

Expected Changes to Danske Bank Covered Bond Setup

February 2016

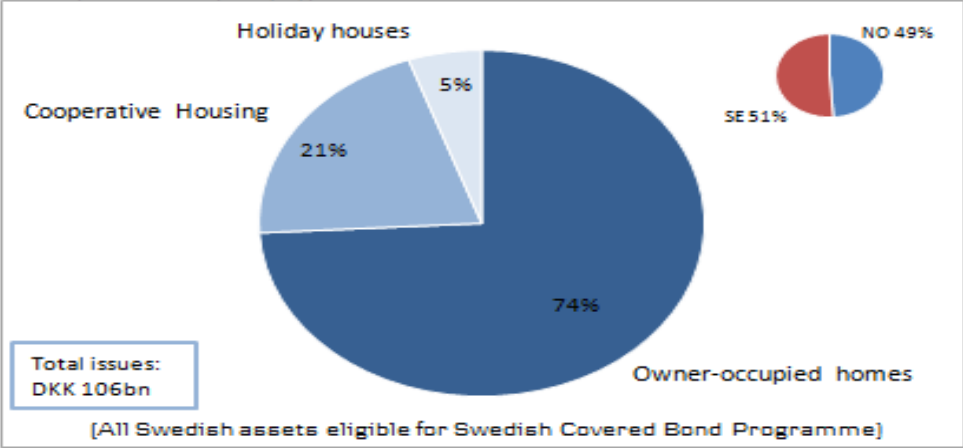
Adjusted covered bond funding structure

New cover pool structure

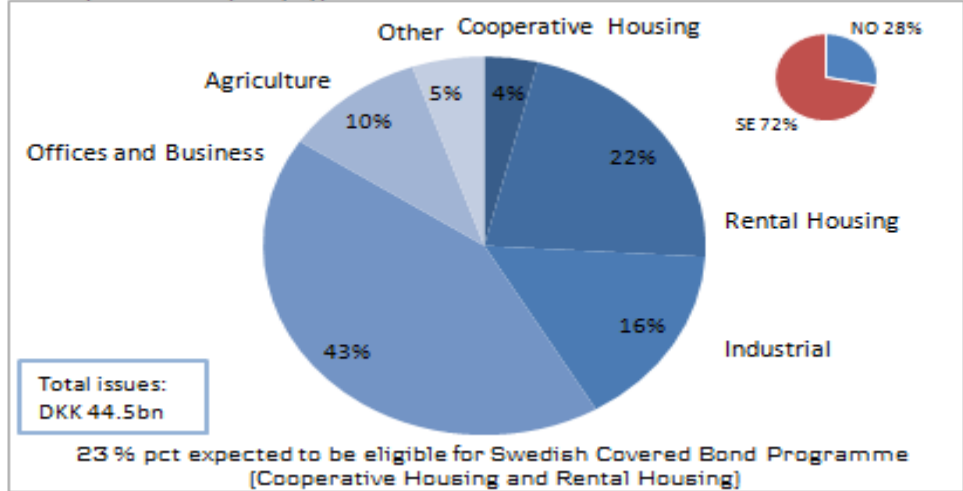
- We have ambitions to strengthen our market position in Norway and Sweden, and intend to adjust our covered bond funding structure accordingly.
- Our Swedish and Norwegian residential assets in Cover Pool 'I' will migrate into two pools: a) The Norwegian assets will remain in the I-pool, which in time will consist of only Norwegian assets and b) a new Swedish pool. Eligible assets from the C-pool may in time support the new Swedish pool.
- The Swedish pool will be managed by a newly established mortgage institution under Swedish law and will be operated as a domestic Swedish Covered Bond (CB) Programme with all that this entails in terms of governing law, tap issues, market making etc.
- This adjustment to our cover pools will bring our covered bond funding structure in line with that of our biggest Nordic peers, providing the best possible access to funding in both Scandinavian and international currencies.
- When fully migrated, the new setup will provide investors with clearly diversified alternatives from a transparent pool structure backed by either purely residential Norwegian assets (I-pool) or purely residential Swedish assets (Swedish CB programme). On top of this we will maintain the Combined pool consisting of both Norwegian and Swedish assets (C-pool).
- The D-pool and the Finnish pool are not affected by these changes.

