

Financial results – first half 2018



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Executive summary: Mixed results for H1 2018

Stable macroeconomic environment supported continued lending growth of 2% y/y; good business momentum and growth from local partnership agreements

Geopolitical uncertainty and uncertainty regarding interest rates affected both C&I and Wealth Management negatively in terms of fee and trading income

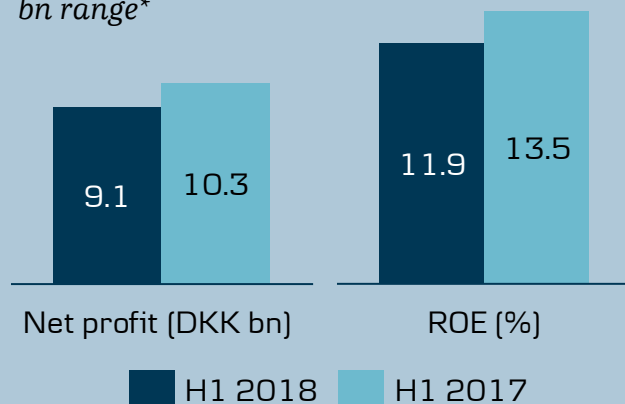
Expenses down 1% y/y; continued net impairment reversals in most markets

Management has decided to make gross income related to the Estonian AML case available for efforts combatting financial crime in the societies in which we operate



Financial results, H1 2018

- Net profit of DKK 9.1 bn, down 12% from H1 2017, which saw stronger trading activity
- ROE of 11.9%
- Strong capital position, with a CET1 capital ratio of 15.9% net of full share buy-back and short-term effect of SEB Pension Danmark acquisition
- 2018 outlook updated: Based on trading income in H1 2018, we currently expect net profit to be at the lower end of the DKK 18-20 bn range*



* The net profit outlook for 2018 is excluding any financial effects from waiving income from suspicious transactions in Estonia. The impact will be presented once conclusions from our internal investigations become available.

Net profit: DKK 9.1 bn, down 12% from H1 2017 when trading income was stronger

Income statement and key figures (DKK millions)

	H1 2018	H1 2017	Index	Q2 2018	Q1 2018	Index
Net interest income	11,824	11,649	102	5,878	5,946	99
Net fee income	7,547	7,747	97	3,786	3,762	101
Net trading income	2,502	4,147	60	1,066	1,435	74
Other income	461	843	55	152	309	49
Total income	22,334	24,385	92	10,881	11,452	95
Expenses	11,400	11,484	99	5,788	5,612	103
Profit before loan impairment charges	10,934	12,901	85	5,094	5,841	87
Loan impairment charges	-707	-466	-	-377	-330	-
Profit before tax, core	11,641	13,368	87	5,471	6,171	89
Profit before tax, Non-core	48	-45	-	16	32	50
Profit before tax	11,689	13,323	88	5,487	6,202	88
Tax	2,585	3,002	86	1,256	1,329	95
Net profit	9,104	10,321	88	4,231	4,873	87
Return on avg. shareholders' equity (%)	11.9	13.5		11.2	12.6	
Cost/income ratio (%)	51.0	47.1		53.2	49.0	
Common equity tier 1 capital ratio (%)	15.9	16.2		15.9	16.4	
EPS (DKK)	9.8	10.8	91	4.7	5.3	89
Lending (DKK bn)	1,748	1,707	102	1,748	1,737	101
Deposits and RD funding (DKK bn)	1,659	1,647	101	1,659	1,694	98
- of which deposits (DKK bn)	927	914	101	927	940	99
Risk exposure amount (DKK bn)	754	779	97	754	755	100

Key points, H1 2018 vs H1 2017

- Return on equity of 11.9%
- NII up 2% despite negative currency effect - lending up 2%
- Fee income down 3% from a strong level in H1 2017
- Trading down 40% from a high level last year due to uncertainty and challenging market conditions
- Expenses down 1%
- Net impairment reversals at most business units

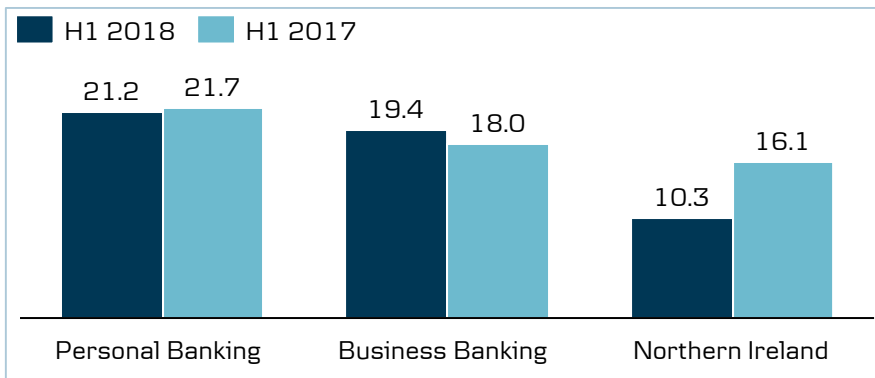
Key points, Q2 2018 vs Q1 2018

- NII down 1% due to currency effect, margin development and Non-core transfer*
- Fee income up 1%, driven mainly by C&I and Wealth Management
- Trading income subdued due to uncertainty in the markets
- Impairment reversals continued
- CET1 capital ratio of 15.9% and REA of DKK 754 bn
- Lending up 1% q/q

* Business Banking portfolio of local Baltic customers moved to the Non-core unit with effect from 1 April 2018

Banking units: Continued growth and positive development in credit quality

Pre-tax return on allocated capital (%)



Financial highlights, H1 2018 vs H1 2017

Personal Banking

- Total income down 4%, Krogsveen in Norway was sold in Q1
- Expenses down 6% due to Krogsveen sale and efficiency measures
- Lending up 2%, driven primarily by growth in Sweden and Norway

Business Banking

- Total income up 5%, reflecting higher NII
- Expenses up 4% due to regulatory costs and IT investments
- Lending up 1% with growth in all Nordic markets*

Northern Ireland

- Lending and NII up despite continued Brexit uncertainty
- Impairments driven by negative developments on a few cases in Q1

Income statement (DKK millions)

	Personal Banking			Business Banking			Northern Ireland		
	H1 2018	H1 2017	Index	H1 2018	H1 2017	Index	H1 2018	H1 2017	Index
Net interest income	3,886	3,926	99	4,686	4,380	107	736	692	106
Net fee income	1,716	1,731	99	940	948	99	201	228	88
Net trading income	302	310	97	310	310	100	41	44	93
Other income	201	384	52	288	274	105	6	6	100
Total income	6,104	6,351	96	6,224	5,913	105	984	970	101
Expenses	3,580	3,796	94	2,444	2,342	104	589	613	96
Profit before loan impairment charges	2,525	2,555	99	3,780	3,572	106	394	357	110
Loan impairment charges	-180	3	-	-451	-545	-	50	-130	-
Profit before tax	2,704	2,552	106	4,231	4,117	103	344	487	71
Lending (DKK bn)	766	748	102	697	687	101	49	46	106
Deposits and RD funding (DKK bn)	705	680	104	571	570	100	63	59	107
- of which deposits (DKK bn)	288	275	105	246	252	98	63	59	107

* Total lending grew 3% y/y adjusted for the move of the Baltic portfolio to Non-core

C&I and Wealth Management: Difficult market conditions affected fee and trading income

Corporates & Institutions: Financial highlights, H1 18 vs H1 17

- Fee income down 3% owing to a decline in event-driven activity, mainly in Corporate Finance and Equities
- Trading income reflects challenging market conditions at FICC due to uncertainty regarding interest rates and geopolitical events
- Expenses down 3% due to efficiency gains and lower performance-based compensation
- Net reversals in Q2 after small charge in Q1

Wealth Management: Financial highlights, H1 18 vs H1 17

- Assets under management up 10%, owing mainly to the acquisition of SEB Pension Danmark (DKK 102 bn of AuM)
- Net sales at Asset Management of a negative DKK 3.5 bn in H1 2018, against a positive 11.1 bn in H1 2017
- Net premiums of DKK 22.9 bn at Danica (DKK 20.4 bn in H1 2017), of which DKK 0.9 bn at SEB Pension Danmark*
- Fee income down 2% due to fewer product launches
- The Health & Accident business results lowered both trading income (investment result) and other income (risk result)
- Expenses up 5%, mainly due to increased regulatory costs and ordinary operating expenses of SEB Pension Danmark

Corporates & Institutions: Income statement (DKK millions)

	H1 2018	H1 2017	Index
Net interest income	1,824	1,692	108
Net fee income	1,417	1,467	97
Net trading income	1,496	3,002	50
Other income	9	1	-
Total income	4,746	6,162	77
Expenses	2,263	2,339	97
Profit before loan impairment charges	2,483	3,822	65
Loan impairment charges	-85	248	-
Profit before tax	2,568	3,574	72
Pre-tax return on allocated capital (%)	15.9	19.2	
Lending (DKK bn)	181	183	99
Deposits (DKK bn)	260	259	100

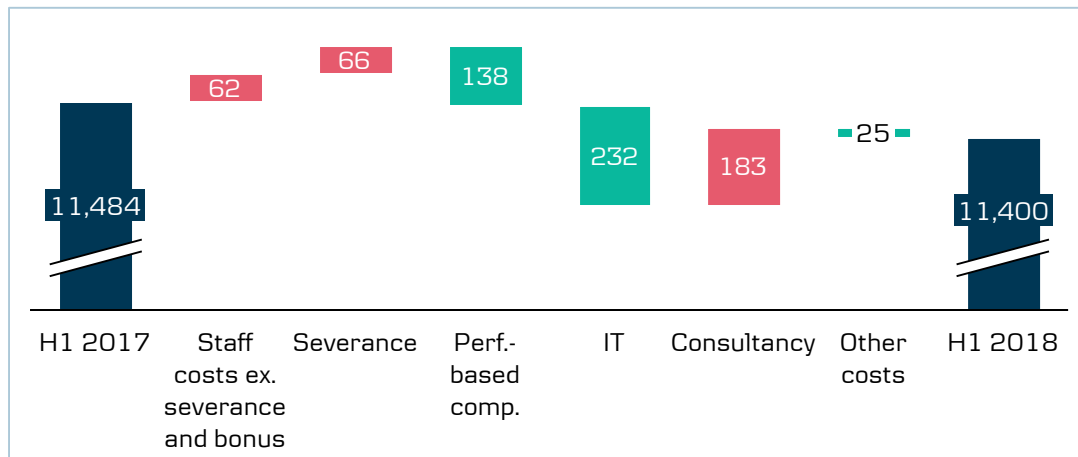
Wealth Management: Income statement (DKK millions)

	H1 2018	H1 2017	Index
Net interest income	366	356	103
Net fee income	3,423	3,510	98
Net trading income	16	204	8
Other income	-47	97	-
Total income	3,758	4,168	90
Expenses	2,144	2,035	105
Profit before loan impairment charges	1,613	2,132	76
Loan impairment charges	-33	-45	-
Profit before tax	1,646	2,177	76
Pre-tax return on allocated capital (%)	24.3	31.2	
Lending (DKK bn)	77	74	105
Deposits (DKK bn)	71	67	107
Assets under management (DKK bn)	1,648	1,493	110

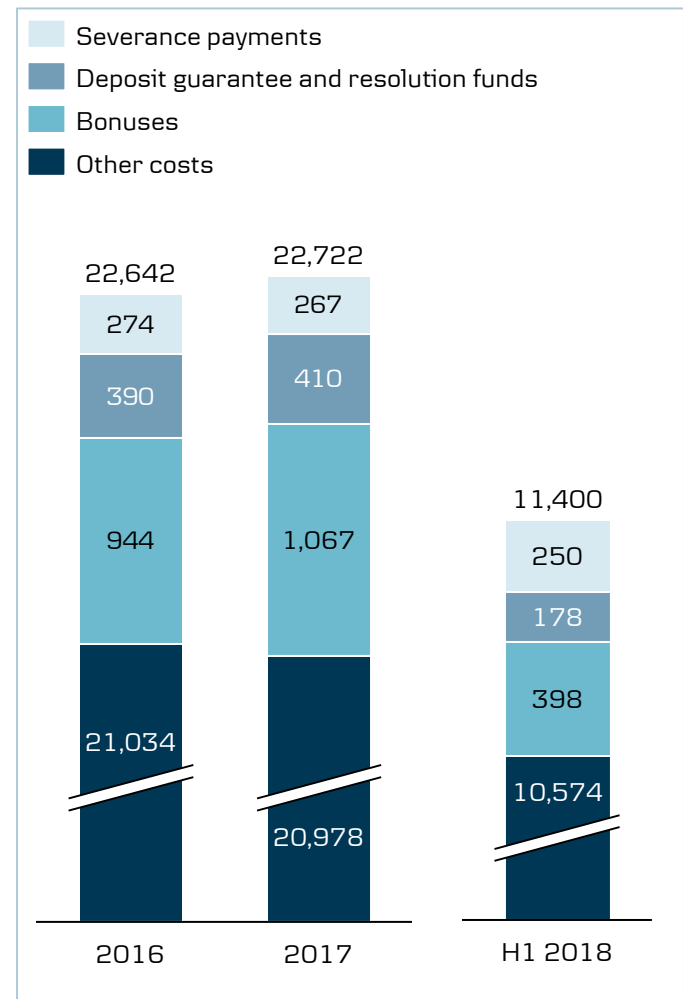
* The SEB Pension Danmark acquisition was finalised on 7 June 2018

Expenses: Slightly down y/y due to lower activity-related costs; efficiency measures partly offset by regulatory compliance costs

