

Debt investor update

Q2 2019

Agenda

<i>01. Group financial update</i>	<i>2</i>
<i>02. Capital and funding</i>	<i>15</i>
<i>03. Covered bond universe and ratings</i>	<i>21</i>
<i>04. Appendix</i>	<i>23</i>

Executive summary: Difficult first half; net profit down 24% from H1 2018 and 2019 net profit outlook lowered to DKK 13-15 bn



Loan growth of 3% y/y, driven by growth of 6% y/y at Banking Nordic and 1% y/y at Banking DK, however, growth is at lower margins



Trading income significantly lower due to challenging market conditions, which are expected to persist in the second half of the year



Expenses up 12% y/y due mainly to upstaffing and investments in compliance and AML-related activities, as well as the compensation related to the Flexinvest Fri matter



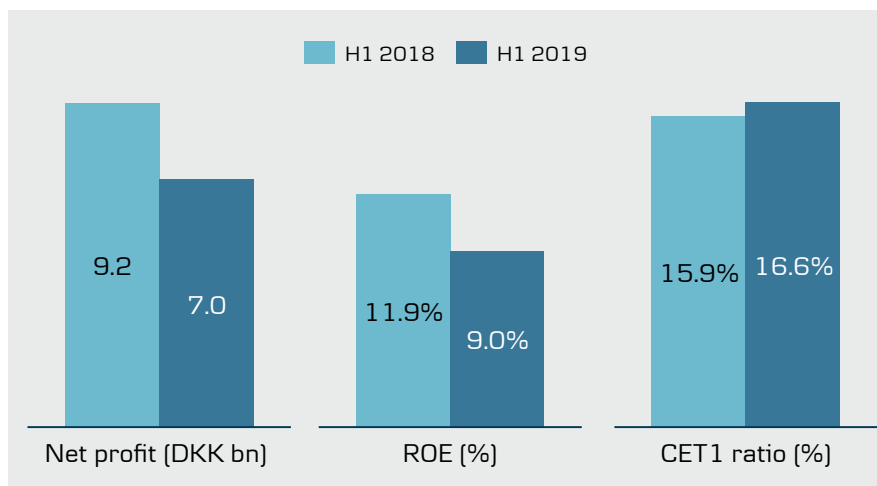
Management to come back later this year with an update on initiatives to improve longer-term performance

DKK 7.0 bn Net profit, down 24% from H1 2018 due to lower NII, higher expenses and higher loan impairment charges. H1 2019 includes gain on sale of Danica Pension Sweden (DKK 1.3 bn)

9.0% Return on equity after tax, including gain on sale of Danica Pension Sweden

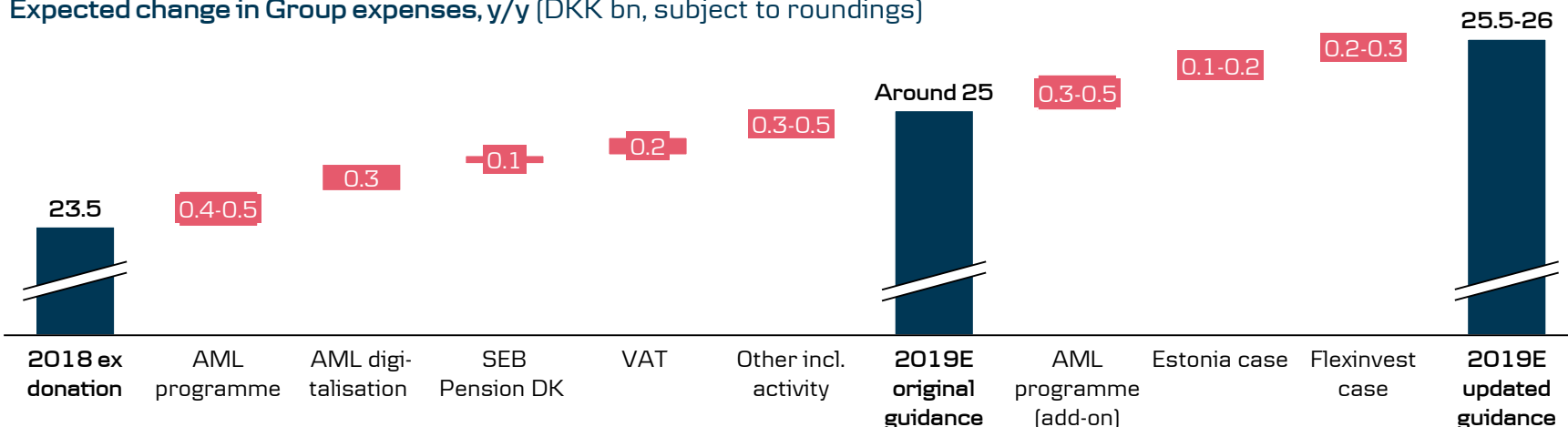
16.6% CET1 capital ratio - total capital position still strong

DKK 13-15 bn Expected net profit for 2019, and expenses of DKK 25.5-26 bn, as announced on 8 July 2019



Increase in costs – driven largely by upstaffing and accelerated investments in AML activities

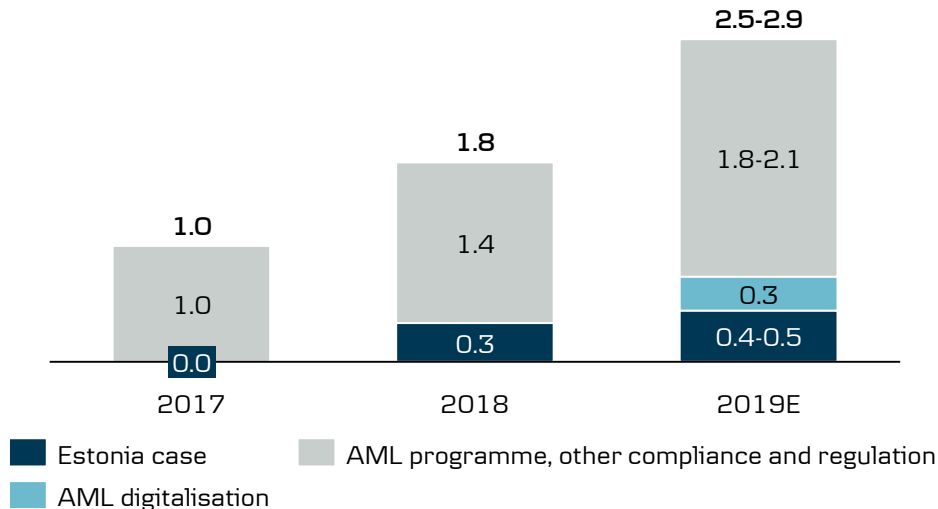
Expected change in Group expenses, y/y (DKK bn, subject to roundings)



Key points

- Including the costs for handling the money-laundering case in Estonia, compliance-related costs have increased significantly since 2017
- The total cost of all compliance-related activities, including the Estonia case, is expected to amount to around DKK 2.5-2.9 bn in 2019
- More than 1,900 FTEs now work with AML activities across the organisation
- While costs for AML have significantly increased, costs for other regulatory agendas such as GDPR, MiFID II etc. have decreased in 2019 so far

Expenses for compliance-related activities (DKK bn)



Digitalisation and automation of core AML processes will increase accuracy and reduce labour-intensive tasks going forward

Short-term investments: Upstaffing across AML functions in the Group, including strengthened 1st and 2nd lines of defence

Long-term investments: Digitalisation of core AML processes and automation of ODD in low to medium-risk segments

Know Your Customer

- Digitise onboarding journey, including digital upload of customer information vs. manual collection
- Automation of KYC processes to enhance the accuracy and reliability of KYC information
- Leveraging technology to improve the customer experience and reduce reliance on labour intensive or manual processes

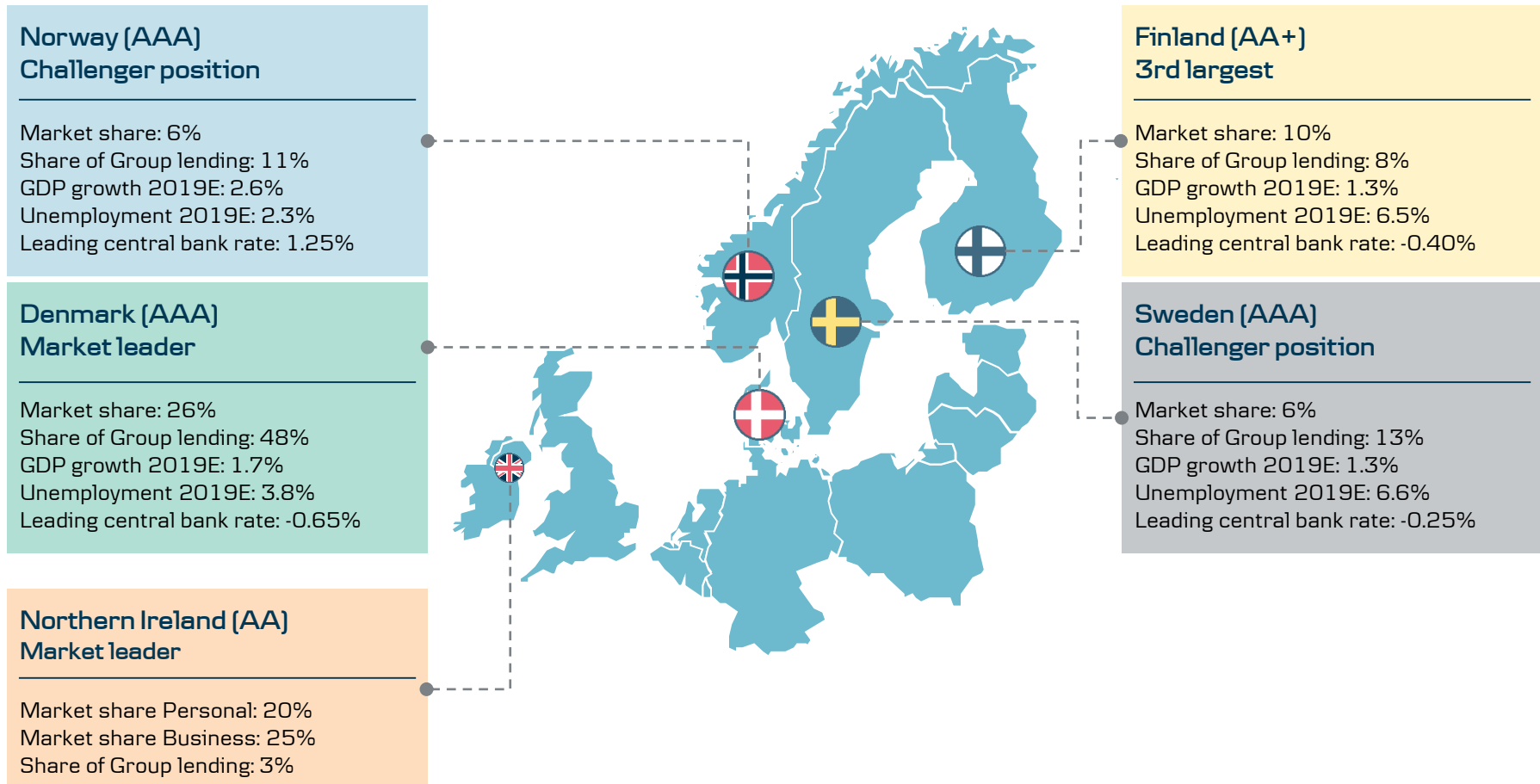
Ongoing Due Dilligence

- Automated ODD solution developed for a portion of low-risk customers across the Nordics - currently in pilot phase
- Other risk category customers (low, medium and high) still mostly manually processed
- Tools are being developed to cover a larger number of customers, for more effective case processing