Current asset mix in I- and C-pool

Cover pool I - Property type



Cover pool C - Property type



Consequences for I- and C-pool

I- and C-pool going forward

- Danske Bank will continue to originate mortgages eligible for the I-Pool and C-Pool going forward; both pools will remain active.
- Danske Bank expects the ratings of both the I-Pool and the C-Pool to remain unchanged (AAA/AAA by S&P/Fitch).
- The I-pool will gradually become a pure Norwegian pool as the Swedish assets are migrated into the Swedish CB programme. However, we expect that the I-pool will continue to include a share of Swedish assets at least until 2018.
- The C-pool, the “Combined Pool”, will remain a pool consisting of both Norwegian and Swedish assets and, at least until 2020, the C-pool will retain a significant share of Swedish residential-like assets. After 2020 eligible Swedish assets may migrate into the Swedish CB programme.
- The Swedish CB programme will to a high degree be focused on SEK funding. whereas the I-pool will be partly dedicated to NOK issues. Nonetheless, both pools will have the option to issue in other currencies.
- Danske Bank expects to continue to issue EUR covered bond benchmarks on a regular basis from both the I-pool and the C-pool.

Timing

- Timing is dependent on the establishment of the Swedish CB programme.
- Applications to the Swedish FSA are scheduled for the first half of 2016 and we will issue in SEK from the Swedish CB programme once ready, expected at the earliest in the beginning of 2017.
- The pace of adjustments to the compositions of the underlying assets in the I-Pool will follow the timing of issuance under the Swedish CB programme and respect the maturity profile of the outstanding I-Pool covered bonds.
- Subject to pool dynamics and market conditions, the current share of Swedish assets in the I-Pool allows for a migration of DKK 53 bn (issue-equivalent) by the end of 2018. This would imply that the I-Pool no longer contains Swedish assets after 2018.

Maturity profile of I- and C-pool outstanding bonds

(DKK bn)	I	C
Retained	19.4	13.5
2016	12.2	7.9
2017	9.0	4.0
2018	12.4	4.1
2019	11.7	7.5
2020	17.1	7.5
2020+	23.8	-
Total	106	44.5

Overview: Danske Bank Group Covered Bond Universe



- **Realkredit Danmark**, which has been a Covered Bond issuer since 1851
- Based on Danish legislation
- Specialized Mortgage Bank
- Fully-owned subsidiary in Danske Bank Group
- Primarily loans from Denmark
- Follows the “Specific Balance Principle”= matched funding
- Funding via daily tap issues in DKK through the Danish Market
- AAA/AA+ rating



- **Danske Bank A/S**, which has been a Covered Bond issuer since 2007
- Cover-Pools D, I and C
- Based on Danish legislation
- Loans from the Group’s banking activities in Denmark, Norway and Sweden
- Issued directly on the balance sheet
- Multiple Cover Pool set-up
- Follows the “General Balance Principle”
- Multi currency benchmarks and PP, € 30 bn Global Covered Bond programmeme
- AAA/AAA programme rating



- **Danske Bank PLC**, which has been a Covered Bond issuer since 2005
- Sampo Pankki changed name to Danske Bank Plc on 15 November 2012
- Based on Finnish Legislation
- Fully-owned subsidiary in the Danske Bank Group
- Issued directly on the balance sheet
- Only residential loans from Finland
- Funding through benchmarks and PP issues in EUR, € 10 bn Medium Term Note and Covered Bond programme
- Aaa programme rating



- **New Swedish CB programme**, which is to be a Covered Bond issuer from 2017
- Based on Swedish legislation
- Fully-owned subsidiary in Danske Bank Group
- Only loans from Sweden
- Funding via frequent tap issues in SEK through the Swedish Market supplemented by EUR benchmarks
- Expected AAA rating (rating agency to be determined)

Contacts



Christoffer Møllenbach
 Head of Group Treasury
 Direct: +45 45 14 63 60
 Mobile: +45 21 55 10 52
 E-mail: chm@danskebank.dk



Claus Ingar Jensen
 Head of IR
 Direct: +45 45 12 84 83
 Mobile: +45 25 42 43 70
 E-mail: clauj@danskebank.dk



Peter Holm
 Senior Vice President, Group Treasury
 Direct: +45 45 12 84 85
 Mobile: +45 20 98 50 45
 E-mail: holm@danskebank.dk



John Bäckman
 Chief IR Officer
 Direct: +45 45 14 07 92
 Mobile: +45 30 51 46 85
 E-mail: jbc@danskebank.dk



Bent Callisen
 First Vice President, Group Treasury
 Direct: +45 45 12 84 08
 Mobile: +45 30 10 23 05
 E-mail: call@danskebank.dk



Robin Hjelgaard Løfgren
 IR Officer
 Direct: +45 45 14 06 04
 Mobile: +45 24 75 15 40
 E-mail: rlf@danskebank.dk