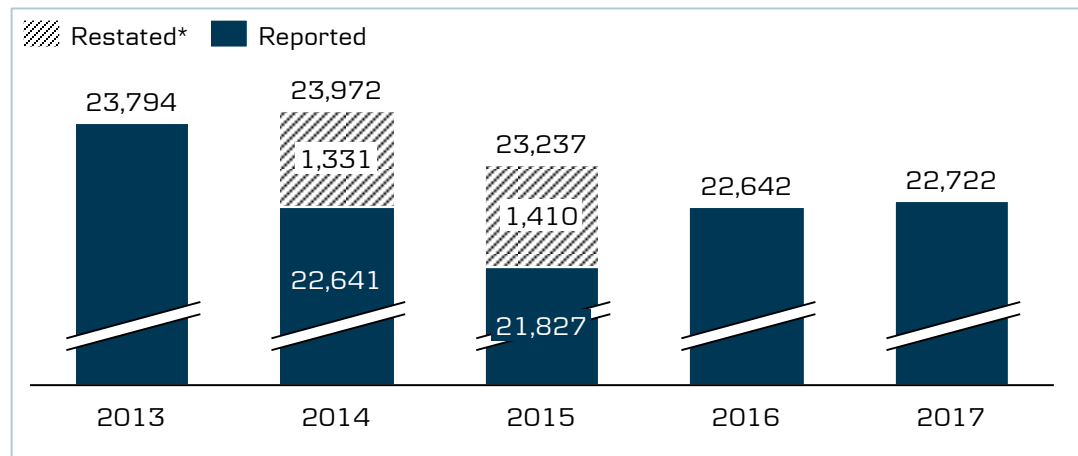
Change in expenses (DKK millions)



Total expenses (DKK millions)



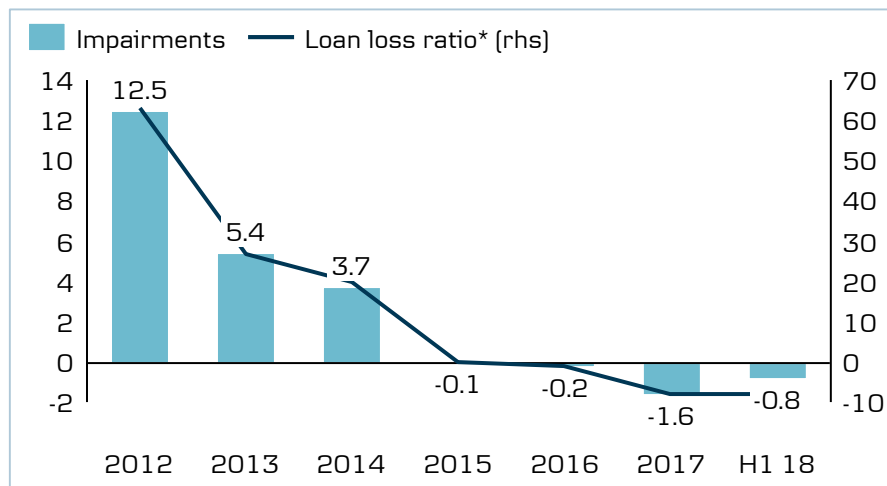
Total expenses excl. goodwill charge, 2013-2017 (DKK millions)



* Expenses for 2014 and 2015 are restated to reflect the new Wealth Management unit.

Impairments: Net reversals at most business units

Group impairments,* 2012 to H1 2018 (DKK billions/bp)



Impairment drivers, Q2 2018 vs Q1 2018

- Net reversals at all business units, but especially at Business Banking
- Stable macroeconomic conditions in all Nordic countries continue to benefit credit quality
- Impairments in Northern Ireland showed a net reversal after single name-driven charge in Q1 2018
- Non-core: Continued reversals and work-outs in Non-core banking. From 1 April 2018, Non-core banking includes Baltic commercial customers and public institutions transferred from Business Banking

Impairments (DKK millions)

	H1 2018	H1 2017	Q2 2018	Q1 2018
Personal Banking	-180	3	-80	-100
Business Banking	-451	-545	-179	-272
C&I	-85	248	-88	3
Wealth Management	-33	-45	-17	-16
Northern Ireland	50	-130	-12	62
Other activities	-8	3	-2	-7
Total core	-707	-466	-377	-330
Non-core	-126	-7	-48	-79
Group	-833	-473	-425	-409

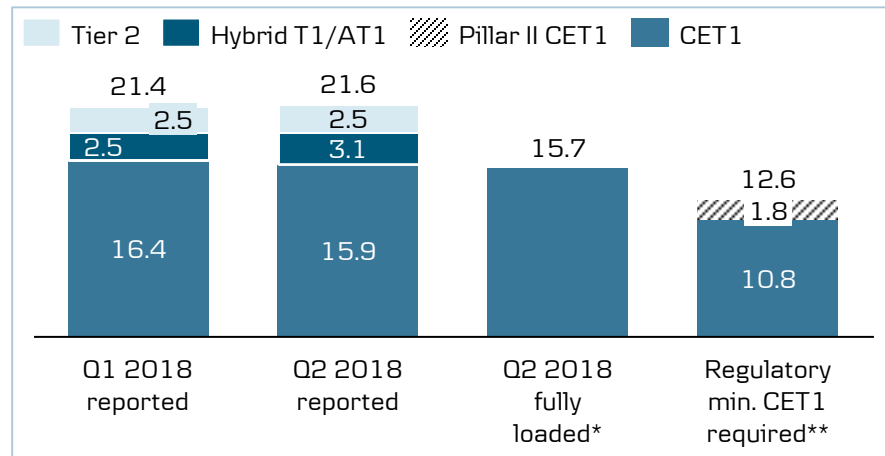
Loan loss ratio,** annualised (bp)

	H1 2018	H1 2017	Q2 2018	Q1 2018
Personal Banking	-5	0	-4	-5
Business Banking	-13	-16	-10	-15
C&I	-4	12	-17	0
Wealth Management	-8	-12	-9	-8
Northern Ireland	22	-58	-10	53
Other activities	-94	18	-37	15
Total core	-7	-5	-8	-7
Non-core	-200	3	-402	-661
Group	-8	-5	-9	-8

* Includes Non-core **The loan loss ratio is defined as annualised quarterly impairment charges as a percentage of loans and guarantees.

Capital: Strong capital base; CET1 capital ratio of 15.9% net of effect of SEB Pension Danmark acquisition

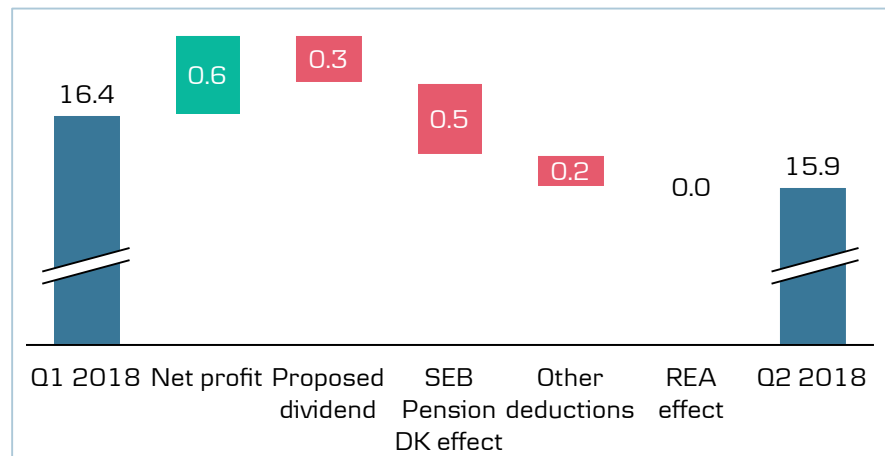
Capital ratios, under Basel III/CRR (%)



Capital highlights, Q2 2018

- CET1 effect from SEB Pension Danmark acquisition of 0.5% in Q2, to be mitigated upon optimised capital structure
- Pillar II add-on increased by DKK 5 bn for compliance and reputational risks following the Danish FSA's orders of 3 May
- CET1 target unchanged to be in the range of 14-15%. Total capital ratio target revised to be above 19% following a reassessment of the solvency need
- Leverage ratio of 4.3% under transitional rules and 4.2% under fully phased-in rules
- Other deductions to CET1: Danica Pension deductions for increased risk taking and reduced buffers for conventional products

CET1 capital ratio, Q1 2018 to Q2 2018 (%)



Total REA, Q1 2018 to Q2 2018 (DKK billions)



* Adjusted for remaining impact of CRD IV and IFRS 9. ** Pro forma fully phased-in min. CET1 requirement in 2019 of 4.5%, capital conservation buffer of 2.5%, SIFI requirement of 3%, countercyclical buffer of 0.8% and CET1 component of Pillar II requirement. Note: Pillar II requirement is not relevant for the purpose of MDA.

*2018 outlook updated: Based on trading in H1 2018, we currently expect net profit at the lower end of the range of DKK 18-20 bn**

Net interest income

We expect net interest income to be higher than in 2017, as we will benefit mainly from volume growth

Net fee income

Revised: Net fee income is expected to remain strong, including the effect of the acquisition of SEB Pension Danmark and subject to customer activity

Previously: Net fee income is expected to remain strong, subject to customer activity

Expenses

Revised: Expenses are expected to be higher than in 2017, due mainly to the effect of the acquisition of SEB Pension Danmark

Previously: Expenses are expected to be slightly higher than in 2017

Impairments

Revised: Loan impairments are expected to remain at a low level

Previously: Loan impairments are expected to be higher, but still at a low level. Loan impairments will be based on the new expected credit loss impairment model in IFRS 9

Net profit

Revised: We expect net profit for 2018 to be in the range of DKK 18-20 bn.* Based on trading income in H1 2018, we currently expect net profit to be at the lower end of the range.

Previously: We expect net profit for 2018 to be in the range of DKK 18-20 bn

New financial target

Our longer-term ambition is to rank in the top three among major Nordic peers** in terms of ROE

Note: This guidance is subject to uncertainty and depends on economic conditions, including developments in monetary policy at central banks.

* The net profit outlook for 2018 is excluding any financial effects from waiving income from suspicious transactions in Estonia. The impact will be presented once conclusions from our internal investigations become available.

** DnB, Handelsbanken, Nordea, SEB, Swedbank

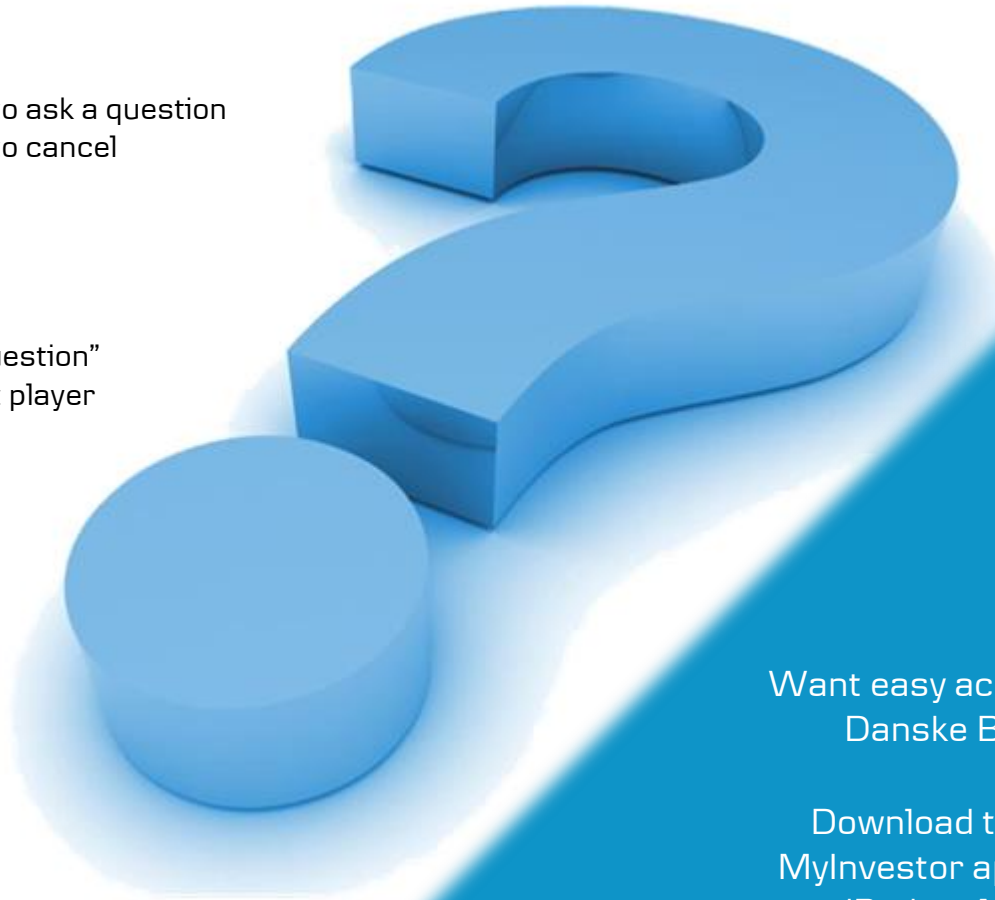
Q&A session



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Appendix

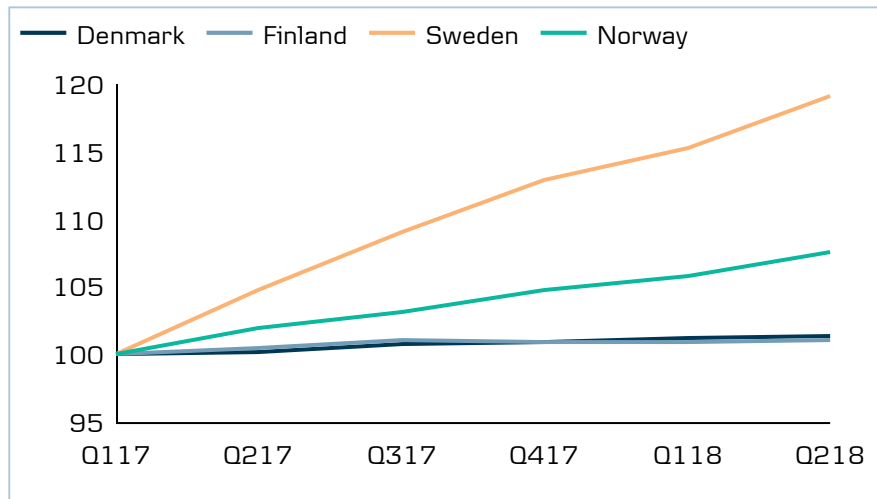
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Personal Banking: PBT down 18% in Q2, regulatory compliance increases costs; growth in Sweden and Norway continues

