions)



General Banking saw an increase in both net interest income and net fee income. Net fee income rose mainly because of increased activity within cash management, lending and leveraged finance. Net interest income improved on the strength of larger lending volumes and lower funding and liquidity costs.

Capital Markets continued the upward trend from 2013 as bond issuance activity reached its highest level ever. Corporate Finance won a number of mandates, and income improved steadily across all markets.

Sales and Research income rose, mainly because of increased activity within equities, foreign exchange and fixed income.

Our Market Making activities were in line with the year-earlier level and continued to be affected by a lack of clear trends in the market. Market Making saw a positive trend in the third quarter, however.

Expenses rose 6%. Expenses for severance payments remained high because of the staff reductions made in the second quarter. The number of FTEs and expenses are coming down, however. The full effect of the reductions will show in the figures from 2015. Performance-based compensation increased in line with the rise in income.

Impairments were down 55% from the year-earlier level.

Credit exposure

Credit quality at Corporates & Institutions is strong. At 30 September 2014, total credit exposure from lending activities amounted to DKK 685 billion. The total portfolio fell 0.3% from the level at year-end 2013. Within the portfolio, corporate exposure continued to increase in the third quarter, mainly because of further lending to existing clients. Exposure to financial institutions also continued to grow, owing to an increase in activities with existing counterparties, while sovereign exposure decreased, mainly because of natural fluctuations in deposits with central banks.

Impairments have fluctuated over the past six quarters and are expected to continue to do so quarter-on-quarter. Accumulated impairments (the allowance account), which totalled DKK 3.0 billion, related mainly to a small number of corporate clients.

(DKK millions)	Net credit exposure 30 Sept. 2014	Net credit exposure 31 Dec. 2013	Impairments (ann.) (%) 30 Sept. 2014
Sovereign	31,182	76,038	-0.00
Financial Institutions	343,093	335,097	-0.02
Corporate	310,724	275,966	0.15
Other	75	99	0.13
Total	685,074	687,200	0.05

The sovereign portfolio consists primarily of exposures to the stable and highly rated Nordic sovereigns as well as to central banks. Most of the exposure to financial institutions consists of repo lending facilities. The corporate portfolio is a diverse portfolio consisting mainly of large companies based in the Nordic countries and large international clients with activities in the Nordic region.

Q3 2014 vs Q2 2014

Profit before tax rose 69%, mainly because of improved trading income and a net reversal of impairments in the third quarter.

General Banking income continued to improve, mainly because of higher net interest income and fees from Transaction Banking.

Capital Markets saw a strong increase in corporate finance activity, while bond issuance fell slightly from the very strong second quarter.
Sales and Research income decreased as the client flow is generally lower during the summer months.

Market Making activities saw a strong rebound from a poor second quarter, although conditions remained difficult. Market risk exposure remained lower than normal.

Expenses fell, mainly because of lower restructuring costs in the third quarter.

The third quarter saw no new large impairments, and the net result was a DKK 15 million reversal of previously made impairments.

Danske Capital

We continued to execute our strategy of creating substantial value for clients through high investment returns.

Key developments from first nine months 2013 to first nine months 2014

- Profit before tax of DKK 0.8 billion, up 22%
- Total income of DKK 1.6 billion, up 13%
- Expenses of DKK 0.7 billion, up 5%
- Net sales of DKK 28 billion, with 58% to clients outside Denmark

Profit growth was driven by an increase in assets under management and higher margins. The margin improvement derived from a change in the product mix towards a higher proportion of equities and alternative investments.

DANSKE CAPITAL (DKK millions)	Q1-Q3 2014	Q1-Q3 2013	Index 14/13	Q3 2014	Q2 2014	Index Q3/Q2	Q3 2013	Index 14/13	Full year 2013
Net interest income	-	-29	-	-1	1	-	-12	-	-38
Net fee income	1,577	1,413	112	554	529	105	472	117	2,186
Other income	1	9	11	2	-	-	4	50	16
Total income	1,578	1,393	113	555	530	105	464	120	2,164
Expenses	746	711	105	258	260	99	220	117	1,033
Profit before loan impairment charges	832	682	122	297	270	110	244	122	1,131
Loan impairment charges	-	-	-	-	-	-	-	-	-
Profit before tax	832	682	122	297	270	110	244	122	1,131
Loans and advances, excl. reverse trans. before impairments	319	239	133	319	332	96	239	133	296
Deposits, excl. repo deposits	230	172	133	230	254	90	172	133	219
Allocated capital (average)	2,576	2,550	101	2,577	2,572	100	2,627	98	2,557
Cost/income ratio (%)	47.3	51.0		46.5	49.1		47.4		47.7
Assets under management (DKK billions)	791	712	111	791	770	103	712	111	727

BREAKDOWN OF NET FEE INCOME (DKK millions)									
Performance fees	41	63	65	13	8	164	-	-	365
Other fee income	1,536	1,350	114	541	521	104	472	117	1,821
Total net fee income	1,577	1,413	112	554	529	105	472	117	2,186

Developments in 2014

Gaining a better foothold in Sweden is a focus area at Danske Capital. At the end of September 2014, assets under management for Swedish clients amounted to DKK 66 billion – an increase of 20% from the level at 30 September 2013. The increase was driven by a breakthrough in the personal and private banking segments in Sweden as well as by the use of third-party distributors. Part of the increase in Sweden came from a mutual fund net inflow of SEK 11 billion in the first nine months of 2014.

We expanded our hedge fund offering by launching the Danske Invest Relative Value Fund. This new hedge fund product supports the existing fund range and targets institutional investors, private banking clients and clients with managed accounts. Assets under management amounted to DKK 1 billion. Assets under management in alternative investments amounted to DKK 53 billion, or 7% of total assets under management.

Danske Invest Management A/S was approved as an alternative investment fund manager (AIFM) by the Danish FSA. This licence is an important step in Danske Invest's overall fund hub strategy, in which Danske Invest funds are sold cross-border to clients both in and outside the Nordic countries.

Investment performance

Of all Danske Capital products, 70% outperformed their benchmarks in the first nine months of 2014. Of the bond-based products, 76% delivered above-benchmark returns, while the figure for equity-based products was 56%. The three-year performance was also strong, with 76% of all products outperforming their benchmarks. Of the bond-based products, 94% delivered above-benchmark returns, while 64% of the equity-based products outperformed their benchmarks.

First nine months 2014 vs first nine months 2013

Profit before tax was up 22%, driven by higher income.

Total income rose 13% as a result of an increase in assets under management and better margins. Excluding performance fees, income increased 16%. Performance fees were down from DKK 63 million in the first nine months of 2013 to DKK 41 million.

Expenses were up 5% from the level in the first nine months of 2013. Excluding performance-based compensation, expenses were unchanged.

A substantial net inflow of assets from both new and existing clients, combined with a positive securities market, led to a record-high DKK 791 billion in assets under management at 30 September 2014, up DKK 79 billion from the level at 30 September 2013. The rise was owing to positive net sales of DKK 31 billion and gains on securities of DKK 48 billion. Net sales to institutional clients totalled DKK 15 billion, and sales to retail customers amounted to DKK 16 billion. Net sales to institutional clients and retail customers increased by a total of DKK 6 billion from the figure for the 12 months to 30 September 2013.

Q3 2014 vs Q2 2014

Profit before tax was up 10% from the second quarter of 2014 to the third quarter.

Total income rose 5%. The improvement was driven by an increase in assets under management. Performance fees were up DKK 5 million to DKK 13 million. Other fee income rose DKK 20 million to DKK 541 million.

Expenses fell slightly.

Danica Pension

We continued to execute our strategy and deliver on our promise to enhance the customer experience, provide financial security for our customers, provide a coherent health programme, and optimise services for customers who bank with Danske Bank.

Key developments from first nine months 2013 to first nine months 2014

- Result from insurance business of DKK 1.2 billion, unchanged
- Net income of DKK 1.3 billion, up from DKK 0.5 billion
- Return on allocated capital of 14.8%, up 9.3 percentage points
- Premiums of DKK 20.3 billion, up 2%
- Danske Bank sales of Danica Pension products of DKK 3.3 billion, up 25%
- Result from unit-linked business of DKK 0.5 billion, up 25%

Because of the positive investment result for customers with *Danica Traditionel*, the risk allowance could be booked to income in full for all four interest rate groups. At 30 September 2014, the shadow account balance stood at DKK 1.2 billion.

DANICA PENSION (DKK millions)	Q1-Q3 2014	Q1-Q3 2013	Index 14/13	Q3 2014	Q2 2014	Index Q3/Q2	Q3 2013	Index 14/13	Full year 2013
Danica Traditionel	948	898	106	311	333	93	289	108	1.139
Unit-linked business	478	382	125	176	155	114	152	116	539
Health and accident business	-274	-129	-	-146	-96	-	-43	-	-167
Result from insurance business	1,152	1,151	100	341	392	87	398	86	1,511
Return on investments	363	179	203	126	127	99	110	115	349
Financing result	-97	-133	-	-23	-25	-	-46	-	-176
Special allotment	-72	-113	-	-21	-27	-	-18	-	-158
Change in shadow account	-17	-610	-	65	-30	-	35	186	-438
Net income from insurance business	1,330	474	281	488	437	112	479	102	1,088
Premiums, insurance contracts	15,764	15,100	104	4,797	5,062	95	4,776	100	20,180
Premiums, investment contracts	4,581	4,892	94	1,184	1,457	81	1,191	99	6,628
Provisions, insurance contracts	273,761	259,412	106	273,761	269,834	101	259,412	106	257,792
Provisions, investment contracts	38,187	30,236	126	38,187	37,490	102	30,236	126	34,777
Customer funds, investment assets									
Danica Traditionel	174,454	170,680	102	174,454	173,413	101	170,680	102	168,864
Danica Balance	68,258	55,090	124	68,258	65,808	104	55,090	124	58,446
Danica Link	66,685	59,249	113	66,685	65,451	102	59,249	113	61,165
Allocated capital (average)	11,990	11,555	104	12,086	11,796	102	11,908	101	11,685
Net income as % p.a. of allocated capital	14.8	5.5		16.2	14.8		16.1		9.3

Developments in 2014

Sales of Danica Pension products to personal customers through other business units rose 25% in the first nine months of 2014, demonstrating our focus on providing customers with holistic solutions.

Online solutions and improved accessibility

We continued to roll out Danica Pension Check, our easy online advisory tool for checking pension and insurance coverage, and more than 20,000 customers have now taken the Pension Check. For almost half of the customers who completed the check, the results show that their pension or insurance coverage either exceeds or falls short of our recommendations. About two-thirds of these customers subsequently followed our recommendations and changed their schemes. Most can change their coverage to better suit their needs without having to increase their pension contribution or insurance premium.

Customers also welcome our online solutions that make it easy to set up a pension scheme at any time of the day or to get health advice and individualised recommendations on lifestyle through the Danica Health Check. About 40% of the customers who set up a pension scheme or take the Danica Health Check do so outside normal business hours. More than 11,500 customers have now taken the Health Check.

Helping our customers convert their pension schemes

We continued to help our customers convert their capital pension schemes to retirement savings schemes. Some 50,000 customers, with a total of DKK 18 billion in capital pension schemes, have chosen to switch to a retirement savings scheme.

First nine months 2014 vs first nine months 2013

Net income from insurance business was DKK 1.3 billion, against DKK 0.5 billion in the first nine months of 2013. For the first nine months of 2014, Danica Pension booked the full risk allowance for all four interest rate groups, and DKK 17 million was transferred to the shadow account, which at the end of September 2014 had a balance of DKK 1.2 billion.

The result of the unit-linked business improved significantly, mainly because higher investment returns on customer funds resulted in higher commissions from fund managers.

The result of the health and accident business fell DKK 145 million, primarily because of fewer recoveries.

The return on investments for customers with the *Danica Balance*, *Danica Link* and *Danica Select* unit-linked products was DKK 5.9 billion, representing an average rate of return of 6.9%, against 5.4% in the first nine months of 2013.

The return on investments of *Danica Traditionel* customer funds was 10.0%, against -1.0% in the first nine months of 2013. Including changes in technical provisions, the return on customer funds was 5.5%, against 0.9% in the first nine months of 2013.

Q3 2014 vs Q2 2014

In the third quarter of 2014, net income from insurance business amounted to DKK 0.5 billion, the same level as in the second quarter.

The return on investments of *Danica Traditionel* customer funds was 3.3%, against 3.6% in the second quarter. Including changes in technical provisions, the return on customer funds was 2.0%.