Klaus Zacchi Rindholt
 First Vice President, Group Treasury
 Direct: +45 45 14 88 90
 Mobile: +45
 E-mail: klri@danskebank.dk



Louisa Grue Baruch
 IR Officer
 Direct: +45 45 13 92 34
 Mobile: +45 21 56 19 35
 E-mail: lobar@danskebank.dk

Appendix – current cover pools

The four Danske Bank cover pools - Overview	7
Cover Pool C	8
Cover Pool D	10
Cover Pool I	12

The four Danske Bank cover pools - Overview



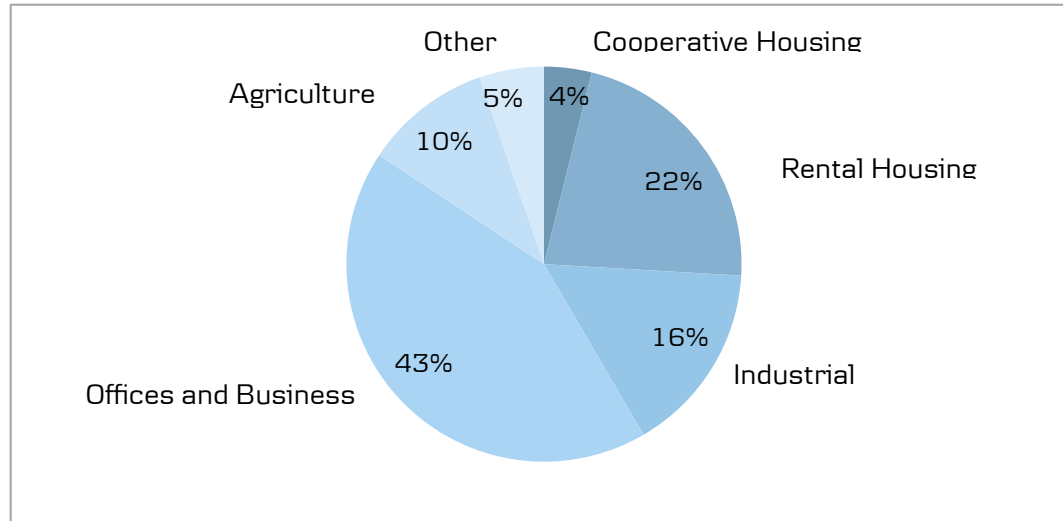
Characteristics	Cover Pool D	Cover Pool I	Cover Pool C	Danske Bank plc ¹
Pool notional	DKK 38.8bn (EUR 5.2bn equivalent)	DKK 121.5bn (EUR 16.3bn equivalent)	DKK 54.7bn (EUR 7.3bn equivalent)	DKK 47.5bn (EUR 6.4bn equivalent)
Number of Loans	67,965	131,953	6,626	94,827
Substitution collateral	0	0	0	0
Number of Borrowers	66,610	80,398	4,656	94,827
Total Value of Properties	DKK 157bn (EUR 21bn equivalent)	DKK 275bn (EUR 37bn equivalent)	DKK 132bn (EUR 18bn equivalent)	
Number of Properties	67,045	88,576	6,963	81.103
Average Loan Size	DKK 0.6m (EUR 80,000 equivalent)	DKK 0.9m (EUR 120,000 equivalent)	DKK 8.0m (EUR 1m equivalent)	DKK 0.51m (EUR 69th equivalent)
Average Property Value	DKK 2.3m (EUR 0.3m equivalent)	DKK 3.1m (EUR 0.4m equivalent)	DKK 19.0m (EUR 2.6m equivalent)	N/A
Property Type	100% owner-occupied	79% owner-occupied, 21% housing cooperatives	10% Agriculture, Forestry, Horticulture, 16% Industrial, 4% Cooperative Housing, 22% Rental Housing, 43% Retail, 5% Other	N/A
WA LTV (Indexed)	58.8%	58.44%	55.9%	54.8%
WA Seasoning	7.24 years	3.8 years	1.9 years	4.9 years
WA Remaining Term	22.7 years	31.7 years	3.9 years	15.4 years
Rate type	Floating rate	Floating rate	Floating rate	Fixed (12.1%), Floating (87.9%)
Geographical location	100% Denmark	51% Sweden, 49% Norway	72% Sweden, 28% Norway	100 % Finland
Issuance Notional	DKK 33.6bn (EUR 4.5bn equivalent)	DKK 105.9bn (EUR 14.2bn equivalent)	DKK 44.4bn (EUR 5.0bn equivalent)	DKK 37.3bn (EUR 5bn equivalent)
OC at cut-off date	14.8% (2% committed)	14.77% (2% committed)	27.5% (2% committed)	27.4% (2% committed)
Cut-off date	31 December 2015	31 December 2015	31 December 2015	31 December 2015
Rating (S&P/Fitch/Moody's)	AAA/AAA/-	AAA/AAA/-	AAA/AAA/-	- /- /Aaa