Transaction monitoring

- Investments in tools for contextual analysis to monitor complex products for improved detection of suspicious behaviour
- Advanced solution developed and under implementation for selected Markets products => broader coverage expected over the year
- Investing to improve the current transaction monitoring system, e.g. to increase efficiency and quality

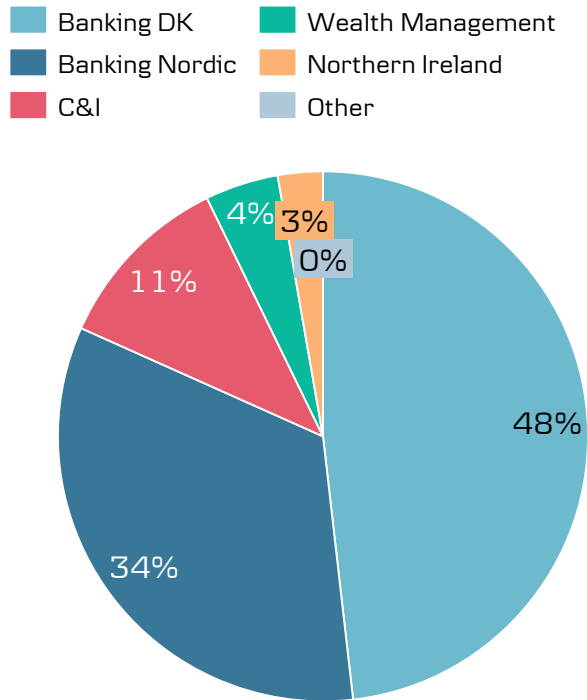
We are a Nordic universal bank with strong regional roots



Note: Data as per end-Q2 2019 unless otherwise stated. Share of Group lending is before loan impairment charges and excludes Corporates & Institutions (11%) and Wealth Management (4%) and Nordic Asset Finance (2%), however most of these are Nordic clients

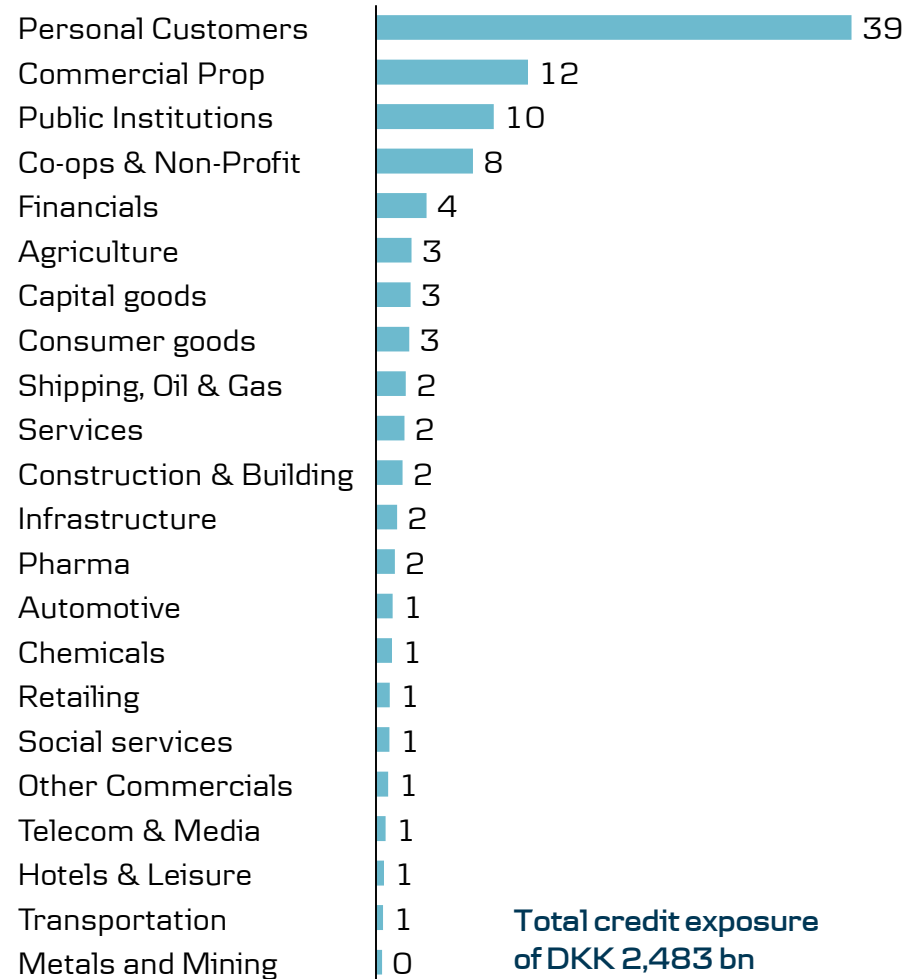
Strong footprint within retail lending

Lending by business unit¹; %; Q2 2019



Total lending of DKK 1,809 bn

Credit exposure by industry; %; Q2 2019

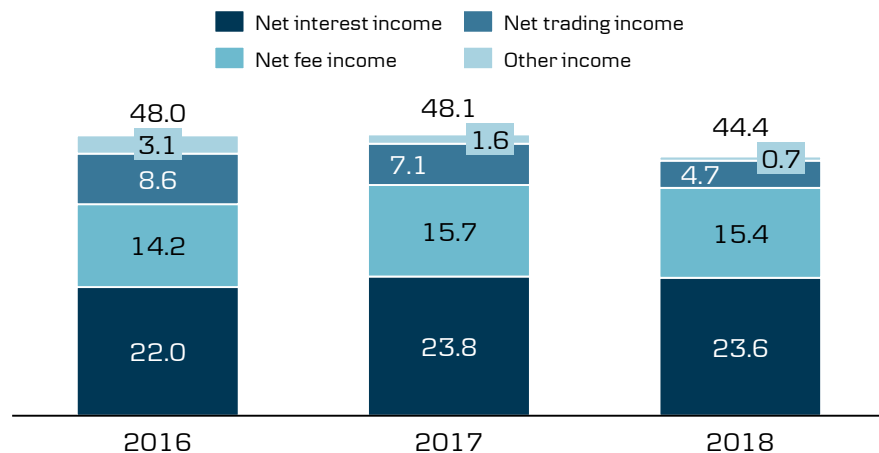


Total credit exposure of DKK 2,483 bn

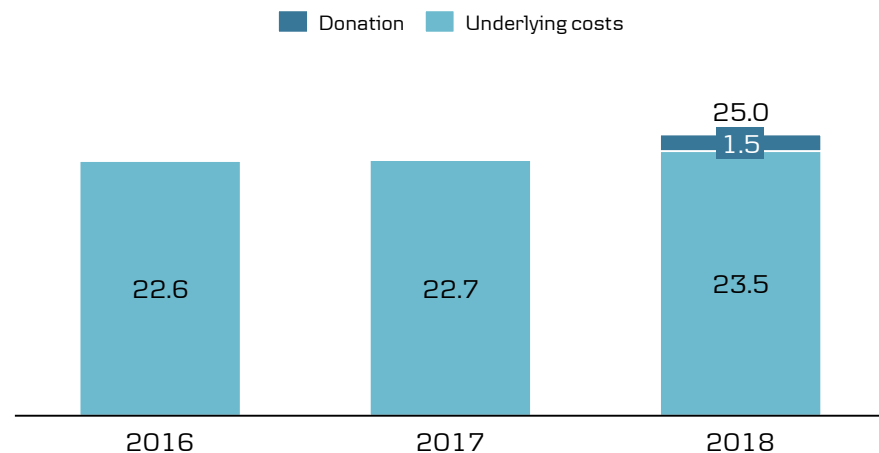
¹ Total lending before loan impairment charges.

Financial results overview

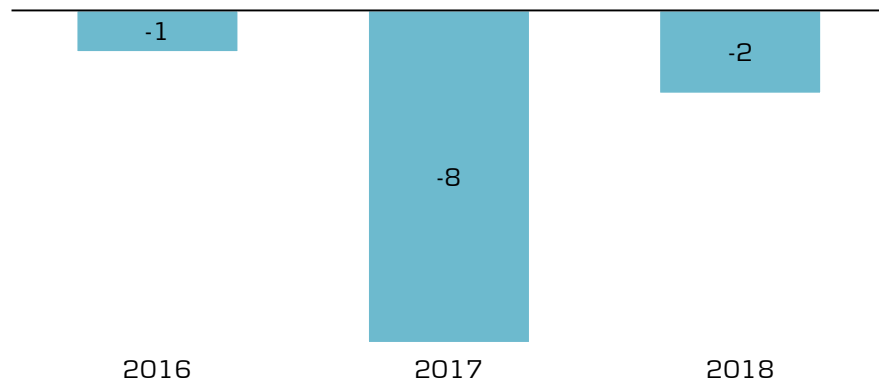
Total income; DKKbn



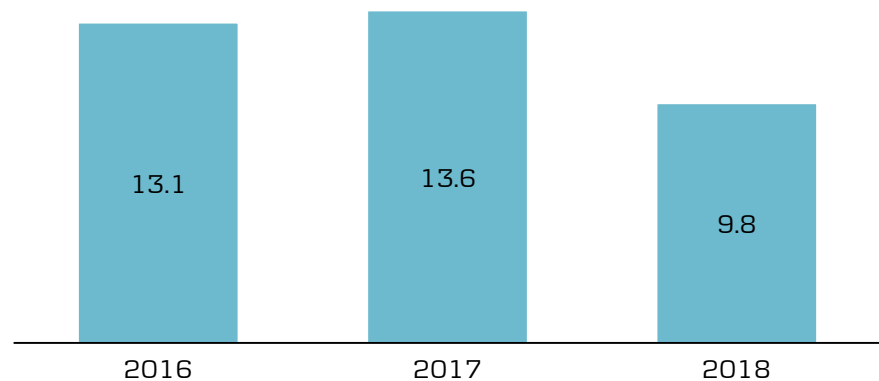
Total expenses; DKKbn



Group loan loss ratio; bps



RoE after tax; %



Net profit: DKK 7.0 bn, down 24% from H1 2018, including DKK 1.3 bn gain on sale of Danica Pension Sweden

Income statement and key figures (DKK m)

	H1 2019	H1 2018	Index	Q2 2019	Q1 2019	Index
Net interest income	10,890	11,824	92	5,371	5,520	97
Net fee income	7,570	7,547	100	3,701	3,869	96
Net trading income	2,128	2,502	85	829	1,299	64
Other income	1,745	461	-	1,630	115	-
Total income	22,333	22,334	100	11,532	10,802	107
Expenses	12,824	11,400	112	6,679	6,145	109
Profit before loan impairment charges	9,509	10,934	87	4,852	4,657	104
Loan impairment charges	470	-707	-	113	357	32
Profit before tax, core	9,039	11,641	78	4,739	4,300	110
Profit before tax, Non-core	-270	48	-	18	-288	-
Profit before tax	8,769	11,689	75	4,757	4,012	119
Tax	1,749	2,499	70	725	1,024	71
Net profit	7,020	9,190	76	4,031	2,988	135
Return on avg. shareholders' equity (%)	9.0	11.9		10.5	7.7	
Cost/income ratio (%)	57.4	51.0		57.9	56.9	
Common equity tier 1 capital ratio (%)	16.6	15.9		16.6	16.7	
EPS (DKK)	7.8	9.8		4.5	3.3	
Lending (DKK bn)	1,809	1,748	103	1,809	1,793	101
Deposits and RD funding (DKK bn)	1,711	1,659	103	1,711	1,661	103
- of which deposits (DKK bn)	932	927	101	932	909	102
Risk exposure amount (DKK bn)	762	754	101	762	758	100

Key points, H1 2019 vs H1 2018

- Return on equity of 9.0%
- NII down 8% due mainly to margin pressure and higher funding costs
- Fee income unchanged due to the SEB Pension Danmark acquisition
- Trading income down 15% in difficult rates market conditions
- Expenses up 12%, due mainly to upstaffing and investments in compliance and AML activities
- Impairment charges driven by C&I