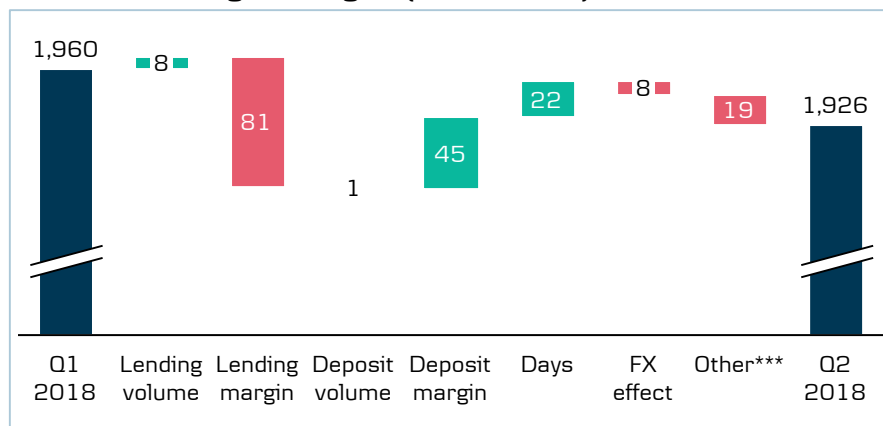
Income statement and key figures (DKK millions)

	Q2 2018	Q1 2018	Index
Net interest income	1,926	1,960	98
Net fee income	858	859	100
Net trading income	106	195	54
Other income	72	129	56
Total income	2,962	3,142	94
Expenses	1,822	1,757	104
Profit before loan impairment charges	1,140	1,385	82
Loan impairment charges	-80	-100	-
Profit before tax	1,219	1,485	82
Lending (DKK bn)	766	759	101
Deposits and RD funding (DKK bn)	705	688	102
Deposits (DKK bn)	288	277	104

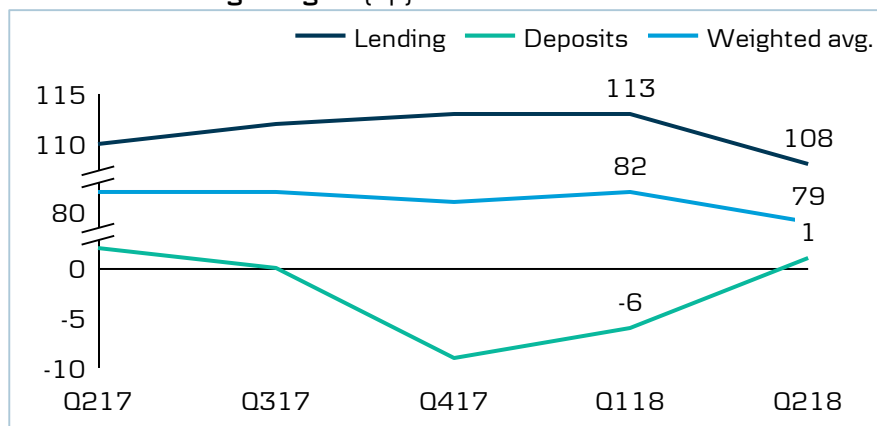
Lending volume by country* (Q1 2017 = Index 100)



Personal Banking NII bridge** (DKK millions)



Personal Banking margins (bp)



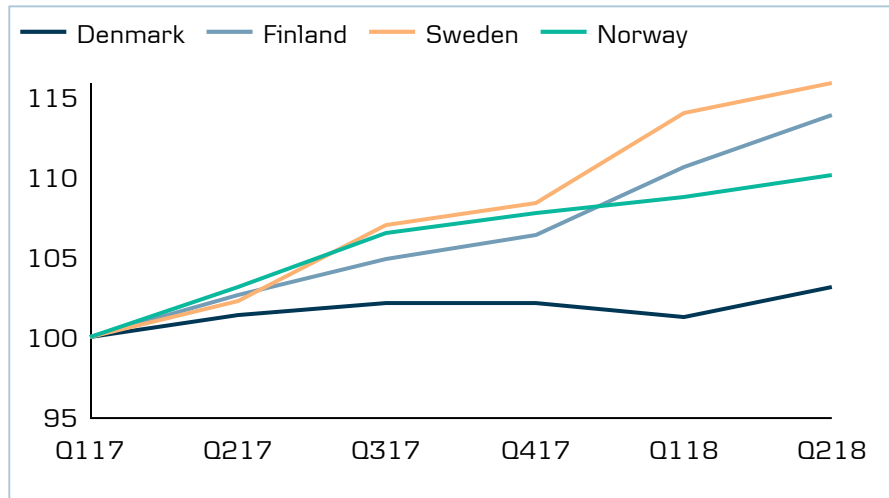
* Based on local currency lending volumes. ** Based on average volumes. *** Includes capital costs and off-balance-sheet items.

Business Banking: Profit before tax down 9% in Q2; growth in all Nordic countries excluding FX

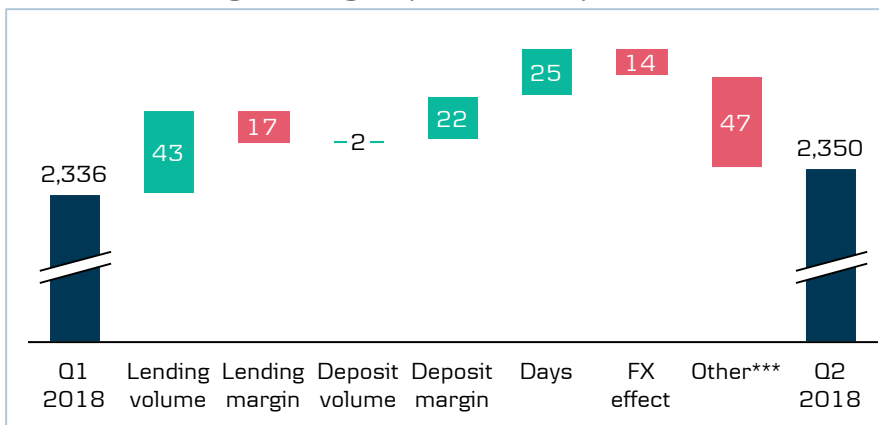
Income statement and key figures (DKK millions)

	Q2 2018	Q1 2018	Index
Net interest income	2,350	2,336	101
Net fee income	447	494	90
Net trading income	133	176	76
Other income	142	146	97
Total income	3,072	3,152	97
Expenses	1,231	1,213	101
Profit before loan impairment charges	1,841	1,939	95
Loan impairment charges	-179	-272	-
Profit before tax	2,020	2,211	91
Lending (DKK bn)****	697	702	99
Deposits and RD funding (DKK bn)	571	579	99
Deposits (DKK bn)	246	248	99

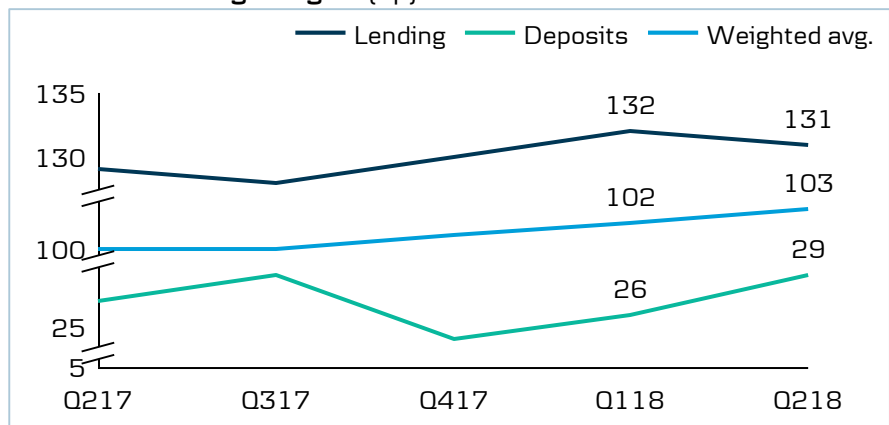
Lending volume by country* (Q1 2017 = Index 100)



Business Banking NII bridge** (DKK millions)



Business Banking margins (bp)



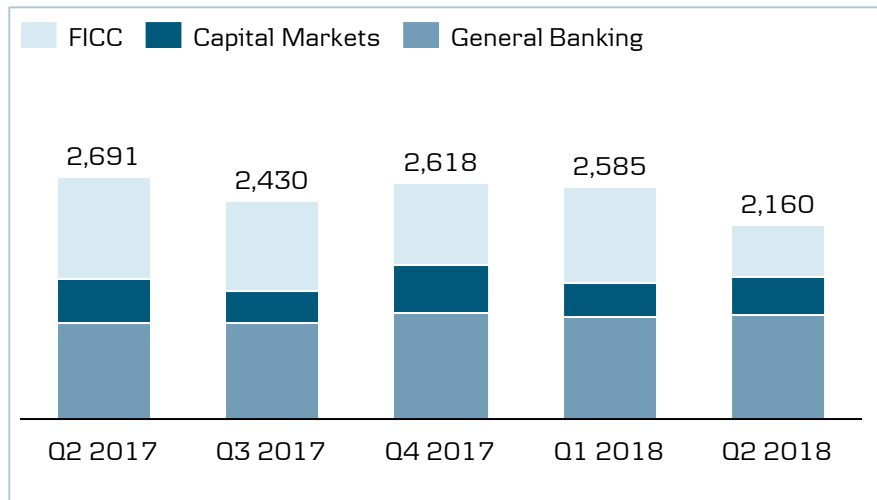
* Based on local currency lending volumes. ** Based on average volumes. *** Includes capital costs and off-balance-sheet items as well as the transfer of the Baltic portfolio to Non-core (DKK -56m). **** Adjusting for the move of the Baltic portfolio to Non-core, lending grew 1% q/q.

Corporates & Institutions: Profit before tax down 20% q/q due to significantly lower trading income; expenses down

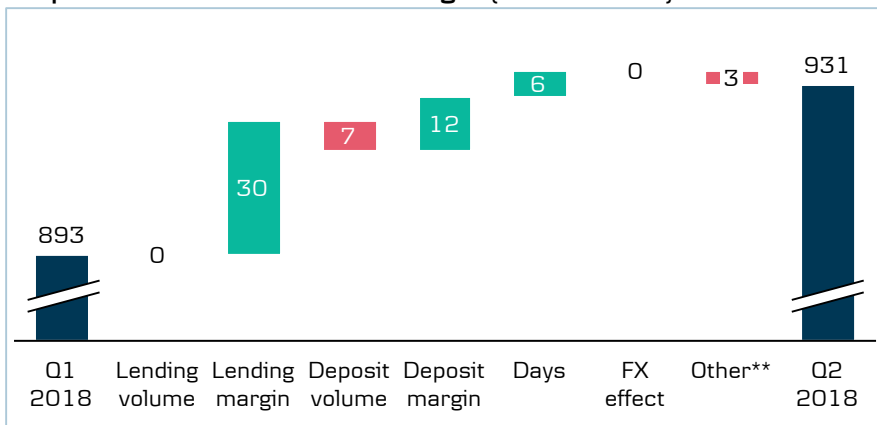
Income statement and key figures (DKK millions)

	Q2 2018	Q1 2018	Index
Net interest income	931	893	104
Net fee income	726	690	105
Net trading income	497	999	50
Other income	6	3	200
Total income	2,160	2,585	84
Expenses	1,109	1,154	96
Profit before loan impairment charges	1,051	1,431	73
Loan impairment charges	-88	3	-
Profit before tax	1,139	1,429	80
Lending (DKK bn)	181	175	103
Deposits (DKK bn)	260	290	90

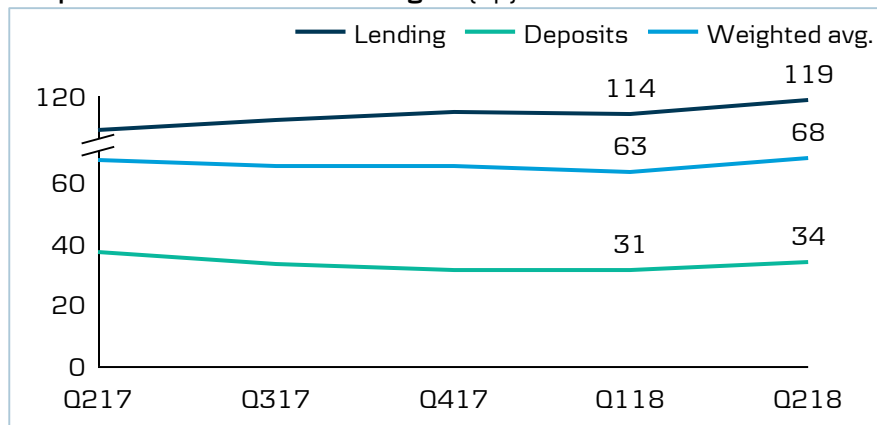
Income breakdown (DKK millions)



Corporates & Institutions NII bridge* (DKK millions)



Corporates & Institutions margins (bp)



* Based on average volumes. ** Includes capital costs and off-balance-sheet items.