The return on investments for customers with the *Danica Balance*, *Danica Link* and *Danica Select* products totalled DKK 1.5 billion, representing an average rate of return of 1.7%, against 3.4% in the second quarter.

Total premiums for all markets fell 9% to DKK 6.0 billion. The fall in premiums was largely as expected, because premiums in most markets are usually lower in the third quarter of the year.

Non-core

We continue to focus on the controlled winding-up of the loan portfolio that is no longer considered part of Danske Bank's core activities.

Key developments from first nine months 2013 to first nine months 2014

- Loss before tax improved DKK 0.3 billion to DKK 1.0 billion
- Impairments of DKK 0.5 billion, down 54%
- Loan portfolio before impairments of DKK 45.7 billion, down 20%

On 1 January 2014, all Irish Business Banking and Personal Banking customers were transferred to the Non-core Ireland portfolio, which in addition to these customers consists mainly of loans to commercial and residential investment property customers in Ireland. The remainder of the Non-core portfolio is mainly exposure to conduits administered by our London office.

The winding-up of operations in Ireland continues, and all day-to-day personal and business accounts have been closed. Danske Bank has appointed Pepper Asset Servicing to manage the performing personal mortgage portfolio.

NON-CORE (DKK millions)	Q1-Q3 2014	Q1-Q3 2013	Index 14/13	Q3 2014	Q2 2014	Index Q3/Q2	Q3 2013	Index 14/13	Full year 2013
Total income	156	232	67	46	62	74	49	94	385
Expenses	665	464	143	141	147	96	164	86	853
Profit before loan impairment charges	-509	-232	-	-95	-85	-	-115	-	-468
Loan impairment charges	517	1,125	46	137	77	178	227	60	1,309
Profit before tax	-1,026	-1,357	-	-232	-162	-	-342	-	-1,777
Loans and advances, excl. reverse trans. before impairments	45,657	57,405	80	45,657	46,847	97	57,405	80	53,729
Allowance account, loans	10,010	12,452	80	10,010	11,026	91	12,452	80	12,105
Deposits, excl. repo deposits	5,205	17,992	29	5,205	7,497	69	17,992	29	16,742
Allocated capital (average)	8,643	10,008	86	8,188	8,609	95	10,407	79	10,330
Net interest income as % p.a. of loans and deposits	0.44	0.45		0.44	0.54		0.36		0.46
Profit before loan impairment charges as % p.a. of allocated capital	-7.9	-3.1		-4.6	-3.9		-4.4		-4.5
Profit before tax as % p.a. of allocated capital (ROE)	-15.8	-18.1		-11.3	-7.5		-13.1		-17.2
Cost/income ratio (%)	-	200.0		-	237.1		-		221.6
Full-time-equivalent staff	110	304	36	110	146	75	304	36	257

LOAN IMPAIRMENT CHARGES (DKK millions)									
Non-core Ireland	251	1,291	19	60	74	81	229	26	1,388
Non-core conduits etc.	266	-167	-	77	3	-	-2	-	-79
Total	517	1,125	46	137	77	178	227	60	1,309

Developments in 2014

We saw a significant increase in property sales in the first nine months of 2014. This included a large sale of residential properties that was completed in the third quarter. In total, 1,179 properties were sold in the first nine months of 2014, compared with 230 in the same period last year. The remaining non-performing property portfolio comprises about 2,100 properties, of which 938 properties are on the market and 954 properties are under offer or under contract.

NO. OF PROPERTIES SOLD AND PIPELINE, NON-CORE IRELAND

First nine months 2014 vs first nine months 2013

The loss before tax was reduced from DKK 1.4 billion to DKK 1.0 billion, mainly because of lower impairments. The result was adversely affected by impairments against loans in the Non-core conduits portfolio and provisions for an unfulfilled distribution agreement related to life insurance products in the Baltics entered into in conjunction with the acquisition of Sampo Bank. Together, these factors accounted for almost half of the loss in the first nine months of 2014.

Lending amounted to DKK 45.7 billion and consisted mainly of exposure to commercial and investment property customers, conduits and personal customers. Total lending fell DKK 11.7 billion from the level at the end of September 2013 as a result of asset sales, settlements and write-offs.

Net credit exposure and accumulated impairments

Net credit exposure totalled DKK 37.5 billion, against DKK 42.8 billion at the end of 2013. Accumulated impairments (allowance account) amounted to DKK 10.2 billion. Impairments were in line with expectations, and the winding-up of the portfolio remains on track.

NET CREDIT EXPOSURE (DKK millions)	30 Sept. 2014	31 Dec. 2013
Non-core Ireland	26,123	29,740
Non-core conduits etc.	11,411	13,102
Total	37,534	42,841

Non-core Ireland

The portfolio developed as expected in terms of both volume reduction and credit quality.

Net credit exposure at Non-core Ireland amounted to DKK 26.1 billion, against DKK 29.7 billion at the end of 2013. Personal customer and commercial property exposures amounted to DKK 18.3 billion and DKK 2.9 billion, respectively.

Mortgages accounted for 98% of personal customer exposure. The property market in Ireland is recovering, especially in Dublin, where house prices increased 21% year-on-year. This development had a positive effect on LTV ratios.

Impairments fell significantly, from DKK 1.3 billion in the first nine months of 2013 to DKK 0.3 billion in the same period of 2014.

	Net credit exposure		Impairments (ann.) (%)
(DKK millions)	30 Sept. 2014	31 Dec. 2013	30 Sept. 2014
Commercial property	2,858	4,835	1.01
Consumer discretionary	663	994	-0.35
Personal customers	18,346	21,583	2.21
Other	4,256	2,328	-0.59
Total	26,123	29,740	1.12

Non-core conduits etc.

Net credit exposure to conduits etc. amounted to DKK 11.4 billion, against DKK 13.1 billion at the end of 2013. The portfolio consists mainly of liquidity facilities for conduits. The credit quality of the portfolio remained stable.

Q3 2014 vs Q2 2014

Impairments increased to DKK 137 million in the third quarter, against DKK 77 million in the second quarter. This development related mainly to a few exposures in the Non-core conduits etc. portfolio and personal customers in Ireland.

Total lending fell DKK 1.2 billion from the level in the second quarter as a result of asset sales, settlements and write-offs.

Other Activities

Other Activities encompasses Group Treasury, Group IT, Group Services and eliminations, including the elimination of returns on own shares. Group Treasury is responsible for the Group's liquidity management and funding.

Key developments from first nine months 2013 to first nine months 2014

- Profit before tax of DKK 604 million, against a loss of DKK 737 million in the first nine months of 2013
- Total income of DKK 1,286 million, against a negative income of DKK 124 million in the first nine months of 2013
- Expenses of DKK 682 million, up 11%

OTHER ACTIVITIES (DKK millions)	Q1-Q3 2014	Q1-Q3 2013	Index 14/13	Q3 2014	Q2 2014	Index Q3/Q2	Q3 2013	Index 14/13	Full year 2013
Net interest income	447	-82	-	196	198	99	-36	-	-92
Net fee income	-63	-50	-	-12	-39	-	-14	-	-66
Net trading income	805	-130	-	-89	808	-	-517	-	-513
Other income	97	138	70	21	39	54	64	33	130
Total income	1,286	-124	-	116	1,006	12	-503	-	-541
Expenses	682	613	111	379	225	168	176	215	953
Profit before loan impairment charges	604	-737	-	-263	781	-	-679	-	-1,494
Loan impairment charges	-	-	-	-	-	-	-	-	-
Profit before tax	604	-737	-	-263	781	-	-679	-	-1,494

PROFIT BEFORE TAX (DKK millions)									
Group Treasury	1,254	-146	-	71	923	8	-461	-	-533
Own shares	-161	-88	-	-32	-12	-	-77	-	-110
Group support functions	-489	-503	-	-302	-130	-	-141	-	-851
Total Other Activities	604	-737	-	-263	781	-	-679	-	-1,494

Developments in 2014

We have transferred a significant part of the liquidity portfolio from FICC (Fixed Income, Commodities and Currencies) operations to Group Treasury. The main purpose was to simplify our FICC business model and allow Group Treasury to optimise balance sheet management.

Two of Group Treasury's key responsibilities are ensuring that Danske Bank maintains sufficient liquidity to handle a situation in which the markets are stressed and that Danske Bank always complies with regulatory liquidity requirements. A liquidity portfolio of a sufficient size and quality is an important component for managing overall liquidity risks. Group Treasury monitors liquidity risks on an ongoing basis, and the liquidity portfolio is regularly adjusted to reflect changes.

The liquidity portfolio is incorporated in balance sheet management to optimise the balance sheet composition and minimise the cost of the liquidity portfolio. In addition, the transfer of the portfolio will further simplify operational and regulatory governance.

First nine months 2014 vs first nine months 2013

Other Activities posted a profit before tax of DKK 604 million, against a loss before tax of DKK 737 million in the first nine months of 2013.

We have built up our hold-to-maturity bond portfolio and have achieved an increase in net interest income.

Net trading income benefited from the positive effect relating to Nets in the first half of 2014, but was adversely affected by higher expenses for a financing guarantee covering certain pension obligations.

Expenses were up 11%, mainly because of property write-downs. A refund of VAT paid in previous years had a positive effect in the first nine months of 2014, while expenses for the Danish Guarantee Fund for Depositors and Investors had a negative effect in the first nine months of 2013.

Q3 2014 vs Q2 2014

In the third quarter of 2014, profit before tax was a loss of DKK 263 million, against a profit of DKK 781 million in the second quarter.

Net trading income amounted to a loss of DKK 89 million, against income of DKK 808 million in the second quarter. The fall was owing primarily to the positive effect relating to Nets in the second quarter.

Expenses amounted to DKK 379 million, against DKK 225 million in the second quarter. The increase derived mainly from property write-downs in the third quarter.

Income statement – Danske Bank Group

Note	(DKK millions)	Q1-Q3 2014	Q1-Q3 2013	Q3 2014	Q3 2013	Full year 2013
	Interest income	49,355	54,082	15,990	17,872	71,632
	Interest expense	24,137	28,891	7,163	9,393	38,200
	Net interest income	25,218	25,191	8,827	8,479	33,432
	Fee income	10,630	9,467	3,662	3,209	13,231
	Fee expenses	3,528	3,229	1,233	1,077	4,441
	Net trading income	8,779	4,300	1,194	1,207	8,146
3	Other income	2,505	3,067	1,060	970	4,296
	Net premiums	15,682	15,036	4,771	4,757	20,148
	Net insurance benefits	24,855	23,076	6,754	7,942	32,537
	Operating expenses	18,848	19,239	6,221	6,128	26,796
	Profit before loan impairment charges	15,585	11,517	5,308	3,475	15,479
4	Loan impairment charges	2,452	4,320	805	1,171	5,420
	Profit before tax	13,133	7,197	4,503	2,304	10,059
	Tax	3,002	2,005	1,231	768	2,944
	Net profit for the period	10,131	5,192	3,272	1,536	7,115

Portion attributable to					
shareholders of Danske Bank A/S (the Parent Company)	9,950	5,191	3,191	1,535	7,115
additional tier 1 capital holders	179	-	81	-	-
non-controlling interests	2	1	-	1	-
Net profit for the period	10,131	5,192	3,272	1,536	7,115

Earnings per share (DKK)	10.0	5.2	3.2	1.5	7.1
Diluted earnings per share (DKK)	10.0	5.2	3.2	1.5	7.1
Proposed dividend per share (DKK)	-	-	-	-	2.0

Statement of comprehensive income – Danske Bank Group

(DKK millions)	Q1-Q3 2014	Q1-Q3 2013	Q3 2014	Q3 2013	Full year 2013
Net profit for the period	10,131	5,192	3,272	1,536	7,115
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit plans	-798	-133	-766	109	25
Tax	177	61	147	-21	66
Items that will not be reclassified to profit or loss	-621	-72	-619	88	91
Items that are or may be reclassified subsequently to profit or loss					
Translation of units outside Denmark	718	-457	323	180	-544
Hedging of units outside Denmark	-703	410	-323	-185	462
Unrealised value adjustments of available-for-sale financial assets	321	757	156	130	980
Realised value adjustments of available-for-sale financial assets	-32	-12	-22	-2	-19
Tax	67	-264	34	3	-329
Items that are or may be reclassified subsequently to profit or loss	371	434	168	126	550
Total other comprehensive income	-250	362	-451	214	641
Total comprehensive income for the period	9,881	5,554	2,821	1,750	7,756