Key points, Q2 2019 vs Q1 2019

- NII down 3%, despite extra day, due to margin pressure and higher funding costs - lending up 1%
- Fee income down 4%, due mainly to Flexinvest Fri compensation of around DKK 180 m
- Other income includes gain on sale of Danica Pension Sweden of DKK 1.3 bn
- Expenses up 9%, including around DKK 220 m in Flexinvest Fri compensation

NII: Down 8% y/y due to margin pressure, higher funding costs and transfer to Non-core

Key points

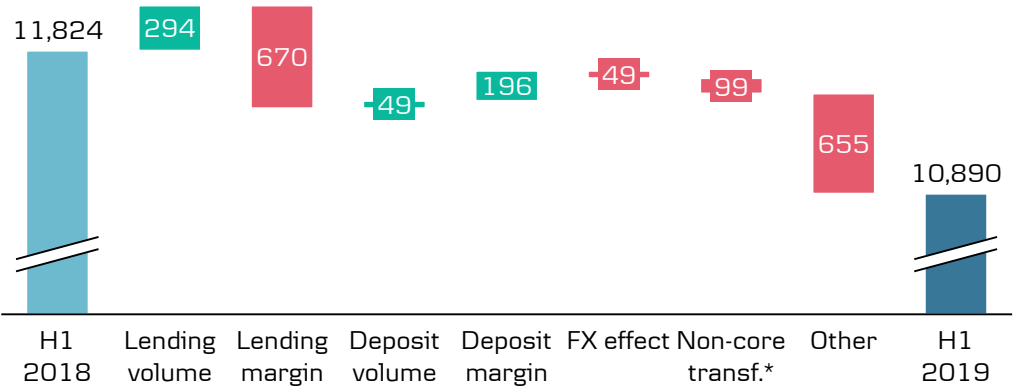
Y/Y

- NII down 8%, as lending growth of 3% was offset by lower lending margins, higher funding costs and the transfer of Russian and remaining Baltic exposures to Non-core

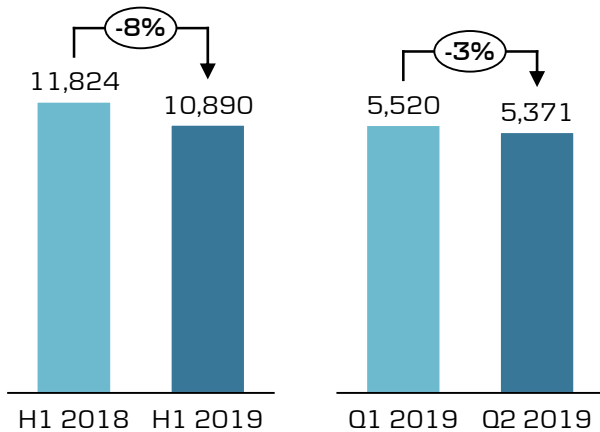
Q/Q

- NII down 3% despite extra day due to lower lending margins and higher funding costs

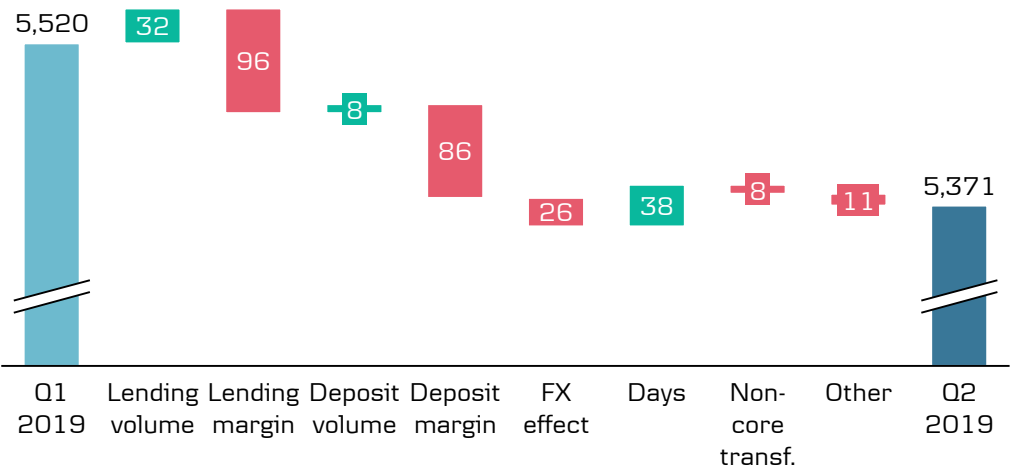
Change in net interest income, y/y (DKK m)



Group net interest income (DKK m)



Change in net interest income, q/q (DKK m)

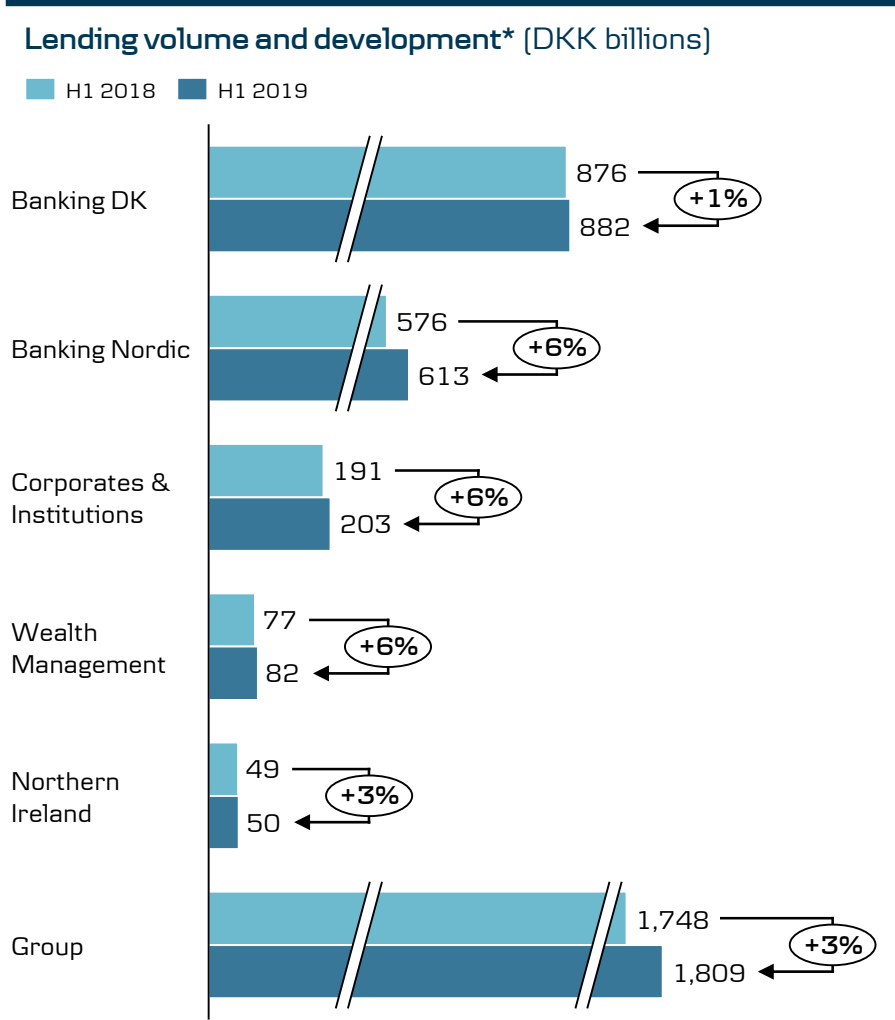
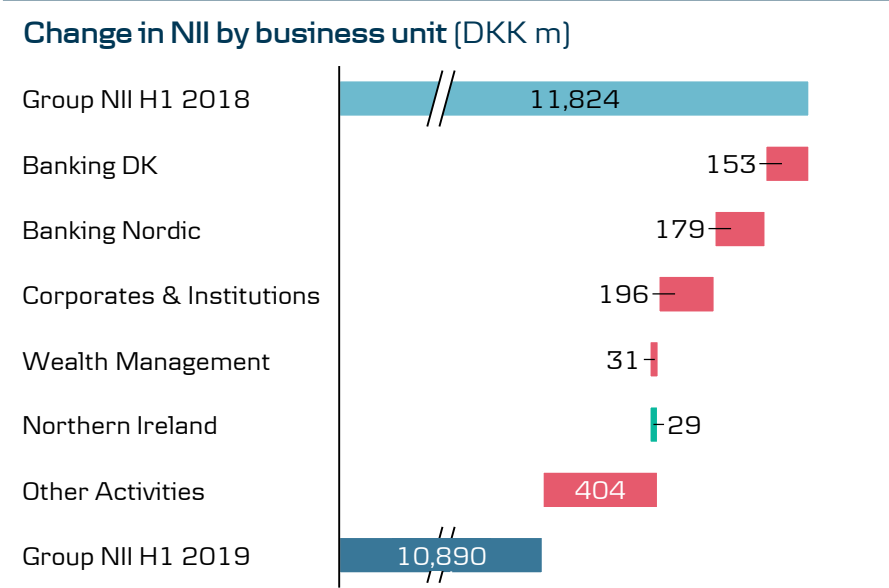


* Includes transfer of local Baltic commercial customers to Non-core on 1 April 2018 and transfer of the remaining Baltic and Russian exposures to Non-core on 1 February 2019

NII (cont'd): Volume growth of 6% y/y at Banking Nordic; Banking DK grew 1% y/y

Key points

- Banking Nordic lending up 6% y/y with growth in all markets
- Banking DK lending up 1% y/y
- NII for Other Activities was impacted by higher funding costs attributable to the Estonia case being retained at the Internal Bank rather than being allocated to business units
- C&I lending impacted by transfer to Non-core in Q1



* Business unit lending is before impairments. Group lending is after impairments.

Fee income: Flat y/y, as margin pressure and Flexinvest Fri compensation offset benefit of SEB Pension Danmark acquisition