¹ Former Sampo Bank plc

Cover Pool C - International commercial/residential

Distribution of maturity and property type

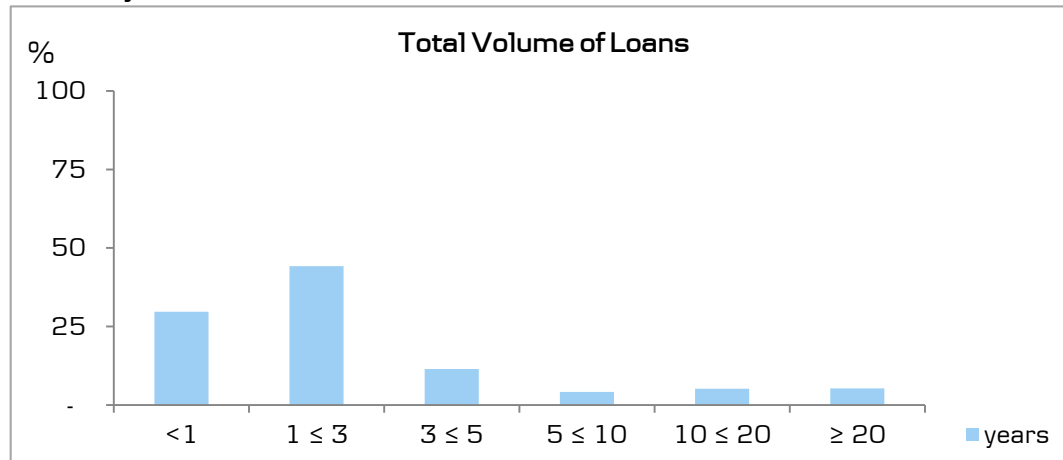
Property type



Key Points

- Cooperative housing: Apartment buildings owned by an association of tenants
- Rental housing: Apartment buildings with rent paying tenants
- Retail: Office buildings, mainly smaller stores
- Agriculture: Forestry, horticulture and mainly smaller farms
- Industrial: Craftsman, mainly smaller industrial buildings (special customer relation requirement)
- 36% of the pool is backed by housing properties and agricultural properties

Maturity



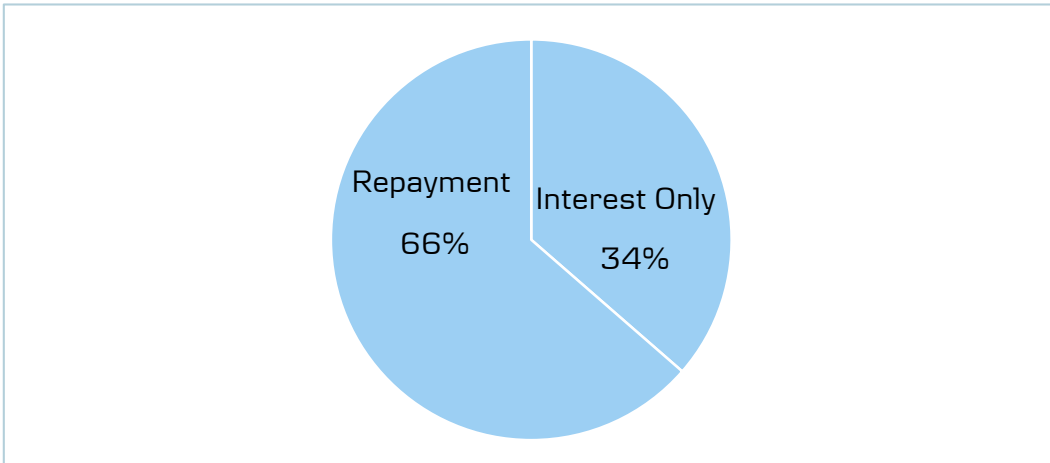
Key Points

- Mainly maturities in the shorter end
- 85% of volume mature in less than 5 years. The majority of these loans are to Retail properties
- 5% of volume run more than 20 years. These loans are overrepresented by Rental Housing and Agricultural properties