Portion attributable to					
shareholders of Danske Bank A/S (the Parent Company)	9,700	5,553	2,740	1,749	7,756
additional tier 1 capital holders	179	-	81	-	-
non-controlling interests	2	1	-	1	-
Total comprehensive income for the period	9,881	5,554	2,821	1,750	7,756

Balance sheet – Danske Bank Group

Note	(DKK millions)	30 Sept. 2014	31 Dec. 2013	30 Sept. 2013
	ASSETS			
	Cash in hand and demand deposits with central banks	28,636	43,721	38,512
	Due from credit institutions and central banks	115,212	131,381	181,518
	Trading portfolio assets	751,139	695,723	707,571
	Investment securities	309,345	161,917	121,713
	Loans and advances at amortised cost	1,091,964	1,088,728	1,122,988
	Loans at fair value	744,244	728,081	727,086
	Assets under pooled schemes and unit-linked investment contracts	79,969	74,761	70,034
	Assets under insurance contracts	263,338	246,484	244,343
	Intangible assets	20,480	20,641	20,697
	Tax assets	1,406	1,356	1,573
5	Other assets	31,560	34,263	32,195
	Total assets	3,437,294	3,227,057	3,268,230
	LIABILITIES			
	Due to credit institutions and central banks	324,611	312,597	416,452
	Trading portfolio liabilities	532,982	435,183	435,111
	Deposits	985,916	943,901	901,395
	Bonds issued by Realkredit Danmark	656,022	614,196	605,817
	Deposits under pooled schemes and unit-linked investment contracts	86,875	81,882	77,247
	Liabilities under insurance contracts	280,919	262,468	263,310
6	Other issued bonds	315,867	310,177	317,587
	Tax liabilities	10,052	9,039	8,482
	Other liabilities	44,020	45,736	41,010
6	Subordinated debt	41,291	66,219	58,502
	Total liabilities	3,278,555	3,081,400	3,124,913
	EQUITY			
	Share capital	10,086	10,086	10,086
	Foreign currency translation reserve	-262	-277	-242
	Reserve for available-for-sale financial assets	-273	-562	-778
	Retained earnings	143,452	134,393	134,250
	Proposed dividends	-	2,017	-
	Shareholders of Danske Bank A/S (the Parent Company)	153,003	145,657	143,316
	Additional tier 1	5,734	-	-
	Non-controlling interests	2	-	1
	Total equity	158,739	145,657	143,317
	Total liabilities and equity	3,437,294	3,227,057	3,268,230

Statement of capital – Danske Bank Group

(DKK millions)

Changes in equity

	Shareholders of Danske Bank A/S (the Parent Company)								
	Share capital	Foreign currency translation reserve	Reserve for available-for-sale assets	Retained earnings	Proposed dividends	Total	Additional tier 1 capital	Non-controlling interests	Total
Total equity at 1 January 2014	10,086	-277	-562	134,393	2,017	145,657	-	-	145,657
Net profit for the period	-	-	-	9,950	-	9,950	179	2	10,131
Other comprehensive income									
Remeasurement of defined benefit plans*	-	-	-	-798	-	-798	-	-	-798
Translation of units outside Denmark	-	718	-	-	-	718	-	-	718
Hedging of units outside Denmark	-	-703	-	-	-	-703	-	-	-703
Unrealised value adjustments	-	-	321	-	-	321	-	-	321
Realised value adjustments	-	-	-32	-	-	-32	-	-	-32
Tax	-	-	-	244	-	244	-	-	244
Total other comprehensive income	-	15	289	-554	-	-250	-	-	-250
Total comprehensive income for the period	-	15	289	9,396	-	9,700	179	2	9,881
Transactions with owners									
Issuance of additional tier 1 capital, net of transaction costs	-	-	-	-59	-	-59	5,597	-	5,538
Paid interest on additional tier 1 capital	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	17	-2,017	-2,000	-	-	-2,000
Acquisition of own shares and additional tier 1 capital	-	-	-	-20,430	-	-20,430	-53	-	-20,483
Sale of own shares and additional tier 1 capital	-	-	-	20,096	-	20,096	11	-	20,107
Share-based payments	-	-	-	-	-	-	-	-	-
Tax	-	-	-	39	-	39	-	-	39
Total equity at 30 Sept. 2014	10,086	-262	-273	143,452	-	153,003	5,734	2	158,739
Total equity at 1 January 2013	10,086	-195	-1,523	129,632	-	138,000	-	4	138,004
Net profit for the period	-	-	-	5,191	-	5,191	-	1	5,192
Other comprehensive income									
Remeasurement of defined benefit plans*	-	-	-	-133	-	-133	-	-	-133
Translation of units outside Denmark	-	-457	-	-	-	-457	-	-	-457
Hedging of units outside Denmark	-	410	-	-	-	410	-	-	410
Unrealised value adjustments	-	-	757	-	-	757	-	-	757
Realised value adjustments	-	-	-12	-	-	-12	-	-	-12
Tax	-	-	-	-203	-	-203	-	-	-203
Total other comprehensive income	-	-47	745	-336	-	362	-	-	362
Total comprehensive income for the period	-	-47	745	4,855	-	5,553	-	1	5,554
Transactions with owners									
Dividends paid	-	-	-	-	-	-	-	-4	-4
Acquisition of own shares	-	-	-	-12,987	-	-12,987	-	-	-12,987
Sale of own shares	-	-	-	12,782	-	12,782	-	-	12,782
Share-based payments	-	-	-	-	-	-	-	-	-
Tax	-	-	-	-32	-	-32	-	-	-32
Total equity at 30 Sept. 2013	10,086	-242	-778	134,250	-	143,316	-	1	143,317

*Remeasurement of defined benefit plans includes changes between expected trends in pension assets and benefits and actual trends in, for example, interest rates.

Statement of capital – Danske Bank Group

(DKK millions)	30 September 2014	31 December 2013
Share capital (DKK)	10,086,200,000	10,086,200,000
Number of shares	1,008,620,000	1,008,620,000
Number of shares outstanding	999,282,947	1,000,417,378
Average number of shares outstanding for the period	999,537,074	1,000,668,921
Average number of shares outstanding, including dilutive shares, for the period	1,000,338,225	1,000,963,992
Total capital and total capital ratio		
Total equity	158,739	145,657
Revaluation of domicile property at fair value	1,165	1,177
Tax effect	-174	-241
Reserves in undertakings consolidated on a pro rata basis	3,002	3,002
Total equity calculated in accordance with the rules of the Danish FSA	162,732	149,595
Additional tier 1 capital instruments included in total equity	-5,540	-
Accrued interest on additional tier 1 capital instruments	-179	-
Tax on accrued interest on additional tier 1 capital instruments	44	-
Common equity tier 1 capital instruments	157,057	149,595
Adjustment to eligible capital instruments	-247	-
Prudential filters	-24	-
Expected/proposed dividends	-2,830	-2,017
Intangible assets of banking operations	-20,387	-20,763
Deferred tax on intangible assets	383	509
Deferred tax assets that rely on future profitability excluding temporary differences	-575	-972
Defined benefit pension fund assets	-226	-
Revaluation of domicile property	-	-596
Statutory deduction for insurance subsidiaries	-1,825	-
Other statutory deductions	-827	-247
Common equity tier 1 capital	130,499	125,509
Additional tier 1 capital instruments	17,657	39,953
Statutory deduction for insurance subsidiaries	-3,651	-3,930
Other statutory deductions	-13	-18
Tier 1 capital	144,492	161,514
Tier 2 capital instruments	26,653	23,823
Revaluation of domicile property	-	596
Statutory deduction for insurance subsidiaries	-3,651	-3,930
Other statutory deductions	-13	-18
Total capital	167,481	181,985
Total risk-weighted assets	868,470	852,250
Common equity tier 1 capital ratio (%)	15.0	14.7
Tier 1 capital ratio (%)	16.6	19.0
Total capital ratio (%)	19.3	21.4

At 30 September 2014, total capital and risk-weighted assets were calculated in accordance with the rules applicable under CRR, taking transitional rules into account as stipulated by the Danish Financial Supervisory Authority. A new filter will be introduced for deduction from common equity tier 1 capital of additional value adjustments of assets and liabilities measured at fair value (prudent valuation). The European Banking Authority (EBA) has submitted its final standard for adoption by the European Commission. Adoption is still pending but is expected in the fourth quarter of 2014. The final stipulations of the standard may lead to a further reduction in common equity tier 1 capital.

At 31 December 2013, total capital and risk-weighted assets were calculated in accordance with the Danish Financial Business Act.

Risk-weighted assets calculated under the Basel I rules amounted to DKK 1,397,484 million at 30 September 2014 (31 December 2013: DKK 1,368,520 million). The capital need under the transitional rules was DKK 89,439 million, equal to 6.4% of risk-weighted assets under the Basel I rules (31 December 2013: DKK 87,585 million).

The Internal Capital Adequacy Assessment report provides more details about Danske Bank's solvency need. The report is available at danskebank.com/reports.

Cash flow statement – Danske Bank Group

(DKK millions)	Q1-Q3 2014	Q1-Q3 2013	Full year 2013
Cash flow from operations			
Profit before tax	13,133	7,197	10,059
Tax paid	-1,640	-1,730	-1,705
Adjustment for non-cash operating items	3,479	4,486	6,615
Total	14,972	9,953	14,969
Changes in operating capital			
Amounts due to/from credit institutions and central banks	13,138	-43,154	-147,278
Trading portfolio	42,383	8,608	20,526
Other financial instruments at fair value	-148,667	-17,343	-58,394
Loans and advances at amortised cost	-5,688	34,509	67,668
Loans at fair value	-16,163	5,676	4,681
Deposits	42,015	-27,697	14,810
Bonds issued by Realkredit Danmark	41,825	-8,508	-129
Assets/liabilities under insurance contracts	1,597	-6,627	-9,610
Other assets/liabilities	6,963	-24,352	-29,437
Cash flow from operations	-7,625	-68,935	-122,194
Cash flow from investing activities			
Acquisition/sale of businesses	-	3	4
Acquisition/sale of own shares and additional tier 1 capital	-375	-205	-179
Acquisition of intangible assets	-313	-204	-349
Acquisition/sale of tangible assets	-32	-68	-268
Cash flow from investing activities	-720	-474	-792
Cash flow from financing activities			
Changes in subordinated debt and hybrid capital	-25,326	-8,146	233
Dividends	-2,000	-	-
Issued additional tier 1 capital	5,539	-	-
Change in non-controlling interests	2	-3	-4
Cash flow from financing activities	-21,785	-8,149	229
Cash and cash equivalents at 1 January	173,500	296,257	296,257
Change in cash and cash equivalents	-30,130	-77,558	-122,757
Cash and cash equivalents, end of period	143,370	218,699	173,500
Cash and cash equivalents end of period			
Cash in hand and demand deposits with central banks	28,636	38,512	43,721
Amounts due from credit institutions and central banks within three months	114,734	180,187	129,779
Total	143,370	218,699	173,500

Notes – Danske Bank Group

Note

1 **Significant accounting policies and estimates**

1. General

The Group's interim report for the first nine months of 2014 has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and additional Danish disclosure requirements for interim reports of listed financial institutions.

The Group has adopted IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangement, and amendments to IAS 28, Investments in Associates and Joint Ventures.

In the financial highlights and segment reporting, business activities have been transferred between business units.

With the exception of these changes, the Group has not changed its significant accounting policies from those followed in the consolidated financial statements for 2013, which provides a full description of the significant accounting policies.

All financial statement figures are stated in Danish kroner and whole millions, unless otherwise stated. As a result, rounding discrepancies may occur because sum totals have been rounded off and the underlying decimals are not presented to financial statements users.

2. Changes to accounting policies

Changes to consolidation

On 1 January 2014, the Group adopted IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangement, and amendments to IAS 28, Investments in Associates and Joint Ventures.

IFRS 10 replaces IAS 27 and establishes a uniform definition of control. Control is based on the concepts of power, variability of returns and their linkage. Danske Bank consolidates an entity if it has control over that entity. Control exists if Danske Bank is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by exercising its power over the entity. IFRS 11 replaces IAS 31. For joint arrangements, more focus is placed on investor rights and obligations than on the structure of the arrangement, and the concept of a joint operation is introduced. Joint operations are consolidated on a pro rata basis. All other joint arrangements are recognised according to the equity method described in IAS 28. The adoption of IFRS 10 and 11 and the amended IAS 28 had an insignificant effect on the consolidated financial statements.

Changes to financial highlights and segment reporting

As part of the Group's strategy, Non-core activities are placed in a separate business unit. Personal Banking and Business Banking customers in Ireland were transferred to the Non-core unit with effect from 1 January 2014.