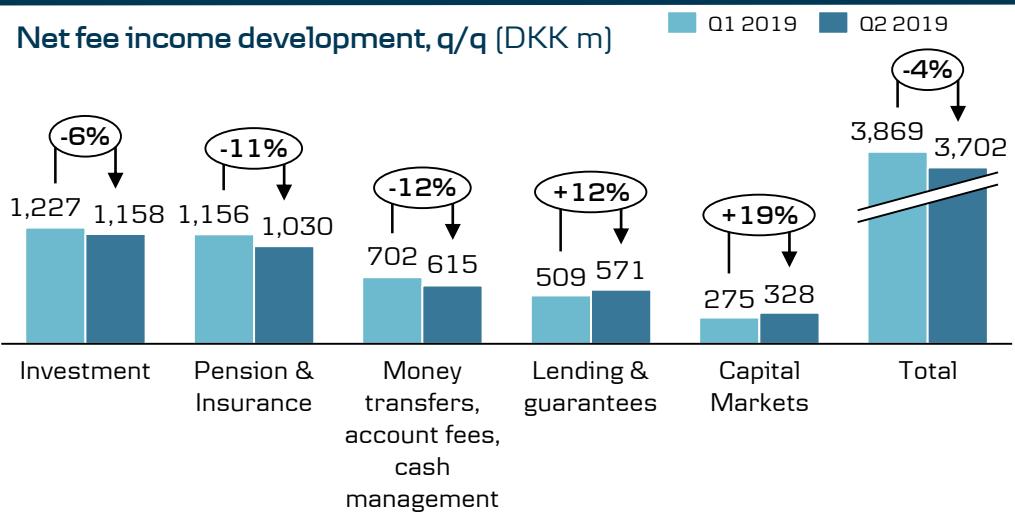
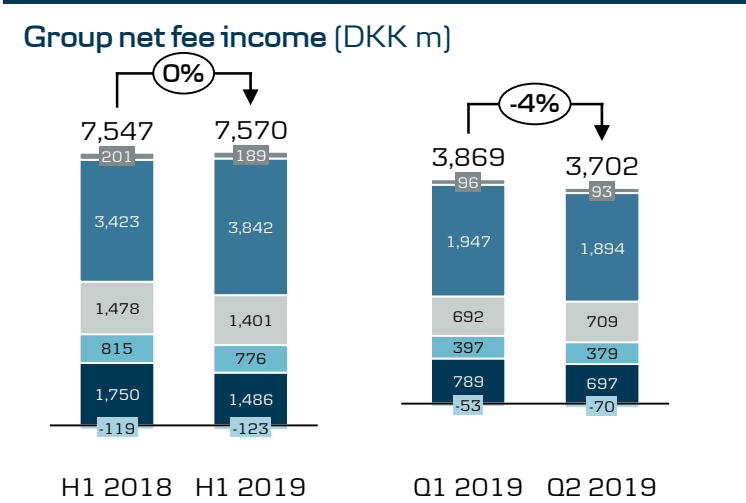
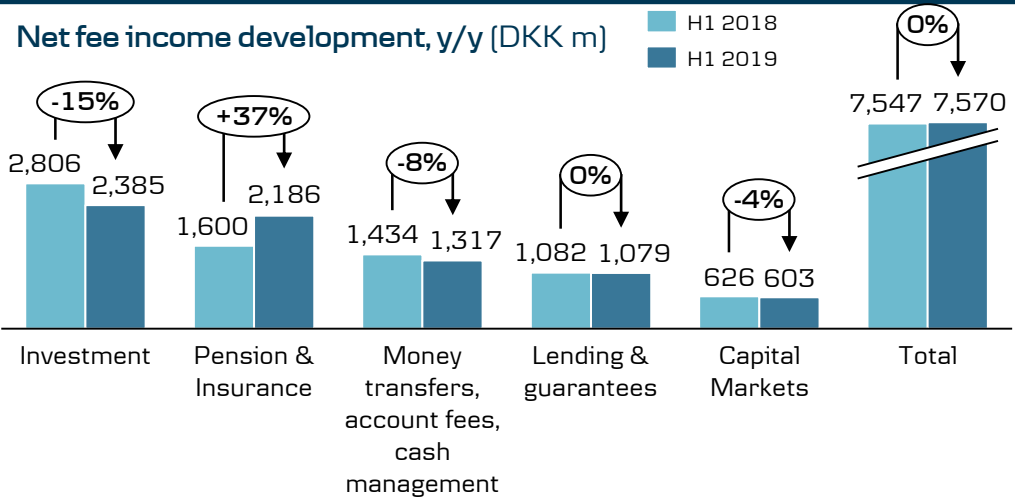
Key points

Y/Y

- Fees unchanged. Fee income benefitted from the acquisition of SEB Pension Danmark, offset by margin pressure and the compensation related to the Flexinvest Fri product of DKK 180 m

Q/Q

- Fee income down 4%, affected by the Flexinvest Fri compensation of DKK 180 m, partly mitigated by remortgaging fees
- AuM down 3%, affected by sale of Danica Pension Sweden



■ Banking DK
 ■ Corporates & Institutions
 ■ Northern Ireland
■ Banking Nordic
 ■ Wealth Management
 ■ Other Activities

Trading income: Down 15% y/y and 36% q/q in challenging market conditions

Key points

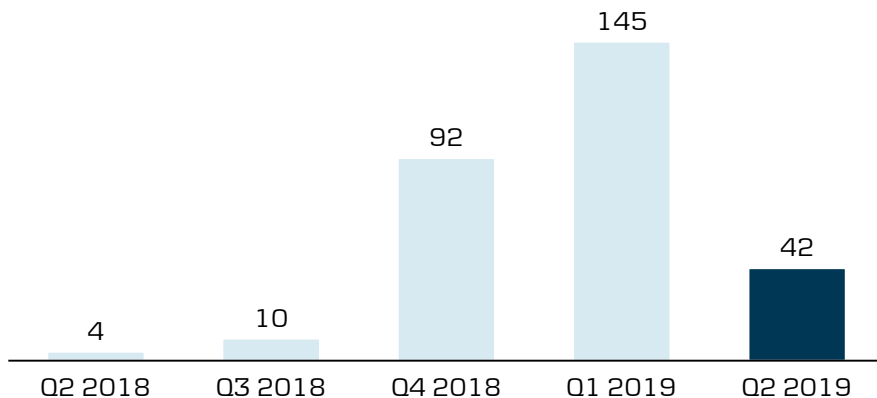
Y/Y

- Trading income down 15% from H1 2018, reflecting challenging market conditions
- C&I affected by negative value adjustments on derivatives

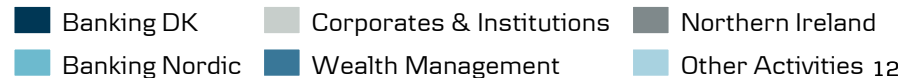
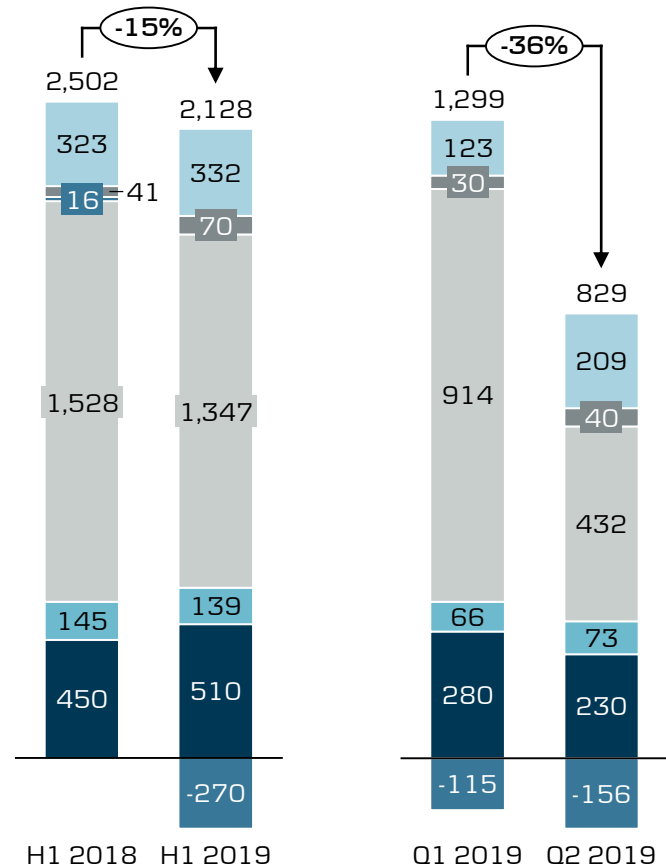
Q/Q

- Trading income down 36%. Rates markets were adversely affected by a sudden change in expectations towards lower rather than higher interest rates, resulting in low customer activity along with intense margin pressure
- FX markets affected by low volatility and significant margin pressure

Refinancing income (DKK m)



Group net trading income (DKK m)



Expenses: Up 12% y/y due to upstaffing and investments in compliance and AML, 2019 outlook raised to DKK 25.5-26 bn

Key points

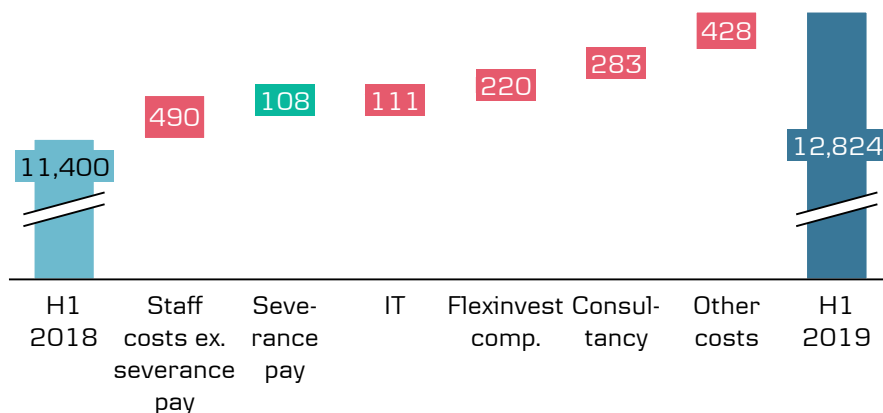
Y/Y

- Expenses up 12% y/y, due mainly to upstaffing and investments in compliance and AML activities, the Flexinvest Fri compensation and consultancy costs related mainly to the Estonia case

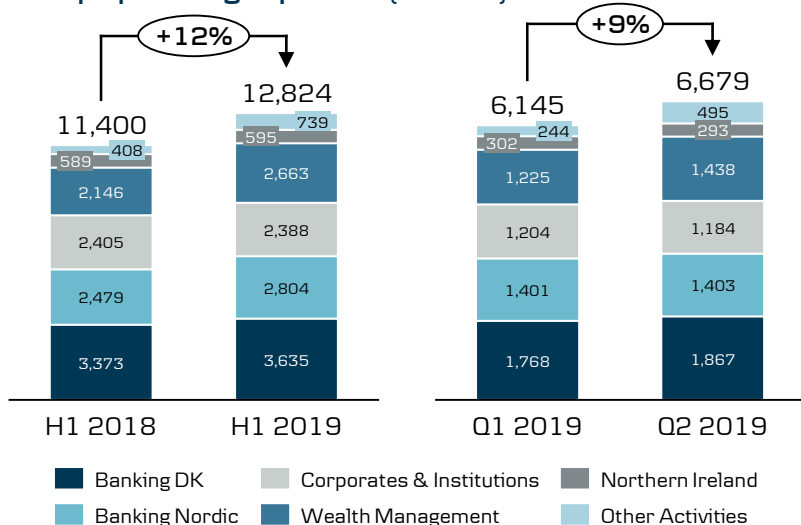
Q/Q

- Expenses up 9% q/q, reflecting the Flexinvest Fri compensation of around DKK 220m, further upstaffing in the AML area and consultancy costs related mainly to the Estonia case

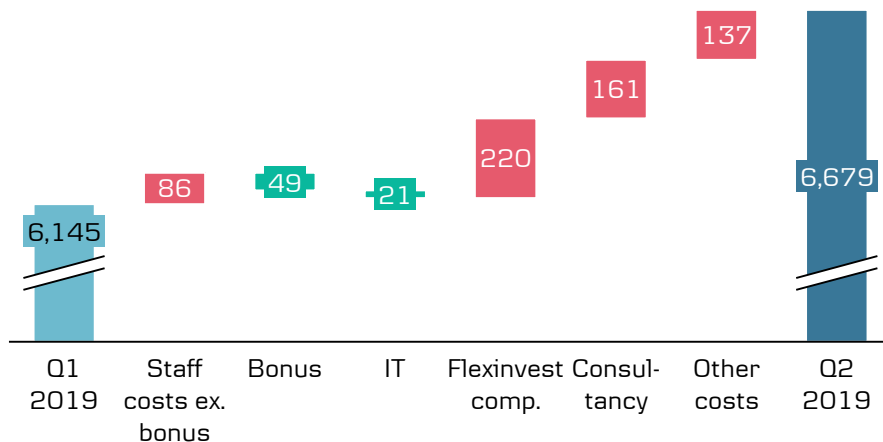
Change in expenses, y/y (DKK m)



Group operating expenses (DKK m)



Change in expenses, q/q (DKK m)



Impairments: Loan loss ratio of 5 bp in core activities in H1, single-name exposures at C&I drive impairments