Wealth Management: Profit before tax down 13% q/q, acquisition of SEB Pension Danmark adds DKK 102 bn to AuM

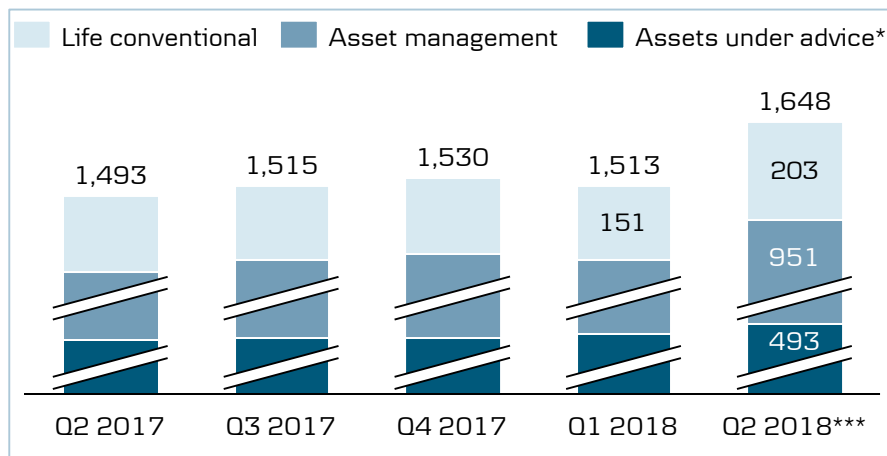
Income statement and key figures (DKK millions)

	Q2 2018	Q1 2018	Index
Net interest income	187	179	104
Net fee income	1,722	1,701	101
Net trading income	34	-19	-
Other income	-63	16	-
Total income	1,880	1,877	100
Expenses	1,130	1,015	111
Profit before loan impairment charges	751	863	87
Loan impairment charges	-17	-16	-
Profit before tax	768	878	87
Lending (DKK bn)	77	76	102
Deposits (DKK bn)	71	68	105
Allocated capital (average, DKK bn)	135	135	100
Pre-tax return on allocated capital (%)	22.7	26.0	
AuM (DKK bn)	1,648	1,513	109
- Life conventional (Traditional)	203	151	134
- Asset management (Unit-linked)	951	890	107
- Assets under advice*	493	472	104

Key points, Q2 2018 vs Q1 2018

- Assets under management up 9%. Excluding DKK 102 bn from the acquisition of SEB Pension Danmark, AuM was up 2% q/q
- Net sales for Asset Management of a negative DKK 4.3 bn (Q1: DKK 0.8 bn inflow) due to an outflow of institutional clients
- Net premiums of DKK 10.0 bn at Danica (Q1: DKK 12.9 bn), including DKK 0.9 bn in premiums from SEB Pension Danmark**
- Fee income up 1%, including the effect from the SEB Pension Danmark acquisition**
- Other income down due to low risk result in Health & Accident
- Operating expenses up 11%, primarily due to the acquisition of SEB Pension Danmark**

AuM breakdown (DKK billions)

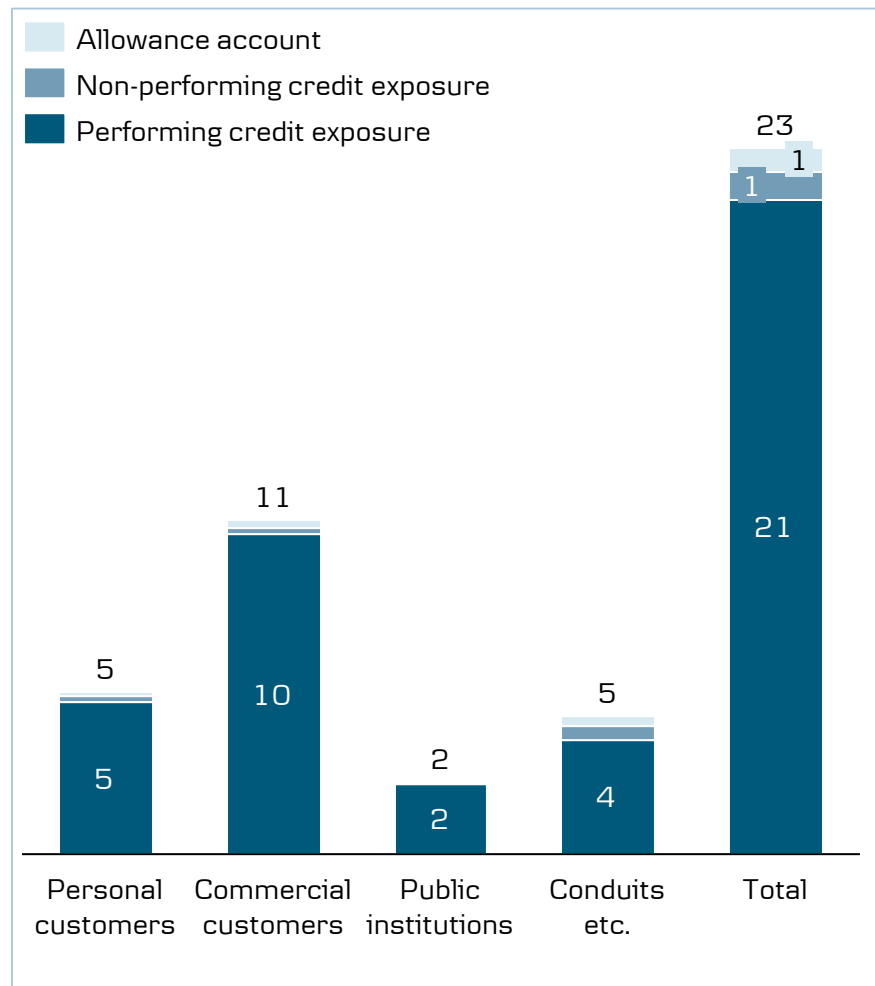


* Assets under advice from personal, business and private banking customers, where the investment decision is taken by the customer.

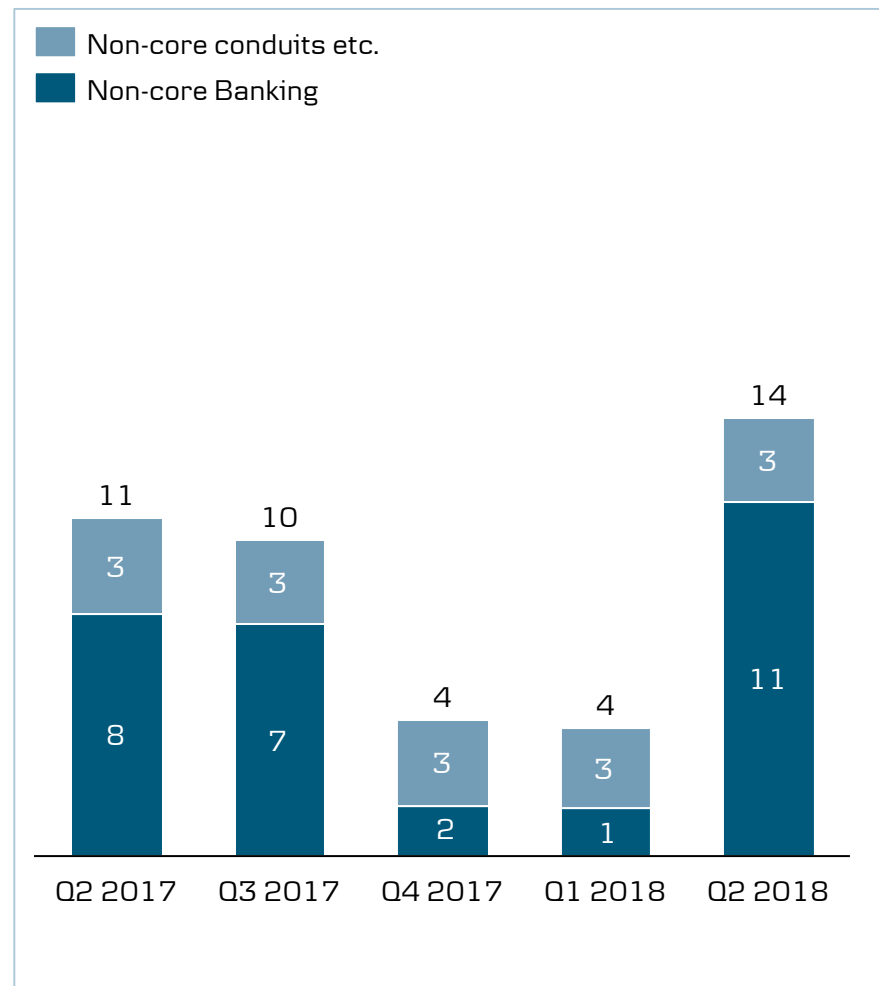
** The SEB Pension Danmark acquisition was finalised on 7 June 2018. *** Includes AuM from SEB Pension Danmark from Q2 2018 (Q2 2018 effect: DKK 102 bn).

Non-core: Deleveraging ongoing; Transfer of portfolio from BB Baltics in Q2 totalling a net credit exposure of DKK 14.6 billion

Non-core loan portfolio, Q2 2018 (DKK billions)

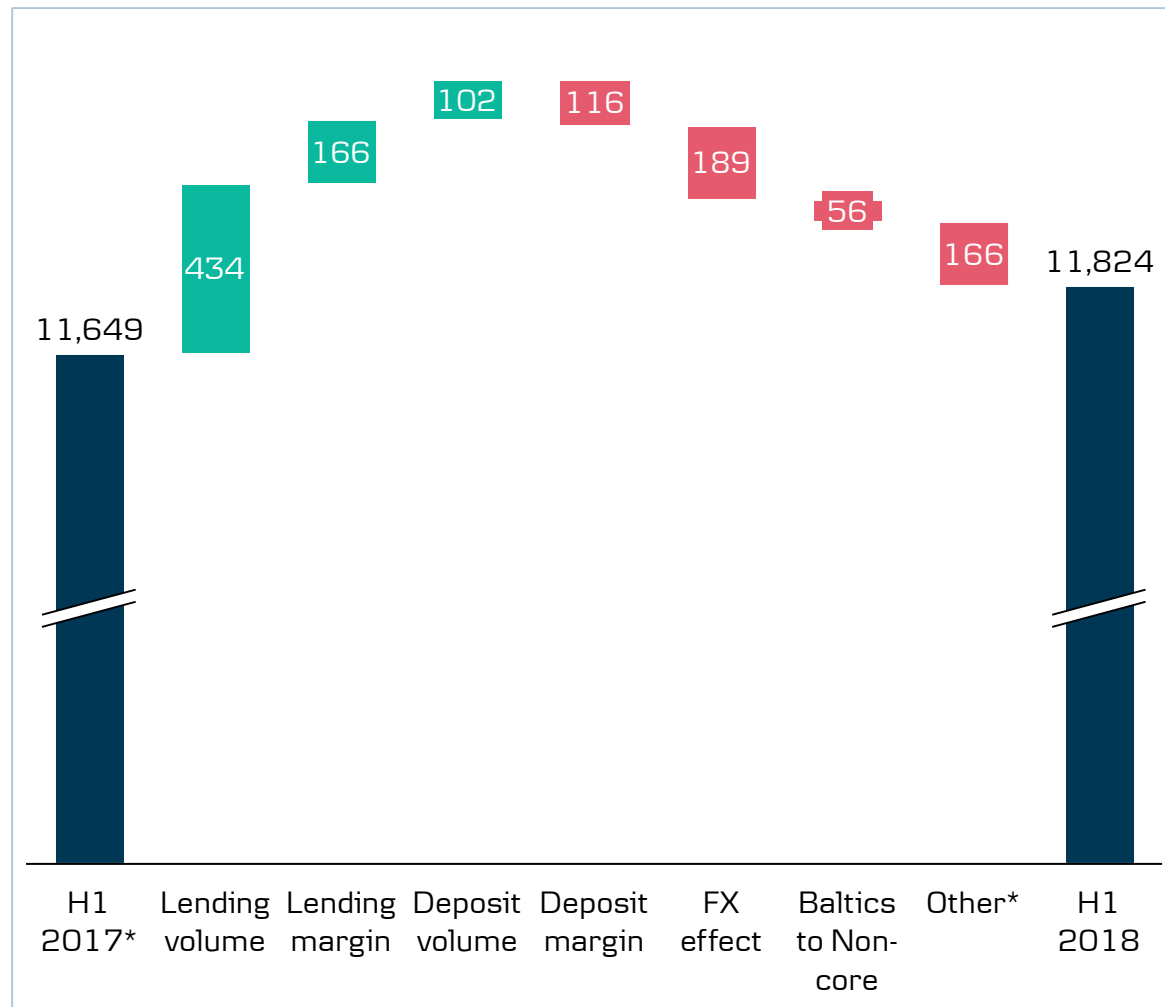


Non-core REA (DKK billions)



Net interest income: Up 3% y/y adjusted for FX effect

Change in net interest income (DKK millions)