The change has affected the financial highlights and business segment reporting, whereas the income statement, balance sheet, total equity, earnings per share and statement of capital remain unaffected. The effect on the financial highlights for 2013 is presented in the table below. Comparative figures for 2013 have been restated. Minor changes have been made to the adjusted financial highlights for 2013 presented in note 38 in the consolidated financial statements 2013.

Notes – Danske Bank Group

Note (DKK millions)

1 (cont'd)

Income statement	Highlights Q1-Q3 2013	Change: Personal Banking Ireland	Change: Business Banking Ireland	Change: Other Activities Ireland	Adjusted Q1-Q3 2013
Net interest income	16,562	-110	-13	-2	16,437
Net fee income	6,748	-33	-8	-3	6,705
Net trading income	4,347	-11	-3	-1	4,332
Other income	954	-3	-2	57	1,008
Net income from insurance business	474	-	-	-	474
Total income	29,085	-155	-25	52	28,956
Expenses	17,463	-243	-63	50	17,207
Profit before loan impairment charges	11,622	88	38	3	11,750
Loan impairment charges	3,342	-108	-38	-	3,195
Profit before tax, core	8,280	196	76	3	8,554
Profit before tax, Non-core	-1,083	-196	-76	-3	-1,357
Profit before tax	7,197	-	-	-	7,197
Tax	2,005	-	-	-	2,005
Net profit for the period	5,192	-	-	-	5,192
Loans and advances, excluding reserve transactions	1,578,973	-14,693	-1,282	-120	1,562,879
Other assets	1,660,340	-14	-3	-168	1,660,155
Total assets in Non-core	28,917	14,707	1,285	288	45,196
Deposits, excluding repo deposits	785,839	-10,606	-1,794	-456	772,984
Other liabilities	2,333,834	72	360	-968	2,333,300
Allocated capital	143,316	-	-	-	143,316
Total liabilities in Non-core	5,240	10,533	1,434	1,423	18,630

The table shows the effect on the highlights for the first nine months of 2013 of the transfer of Personal Banking and Business Banking customers in Ireland to the Non-core unit. Amounts are net of eliminations. Total allocated capital is not affected by the transfer. The comparative figures for 2013 in note 2 reflect the transfer of Personal Banking and Business Banking customers to the Non-core unit.

3. Significant accounting estimates

Management's estimates and assumptions of future events that will significantly affect the carrying amounts of assets and liabilities underlie the preparation of the consolidated financial statements.

The estimates and assumptions 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. The estimates and assumptions that are deemed critical to the consolidated financial statements are presented in the following sections.

Fair value measurement of financial instruments

Significant estimates are not used for measuring the fair value of financial instruments where the value is based on prices quoted in an active market or on generally accepted models employing observable market data.

Measurements of financial instruments that are only to a limited extent based on observable market data, such as the measurement of unlisted shares and certain bonds for which there is no active market, are subject to estimates. The estimated fair value of illiquid bonds depends on the credit spread estimate. If the credit spread widened 50bp at 30 September 2014, the fair value of the bonds would decrease DKK 32 million (31 December 2013: DKK 19 million).

The Group makes fair value adjustments to cover changes in counterparty risk (CVA and DVA) on derivatives, bid-offer spreads on the net open position of portfolios of assets and liabilities with offsetting market risk recognised at mid-market prices, and model risk on level 3 derivatives. At 30 September 2014, the adjustments totalled DKK 0.8 billion (31 December 2013: DKK 0.8 billion), including the adjustment for credit risk on derivatives with customers subject to objective evidence of impairment. The valuation of derivatives includes amortisation of the value of initial margins over the remaining term to maturity (no day-one profit or loss). Initial margins cover future administrative expenses, capital consumption, funding costs, initial credit risk etc. At 30 September 2014, the value of unamortised initial margins was DKK 1.3 billion (31 December 2013: DKK 1.3 billion).

Notes – Danske Bank Group

Note

1 (cont'd

Measurement of loans and advances

The Group makes impairment charges to account for any impairment of loans and advances that occurs after initial recognition. Impairment charges consist of individual and collective charges and rely on a number of estimates, including identification of loans or portfolios of loans with objective evidence of impairment, expected future cash flows and the value of collateral. The Group determines the need for impairment charges on the basis of a customer's expected ability to repay debt. This ability depends on a number of factors, including the customer's earnings capacity and trends in general economic growth and unemployment. Expectations of deteriorating repayment ability reduce credit quality and lead to downgrading of the customer.

If all customers were downgraded one rating category, collective impairment charges would increase by about DKK 3.0 billion (31 December 2013: DKK 3.7 billion). The losses incurred under non-performing loan agreements depend, among other factors, on the value of collateral received. If the value of collateral decreased 10%, individual impairment charges would increase by about DKK 2.5 billion (31 December 2013: DKK 2.4 billion). The notes on risk management provide more details on impairment charges for loans and advances. At 30 September 2014, loans and advances accounted for about 53% of total assets (31 December 2013: 56%).

Measurement of goodwill

Goodwill on acquisition is tested for impairment once a year or more frequently if indications of impairment exist. Impairment testing requires management to estimate future cash flows from acquired units. A number of factors affect the value of such cash flows, including discount rates, changes in the real economy, customer behaviour and competition. Note 19 in the consolidated financial statements for 2013 provides more information about impairment tests and sensitivity to changes in impairment test assumptions. At 30 September 2014, goodwill amounted to DKK 18.6 billion (31 December 2013: DKK 18.5 billion), with goodwill allocated to Business Banking Estonia accounting for DKK 2.1 billion (31 December 2013: DKK 2.1 billion). Goodwill allocated to this business unit is particularly sensitive to changes in impairment test assumptions.

Measurement of liabilities under insurance contracts

Calculations of liabilities under insurance contracts are based on a number of actuarial computations that rely on assumptions about a number of variables, including mortality and disability rates. Assumptions are based on data from the Group's own portfolio of insurance contracts. The liabilities also depend on the discount yield curve, which is fixed on the basis of a zero-coupon yield curve estimated on the basis of euro swap market rates to which are added the yield spread between Danish and German government bonds and a mortgage yield curve spread. Note 18 in the consolidated financial statements for 2013 provides more information. The risk management notes in the consolidated financial statements for 2013 contain a sensitivity analysis.

Recognition of deferred tax

Recognition of deferred tax requires management to assess the probability and amount of future profit. Deferred tax assets arising from unused tax losses are recognised to the extent that such losses can be offset against tax on future profit. At 30 September 2014, deferred tax assets from recognised tax loss carry-forwards stood at DKK 0.6 billion (31 December 2013: DKK 0.6 billion). The tax base of unrecognised tax loss carry-forwards, relating primarily to the banking operations in Ireland, amounted to DKK 3.3 billion (31 December 2013: DKK 3.3 billion). The full deferred tax liability arising from international joint taxation was recognised and amounted to DKK 6.4 billion at 30 September 2014 (31 December 2013: DKK 5.9 billion).

The consolidated financial statements for 2013 and Risk Management 2013 provide a detailed description of the significant risks and the external factors that may affect the Group. Risk Management 2013 is not covered by the statutory audit.

Notes – Danske Bank Group

Note (DKK millions)

2 Business segments Q1-Q3 2014

	Personal Banking	Business Banking	C&I	Danske Capital	Danica Pension	Other Activities	Non-core	Elimina-tions	Total	Reclassi-fication	Highlights
Net interest income	8,104	6,677	5,771	-	3,671	751	135	110	25,218	-7,992	17,227
Net fee income	3,343	1,530	1,415	1,577	-724	-37	17	-18	7,103	422	7,525
Net trading income	459	445	-173	1	7,739	575	3	-270	8,779	-3,194	5,585
Other income	495	1,395	5	-	434	279	1	-103	2,505	-1,527	978
Net premiums	-	-	-	-	15,682	-	-	-	15,682	-15,682	-
Net insurance benefits	-	-	-	-	24,855	-	-	-	24,855	-24,855	-
Net income from insurance business	-	-	-	-	-	-	-	-	-	1,330	1,330
Total income	12,401	10,047	7,018	1,578	1,947	1,567	156	-281	34,433	-1,788	32,645
Expenses	7,787	4,933	3,418	746	617	801	665	-119	18,848	-2,297	16,551
Profit before loan impairment charges	4,614	5,114	3,600	832	1,330	766	-509	-162	15,585	509	16,094
Loan impairment charges	895	846	195	-	-	-	517	-	2,452	-517	1,935
Profit before tax, core	3,719	4,268	3,405	832	1,330	766	-1,026	-162	13,133	1,026	14,159
Profit before tax, Non-core										-1,026	-1,026
Profit before tax	3,719	4,268	3,405	832	1,330	766	-1,026	-162	13,133	-	13,133
Loans and advances, excluding reverse transactions	799,046	614,065	173,123	319	-	26,475	35,647	-31,309	1,617,366	-35,647	1,581,719
Other assets	220,027	206,462	4,456,483	19,825	356,395	1,773,914	-6,424	-5,206,754	1,819,928	-312	1,819,616
Total assets in Non-core										35,959	35,959
Total assets	1,019,073	820,527	4,629,606	20,144	356,395	1,800,389	29,223	-5,238,063	3,437,294	-	3,437,294
Deposits, excluding repo deposits	330,717	258,044	171,715	230	-	8,592	5,205	-8,221	766,281	-5,205	761,076
Other liabilities	656,136	519,807	4,421,258	17,337	344,184	1,773,072	16,057	-5,229,842	2,518,010	-1,161	2,516,849
Allocated capital	32,220	42,676	36,633	2,577	12,211	18,726	7,961	-	153,003	-	153,003
Total liabilities in Non-core	-	-	-	-	-	-	-	-	-	6,366	6,366
Total liabilities and equity	1,019,073	820,527	4,629,606	20,144	356,395	1,800,389	29,223	-5,238,063	3,437,294	-	3,437,294
Impairment charges goodwill	-	-	-	-	-	-	-	-	-		-
Profit before tax as % of allocated capital (avg.)	15.3	13.3	12.0	43.1	14.8	4.9	-15.8	-	11.4		
Cost/income ratio (%)	62.8	49.1	48.7	47.3	31.7	51.1	-	-	54.7		
Full-time-equivalent staff (end of period)	6,796	3,607	1,508	513	780	5,524	110	-	18,838		

In its financial highlights, Danske Bank recognises earnings contributed by Danske Bank Markets (part of C&I) and Group Treasury (part of Other Activities) as net trading income with the exception of interest income on the hold-to-maturity portfolio. Earnings contributed by Danica Pension are recognised as net income from insurance business, and earnings from Non-core activities as profit before tax, Non-core. Operating lease costs, excluding property leasing, are presented on a net basis under Other income. The Reclassification column shows the adjustments made to the detailed figures in the calculation of the highlights. The interest expense on additional tier I capital is charged to the business units on the basis of capital allocated to each business unit and offset by a similar interest income in Other Activities.

Internal income and expenses are allocated to the individual segments on an arm's-length basis. Funding costs for lending and deposit activities are allocated on the basis of a maturity analysis of loans and deposits, interbank rates and funding spreads, and depend on financial market trends.