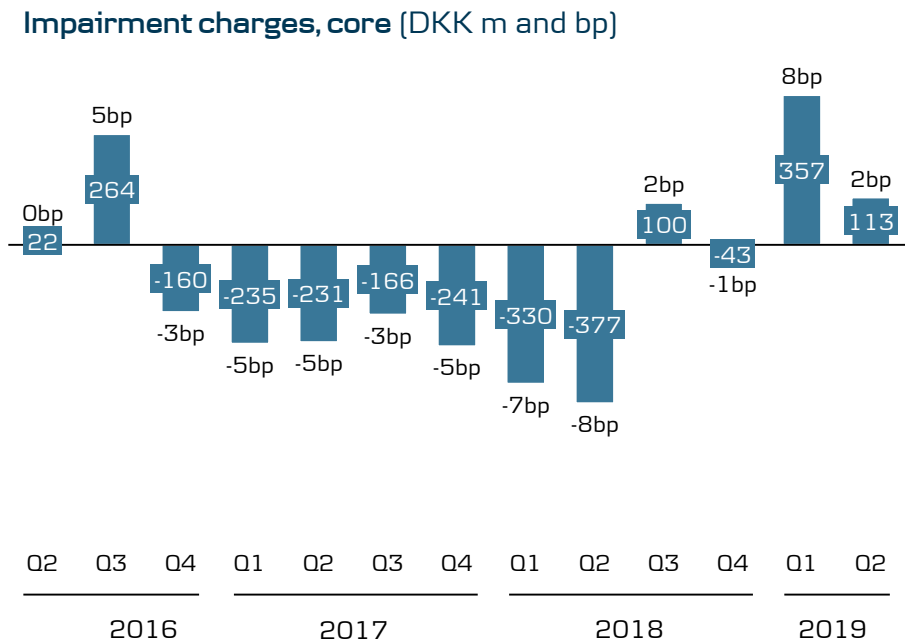
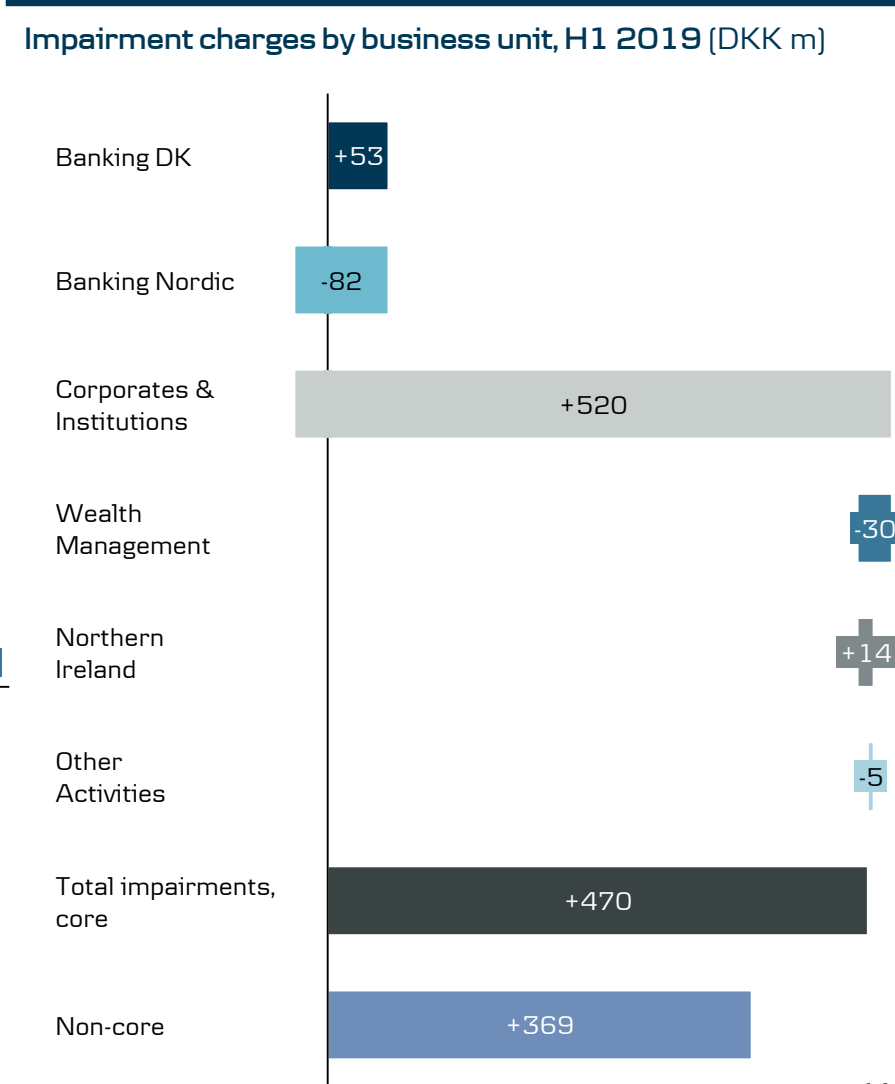
Key points

Y/Y

- Charge of DKK 470 m; core loan loss ratio of 5 bp
 - Impairments at C&I due to single-name exposures in oil and retail
 - Lower reversals on non-performing loans at Banking DK but also charges against agriculture exposure and model adjustments for retail customers

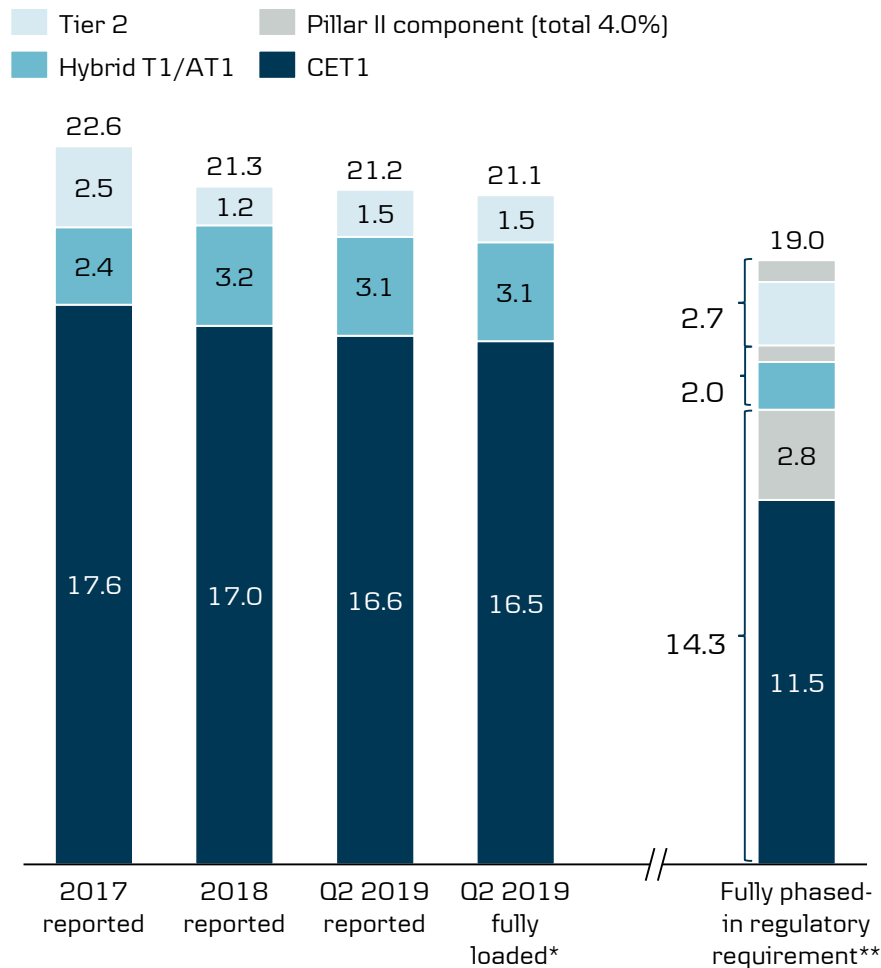
Q/Q

- Charge of DKK 113 m; core loan loss ratio of 2 bp
 - Impairments at C&I due to single-name volatility

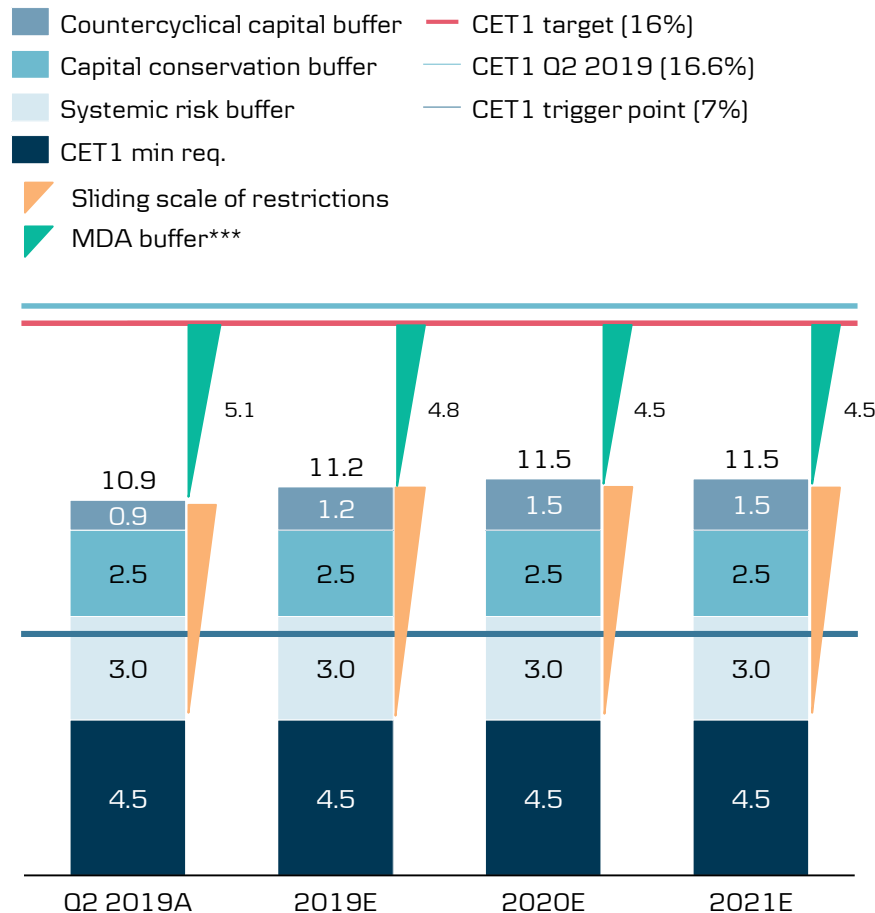


Capital: Strong capital base; CET1 capital ratio of 16.6%

Capital ratios; under Basel III/CRR; %



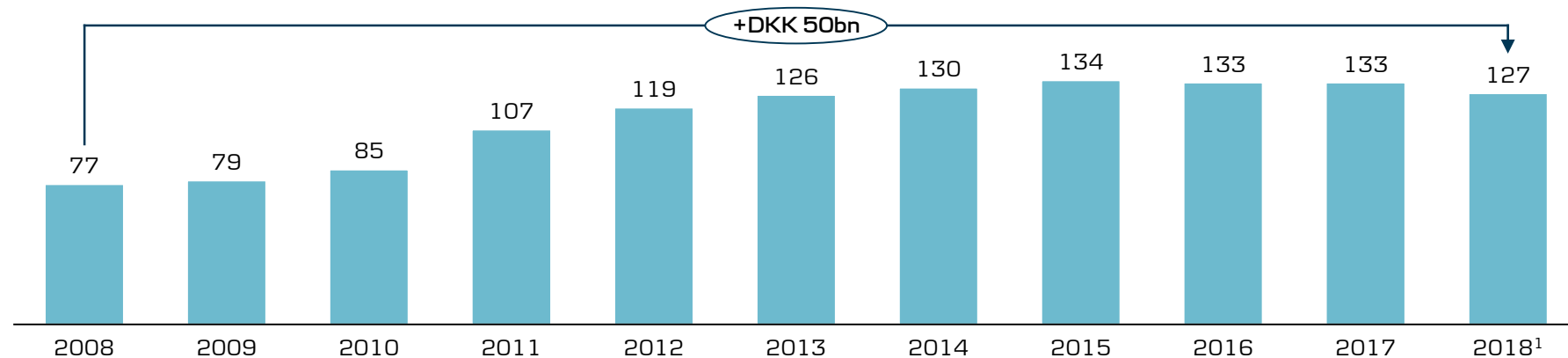
Estimated capital buffer structure, %



* Based on fully phased-in rules including fully phased-in impact of IFRS 9. ** Pro forma fully phased-in minimum CET1 requirement in 2020 of 4.5%, capital conservation buffer of 2.5%, SIFI requirement of 3%, countercyclical buffer of 1.5% and CET1 component of Pillar II requirement. *** Under the current Danish rules, Pillar II requirement is not relevant for the purpose of MDA.