Cover Pool C - International commercial/residential

Distribution of loan size and Repayment profile

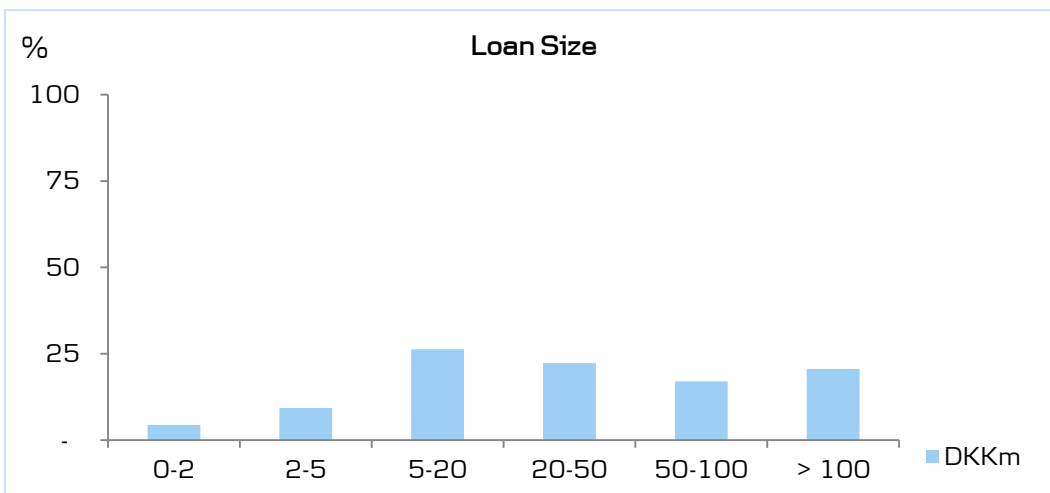
Repayment type



Key Points

- High proportion of loans are with amortisation
- The majority of the I/O loans are given to retail and rental housing properties. However, Cooperative Housing has a relative high proportion of I/O - 63% of these loans are I/O
- I/O loans only granted for LTV up to 50 %

Loan size



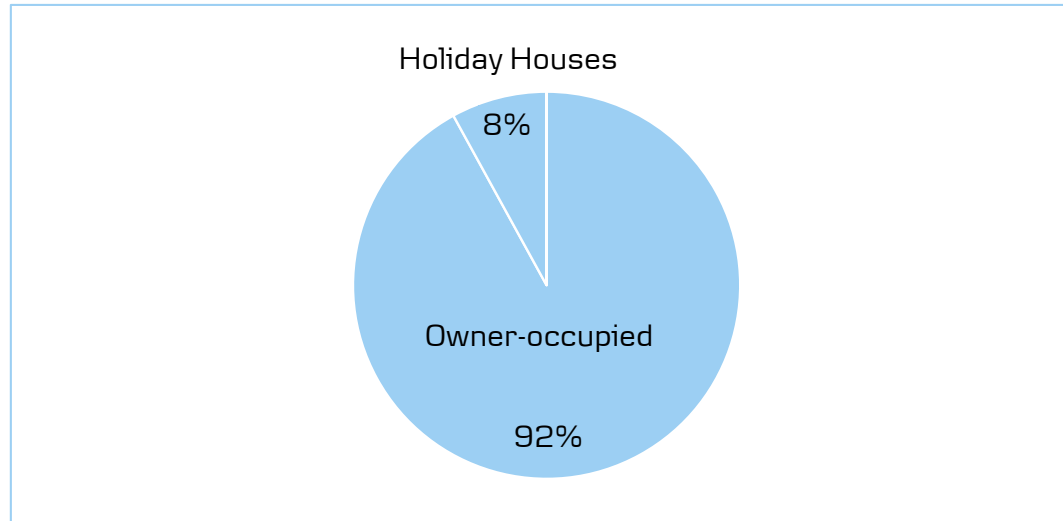
Key Points

- 73% of loans < 5 mill. DKK (0.67 mill. EUR) primarily to Agricultural, Retail and Industrial properties which are mainly owner occupied
- 3.0% loans > 50 mill. DKK (6.7 mill. EUR) primarily to Retail and Rental Housing which are mainly non-owner occupied
- Average LTV is 55.7 % -substantially lower than the residential pools
- 93 percent of loan volume is below 60 % LTV, and 72 % is below 40 % LTV