Notes – Danske Bank Group

Note (DKK millions)

2 Business segments Q1-Q3 2013

(cont'd)	Personal Banking	Business Banking	C&I	Danske Capital	Danica Pension	Other Activities	Non-core	Eliminations	Total	Reclassification	Highlights
Net interest income	8,268	6,636	5,514	-29	4,005	475	214	109	25,191	-8,754	16,437
Net fee income	3,051	1,419	1,002	1,413	-657	-45	54	-	6,238	467	6,705
Net trading income	417	486	-452	8	4,885	-864	17	-197	4,300	32	4,332
Other income	482	1,329	13	1	893	505	-53	-103	3,067	-2,059	1,008
Net premiums	-	-	-	-	15,036	-	-	-	15,036	-15,036	-
Net insurance benefits	-	-	-	-	23,076	-	-	-	23,076	-23,076	-
Net income from insurance business	-	-	-	-	-	-	-	-	-	474	474
Total income	12,218	9,870	6,077	1,393	1,087	71	232	-192	30,756	-1,800	28,956
Expenses	8,708	4,912	3,216	711	613	718	464	-103	19,239	-2,032	17,207
Profit before loan impairment charges	3,510	4,958	2,861	682	474	-648	-232	-88	11,517	233	11,750
Loan impairment charges	1,434	1,326	435	-	-	-	1,125	-	4,320	-1,125	3,195
Profit before tax,core	2,076	3,632	2,426	682	474	-648	-1,357	-88	7,197	1,357	8,554
Profit before tax, Non-core										-1,357	-1,357
Profit before tax	2,076	3,632	2,426	682	474	-648	-1,357	-88	7,197	-	7,197
Loans and advances, excluding reverse transactions	813,178	595,783	158,050	239	-	24,683	44,953	-29,054	1,607,832	-44,953	1,562,879
Other assets	196,532	195,478	4,230,594	21,970	325,218	1,702,769	6,285	-5,018,448	1,660,398	-243	1,660,155
Total assets in Non-core	-	-	-	-	-	-	-	-	-	45,196	45,196
Total assets	1,009,710	791,261	4,388,644	22,209	325,218	1,727,452	51,238	-5,047,502	3,268,230	-	3,268,230
Deposits, excluding repo deposits	338,288	259,933	178,103	172	-	7,677	17,992	-11,189	790,976	-17,992	772,984
Other liabilities	639,673	487,501	4,180,123	19,470	313,310	1,707,120	23,054	-5,036,313	2,333,938	-638	2,333,300
Allocated capital	31,749	43,827	30,418	2,567	11,908	12,655	10,192	-	143,316	-	143,316
Total liabilities in Non-core	-	-	-	-	-	-	-	-	-	18,630	18,630
Total liabilities and equity	1,009,710	791,261	4,388,644	22,209	325,218	1,727,452	51,238	-5,047,502	3,268,230	-	3,268,230
Impairment charges goodwill	-	-	-	-	-	-	-	-	-		-
Profit before tax as % of allocated capital (avg.)	9.6	10.8	10.2	35.7	5.5	-7.7	-18.1	-	6.7		
Cost/income ratio (%)	71.3	49.8	52.9	51.0	56.4	-	200.0	-	62.6		
Full-time-equivalent staff (end of period)	7,292	3,721	1,594	498	775	5,648	304		19,831		

Personal Banking and Business Banking customers in Ireland were transferred to Non-core with effect from 1 January 2014. Business segments Q1-Q3 2013 have been restated. Note 1 provides more details.

Notes – Danske Bank Group

Note (DKK millions)

2 (cont'd)

Personal Banking, by country Q1-Q3 2014

	Denmark	Finland	Sweden	Norway	Northern Ireland	Other*	Total
Net interest income	5,435	847	435	834	507	46	8,104
Net fee income	2,055	682	228	113	157	108	3,343
Net trading income	369	15	13	-1	41	22	459
Other income	108	40	-	346	1	-	495
Total income	7,967	1,584	676	1,292	706	176	12,401
Expenses	4,493	1,052	530	865	540	307	7,787
Profit before loan impairment charges	3,474	532	146	427	166	-131	4,614
Loan impairment charges	789	23	55	7	9	12	895
Profit before tax	2,685	509	91	420	157	-143	3,719
Loans and advances, excl. reverse transactions	535,759	93,228	69,799	76,774	17,909	5,577	799,046
Deposits, excl. repo deposits	193,986	45,982	27,756	27,881	29,794	5,318	330,717
Net interest income as % p.a. of loans and deposits	0.99	0.81	0.59	1.06	1.42	0.56	0.96
Cost/income ratio (%)	56.4	66.4	78.4	67.0	76.5	-	62.8

*Other includes Luxembourg, staff functions and other non-country specific costs.

Personal Banking, by country Q1-Q3 2013

	Denmark	Finland	Sweden	Norway	Northern Ireland	Other*	Total
Net interest income	5,783	911	412	870	451	-160	8,268
Net fee income	1,797	698	226	112	123	95	3,051
Net trading income	319	17	15	-18	37	46	417
Other income	94	44	-	342	2	1	482
Total income	7,992	1,671	653	1,306	613	-17	12,218
Expenses	5,089	1,394	552	888	547	239	8,708
Profit before loan impairment charges	2,903	277	101	419	67	-257	3,510
Loan impairment charges	1,413	16	-5	-22	38	-7	1,434
Profit before tax	1,490	261	106	440	29	-250	2,076
Loans and advances, excl. reverse transactions	541,741	97,473	77,359	74,666	16,627	5,312	813,178
Deposits, excl. repo deposits	200,292	46,165	32,127	27,084	27,710	4,910	338,288
Net interest income as % p.a. of loans and deposits	1.04	0.85	0.50	1.14	1.36	-2.08	0.96
Cost/income ratio (%)	63.7	83.4	84.5	68.0	89.1	-	71.3

*Other includes Luxembourg, staff functions and other non-country specific costs.

Notes – Danske Bank Group

Note (DKK millions)

2 (cont'd)

Business Banking, by country Q1-Q3 2014

	Denmark	Finland	Sweden	Norway	Northern Ireland	Baltics	Other*	Total
Net interest income	3,579	582	1,145	623	516	308	-76	6,677
Net fee income	516	318	241	145	167	144	-1	1,530
Net trading income	183	28	78	42	42	73	-1	445
Other income	1,277	25	5	70	8	10	-	1,395
Total income	5,555	953	1,469	880	733	535	-78	10,047
Expenses	2,522	519	637	461	394	293	107	4,933
Profit before loan impairment charges	3,033	434	832	419	339	242	-185	5,114
Loan impairment charges	850	47	11	116	-160	-18	-	846
Profit before tax	2,183	387	821	303	499	260	-185	4,268
Loans and advances, excl. reverse transactions	360,890	46,332	104,421	55,248	28,805	18,371	-2	614,065
Deposits, excl. repo deposits	80,118	46,283	40,484	41,388	26,564	23,209	-2	258,044
Net interest income as % p.a. of loans and deposits	1.08	0.84	1.05	0.86	1.24	0.99	-	1.02
Cost/income ratio (%)	45.4	54.5	43.4	52.4	53.8	54.8	-	49.1

*Other includes staff functions and other non-country specific costs.

Business Banking, by country Q1-Q3 2013

	Denmark	Finland	Sweden	Norway	Northern Ireland	Baltics	Other*	Total
Net interest income	3,801	605	1,004	676	438	321	-209	6,636
Net fee income	476	278	236	143	149	139	-	1,419
Net trading income	177	29	76	43	44	118	-	486
Other income	1,131	60	5	113	7	14	-1	1,329
Total income	5,585	972	1,321	974	638	591	-210	9,870
Expenses	2,388	629	661	514	359	296	66	4,912
Profit before loan impairment charges	3,197	343	660	461	279	295	-275	4,958
Loan impairment charges	954	-7	-39	266	335	-176	-7	1,326
Profit before tax	2,243	349	699	194	-57	472	-268	3,632
Loans and advances, excl. reverse transactions	354,261	44,562	102,079	49,038	28,567	17,276	-	595,783
Deposits, excl. repo deposits	75,213	44,711	46,037	45,088	26,026	22,858	-	259,933
Net interest income as % p.a. of loans and deposits	1.18	0.90	0.90	0.96	1.07	1.07	-	1.03
Cost/income ratio (%)	42.8	64.7	50.0	52.7	56.3	50.1	-31.3	49.8

*Other includes staff functions and other non-country specific costs.

Notes – Danske Bank Group

Note (DKK millions)

3 **Other Income**

Other income amounted to DKK 2,505 million (30 September 2013: DKK 3,067 million), including income from associates of DKK 122 million (30 September 2013: DKK 304 million) and profit on the sale of associates and group undertakings of DKK 0 million (30 September 2013: DKK 3 million).

4 **Loan impairment charges**

	30 Sept. 2014	30 Sept. 2013
New and increased impairment charges	9,829	11,622
Reversals of impairment charges	7,386	7,063
Write-offs charged directly to income statement	1,104	858
Received on claims previously written off	678	702
Interest income, effective interest method	-416	-395
Total	2,452	4,320

5 **Other assets**

Other assets amounted to DKK 31,560 million (31 December 2013: DKK 34,263 million), including holdings in associates of DKK 1,363 million (31 December 2013: DKK 1,376 million), investment property of DKK 3,170 million (31 December 2013: DKK 3,200 million) and tangible assets of DKK 6,241 million (31 December 2013: DKK 6,106 million).

6 **Other issued bonds**

	30 Sept. 2014	31 Dec. 2013
Commercial paper	15,867	25,250
Other	300,000	284,927
Total	315,867	310,177

Other issued bonds are recognised at amortised cost.

Nominal value	1 January 2014	Issued	Redeemed	Foreign currency translation	30 Sept. 2014
Commercial paper	25,253	100,623	111,444	1,435	15,867
Other	317,231	73,965	71,413	1,609	321,392
Other issued bonds	342,484	174,588	182,857	3,044	337,259

Nominal value	1 January 2013	Issued	Redeemed	Foreign currency translation	31 Dec. 2013
Commercial paper	38,662	102,213	115,385	-237	25,253
Other	351,433	35,189	63,589	-5,802	317,231
Other issued bonds	390,095	137,402	178,974	-6,039	342,484

Subordinated debt

During the first nine months of 2014, the Group redeemed DKK 29,046 (2013: DKK 13,837 million) and issued DKK 9,330 million (2013: DKK 13,932 million) in subordinated debt.

In April 2014, Danske Bank A/S issued DKK 5,597 million in additional tier 1 capital. Danske Bank A/S may, at its sole discretion, omit interest and principal payments to bond holders. Any interest payments made must be made out of retained earnings in Danske Bank A/S and Danske Bank Group. At 30 September 2014, retained earnings amounted to DKK 117,749 million for Danske Bank A/S (31 December 2013: DKK 108,410 million). Retained earnings for Danske Bank Group are disclosed in the balance sheet. The additional tier 1 capital will be temporarily written down if the common equity tier 1 capital ratio falls below 7% for Danske Bank A/S or Danske Bank Group. At 30 September 2014, the common equity tier 1 capital ratio was 19.2% (31 December 2013: 18.9%) for Danske Bank A/S. The ratio for Danske Bank Group is disclosed in the Statement of capital. The issue is classified as an equity instrument in the financial statements, and equity has increased by the net proceeds received. Interest payments are accounted for as dividends, which are recognised directly in equity at the time when the payment obligation arises. Consequently, interest payments do not have any effect on the net profit for the period. Amounts paid or received for the acquisition or sale of additional tier 1 instruments are recognised directly in equity. On redemption of the tier 1 capital instrument equity will be reduced by the redemption amount.

Notes – Danske Bank Group

Note (DKK millions)

7 **Contingent liabilities**

The Group uses a variety of loan-related financial instruments to meet customers' financial requirements. Instruments include loan offers and other credit facilities, guarantees and instruments not recognised in the balance sheet.

	30 Sept. 2014	31 Dec. 2013
Guarantees		
Financial guarantees	9,313	11,608
Mortgage finance guarantees	784	873
Other guarantees	66,689	63,894
Total	76,786	76,375
Other contingent liabilities		
Loan commitments shorter than 1 year	68,981	38,981
Loan commitments longer than 1 year	135,022	118,342
Other unutilised loan commitments	506	533
Total	204,509	157,856

In addition to credit exposure from lending activities, the Group has made loan offers and granted uncommitted lines of credit of DKK 294 billion (31 December 2013: DKK 323 billion). These items are included in the calculation of risk-weighted assets in accordance with the Capital Requirements Directive.

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 Danish FSA. In view of its size, the Group does not expect the outcomes of pending lawsuits and disputes or its dialogue with public authorities to have any material effect on its financial position.

A limited number of employees are employed under terms which grant them, if they are dismissed before reaching their normal retirement age, an extraordinary 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.

Through participation in the Danish Guarantee Fund for Depositors and Investors, Danish banks undertake to cover the losses incurred by the Fund from the resolution of distressed banks. The Group's share is just over one third of any loss incurred by the Fund. The intention is that losses should be covered by the participating banks' annual contributions.

The Group is the lessee in a number of non-cancellable operating leases, involving mainly leasing of real property, equipment, furniture and fixtures. The Group recognises lease payments as an expense over the lease term but does not recognise the operating lease assets in its balance sheet. Such assets are recognised by lessors.

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

Danske Bank A/S is registered jointly with all significant Danish entities in the Group for financial services employer tax and VAT, for which it is jointly and severally liable.

8 **Events after the reporting date**

On 26 October 2014, the Danish Financial Supervisory Authority (FSA) announced the results of the Asset Quality Review (AQR). Based on the AQR as interpreted by the Danish FSA and information available until 26 October 2014, the Danish FSA assessed that impairments for Danske Bank Group should have been DKK 1.6 billion higher at 31 December 2013. An amount of DKK 0.9 billion was recognised in the first three quarters of 2014, and an amount of DKK 0.7 billion will be taken into account in the last quarter of 2014.