Strong CET1 capital build-up since 2008; Available Distributable Items (ADI) in excess of DKK 100bn

Common Equity Tier 1, 2008 - 2018; DKKbn



REA, CET1, profit and distribution; DKKbn; %

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REA	960	834	844	906	819	852	865	834	815	753	748
CET1 ratio	8.1%	9.5%	10.1%	11.8%	14.5%	14.7%	15.1%	16.1%	16.3%	17.6%	17.0%
Net profit ²	1.0	1.7	3.7	1.7	4.7	7.1	13.0	17.7	19.9	20.9	15.0
Distribution to shareholders ³	0	0	0	0	0	2.0	10.5	17.1	18.9	16.3	7.6
Total assets	3,544	3,098	3,214	3,424	3,485	3,227	3,453	3,293	3,484	3,540	3,578

¹ The decline in CET1 capital in 2018 is due mainly to Danica Pension's acquisition of SEB Pension Danmark which led to a higher deduction in Group regulatory capital

² Before goodwill impairment charges

³ Based on year-end communicated distributions. 2017 is adjusted for cancelled buy-back

Update on MREL Requirement & Issuance

Overview of MREL Considerations

The Group has to meet both an MREL requirement and a separate debt buffer requirement for Realkredit Danmark (RD).

MREL requirement

- 2 x the actual solvency need including combined capital buffer requirement but the countercyclical buffer requirement is only included one time - $2 \times (P1 + P2 + CBR) - CCyB$
- Based on Q2 2019 figures and requirements MREL is equal to 35.9% of REA adjusted for RD (DKK 234 bn)

Total resolution requirement; MREL + RD capital and debt buffer requirement is equal to 36.1 % of Group REA

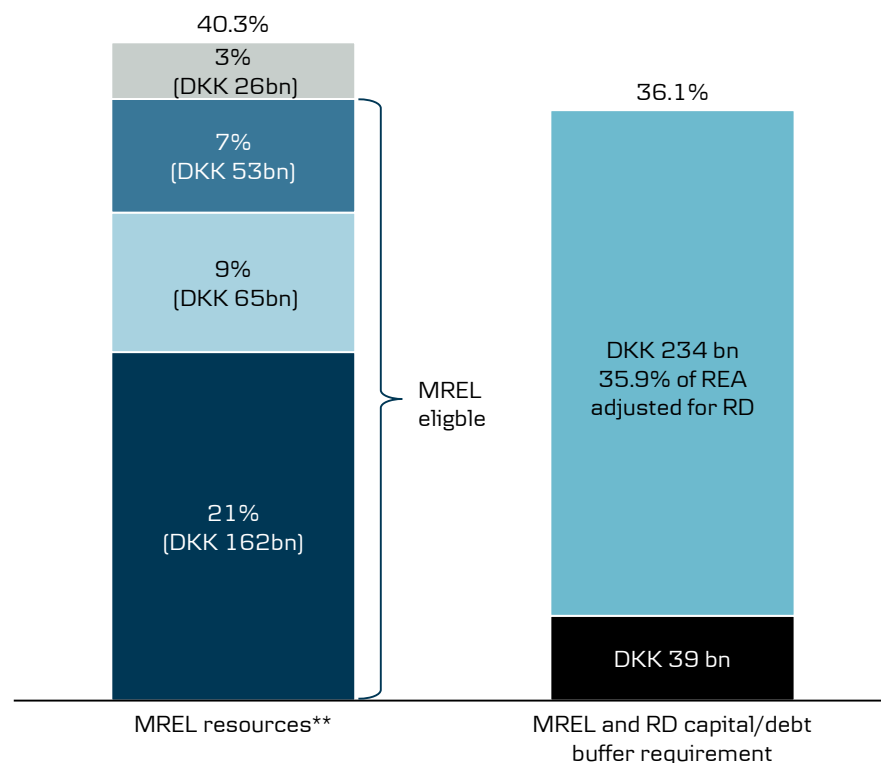
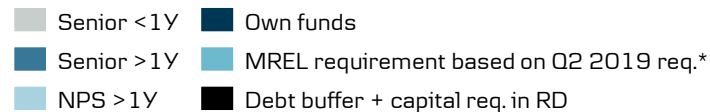
Issuance strategy for Non-preferred senior

Instrument - Non-preferred senior (NPS) debt, similar to the approach in other European jurisdictions

Building MREL buffer

- Senior debt issued before Jan 2018 will qualify as MREL until 2022 allows for refinancing of senior debt with issuance of NPS
- Issuance mix not expected to change significantly
- Measured up against the fully phased-in requirement with full subordination in 2022, the current NPS gap is equal to approx. DKK 47bn

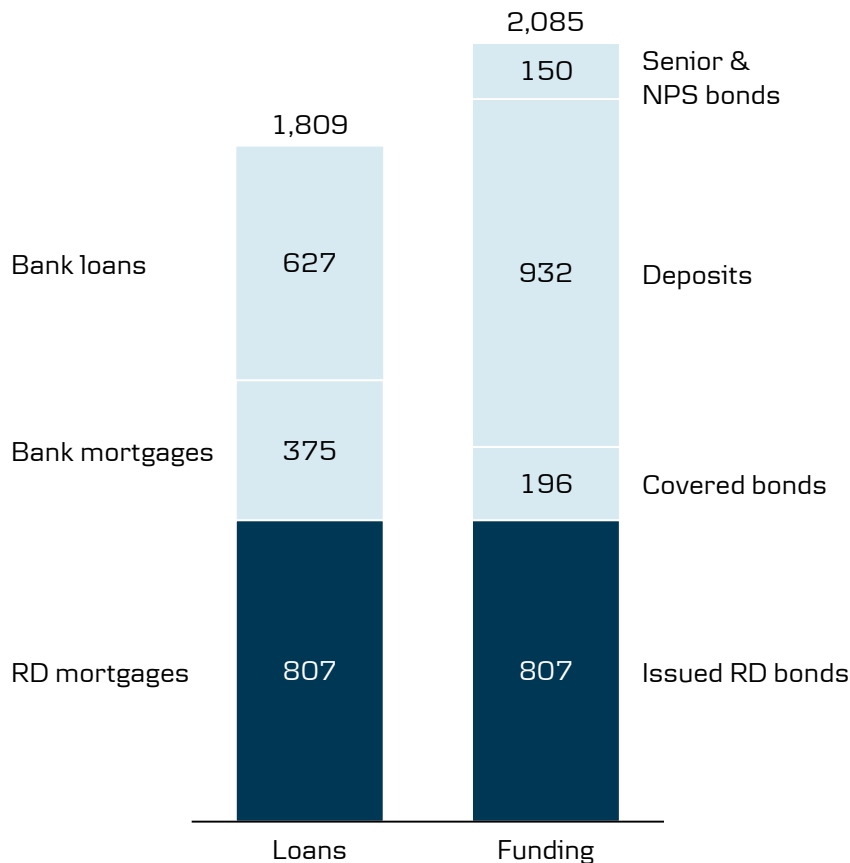
MREL resources and requirements; Q2 2019; % of REA



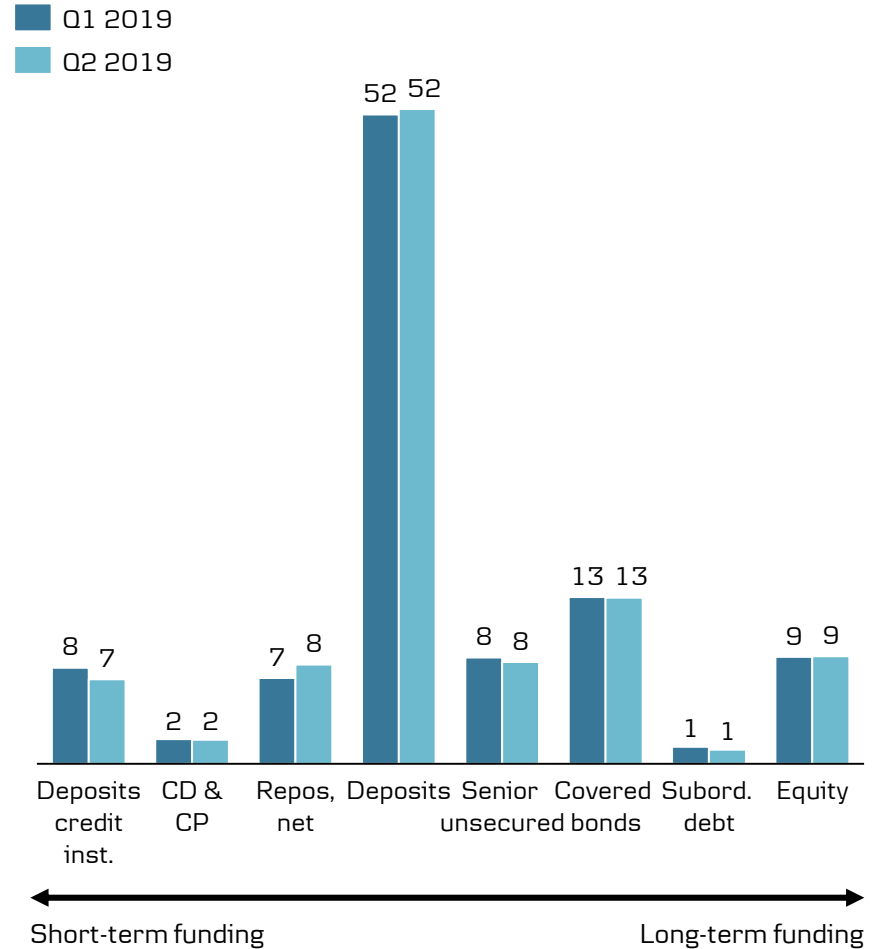
* RD is not included in the consolidation for the purpose of determining the MREL for the Group. The capital and debt buffer requirements that apply to RD are thus deducted from the liabilities used to fulfil the MREL. Based on Q4 2017 requirements, the FSA annual update in February 2019 set MREL at 35.9% of REA adjusted for RD (equivalent to a requirement of 10.8% of total liabilities and own funds adjusted for RD) 10.8% of TLOF is equivalent to DKK 299 bn at end Q2 2019 ** MREL resources include structured notes.