Cover Pool D – Domestic residential

Distribution of maturity and property type

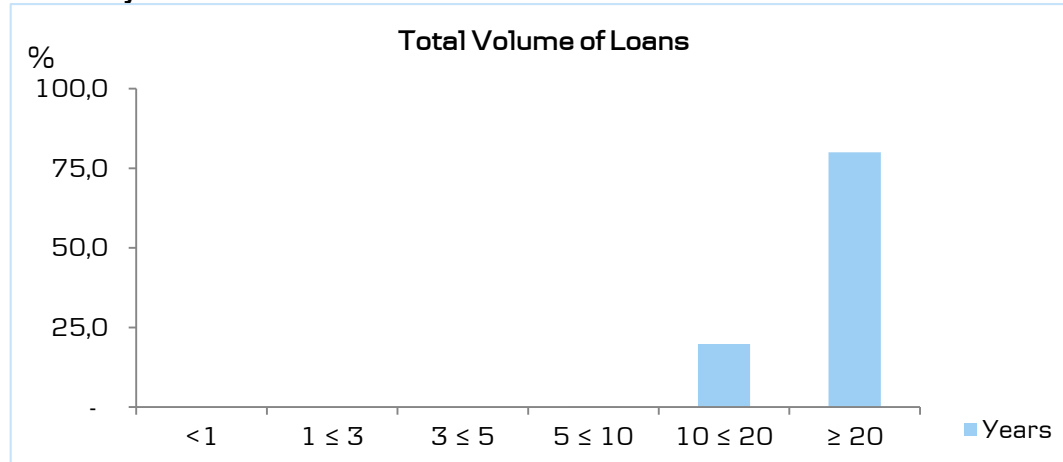
Property type



Key Points

- Offset mortgage loans (a current account interest rate linked to loan account)
- Loans are primarily targeted towards customers with available home equity
- High proportion of customers who have amortised existing loans
- Rating agencies have relatively low OC requirement
- 40% first lien / 60% second lien

Maturity



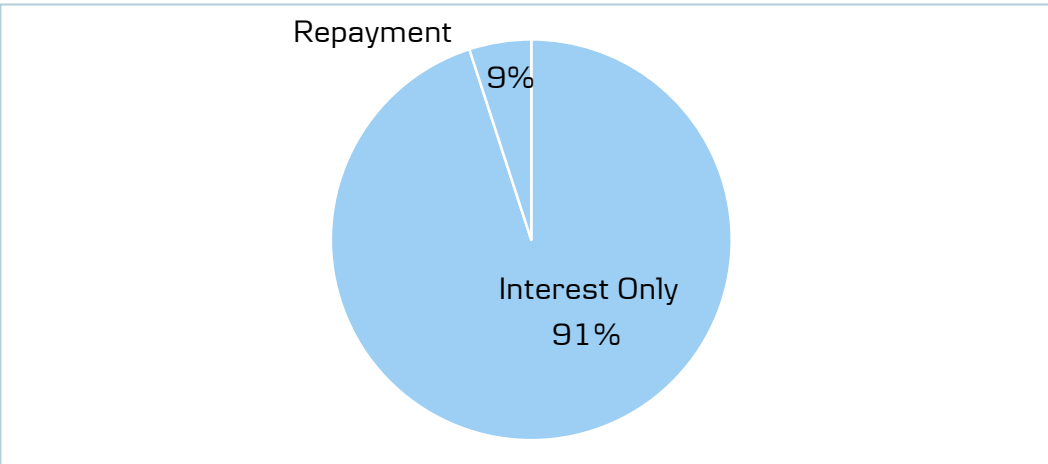
Key Points

- Maturities follow Danish standard for mortgage loan with the major part in the 20-30 year interval
- No loans above 30 years

Cover Pool D – Domestic residential

Distribution of loan size and Repayment profile

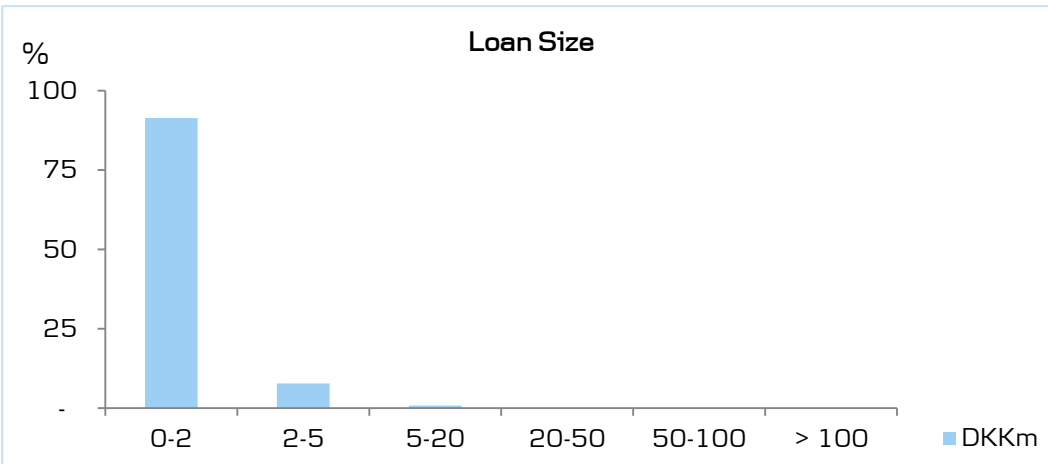
Repayment type



Key Points

- Mostly I/O loans – but only granted to high credit quality customers
- I/O period renegotiated after 10 years
- Average LTV is 58.8 % - a bit higher than cover pool I
- 80 % of loan volume is below 60 % LTV