The FSA has ordered the Group to implement, by end of 2014, a model that maximises the use of market-implied data in the credit valuation adjustment (CVA) of derivatives. For counterparties with liquid credit default swaps, the Group has for some years used market-implied input derived from the CDS spread. For other counterparties, the Group has derived input from internal rating and historical migration matrices. The Group will maximise the use of market-implied input for counterparties without liquid CDS by using proxy CDS indices. Under the current market conditions, this is not expected to have any significant effect on the income statement, as the effect will be partially offset by the release of the proportion of the unamortised initial margin that covers the initial credit margin.

Notes – Danske Bank Group

Note (DKK millions)

9 **Assets provided or received as collateral**

At 30 September 2014, the Group had deposited securities worth DKK 2.3 billion as collateral with Danish and international clearing centres and other institutions (31 December 2013: DKK 0.1 billion).

At 30 September 2014, the Group had provided cash and securities worth DKK 67.7 billion as collateral for derivatives transactions (31 December 2013: DKK 47.7 billion).

At 30 September 2014, the Group had registered assets under insurance contracts worth DKK 311.9 billion (31 December 2013: DKK 292.6 billion) as collateral for policyholders' savings of DKK 286.2 billion (31 December 2013: DKK 271.8 billion).

At 30 September 2014, the Group had registered loans at fair value and securities worth a total of DKK 746.0 billion (31 December 2013: DKK 728.1 billion) as collateral for bonds issued by Realkredit Danmark, including mortgage-covered bonds, worth a total of DKK 656.0 billion (31 December 2013: DKK 614.2 billion). Similarly, the Group had registered loans and other assets worth DKK 252.9 billion (31 December 2013: DKK 239.4 billion) as collateral for covered bonds issued under Danish and Finnish law.

The table below shows assets provided as collateral for obligations, including obligations under repo transactions and securities lending:

	30 September 2014			31 December 2013		
	Repo	Other	Total	Repo	Other	Total
Due from credit institutions	-	21,259	21,259	-	14,253	14,253
Trading portfolio securities	409,937	54,273	464,210	310,443	40,357	350,800
Loans at fair value	-	744,244	744,244	-	728,081	728,081
Loans and advances at amortised cost	-	265,936	265,936	-	249,750	249,750
Assets under insurance contracts	-	270,542	270,542	-	256,129	256,129
Other assets	-	199	199	-	188	188
Total	409,937	1,356,453	1,766,390	310,443	1,288,758	1,599,201
Own issued bonds	11,425	95,724	107,149	14,483	89,926	104,409
Total, including own issued bonds	421,362	1,452,177	1,873,539	324,926	1,378,684	1,703,610

Securities provided as collateral under agreements that entitle the counterparty to sell the securities or provide them as collateral for other loans amounted to DKK 409.9 billion (31 December 2013: DKK 310.4 billion).

At 30 September 2014, the Group had received securities worth DKK 287.1 billion (31 December 2013: DKK 310.7 billion) as collateral for reverse repo transactions, securities lending, derivatives transactions and other transactions entered into on the standard terms for such transactions. As the party receiving the collateral, the Group is entitled in many cases to sell the securities or provide the securities as collateral for other loans in exchange for returning similar securities to the counterparty at the expiry of the transactions. At 30 September 2014, the Group had sold securities or provided securities as collateral worth DKK 179.5 billion (31 December 2013: DKK 206.2 billion).

The Group also receives many other types of assets as collateral in connection with its ordinary lending activities. The Group has not transferred the ownership of these assets. The notes on risk management in the consolidated financial statements for 2013 provide more details on assets received as collateral.

Notes – Danske Bank Group

Note	(DKK millions)

10 **Fair value information for financial instruments**

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

	30 September 2014		31 December 2013	
	Fair value	Amortised cost	Fair value	Amortised cost
Financial assets				
Cash in hand and demand deposits with central banks	-	28,636	-	43,721
Due from credit institutions and central banks	-	115,212	-	131,381
Trading portfolio assets	751,139	-	695,723	-
Investment securities	205,835	103,510	104,475	57,442
Loans and advances at amortised cost	-	1,091,964	-	1,088,728
Loans at fair value	744,244	-	728,081	-
Assets under pooled schemes and unit-linked investment contracts	79,969	-	74,761	-
Assets under insurance contracts	229,020	-	213,102	-
Total	2,010,207	1,339,322	1,816,142	1,321,272
Financial liabilities				
Due to credit institutions and central banks	-	324,611	-	312,597
Trading portfolio liabilities	532,982	-	435,183	-
Deposits	-	985,916	-	943,901
Bonds issued by Realkredit Danmark	656,022	-	614,196	-
Deposits under pooled schemes and unit-linked investment contracts	86,875	-	81,882	-
Other issued bonds	-	315,867	-	310,178
Subordinated debt	-	41,290	-	66,219
Other liabilities (loan commitments and guarantees)	-	701	-	650
Total	1,275,879	1,668,385	1,131,261	1,633,545

Financial instruments at amortised cost

Note 35 in the consolidated financial statements for 2013 provides information on the difference between the carrying amount and the fair value of financial instruments recognised at amortised cost. The difference between the two types of measurement at 30 September 2014 was in line with the difference at 31 December 2013.

Financial instruments at fair value

Note 35 in the consolidated financial statements for 2013 provides more information about fair value calculation methods for financial instruments.

Financial instruments valued on the basis of quoted prices in an active market are recognised in the Quoted prices category. Financial instruments valued substantially on the basis of other observable input are recognised in the Observable input category. This category covers instruments such as derivatives valued on the basis of observable yield curves and exchange rates and illiquid mortgage bonds valued by reference to the value of similar, liquid bonds. Other financial instruments are recognised in the Non-observable input category. This category covers instruments such as unlisted shares and derivatives, and valuation relies on extrapolation of yield curves, correlations or other model input of material importance to valuation.

If, at the balance sheet date, a financial instrument's classification differs from its classification at the beginning of the year, the classification of the instrument changes. Changes are considered to have taken place at the balance sheet date. Developments in the financial markets have resulted in reclassification between the categories. Some bonds have become illiquid and have therefore been moved from the Quoted prices to the Observable input category, while other bonds have become liquid and have been moved from the Observable input to the Quoted prices category. The net amount transferred is insignificant. Furthermore, because of an improvement in the quality of market data input used in the valuation of primary interest rate swaps in a number of currencies, the data now meet the criteria for being observable input. More than half of the derivatives previously included in the Non-observable input category has therefore been moved to the Observable input category.

The Group has not reclassified bonds to available-for-sale financial assets since 2008.

Notes – Danske Bank Group

Note (DKK millions)

10 (cont'd)

30 September 2014	Quoted prices	Observable input	Non-observable input	Total
Financial assets				
Derivatives				
Interest rate contracts	2,917	238,659	2,816	244,392
Currency contracts etc.	129	131,506	356	131,991
Trading portfolio bonds				
Government bonds and other bonds	185,728	-	-	185,728
Danish mortgage bonds	75,602	1,590	-	77,192
Other covered bonds	35,452	8,780	-	44,232
Other bonds	64,837	750	-	65,587
Trading portfolio shares	1,692	-	326	2,018
Investment securities, bonds	174,502	29,447	-	203,949
Investment securities, shares	74	-	1,811	1,885
Loans at fair value	-	744,244	-	744,244
Assets under pooled schemes and unit-linked investment contracts	79,969	-	-	79,969
Assets under insurance contracts, bonds				
Danish mortgage bonds	38,303	3,370	-	41,673
Other bonds	104,441	504	1,426	106,371
Assets under insurance contracts, shares	60,783	467	11,370	72,620
Assets under insurance contracts, derivatives	205	8,151	-	8,356
Total	824,634	1,167,468	18,105	2,010,207
Financial liabilities				
Derivatives				
Interest rate contracts	4,001	208,189	3,608	215,798
Currency contracts etc.	385	136,945	393	137,723
Obligations to repurchase securities	179,323	133	5	179,461
Bonds issued by Realkredit Danmark	656,022	-	-	656,022
Deposits under pooled schemes and unit-linked investment contracts	-	86,875	-	86,875
Total	839,731	432,142	4,006	1,275,879

31 December 2013	Quoted prices	Observable input	Non-observable input	Total
Financial assets				
Derivatives				
Interest rate contracts	5,172	173,830	8,617	187,619
Currency contracts etc.	215	60,992	709	61,916
Trading portfolio bonds	-	-	-	-
Government bonds and other bonds	174,004	637	-	174,641
Danish mortgage bonds	110,347	11,468	-	121,815
Other covered bonds	91,729	1,444	-	93,173
Other bonds	43,009	6,773	-	49,782
Trading portfolio shares	6,020	-	757	6,777
Investment securities, bonds	84,701	16,576	-	101,277
Investment securities, shares	35	-	3,163	3,198
Loans at fair value	-	728,081	-	728,081
Assets under pooled schemes and unit-linked investment contracts	74,761	-	-	74,761
Assets under insurance contracts, bonds	-	-	-	-
Danish mortgage bonds	37,650	2,351	-	40,001
Other bonds	101,025	108	674	101,807
Assets under insurance contracts, shares	60,306	521	8,591	69,418
Assets under insurance contracts, derivatives	642	1,234	-	1,876
Total	789,616	1,004,015	22,511	1,816,142
Financial liabilities				
Derivatives				
Interest rate contracts	5,745	151,175	6,786	163,706
Currency contracts etc.	698	63,587	949	65,234
Obligations to repurchase securities	205,967	265	11	206,243
Bonds issued by Realkredit Danmark	614,196	-	-	614,196
Deposits under pooled schemes and unit-linked investment contracts	-	81,882	-	81,882
Total	826,606	296,909	7,746	1,131,261

Notes – Danske Bank Group

Note (DKK millions)

10 (cont'd) A detailed review of the assumptions applied when extracting data for classification of financial instruments between the three levels, identified some minor (0.03% on the asset side and 0.02% on the liability side) reclassifications to the figures presented in Annual Report 2013, which have been incorporated in the comparative figures above.

At 30 September 2014, financial instruments valued on the basis of non-observable input comprised unlisted shares of DKK 13,502 million (31 December 2013: DKK 12,500 million), illiquid bonds of DKK 1,426 million (31 December 2013: DKK 674 million) and derivatives with a net market value of DKK -829 million (31 December 2013: DKK 1,591 million).

A 10% increase or decrease in the fair value of unlisted shares would amount to DKK 1,350 million (31 December 2013: DKK 1,250 million), with DKK 1,137 million (31 December 2013: DKK 859 million) relating to shares allocated to policyholders, who assume most of the risk on the shares.

The estimated fair value of illiquid bonds depends significantly on the estimated credit spread. If the credit spread had widened 50bp, fair value would have decreased DKK 32 million (31 December 2013: DKK 19 million). If the credit spread had narrowed 50bp, fair value would have increased DKK 33 million (31 December 2013: DKK 19 million). A substantial number of derivatives valued on the basis of non-observable input are hedged by similar derivatives or are used for hedging the credit risk on bonds also valued on the basis of non-observable input. Changing one or more of the non-observable inputs to reflect reasonably possible alternative assumptions would not have changed the fair value of the net derivative exposure significantly.

In the first nine months of 2014, the Group recognised unrealised value adjustments of unlisted shares valued on the basis of non-observable input of DKK 2,881 million (31 December 2013: DKK 552 million). For 2014 and 2013, unrealised value adjustments relate to various unlisted shares.

Shares, bonds and derivatives valued on the basis of non-observable input	30 September 2014			31 December 2013		
	Shares	Bonds	Derivatives	Shares	Bonds	Derivatives
Fair value at 1 January	12,500	674	1,591	10,184	586	-167
Value adjustment through profit or loss	2,881	68	-342	552	-82	26
Acquisitions	2,885	1,143	-155	3,080	275	-434
Sale and redemption	-4,764	-459	152	-1,316	-	349
Transferred from quoted prices and observable input	-	-	-108	-	-	209
Transferred to quoted prices and observable input	-	-	-1,967	-	-105	1,608
Fair value at 30 September	13,502	1,426	-829	12,500	674	1,591

The value adjustment through profit or loss is recognised under Net trading income.

Notes – Danske Bank Group

Risk Management

The consolidated financial statements for 2013 provide a detailed description of the Group's risk management practices. Management's report describes the most recent changes to the risk management practices.