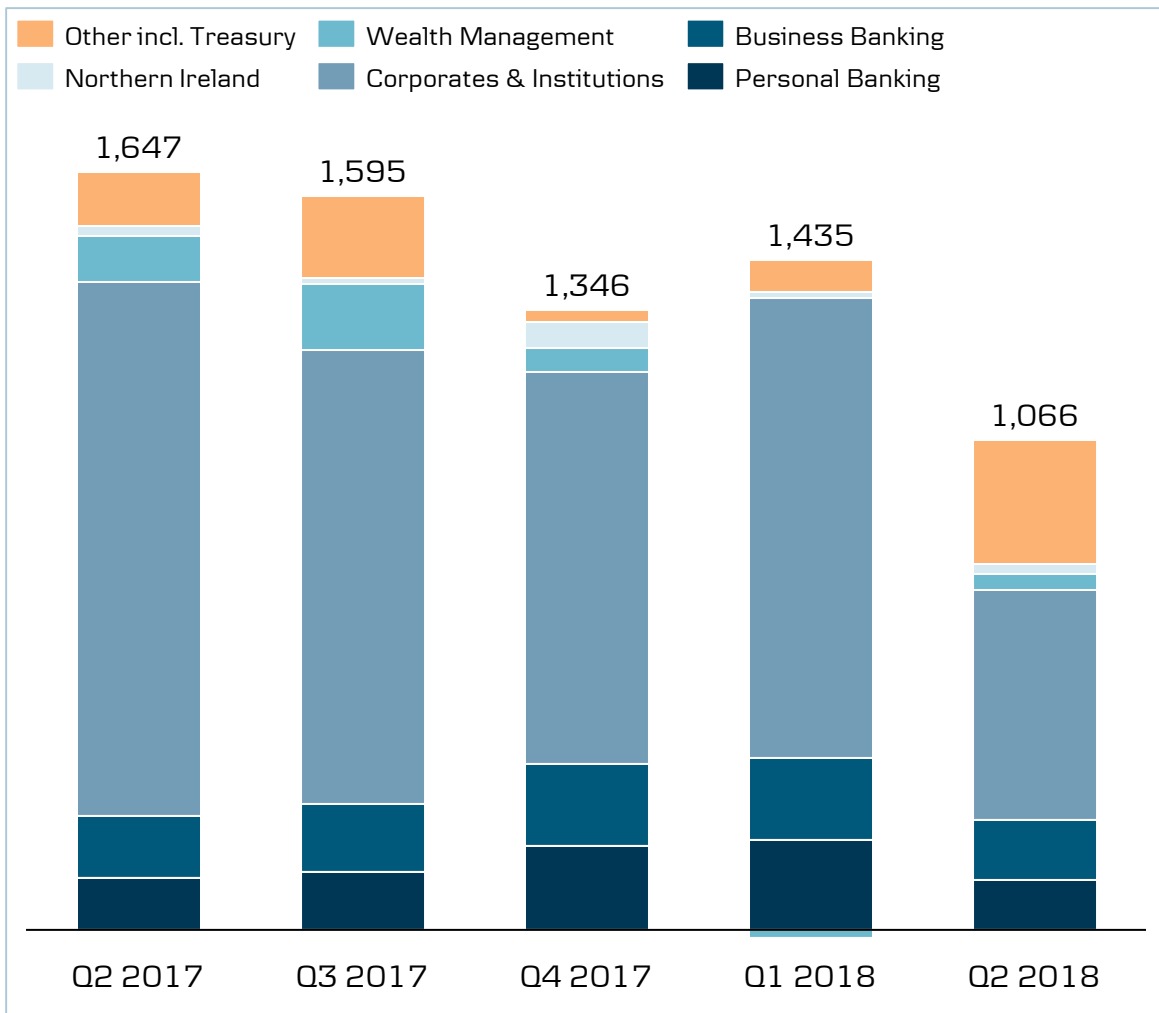
Comments

- NII Other includes and is impacted by:
 - differences at the Internal Bank between actual and allocated funding costs (FTP)
 - income related to the Group's liquidity portfolio
 - actual liquidity cost at the Internal Bank
 - deposit floor effect from changed FTP
- In Q4 2017, around DKK 70 m was moved from trading income to NII to align the FTP setup for floored loans across the Group. The full-year impact for 2018 is expected to be around DKK 280 m

* Note that net interest income has been restated after aligning the presentation of customer income on derivatives in FICC, moving income from trading to NII and fees. Further, the transfer of the Baltic portfolio to Non-core (DKK -56m) is included in Other.

Trading income: At a low level owing to challenging market conditions

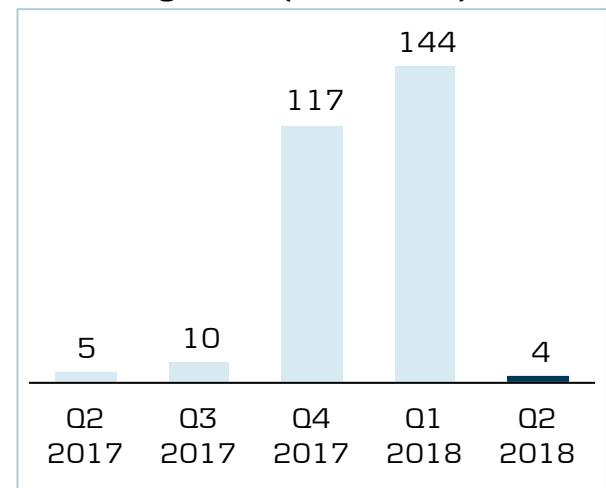
Trading income by business unit* (DKK millions)



Key points, Q2 2018 vs Q1 2018

- Trading income was down 26% from a low level in Q1
- Trading income was adversely affected by challenging market conditions, in particular in FICC
- The elimination of own shares improved trading income in Other Activities
- FlexLån[®] loan auctions resulted in refinancing income of DKK 4 m in Q2 2018

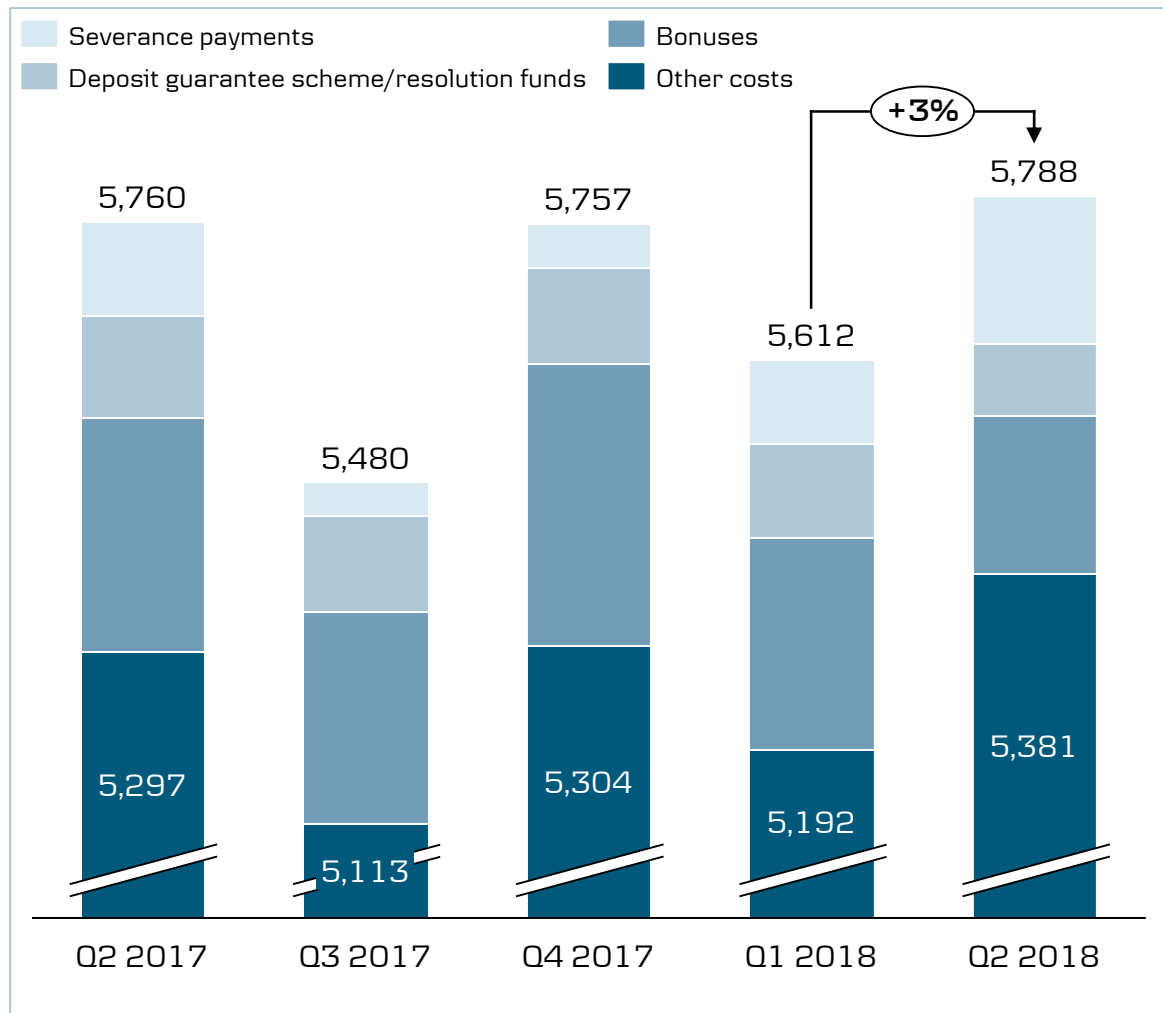
Refinancing income (DKK millions)



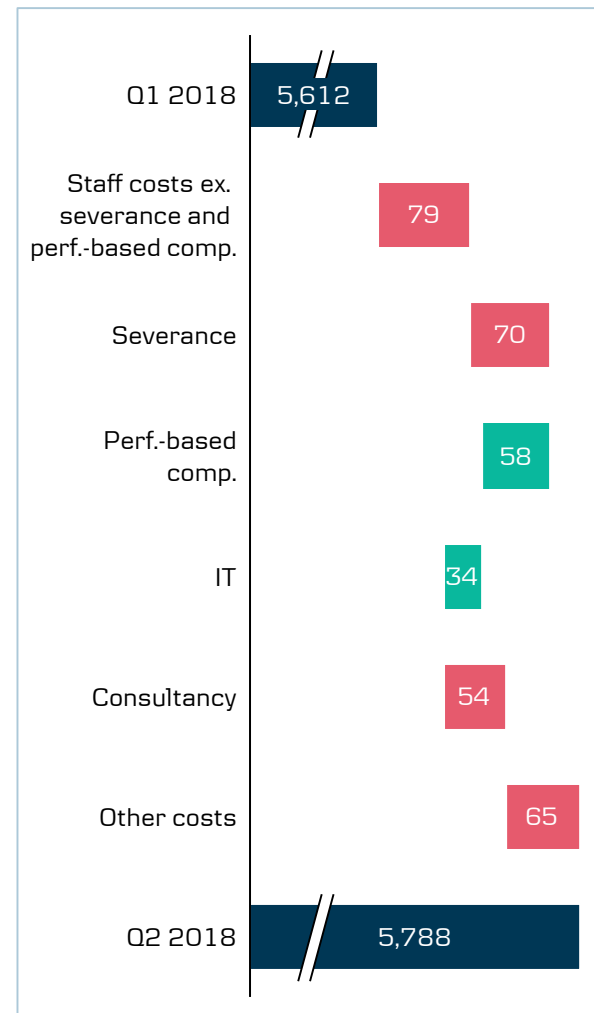
* Note that net trading income has been restated after aligning the presentation of customer income on derivatives in FICC, moving income from trading to NII and fees.

Expenses: Up 3% owing to restructuring, regulatory compliance and the acquisition of SEB Pension Danmark

Total expenses (DKK millions)

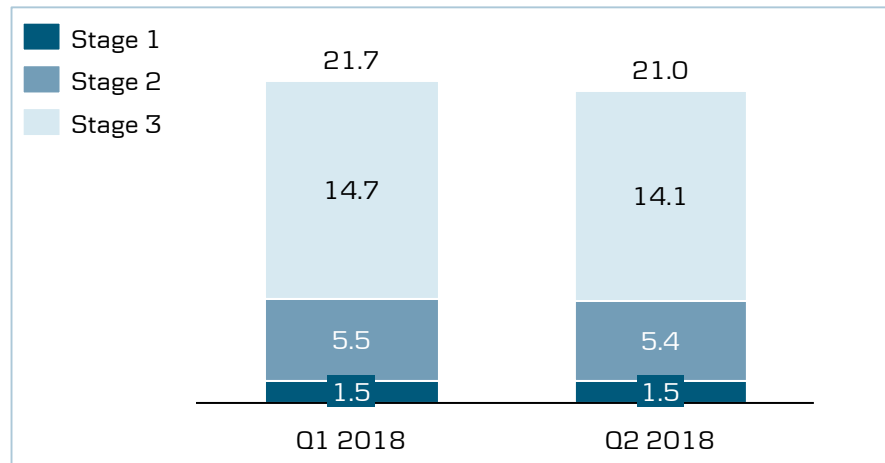


Change in expenses (DKK millions)

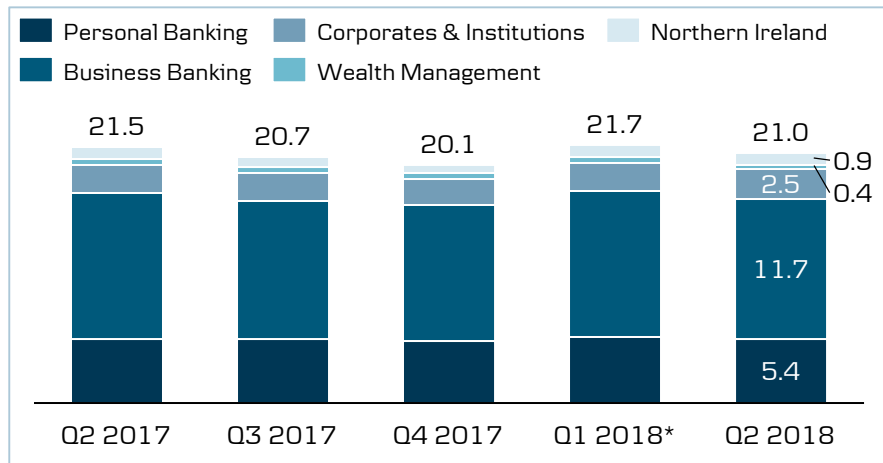


Credit quality: Positive trend in credit quality continues; NPLs decreased 12% y/y

Breakdown of total allowance account under IFRS 9 (DKK billions)



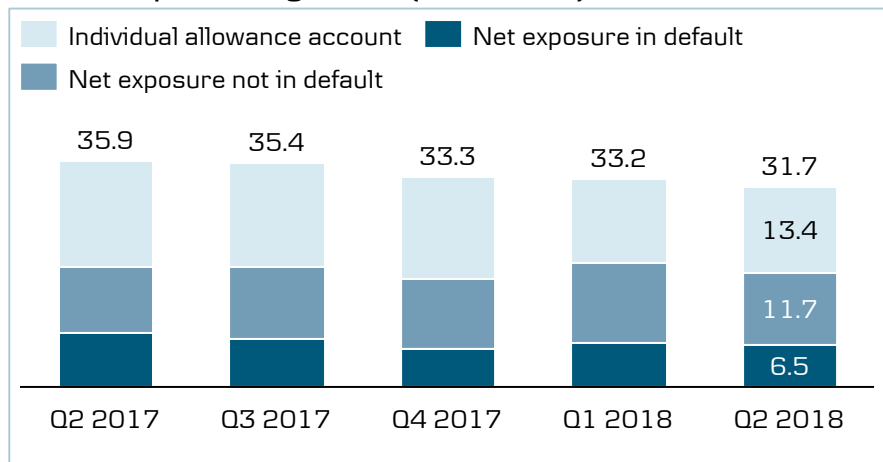
Allowance account by business unit (DKK billions)



Breakdown of stage 2 allowance account and exposure (DKK bn)

End-Q2 2018	Allowance account	Gross credit exposure	Allowance as % of exposure
Personal customers	1.8	937.7	0.19%
Agriculture	1.2	75.6	1.55%
Shipping	0.8	39.6	2.00%
Commercial property	0.7	310.1	0.22%
Consumer discretionary	0.3	112.3	0.22%
Other	0.7	1,016.4	0.07%
Total	5.4	2,491.7	0.22%

Gross non-performing loans** (DKK billions)



* Allowance account increased by DKK 2.6 bn in Q1 2018 due to the implementation of IFRS 9.