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

Loan portfolio and long-term funding, Q2 2019 (DKK bn)

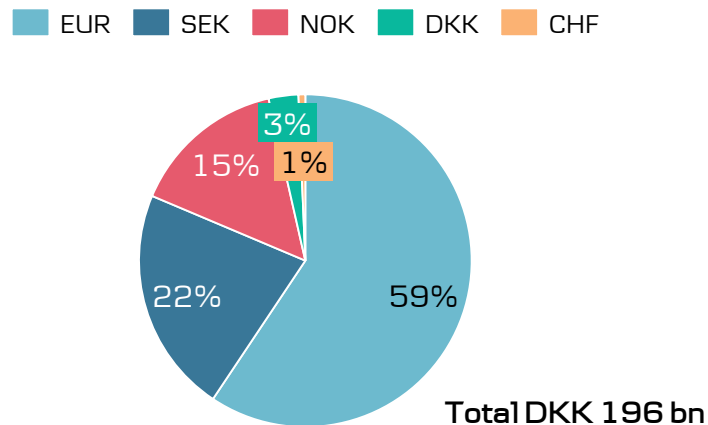


Funding sources (%)

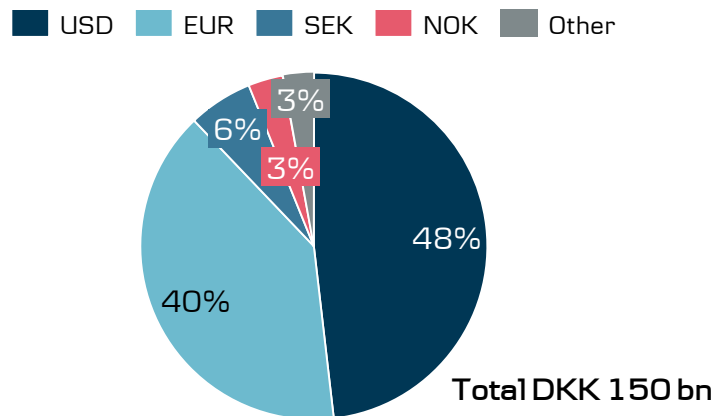


Funding programmes and currencies








Covered bonds by currency, end-Q2 2019



Senior debt¹ by currency, end-Q2 2019

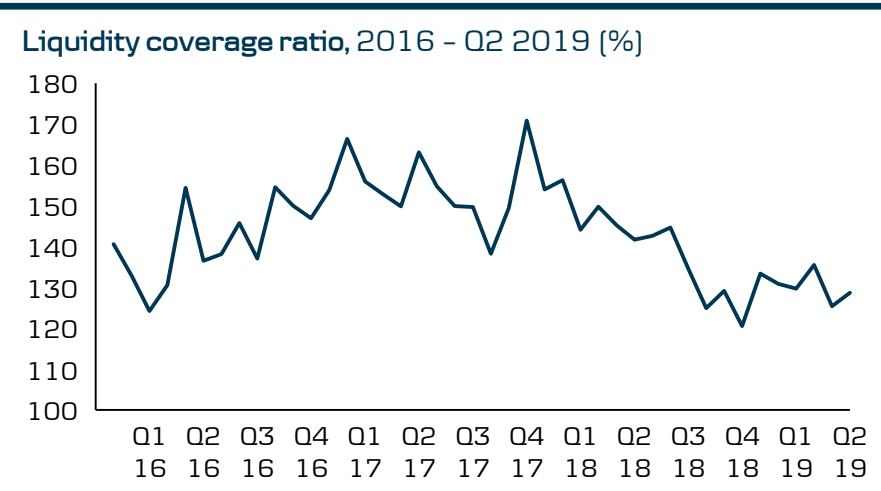
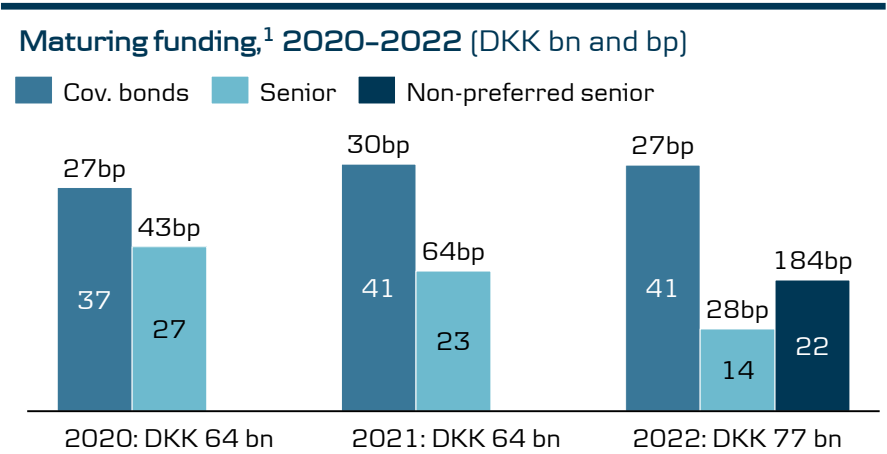
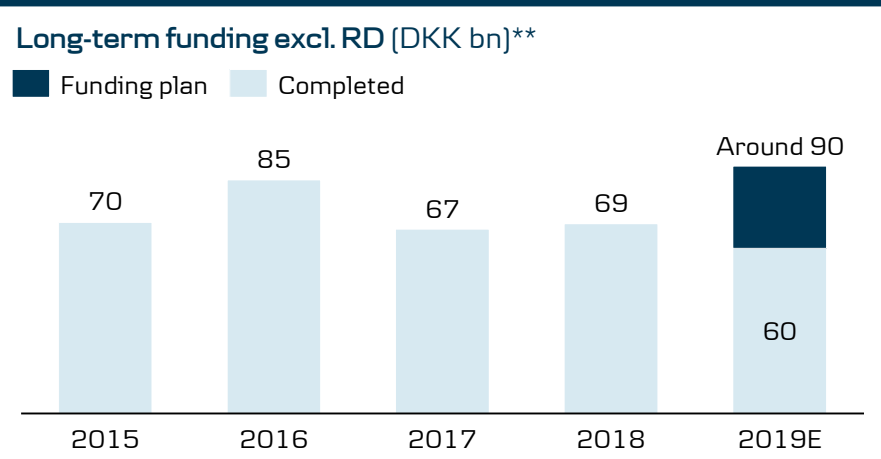
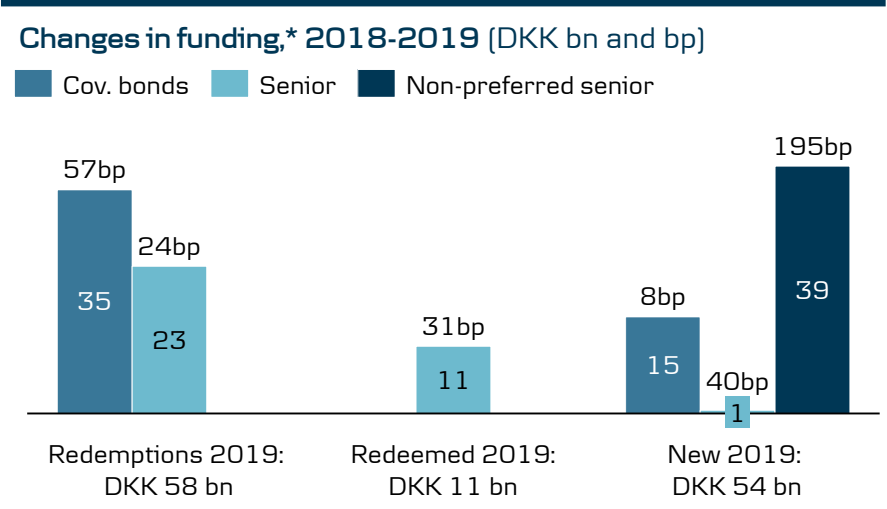


Largest funding programmes, end-Q2 2019

Programme	Limit	Utilisation
 EMTN Programme	EUR 35bn	34%
 Global Covered Bond	EUR 30bn	78%
 ECP Programme	EUR 13bn	2%
 US MTN (144A)	USD 15bn	71%
 US Commercial Paper	USD 6bn	16%
 UK Certificate of Deposit	USD 15bn	7%
 NEU Commercial Paper	EUR 10bn	1%





¹ Including senior preferred and non-preferred debt

Funding and liquidity: DKK 60 bn of long-term funding and capital instruments issued in H1 2019; LCR compliant at 129%



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

Danske Bank covered bond universe, a transparent pool structure¹

 	<p style="text-align: right;">Danske Bank</p> <p>Residential mortgages from</p> <ul style="list-style-type: none"> Denmark, D-pool Norway, I-pool Sweden, Danske Hypotek AB Finland, Danske Mortgage Bank Plc <p>Commercial mortgages from</p> <ul style="list-style-type: none"> Sweden and Norway, C-pool
 	<p style="text-align: right;">REALKREDIT Danmark</p> <p>Pass-through principle based on mortgages from primarily Denmark</p> <ul style="list-style-type: none"> Capital Centre T, Adjustable-rate mortgages Capital Centre S, Fixed-rate callable mortgages












¹ The migration to Danske Hypotek of Swedish residential loans from Danske Bank's I-pool and Swedish residential-like loans from Danske Bank's C-pool is ongoing. Details of the composition of individual cover pools can be found on the respective issuers' website

Danske Bank's credit ratings

Long-term instrument ratings

	Fitch	Moody's	Scope	S&P
Investment grade	AAA ¹	Aaa	AAA	AAA
	AA+ ²	Aa1	AA+	AA+
	AA	Aa2	AA	AA
	AA-	Aa3	AA-	AA-
	A+	A1	A+	A+
	A	A2	A	A
	A-	A3	A-	A-
	BBB+	Baa1	BBB+	BBB+
Speculative grade	BBB	Baa2	BBB	BBB
	BBB-	Baa3	BBB-	BBB-
	BB+	Ba1	BB+	BB+

	Fitch rated covered bonds – RD, Danske Bank
	Moody's rated covered bonds – Danske Mortgage Bank
	Scope rated covered bonds – RD
	S&P rated covered bonds – RD, Danske Bank, Danske Hypotek
	Counterparty rating
	Senior unsecured
	Non-preferred senior
	Tier 2
	Additional Tier 1

No rating actions on Danske Bank in H1 2019

The credit rating agencies took no rating actions in the first half of 2019. The last time the agencies changed their assessments was in October 2018.

Fitch affirms the rating of Danske Bank

On 2 July 2019 Fitch affirmed Danske Bank's 'A' rating. The outlook remains negative due to uncertainty relating to the ultimate impact on Danske Bank's capitalisation, franchise and funding profile of the Estonia case.

S&P comments on announcement that the Bank has overcharged some customers

On 1 July 2019 S&P published a bulletin addressing the corrective measures Danske Bank has taken after announcing it had overcharged some customers for the Flexinvest Fri product. S&P will follow the evolution of events relating to the overcharging and will continually assess the impact on Danske Bank's franchise.