Breakdown of credit exposure (DKK billions) 30 September 2014	Total	Credit exposure, lending activities	Counterparty risk (derivatives)	Credit exposure, other trading and investing activities	Insurance risk	Contracts, full risk assumed by customers	Non-core
Balance sheet items							
Demand deposits with central banks	19.1	19.1	-	-	-	-	-
Due from credit institutions and central banks	45.7	45.6	-	-	-	-	0.1
Repo loans with credit institutions and central banks	69.5	69.5	-	-	-	-	-
Trading portfolio assets	751.1	-	376.4	374.8	-	-	-
Investment securities	309.3	-	-	309.3	-	-	-
Loans and advances at amortised cost	873.1	837.5	-	-	-	-	35.6
Repo loans	218.8	218.8	-	-	-	-	-
Loans at fair value	744.2	744.2	-	-	-	-	-
Assets under pooled schemes and unit-linked investment contracts	80.0	-	-	-	-	80.0	-
Assets under insurance contracts	263.3	-	-	-	263.3	-	-
Off-balance-sheet items							
Guarantees	76.8	75.5	-	-	-	-	1.3
Loan commitments shorter than 1 year	69.0	68.5	-	-	-	-	0.5
Loan commitments longer than 1 year	135.0	135.0	-	-	-	-	-
Other unutilised commitments	0.5	-	-	0.5	-	-	-
Total	3,655.6	2,213.8	376.4	684.6	263.3	80.0	37.5
31 December 2013							
Balance sheet items							
Demand deposits with central banks	33.7	33.7	-	-	-	-	-
Due from credit institutions and central banks	53.7	54.1	-	-	-	-	-0.4
Repo loans with credit institutions and central banks	77.7	77.7	-	-	-	-	-
Trading portfolio assets	695.7	-	249.5	446.2	-	-	-
Investment securities	161.9	-	-	161.9	-	-	-
Loans and advances at amortised cost	850.3	808.7	-	-	-	-	41.6
Repo loans	238.4	238.4	-	-	-	-	-
Loans at fair value	728.1	728.1	-	-	-	-	-
Assets under pooled schemes and unit-linked investment contracts	74.8	-	-	-	-	74.8	-
Assets under insurance contracts	246.5	-	-	-	246.5	-	-
Off-balance-sheet items							
Guarantees	76.4	75.4	-	-	-	-	1.0
Loan commitments shorter than 1 year	39.0	38.3	-	-	-	-	0.7
Loan commitments longer than 1 year	118.3	118.3	-	-	-	-	-
Other unutilised commitments	0.5	-	-	0.5	-	-	-
Total	3,395.0	2,172.7	249.5	608.6	246.5	74.8	42.9

In addition to credit exposure from lending activities, the Group has made loan offers and granted uncommitted lines of credit of DKK 294 billion (31 December 2013: DKK 323 billion). These items are included in the calculation of risk-weighted assets in accordance with the Capital Requirements Directive.

Notes – Danske Bank Group

Credit exposure from lending activities

Credit exposure from lending activities in the Group's core banking business includes loans and advances, amounts due from credit institutions and central banks, guarantees and irrevocable loan commitments. The exposure is measured net of accumulated impairment charges and includes repo loans.

Classification of customers

As part of the credit process, the Group classifies customers according to risk and updates the classification upon receipt of new information. The main objectives of risk classification are to rank the Group's customers according to risk and to estimate the probability of default (PD) of each customer. Risk classification comprises rating and credit scoring of customers.

The Group has developed a number of rating models to assess customer credit risk and to classify customers in various segments. Large business and financial customers are classified on the basis of rating models, while small business and personal customers are classified by means of scoring models.

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 creditworthiness in the current economic situation. The Group's classification scale consists of 11 main rating categories with fixed PD bands. During a recessionary period, a customer's PIT PD will normally increase, and the customer will migrate to a lower rating category. The effect of using PIT PD is thus larger than if the classification were based on through-the-cycle (TTC) PD, which the Group uses to calculate risk-weighted assets for credit risk.

	PD level		Personal Banking		Business Banking		C&I		Other		Total	
			30 Sept.	31 Dec.	30 Sept.	31 Dec.	30 Sept.	31 Dec.	30 Sept.	31 Dec.	30 Sept.	31 Dec.
(DKK billions)	Upper	Lower	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
1	0.00	0.01	2.3	2.2	17.8	19.2	19.9	62.4	11.9	15.7	52.0	99.4
2	0.01	0.03	71.7	70.2	11.0	10.0	71.4	60.8	11.3	5.7	165.4	146.7
3	0.03	0.06	142.5	137.4	78.6	74.0	137.4	175.3	3.4	6.5	361.9	393.3
4	0.06	0.14	203.6	199.3	100.1	79.4	165.4	124.8	2.4	1.9	471.5	405.5
5	0.14	0.31	171.3	170.2	161.8	140.9	177.3	139.5	4.8	6.2	515.1	456.9
6	0.31	0.63	92.4	96.3	112.7	105.9	75.3	90.7	0.6	2.8	280.9	295.7
7	0.63	1.90	73.5	77.2	109.7	112.0	23.7	19.3	0.5	1.4	207.5	209.9
8	1.90	7.98	24.7	27.9	49.5	46.9	8.9	5.2	0.3	0.4	83.3	80.3
9	7.98	25.70	10.6	11.2	11.8	13.7	0.6	5.5	-	0.1	23.0	30.4
10	25.70	99.99	7.0	7.6	24.4	25.7	4.0	3.6	0.7	0.7	36.1	37.5
11 (default)	100.00	100.00	5.3	5.3	10.4	11.6	1.2	0.1	0.2	0.2	17.0	17.2
Total			804.9	804.8	687.8	639.3	685.1	687.2	36.0	41.4	2,213.8	2,172.7

Impaired loans

The Group defines "Impaired loans" as loans to customers with objective evidence of impairment and for which an impairment charge has been made. Customers with objective evidence of impairment are classified in rating categories 10 (non-default) or 11 (default). Even if objective evidence of impairment is identified for just one facility, the customer's downgrade applies to the customer's entire exposure. The downgrade takes place even if the customer has provided full collateral.

	Personal Banking		Business Banking		C&I		Other		Total	
	30 Sept.	31 Dec.	30 Sept.	31 Dec.	30 Sept.	31 Dec.	30 Sept.	31 Dec.	30 Sept.	31 Dec.
(DKK billions)	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Non-default	3.9	3.1	14.2	12.5	2.4	2.8	0.7	0.7	21.2	19.1
Default	3.5	2.7	4.7	6.8	1.2	0.1	0.2	0.2	9.6	9.8
Total	7.4	5.8	18.9	19.3	3.6	2.9	0.9	0.9	30.8	28.9

Of the total impaired loans of DKK 30.8 billion (31 December 2013: DKK 28.9 billion), DKK 25.2 billion (31 December 2013: DKK 23.7 billion) is covered by collateral after haircut. For further information, see table on Impaired loans on p. 13 of this report.

Notes – Danske Bank Group

Credit exposure broken down by industry

The table below shows a breakdown of the credit exposure broken down by industry. The industry segmentation follows the classification principles of the Statistical Classification of Economic Activities in the European Community (NACE) standard.

	Credit exposure		Collateral after haircut		Impaired loans		Allowance account	
(DKK billions)	30 Sept. 2014	31 Dec. 2013	30 Sept. 2014	31 Dec. 2013	30 Sept. 2014	31 Dec. 2013	30 Sept. 2014	31 Dec. 2013
Public institutions	71.2	118.6	14.6	18.2	-	-	-	-
Banks	92.3	97.4	41.6	38.3	0.2	0.2	0.1	0.1
Credit institutions	34.5	27.1	23.3	14.7	-	-	-	-
Insurance	40.8	53.0	32.3	44.9	-	-	-	-
Investments funds	108.9	102.6	94.6	93.6	1.1	1.0	0.5	0.5
Other financials	98.5	101.7	80.0	80.4	-	-	0.1	0.1
Agriculture	63.0	62.9	51.7	50.8	0.9	0.7	3.1	3.1
Commercial property	256.0	237.4	215.2	195.3	9.3	9.3	8.8	8.6
Construction, engineering and building products	33.7	32.3	9.0	8.2	0.2	0.8	2.8	3.0
Consumer discretionary	77.0	71.8	36.1	33.7	1.9	2.0	2.8	3.0
Consumer staples	55.8	45.5	20.2	17.5	0.3	0.2	0.4	0.4
Energy and utilities	37.7	37.2	8.5	7.3	0.1	0.1	0.1	0.1
Health care	30.3	29.1	9.9	13.1	-	-	0.1	0.1
Industrial services, supplies and machinery	81.4	71.2	17.0	16.3	1.2	1.0	1.7	2.0
IT and telecommunication services	20.9	19.0	2.8	2.1	0.1	-	0.2	0.3
Materials	41.5	39.7	10.8	8.6	0.6	0.5	1.4	1.2
Non-profits and other associations	120.9	116.6	113.1	108.9	4.0	3.1	1.5	1.4
Other commercial	68.0	29.8	8.3	6.0	-	-	0.1	0.4
Shipping	36.2	36.2	20.3	19.0	2.7	2.3	1.8	1.9
Transportation	16.3	15.4	8.6	8.0	0.2	0.2	0.3	0.3
Personal customers	829.0	828.4	715.8	715.7	8.1	7.3	8.5	8.2
Total	2,213.8	2,172.7	1,533.6	1,500.5	30.8	28.9	34.4	34.7

Notes – Danske Bank Group

Credit exposure broken down by business unit

The table below shows the credit exposure broken down by main business segments and underlying units.

	Credit exposure		Collateral after haircut		Impaired loans		Allowance account	
(DKK billions)	30 Sept. 2014	31 Dec. 2013	30 Sept. 2014	31 Dec. 2013	30 Sept. 2014	31 Dec. 2013	30 Sept. 2014	31 Dec. 2013
Denmark	541.5	540.6	450.3	450.5	3.8	3.0	6.6	7.0
Finland	92.4	95.9	87.0	89.4	1.8	1.6	0.5	0.5
Sweden	70.1	74.1	63.4	68.0	0.5	0.4	0.2	0.2
Norway	76.8	71.9	69.8	66.8	0.4	0.3	0.2	0.1
Northern Ireland	18.4	16.6	15.7	13.8	0.7	0.3	0.5	0.5
Other	5.7	5.6	2.9	2.6	0.1	0.2	0.1	-
Personal Banking	804.9	804.8	689.0	691.2	7.5	5.8	8.2	8.3
Denmark	400.6	378.8	311.5	303.2	13.9	12.2	13.4	13.3
Finland	57.4	49.9	33.0	24.5	0.9	0.8	1.1	1.1
Sweden	114.2	107.2	84.4	75.9	0.5	0.8	0.8	0.9
Norway	62.3	53.8	40.7	34.9	1.3	1.8	1.0	1.1
Northern Ireland	29.2	26.9	16.5	15.1	1.0	2.4	5.9	6.2
Baltics	24.1	22.7	16.8	17.3	1.2	1.3	0.9	1.1
Other	-	-	-	-	-	-	-	-
Business Banking	687.8	639.3	502.9	470.9	18.9	19.4	23.2	23.7
C&I*	685.1	687.2	338.7	335.5	3.5	2.9	3.0	2.8
Other	36.0	41.4	3.1	3.0	0.9	0.8	0.1	-
Total	2,213.8	2,172.7	1,533.6	1,500.5	30.8	28.9	34.4	34.7

*The Corporates & Institutions (C&I) segment comprises corporate customers and financial institutions. As these customers typically have business activities in multiple countries, no single country can be specified.

Notes – Danske Bank Group

Impairment charges

Rating categories 10 (non-default) and 11 (default) include customers with exposures for which objective evidence of impairment exists. Exposure to customers in the other rating categories is subject to collective impairment testing. Note 39 in the consolidated financial statements for 2013 provides more details.

The allowance account comprises all impairment charges on loans and advances at amortised cost, loans at fair value, amounts due from credit institutions and central banks, and irrevocable loan commitments and guarantees.

Allowance account broken down by segment and type of impairment

(DKK millions)	Personal Banking	Business Banking	C&I	Other	Allowance account total	Impairment Individual	Impairment Collective
1 January 2013	8,974	23,202	2,877	3	35,055	31,846	3,209
New and increased impairment charges	3,638	5,488	944	83	10,154	8,979	1,175
Reversals of impairment charges from previous periods	1,751	3,607	448	85	5,891	4,994	897
Write-offs debited to allowance account	1,718	1,958	370	0	4,047	4,047	-
Foreign currency translation	-36	-322	-69	11	-416	-382	-34
Other items	-787	851	-160	-12	-108	62	-169
31 December 2013	8,319	23,655	2,774	-	34,748	31,464	3,284
New and increased impairment charges	3,042	3,814	739	-	7,595	6,530	1,065
Reversals of impairment charges from previous periods	1,820	3,103	572	-	5,495	4,403	1,091
Write-offs debited to allowance account	1,264	1,681	98	-	3,043	3,043	-
Foreign currency translation	34	444	136	-	614	581	33
Other items	-163	32	12	79	-40	-39	-
30 September 2014	8,148	23,160	2,992	79	34,379	31,089	3,291

Collective impairments include charges that reflect the migration of customers from one rating category to another. If all customers had been downgraded one rating category with no corresponding interest rate change, collective impairment charges would have increased by about DKK 3.0 billion (31 December 2013: about DKK 3.7 billion).