** Non-performing loans are loans in stage 3 against which significant impairments have been made.

Credit exposure: Limited agriculture and directly oil-related exposure

Agriculture exposure [2.9% of Group exposure]

- Pork prices remained at a low level while milk prices declined during the quarter. Dry weather conditions in Denmark will adversely affect agricultural earnings in 2018, but significant additional impairments are not expected. Exposure to growing of crops etc. is highly secured and has high NPL coverage ratio.
- Credit exposure increased DKK 2.1 bn from last quarter driven by single name, A-rated customers
- No major impairment movements in Q2. Total accumulated impairments amounted to DKK 3.5 bn, of which DKK 1.4 bn in stages 1 and 2
- Realkredit Danmark represented 57% of total gross exposure and 17% of expected credit loss
 - LTV limit at origination of 60% at Realkredit Danmark

Oil-related exposure [0.8% of Group exposure]

- Net exposure increased slightly from DKK 19.0 bn last quarter to DKK 19.5 bn*
- Increased impairments of DKK 0.1 bn booked in Q2 at Corporates & Institutions and Business Banking
- The vast majority of the oil-related exposure is managed by specialist teams for customer relationship and credit management at Corporates & Institutions
- Total accumulated impairments amounted to DKK 2.1 bn, of which DKK 0.8 bn in stages 1 and 2

Agriculture by segment, Q2 2018 (DKK millions)

	Gross credit exposure	Portion from RD	Portion from BB-SE	Expected credit loss	Net credit exposure	NPL coverage ratio
Business Banking	64,136	43,105	8,070	3,412	60,724	88%
Growing of crops, cereals, etc.	21,014	16,850	1,072	571	20,443	97%
Dairy	11,151	7,754	1,025	1,403	9,748	85%
Pig breeding	12,907	10,140	196	1,128	11,779	89%
Mixed operations etc.	19,064	8,360	5,777	310	18,754	87%
Northern Ireland	4,906	-	-	41	4,865	99%
C&I	4,624	2,074	-	5	4,619	-
Others	1,925	-	-	23	1,902	-
Total	75,591	45,178	-	3,481	72,110	89%

Oil-related exposure, Q2 2018 (DKK millions)

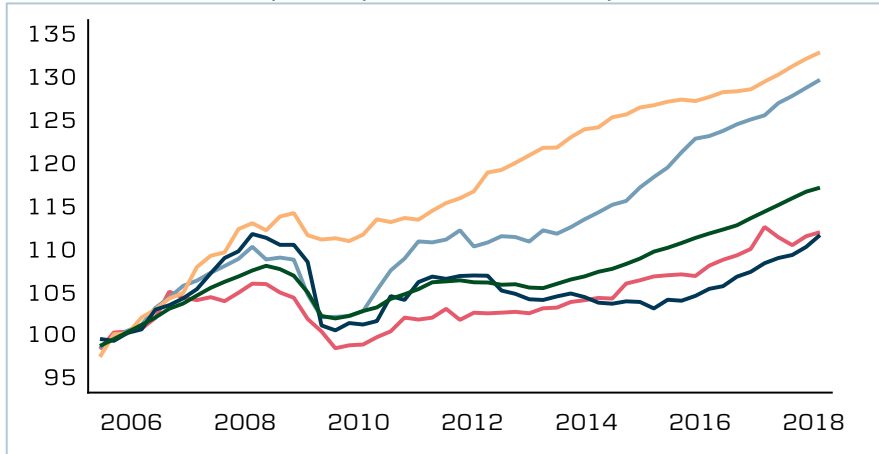
	Gross credit exposure	Expected credit loss	Net credit exposure
C&I	20,284	1,717	18,567
Oil majors	6,920	2	6,919
Oil service	6,183	414	5,768
Offshore	7,181	1,301	5,880
Business Banking	1,318	366	951
Oil majors	1	0	1
Oil service	1,187	364	824
Offshore	129	2	127
Others	6	0	6
Total	21,607	2,083	19,524

* The oil-related net credit exposure of DKK 19.5 bn is part of the energy and utilities industry (DKK 13.5 bn) and shipping industry (DKK 6.0 bn).

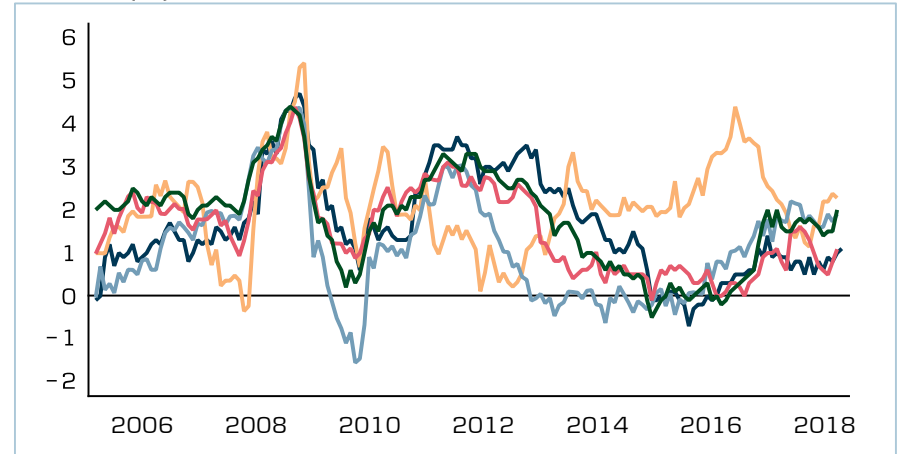
Nordic macroeconomics

— Denmark — Sweden — Norway — Finland — EU

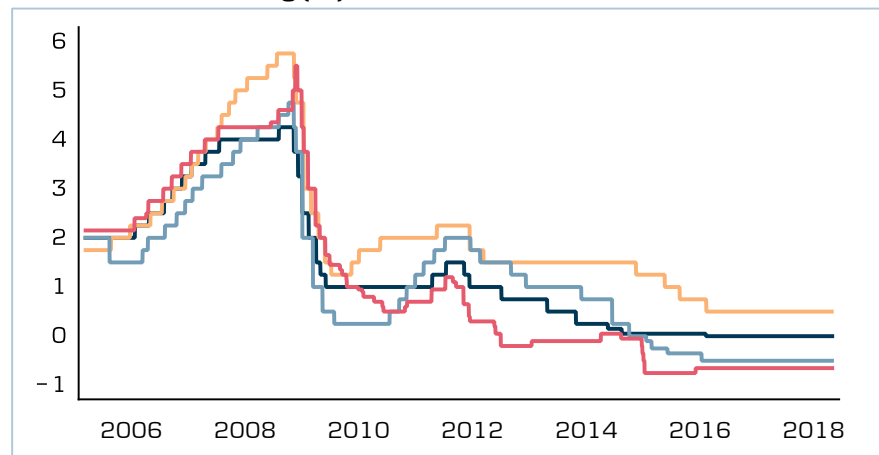
Real GDP, constant prices (index 2005 = 100)



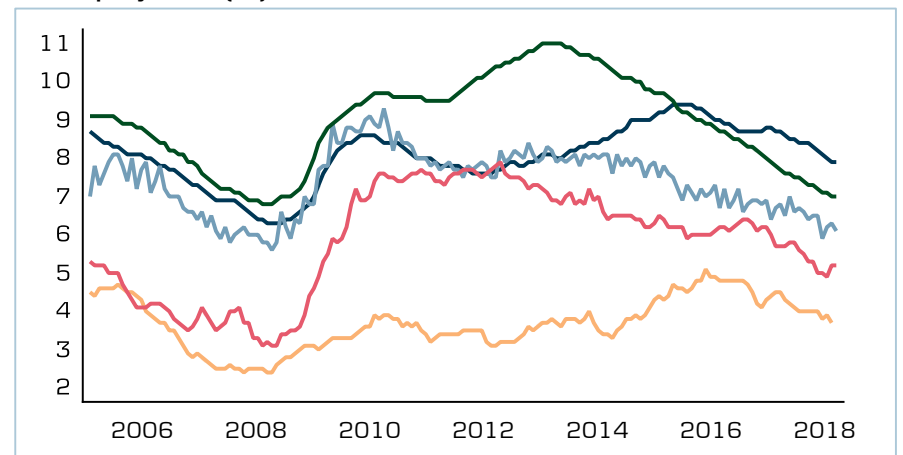
Inflation (%)



Interest rates, leading (%)



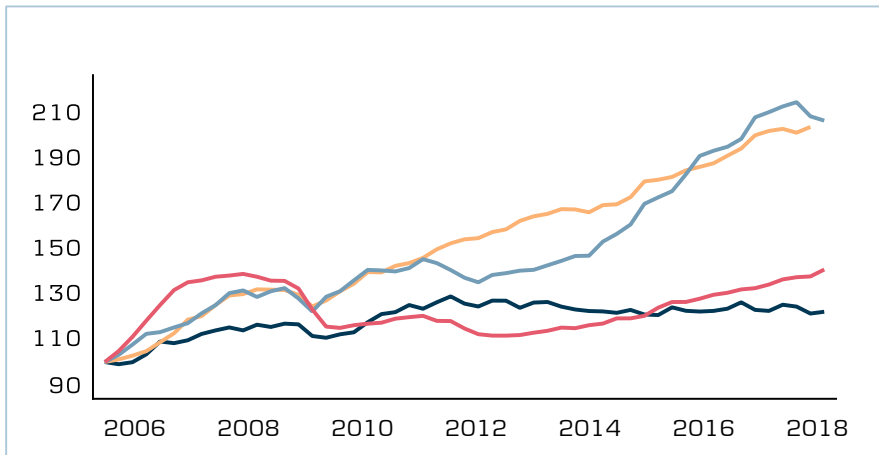
Unemployment (%)



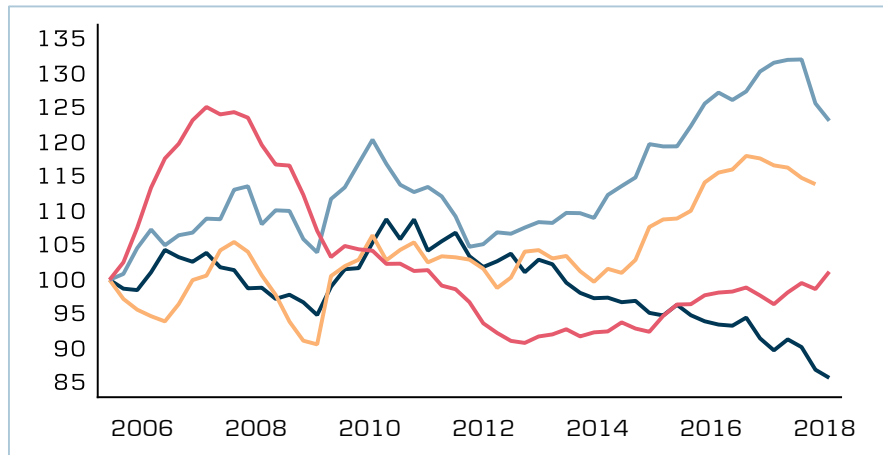
Nordic housing markets

Denmark Sweden Norway Finland

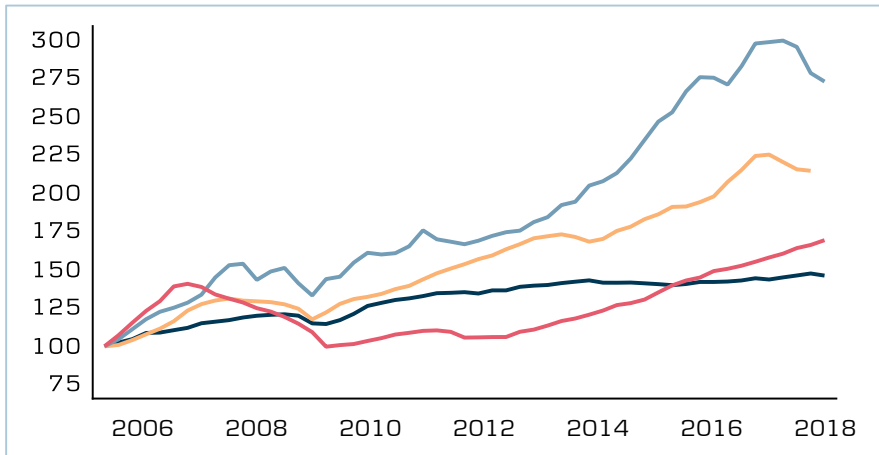
Property prices (index 2005 = 100)