Loan size



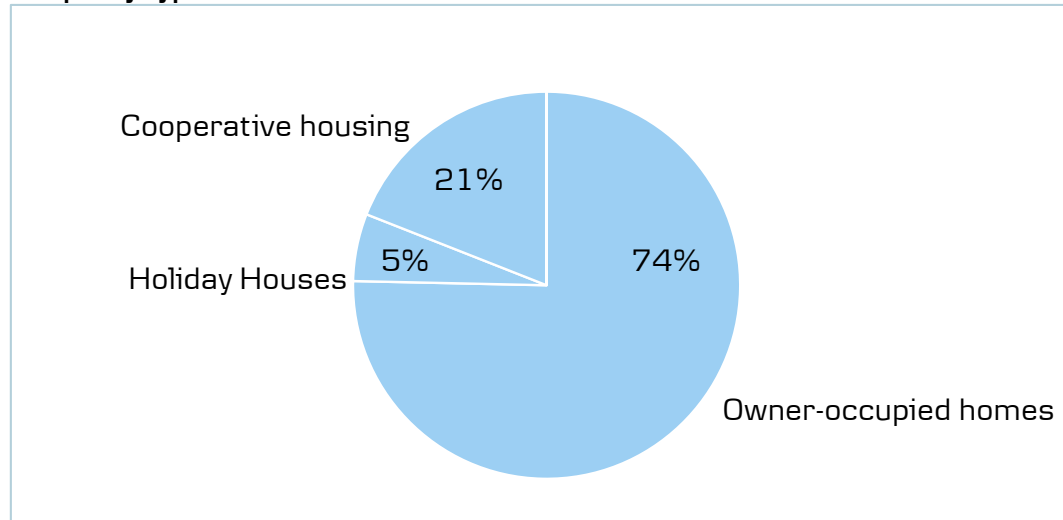
Key Points

- Average loans size is 80,000 EUR equivalent –the pool is quite granular.
- 99 % of the loans are below 5 mill. DKK (0.67 mill. EUR)
- Smaller size is due to the nature of product which is offered as complement to a Realkredit Danmark mortgage loan

Cover Pool I - International residential

Distribution of maturity and property type

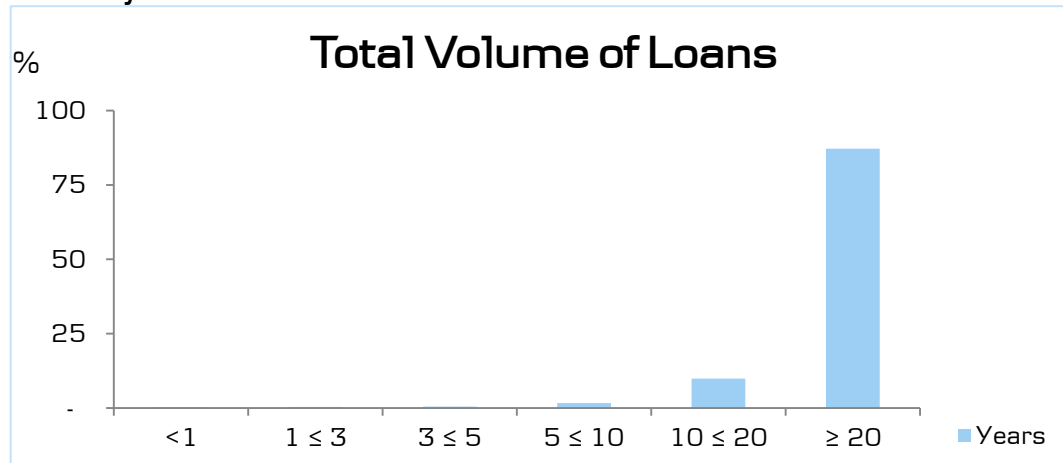
Property type



Key Points

- Geographically diversified cover pool - 49 % Norwegian properties and 21 % Swedish
- Floating rate loans either NIBOR/STIBOR based with fixing 3M - 10 Y or SVR
- Mostly owner-occupied residential housing
- Cooperative housing in Sweden is very common and replaces condominiums.