If the value of collateral provided by customers in rating categories 10 (non-default) and 11 (default) had decreased 10%, individual impairment charges would have increased by about DKK 2.5 billion (31 December 2013: about DKK 2.4 billion).

Allowance account broken down into items on and off the balance sheet

(DKK millions)	30 Sept. 2014	31 Dec. 2013
Due from credit institutions and central banks	90	87
Loans and advances at amortised cost	28,673	29,549
Loans at fair value	4,488	3,901
Other liabilities	1,128	1,211
Total	34,379	34,748

Notes – Danske Bank Group

Credit exposure at Non-core

The Non-core business unit is responsible for the controlled winding-up and divestment of the portfolio that is no longer considered part of the Group's core activities. The portfolio consists of loans to customers in Ireland and liquidity back-up facilities for Special Purpose Vehicles (SPVs) and conduit structures. On 1 January 2014, all Business Banking and Personal Banking customers in Ireland were transferred to the Non-core Ireland unit. Comparative figures have been restated. The tables below show the credit exposure of the Non-core unit.

Credit portfolio broken down by industry

	Net credit exposure		Collateral after haircut		Impaired loans		Allowance account	
(DKK millions)	30 Sept. 2014	31 Dec. 2013	30 Sept. 2014	31 Dec. 2013	30 Sept. 2014	31 Dec. 2013	30 Sept. 2014	31 Dec. 2013
Financials	11,456	13,318	8,651	9,277	1,029	503	516	160
Commercial property	2,858	4,835	2,381	3,857	1,960	3,142	4,054	5,886
Consumer discretionary	663	994	439	671	229	410	755	1,094
Personal customers	18,346	21,583	15,890	16,344	4,616	3,837	3,093	2,963
Other	4,211	2,111	1,749	2,261	1,307	1,086	1,753	2,048
Total	37,534	42,841	29,110	32,410	9,141	8,978	10,171	12,151

Credit exposure and collateral broken down by rating category

	PD level		Credit exposure		Collateral after haircut	
(DKK millions)	Upper	Lower	30 Sept. 2014	31 Dec. 2013	30 Sept. 2014	31 Dec. 2013
1	0.00	0.01	1,062	2,619	1,062	2,265
2	0.01	0.03	3,147	3,161	2,692	2,368
3	0.03	0.06	1,521	2,160	1,007	1,567
4	0.06	0.14	1,907	3,744	1,277	2,936
5	0.14	0.31	3,259	5,800	1,686	4,374
6	0.31	0.63	1,082	3,403	1,082	2,684
7	0.63	1.90	8,170	3,241	7,041	2,793
8	1.90	7.98	6,200	5,143	4,282	3,373
9	7.98	25.70	1,390	3,044	832	1,364
10	25.70	99.99	3,735	4,068	2,469	2,639
11 (default)	100.00	100.00	6,062	6,459	5,682	6,047
Total			37,534	42,841	29,110	32,410

The average unsecured portion of impaired exposures was 17% at the end of September 2014 (31 December 2013: 13%). Real property accounted for 94% of collateral provided (31 December 2013: 99%).

Impaired loans

	Credit exposure		Collateral after haircut	
(DKK millions)	30 Sept. 2014	31 Dec. 2013	30 Sept. 2014	31 Dec. 2013
Non-default	3,577	3,090	2,333	2,104
Default	5,564	5,889	5,286	5,706
Total	9,141	8,979	7,619	7,810

Notes – Danske Bank Group

Credit exposure from trading and investing activities

At 30 September 2014, the Group's credit exposure from trading and investing activities amounted to DKK 1,061 billion, relating primarily to bonds (DKK 680 billion) and derivates with positive fair value (DKK 376 billion).

Bond portfolio

(DKK millions) 30 September 2014	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
Held-for-trading	199,565	7,543	77,436	58,231	9,231	20,732	372,738
Designated at fair value	23,516	-	91,095	21,592	2,415	4,795	143,413
Available-for-sale	157	652	55,627	-	4,099	-	60,535
Hold-to-maturity	51,501	1,324	48,460	-	1,316	909	103,510
Total	274,739	9,519	272,618	79,824	17,061	26,436	680,196
31 December 2013							
Held-for-trading	179,190	8,145	133,523	84,116	9,918	24,519	439,411
Designated at fair value	4,834	-	32,415	721	340	1,194	39,504
Available-for-sale	671	573	56,658	-	3,758	114	61,774
Hold-to-maturity	18,081	-	39,178	-	45	138	57,442
Total	202,776	8,718	261,774	84,837	14,061	25,965	598,131

The Group has an additional bond portfolio worth DKK 148,044 million (31 December 2013: DKK 141,808 million) that is recognised under insurance contracts and not included in the table above. The section on insurance risk in the consolidated financial statements for 2013 provides more information. For bonds classified as hold-to-maturity, fair value slightly exceeded amortised cost at 30 September 2014 and 31 December 2013.

Notes – Danske Bank Group

Bond portfolio broken down by geographical area

(DKK millions) 30 September 2014	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
Denmark	46,459	-	272,618	-	-	5,924	325,001
Sweden	20,538	-	-	79,824	-	6,550	106,912
UK	21,693	197	-	-	3,984	1,530	27,404
Norway	7,858	-	-	-	5,588	2,244	15,690
USA	174	1,321	-	-	40	860	2,395
Spain	9,588	-	-	-	3,849	-	13,437
France	28,902	-	-	-	1,278	1,954	32,134
Luxembourg	-	7,976	-	-	-	6	7,982
Canada	1,057	-	-	-	-	147	1,204
Finland	13,239	24	-	-	1,280	1,941	16,484
Ireland	6,717	-	-	-	91	81	6,889
Italy	17,306	-	-	-	-	-	17,306
Portugal	1,563	-	-	-	-	-	1,563
Austria	8,982	-	-	-	-	-	8,982
Netherlands	14,652	-	-	-	337	3,239	18,228
Germany	63,756	-	-	-	434	836	65,026
Belgium	11,121	-	-	-	44	-	11,165
Lithuania	830	-	-	-	-	-	830
Other	304	-	-	-	136	1,126	1,566
Total	274,739	9,519	272,618	79,824	17,061	26,436	680,196

31 December 2013	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
Denmark	10,615	-	261,774	-	101	4,264	276,755
Sweden	27,182	-	-	84,837	-	6,630	118,649
UK	10,770	137	-	-	3,881	1,126	15,914
Norway	10,039	-	-	-	4,838	4,683	19,560
USA	582	1,238	-	-	40	733	2,594
Spain	6,598	-	-	-	3,498	-	10,096
France	31,911	-	-	-	234	2,290	34,436
Luxembourg	-	7,234	-	-	-	141	7,375
Canada	292	-	-	-	-	131	424
Finland	11,544	109	-	-	454	903	13,011
Ireland	2,612	-	-	-	158	199	2,969
Italy	10,727	-	-	-	-	-	10,727
Portugal	764	-	-	-	-	-	764
Austria	4,877	-	-	-	116	6	4,999
Netherlands	4,892	-	-	-	404	3,137	8,433
Germany	57,974	-	-	-	262	601	58,838
Belgium	10,249	-	-	-	73	-	10,322
Lithuania	252	-	-	-	-	-	252
Other	896	-	-	-	-	1,121	2,017
Total	202,776	8,718	261,774	84,837	14,061	25,965	598,131

Exposures below DKK 1 billion are aggregated in the Other category. The breakdown of the bond portfolio between the various geographical areas in the Annual Report 2013 was incorrect and have been changed in the comparative figures above. Risk Management 2013 provides additional details about the risk on the Group's bond portfolio. The publication is not covered by the statutory audit.

Notes – Danske Bank Group

(DKK millions)

Bond portfolio broken down by external ratings

(DKK millions) 30 September 2014	Central and local govern-ment bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
AAA	167,135	5,463	271,889	72,128	10,007	468	527,090
AA+	52,135	1,202	-	-	596	577	54,510
AA	13,891	2,855	1	7,607	1,726	1,094	27,174
AA-	5,928	-	216	-	-	4,537	10,681
A+	-	-	309	22	97	6,262	6,690
A	355	-	13	-	544	7,226	8,138
A-	-	-	-	-	1,610	972	2,582
BBB+	7,154	-	8	-	185	970	8,317
BBB	11,631	-	181	-	2	3,039	14,853
BBB-	8,213	-	-	-	1,140	309	9,662
Sub-inv. grade or unrated	8,298	-	-	67	1,153	982	10,500
Total	274,739	9,519	272,618	79,824	17,061	26,436	680,196
31 December 2013							
AAA	124,195	6,867	260,752	84,832	8,375	159	485,180
AA+	46,260	278	-	-	593	438	47,569
AA	594	1,573	69	5	1,343	921	4,505
AA-	10,248	-	62	-	-	3,288	13,598
A+	158	-	305	-	40	3,476	3,979
A	507	-	55	-	30	8,960	9,552
A-	-	-	-	-	1,506	1,832	3,338
BBB+	-	-	5	-	-	2,130	2,135
BBB	10,729	-	417	-	13	3,338	14,497
BBB-	6,598	-	-	-	1,561	391	8,550
Sub-inv. grade or unrated	3,486	-	110	-	599	1,032	5,227
Total	202,776	8,718	261,774	84,837	14,061	25,965	598,131

The breakdown of the bond portfolio between the various rating categories in Annual Report 2013 was incorrect and has been changed in the comparative figures above.

Derivatives with positive fair value	30 September 2014	31 December 2013
Derivatives with positive fair value before netting	711,919	434,978
Netting (under accounting rules)	335,536	185,443
Carrying amount	376,383	249,535
Netting (under capital adequacy rules)	279,856	176,253
Net current exposure	96,527	73,282
Collateral	38,859	34,860
Net amount	57,668	38,422
Derivatives with positive fair value after netting for accounting purposes:		
Interest rate contracts	244,392	187,619
Currency contracts	131,727	61,123
Other contracts	264	793
Total	376,383	249,535

Statement by the management

The Board of Directors and the Executive Board (the management) have considered and approved Interim Report - first nine months 2014 of Danske Bank Group.

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

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities, total equity and financial position at 30 September 2014 and of the results of the Group's operations and the consolidated cash flows for the period starting 1 January 2014 and ending on 30 September 2014. Moreover, in our opinion, the management's report includes a fair review of developments in the Group's operations and financial position and describes the significant risks and uncertainty factors that may affect the Group.

Copenhagen, 30 October 2014

Executive Board

Thomas F. Borgen
CEO

Tonny Thierry Andersen	James Ditmore	Robert Endersby
Lars Mørch	Henrik Ramlau-Hansen	Glenn Söderholm

Board of Directors

Ole Andersen Chairman	Trond Ø. Westlie Vice Chairman	Urban Bäckström
Lars Förberg	Jørn P. Jensen	Rolv Erik Ryssdal
Carol Sergeant	Jim Hagemann Snabe	Kirsten Ebbe Brich
Carsten Eilertsen	Charlotte Hoffmann	Steen Lund Olsen

Supplementary information

Conference call

Danske Bank will hold a conference call on 30 October 2014 upon the presentation of its interim report for the first nine months of 2014. The conference call is scheduled for 2.30pm CET. The conference call will be webcast live at danskebank.com.

Financial calendar

3 February 2015	Annual Report 2014
30 April 2015	Interim Report – First quarter 2015
22 July 2015	Interim Report – First half 2015
29 October 2015	Interim Report – First nine months 2015

Contacts

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Claus Ingar Jensen Head of Investor Relations	+45 45 12 84 83

Links

Danske Bank	danskebank.com
Denmark	danskebank.dk
Finland	danskebank.fi
Sweden	danskebank.se
Norway	danskebank.no
Northern Ireland	danskebank.co.uk
Ireland	danskebank.ie
Realkredit Danmark	rd.dk
Danske Capital	danskecapital.com
Danica Pension	danicapension.dk

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