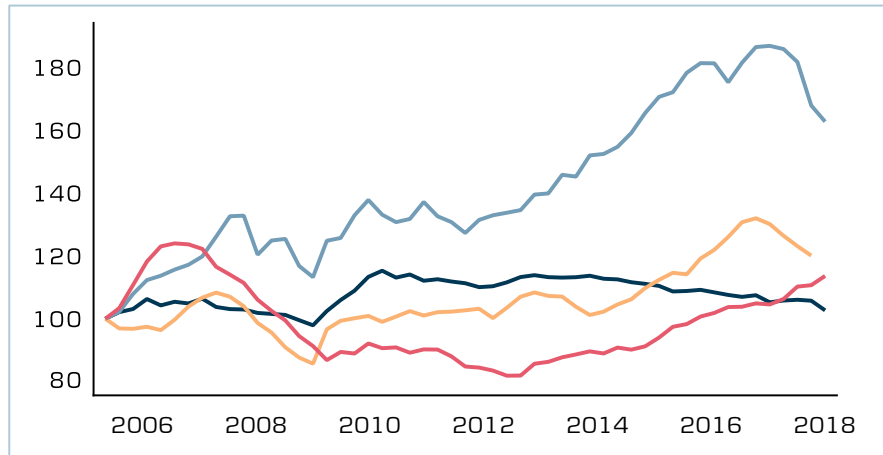
House prices/nom. GDP (index 2005 = 100)



Apartment prices (index 2005 = 100)



Apartment prices/nom. GDP (index 2005 = 100)



Realkredit Danmark and the Danish housing market: Portfolio overview

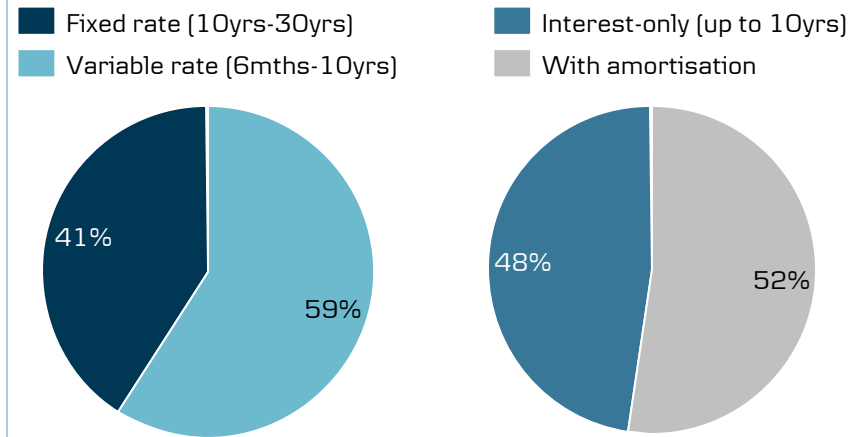
Portfolio facts, Realkredit Danmark, Q2 2018

- Approx. 365,000 loans (residential and commercial)
- 1,202 loans in 3- and 6-month arrears (-3% since Q1)
- 27 repossessed properties
- DKK 11 bn of loans with LTV ratio > 100%, including DKK 4 bn with public guarantee
- Average LTV ratio of 61%

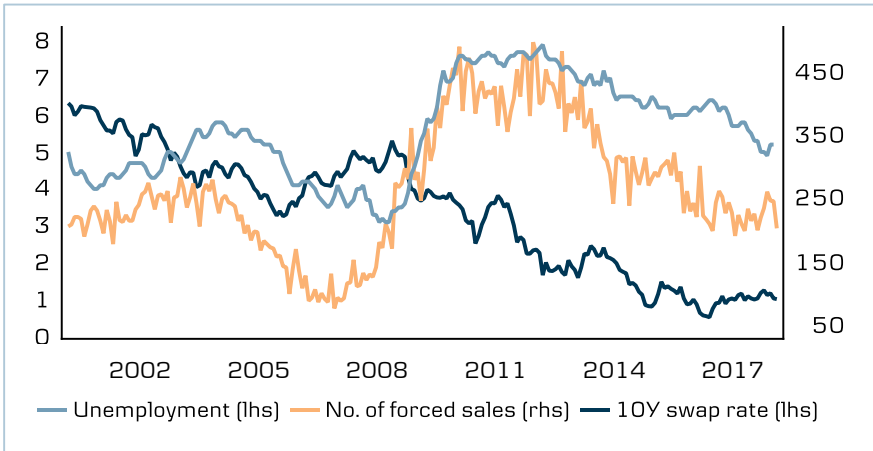
LTV ratio at origination (legal requirement)

- Residential: max. 80%
- Commercial: max. 60%

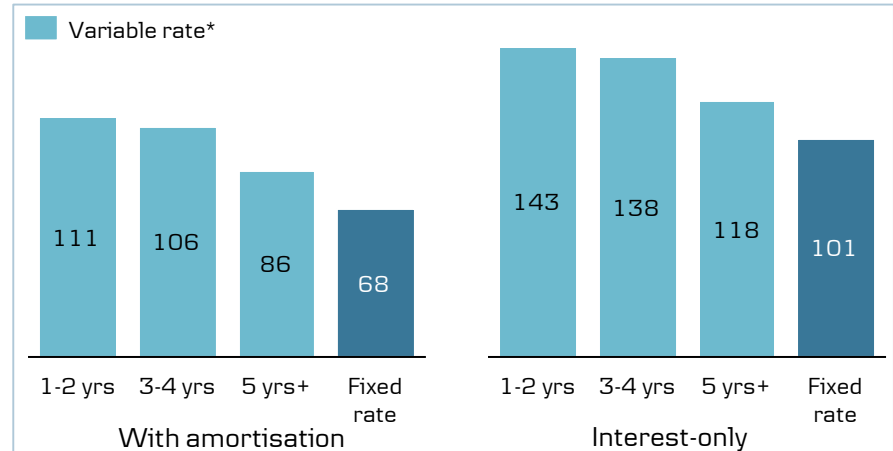
Stock of retail loans (DKK 448 bn), Realkredit Danmark, Q2 18 (%)



Unemployment and foreclosures (%/No.)



Mortgage margins, 80% LTV, owner-occupied (bp)



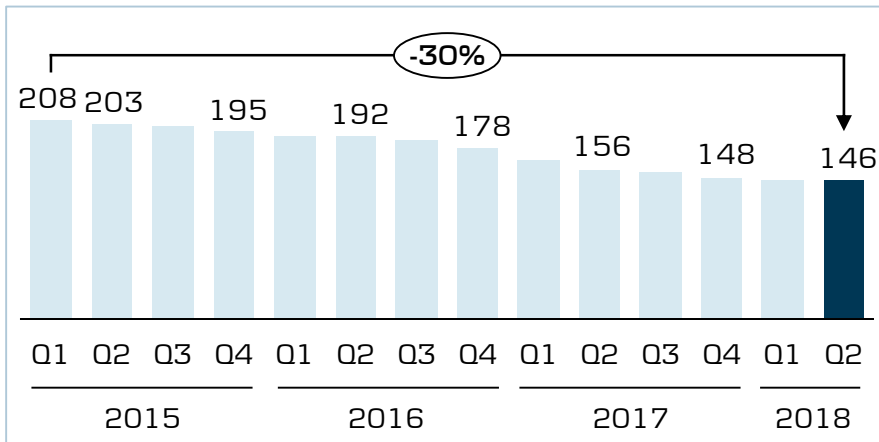
* In addition, we charge a fee of 30 bp of the bond price for refinancing of 1- and 2-year floaters and a fee of 20 bp for floaters of 3 or more years.

Realkredit Danmark: 50% of new retail loans are fixed rate; compliant with all regulatory requirements

Key points

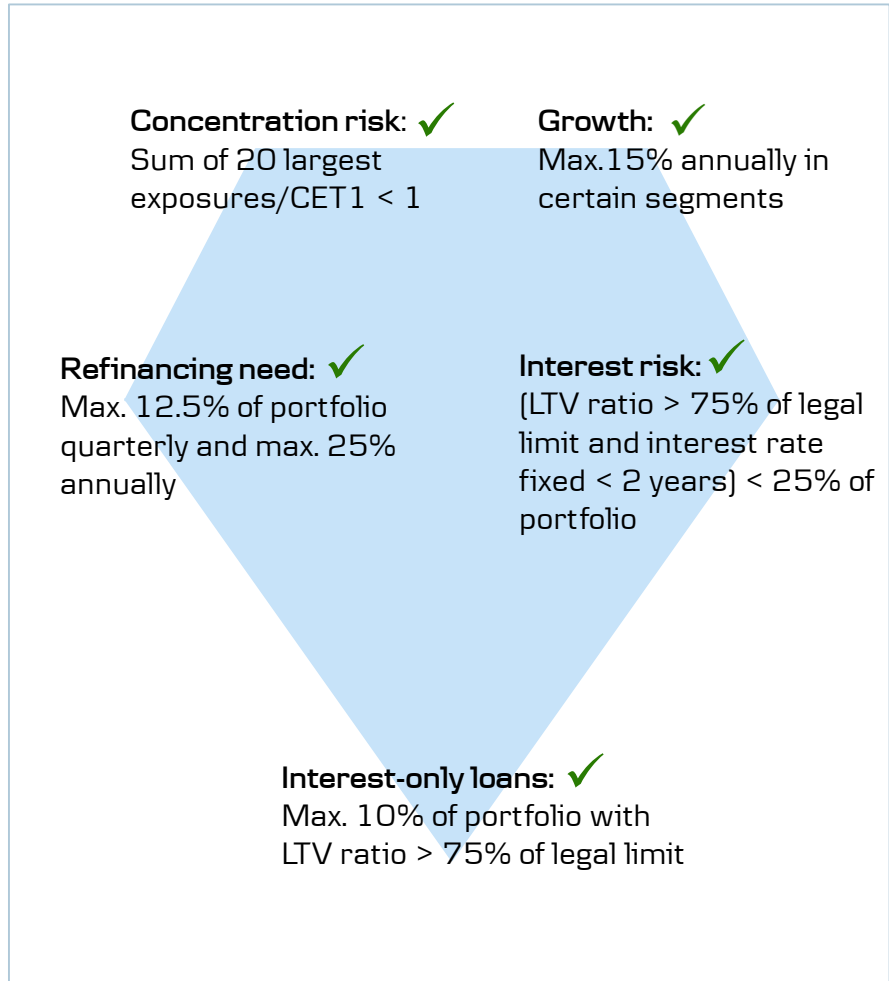
- 50% of new retail loans in Q2 were fixed-rate loans, and 40% were 5- to 10-year variable-rate loans
- Total stock of loans amounted to DKK 776 bn:*
 - 58% to retail
 - 20% to residential rental
 - 16% to commercial property
 - 6% to agriculture
- 55% of total stock are loans with amortisation

Loan portfolio, FlexLån® F1-F4 loans (DKK billions)



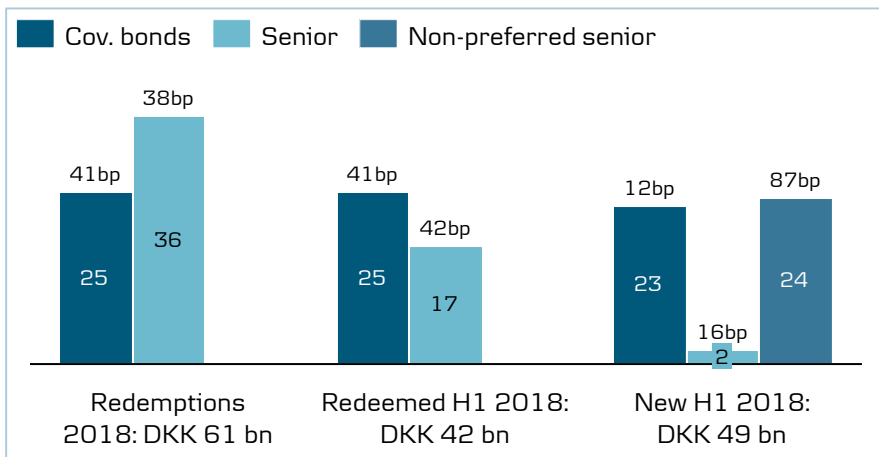
* Nominal value.

Supervisory diamond for Danish mortgage credit institutions

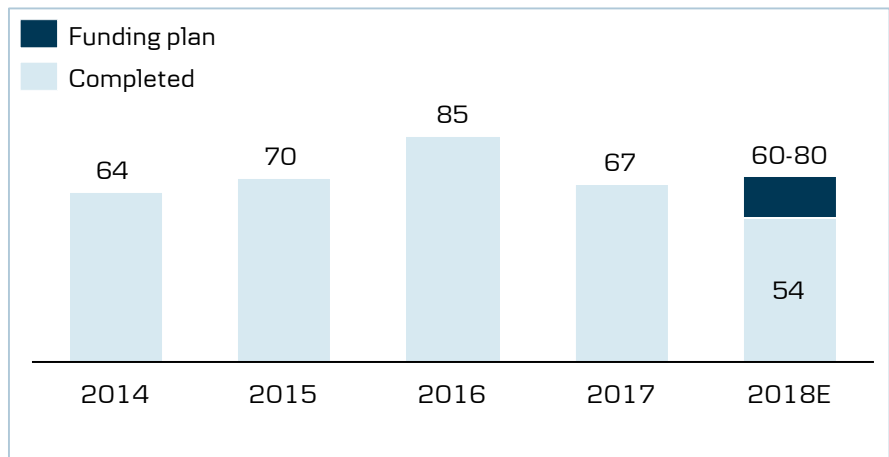


Funding and liquidity: DKK 54 bn of long-term funding issued in H1 2018; LCR compliant at 142%

