

Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of Danske Bank A/S

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Stockholm, November 08, 2019 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of Danske Bank A/S and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

Danske Bank A/S's (Danske) baa1 BCA reflects the improvement in the bank's asset quality in recent years, as well as its solid capital ratios. These strengths are counterbalanced by potential fines and regulatory penalties related to past money laundering in its Estonian branch, the pressures the bank faces on its profitability metrics, because of higher funding costs and operational expenses at a time of lower interest rates for longer, as well as the bank's high reliance on market funding.

Danske's A2 long-term deposit and senior unsecured debt ratings reflect its baa1 baseline credit assessment (BCA), one notch of rating uplift from the application of Moody's advanced loss given failure (LGF) analysis reflecting our forward-looking expectations of the bank's issuance of additional loss-absorbing debt in response to its minimum requirements for own funds and eligible liabilities (MREL) under Denmark's current framework, and one notch of government support.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Banks published in August 2018. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

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