Maturity



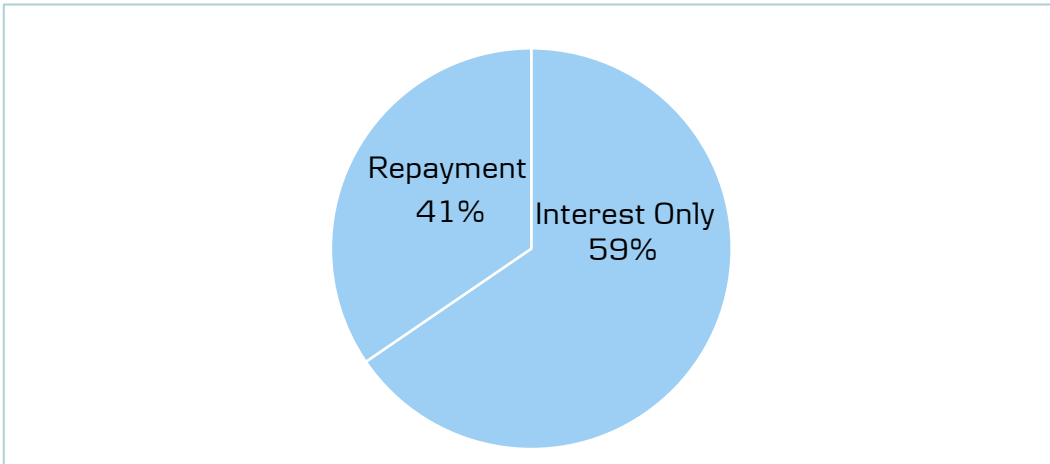
Key Points

- Up to 50 year legal maturity for Swedish home loans, 30 years for Norwegian, which is the market standard
- Home loan market in Sweden is very liquid and loans are typically refinanced often

Cover Pool I – International residential

Distribution of loan size and Repayment profile

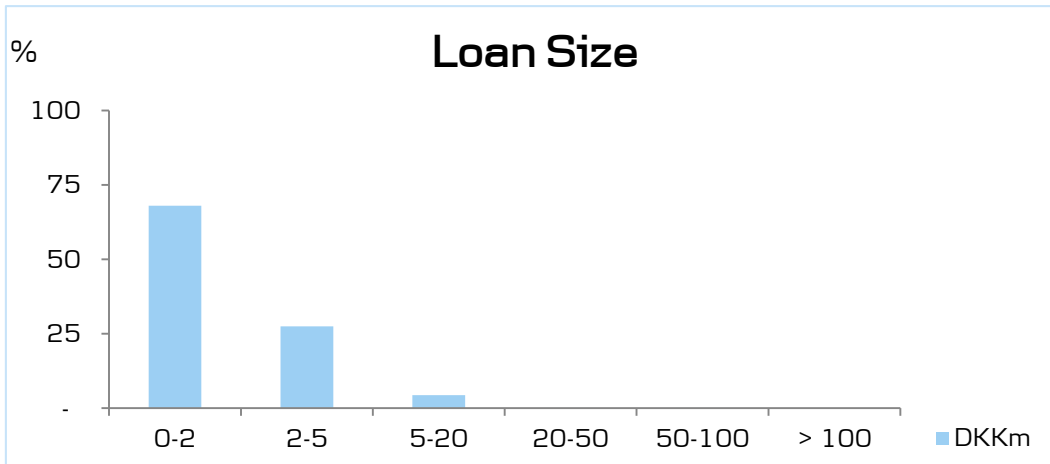
Repayment type



Key Points

- Relatively high proportion of loans with repayment for Norwegian loans.
- For Swedish loans interest only is more common

Loan size



Key Points

- Average loans size is 120,000 EUR equivalent which is the market standard
- 96 % of the loans are below 5 mill. DKK (0.67 mill. EUR)
- Average LTV is 58.4 %
- 90 % of loan volume is below 60 % LTV

Disclaimer



Important Notice

This presentation does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of Danske Bank A/S in any jurisdiction, including the United States, or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. The securities referred to herein have not been, and will not be, registered under the Securities Act of 1933, as amended (“Securities Act”), and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act.

This presentation contains forward-looking statements that reflect management’s current views with respect to certain future events and potential financial performance. Although Danske Bank believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors many of which are beyond Danske Bank’s control.

This presentation does not imply that Danske Bank has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.