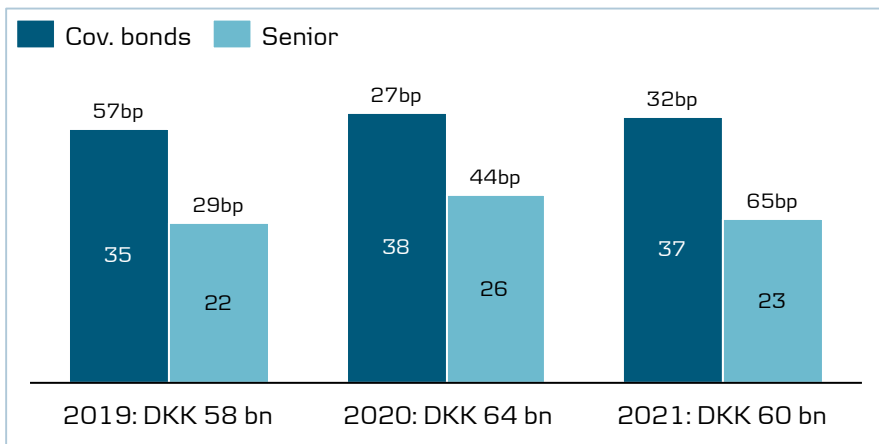
Changes in funding,* 2018 (DKK billions and bp)



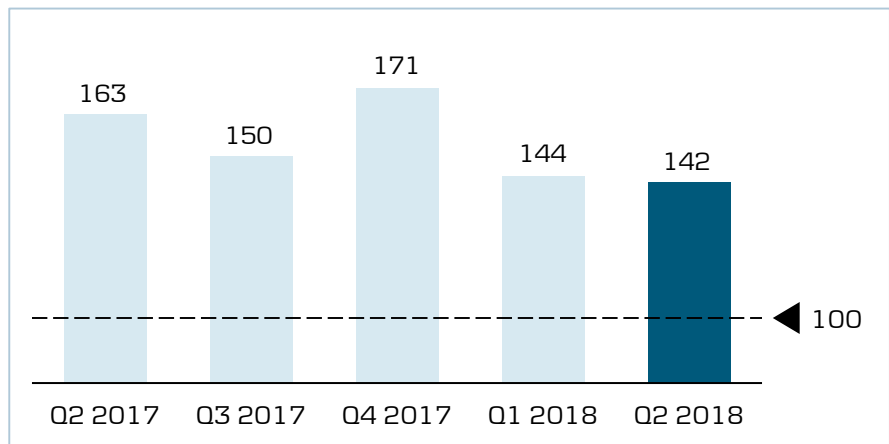
Long-term funding excl. RD (DKK billions)**



Maturing funding,* 2019-2021 (DKK billions and bp)



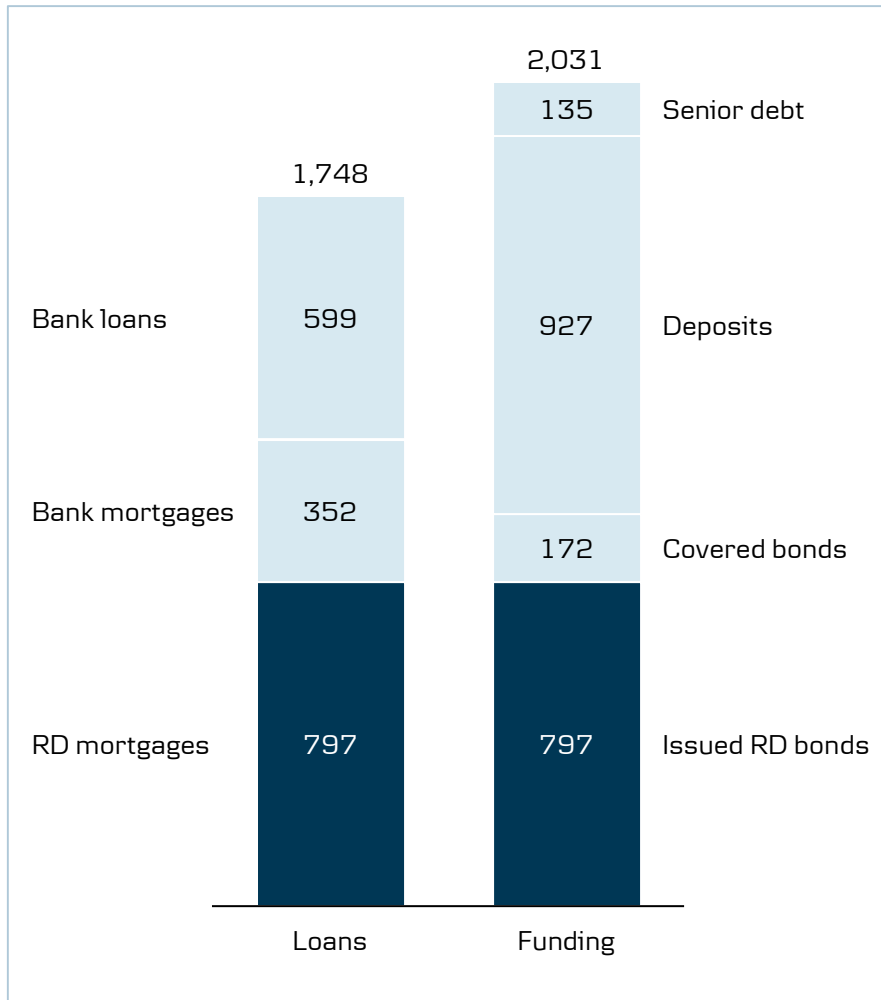
Liquidity coverage ratio (%)



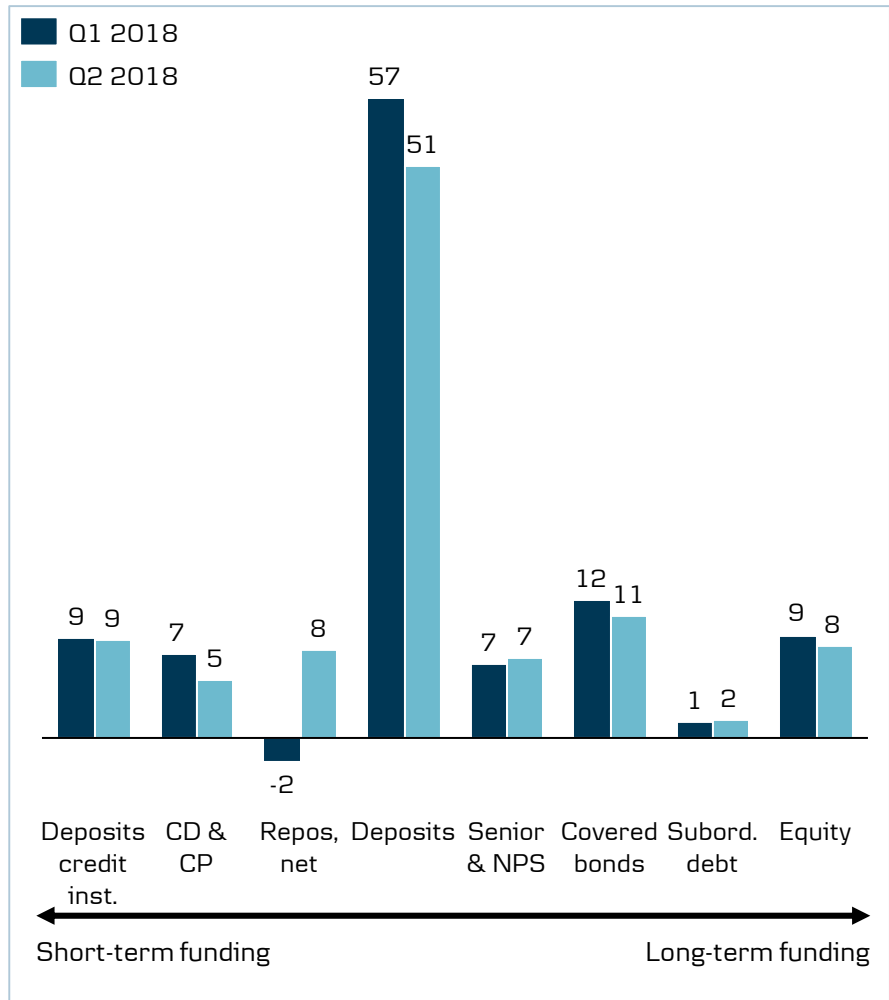
* Spread over 3M EURIBOR. **Includes covered bonds excl. RD, senior, non-preferred senior and capital instruments.

Funding structure and sources: Danish mortgage system is fully pass-through

Loan portfolio and long-term funding, Q2 2018 (DKK billions)



Funding sources (%)



Three distinct rating methodologies

Rating methodology

S&P Global Ratings

Anchor SACP ¹	+	1	+	2	+	3	+	4	=	SACP ¹	=	Support	+	ALAC	+	Additional factors	=	Issuer rating
bbb+		+1		+1		0		0		a		0		+1		-1		A Positive

1=Business Position, 2=Capital & Earnings, 3=Risk Position, 4=Funding & Liquidity

MOODY'S

Macro profile	+	1	+	2	+	3	+	4	+	5	+	Qualitative adj.	=	BCA ²	+	Affiliate support	+	LGF ³ notches	+	Gov. support	=	Issuer rating
Strong+		a2		a1		baa2		baa2		baa2		0		a3		0		+1		+1		A1 Stable

1=Asset Risk, 2=Capital, 3=Profitability, 4=Funding Structure, 5=Liquidity Resources

Fitch Ratings
KNOW YOUR RISK

Operating environment	+	1	+	2	+	3	+	4	+	5	+	6	+	7	=	Viability Rating	+	Support Rating Floor	=	Issuer rating ⁵
aa-		a+		a		a		a		a		a		a+		a		NF ⁴		A Stable

1=Company Profile, 2=Management & Strategy, 3=Risk Appetite, 4=Asset Quality, 5=Profitability, 6=Capitalisation, 7=Funding & Liquidity

¹ Stand-Alone Credit Profile ² Baseline Credit Assessment ³ Loss Given Failure ⁴ No Floor ⁵ Issuer rating is the higher of the Viability Rating and the Support Rating Floor.

Tax





Actual and adjusted tax rates (DKK millions)

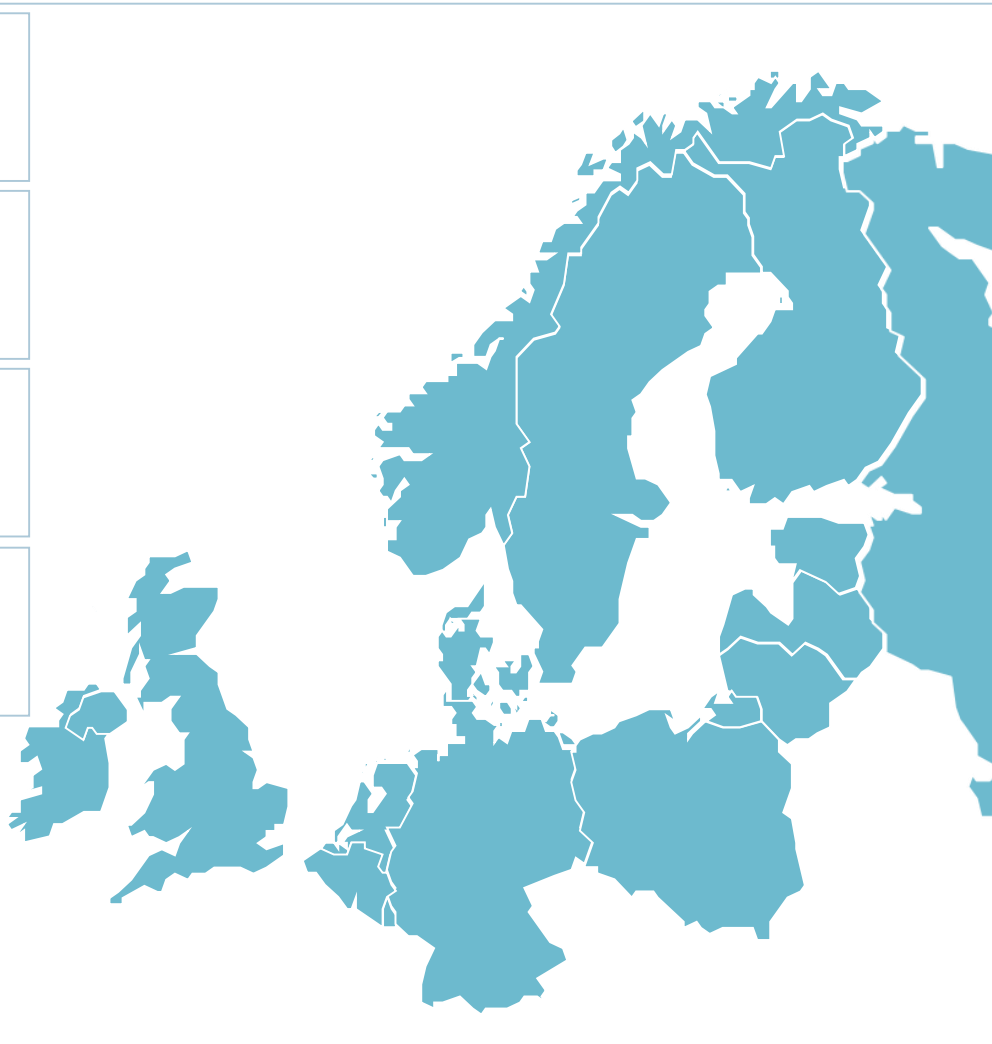
	Q22018	Q12018	Q42017	Q32017	Q22017
Profit before tax	5,487	5,802	6,729	6,236	6,183
Permanent non-taxable difference	-95	-133	912	-178	-136
Adjusted pre-tax profit, Group	5,392	5,669	7,642	6,058	6,047
Tax according to P&L	1,256	1,241	1,081	1,305	1,392
Taxes from previous years	-36	30	529	56	-39
Adjusted tax	1,220	1,271	1,610	1,361	1,353
Adjusted tax rate	22.6%	22.4%	21.1%	22.5%	22.4%
Actual tax rate	22.9%	21.4%	16.1%	20.9%	22.5%

Tax drivers, Q2 2018

- The adjusted tax rate of 22.6% is higher than the Danish rate of 22% due to income in countries with a higher tax rate, primarily Norway
- The actual tax rate of 22.9% is higher than the Danish rate of 22% primarily because taxes from previous years and higher tax from Norway more than outweighs permanent non-taxable differences
- The permanent non-taxable difference derives mainly from tax-exempt value adjustments on shares

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