¹ RD capital centre S

² RD capital centre T

Agenda

01. *Business units* 24

02. *Special topics* 31

03. *Macroeconomics* 33

04. *Contact details* 36

Banking DK: Lending growth of 1% y/y; higher expenses and impairments

Income statement and key figures (DKK m)

	H1 2019	H1 2018	Index	Q2 2019	Q1 2019	Index
Net interest income	4,305	4,458	97	2,125	2,181	97
Net fee income	1,486	1,750	85	697	789	88
Net trading income	510	450	113	230	280	82
Other income	115	114	101	60	55	109
Total income	6,416	6,772	95	3,111	3,305	94
Expenses	3,635	3,373	108	1,867	1,768	106
Profit before loan impairment charges	2,781	3,399	82	1,244	1,537	81
Loan impairment charges	53	-594	-	-153	206	-
Profit before tax	2,728	3,993	68	1,397	1,331	105
Lending (DKK bn)*	882	876	101	882	882	100
Deposits and RD funding** (DKK bn)	1,052	1,036	102	1,052	1,046	101
Deposits (DKK bn)	294	287	102	294	286	103

Key points

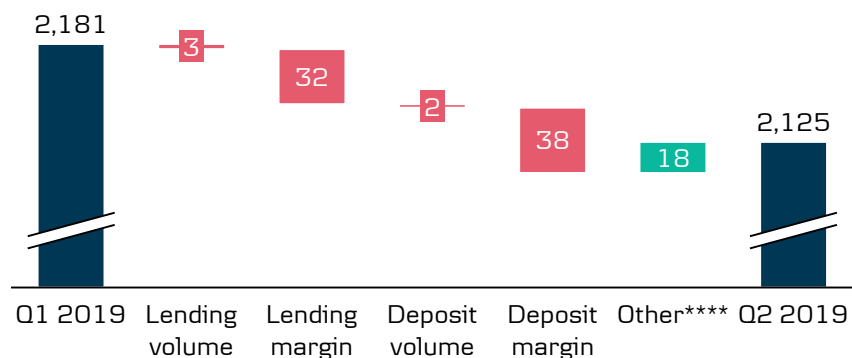
Y/Y

- Total income down 5%
- Expenses up 8% owing mainly to investments in AML activities
- Impairments against agriculture, lower reversals and model adjustments
- Lending up 1%, deposits up 2%

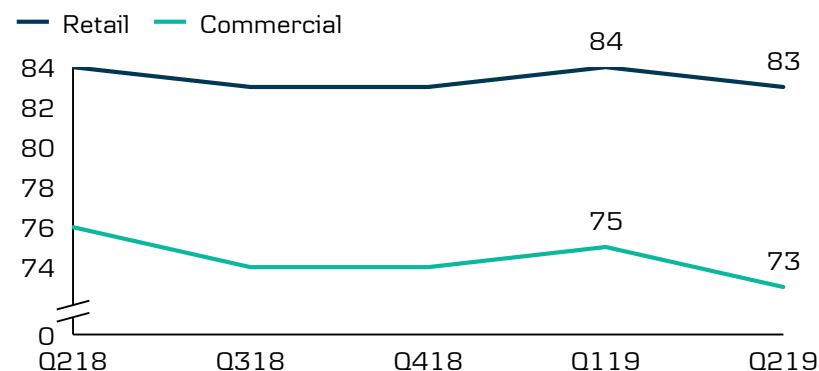
Q/Q

- NII down 3%, reflecting strong competition and lower risk appetite
- Fees impacted by Flexinvest case
- Expenses up 6%, driven by costs for regulatory requirements and compliance

Banking DK NII bridge*** (DKK m)



Realkredit Danmark lending spread (bp)



* In Q2, a portfolio of loans was transferred from Banking DK to Wealth Management. At 31 March 2019, this amounted to a net impact of DKK -3 bn at Banking DK ** Before the elimination of the Group's holding of own covered bonds. *** Based on average volumes. **** Includes capital costs, day effect and off-balance-sheet items.

Realkredit Danmark: Portfolio overview

76% of new retail lending in Q2 was fixed-rate vs 42% of stock

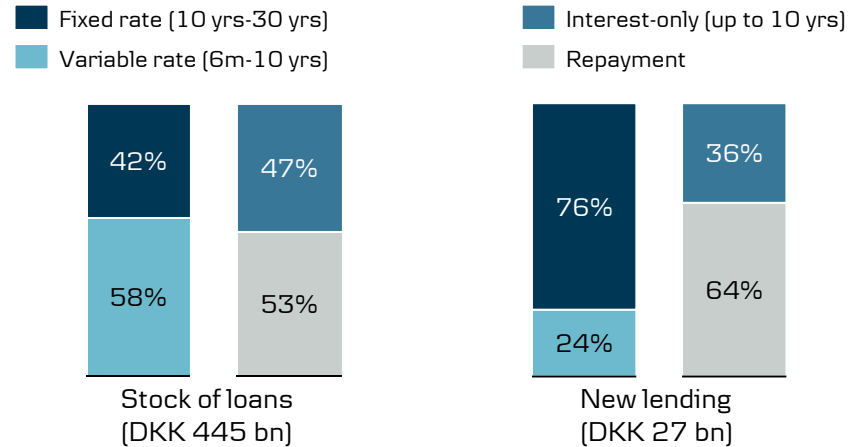
Portfolio facts, Realkredit Danmark, Q2 2019

- Approx. 356,000 loans (residential and commercial)
- 1,282 loans in 3- and 6-month arrears (+5% since Q1)
- 22 repossessed properties
- DKK 9 bn in loans with LTV ratio > 100%, including DKK 5 bn covered by a public guarantee
- Average LTV ratio of 61%
- We comply with all five requirements of the supervisory diamond for Danish mortgage institutions

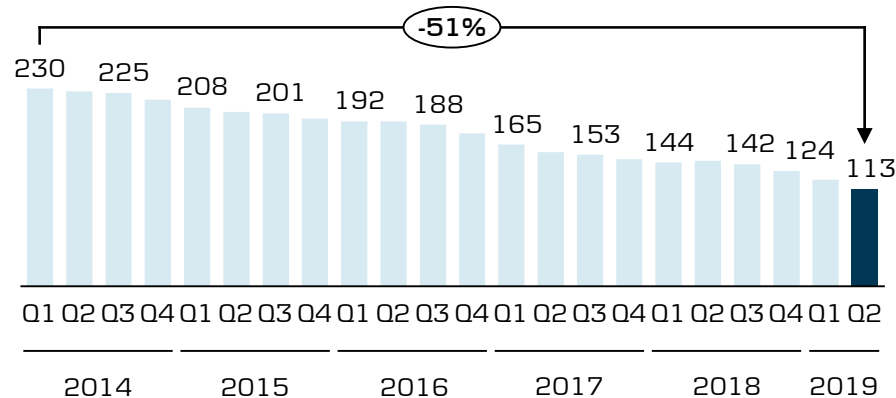
LTV ratio at origination (legal requirement)

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

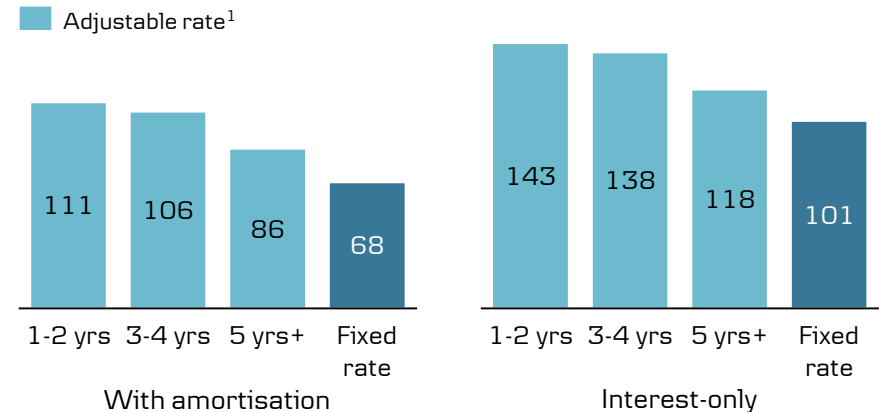
Retail loans, Realkredit Danmark, Q2 2019 (%)



Total RD loan portfolio of FlexLån® F1-F4 (DKK bn)



Retail mortgage margins, 80% LTV, owner-occupied (bp)



¹ In addition, we charge 30 bp of the bond price for refinancing of 1- and 2-year floaters and 20 bp for floaters of 3 or more years (booked as net trading income).

Banking Nordic: Lending growth of 6% y/y but higher interest rates in Sweden and Norway squeezed margins

Income statement and key figures (DKK m)

	H1 2019	H1 2018	Index	Q2 2019	Q1 2019	Index
Net interest income	3,774	3,953	95	1,873	1,900	99
Net fee income	776	815	95	379	397	95
Net trading income	139	145	96	73	66	111
Other income	322	378	85	168	155	108
Total income	5,011	5,290	95	2,493	2,519	99
Expenses	2,804	2,479	113	1,403	1,401	100
Profit before loan impairment charges	2,208	2,811	79	1,090	1,118	97
Loan impairment charges	-82	2	-	-35	-48	-
Profit before tax	2,290	2,809	82	1,125	1,165	97
Lending (DKK bn)	613	576	106	613	608	101
Deposits (DKK bn)	242	238	102	242	232	104

Key points

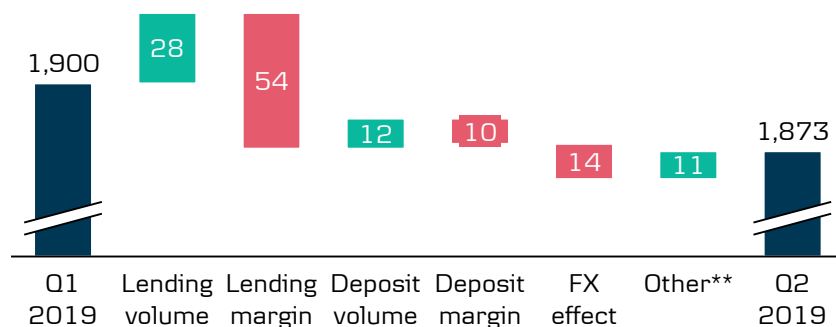
Y/Y

- NII down 5% as higher interest rates put pressure on margins
- Expenses up 13% due to investments in compliance and AML
- Lending up 6% with growth in all markets except Retail Finland

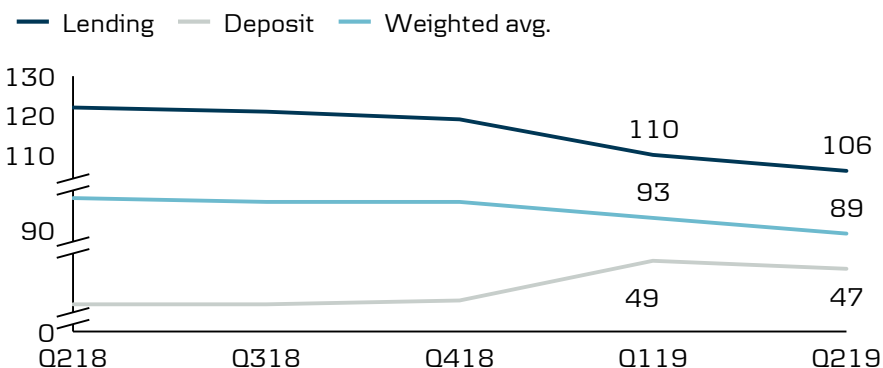
Q/Q

- NII down 1% as higher interest rates put pressure on margins
- Expenses unchanged
- Lending up 1%, driven mainly by Retail Norway and Commercial Finland

Banking Nordic NII bridge* (DKK m)



Banking Nordic margins (bp)



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

Lending growth: Growth of 1% y/y at Banking DK and 6% at Banking Nordic

Comments

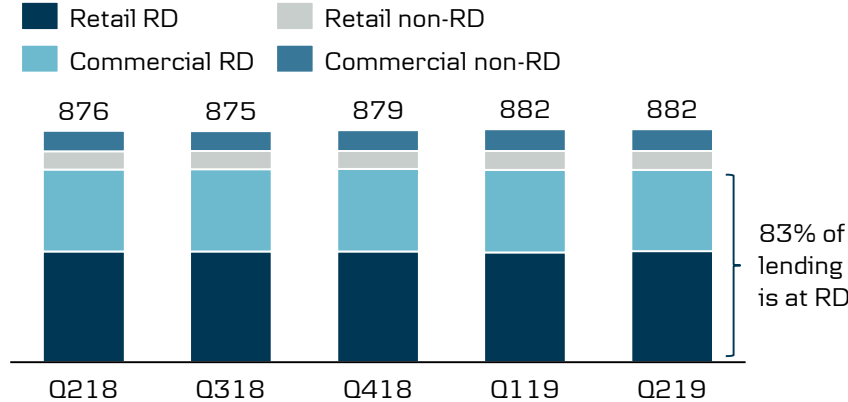
Banking DK

- 83% of lending at Banking DK is at mortgage subsidiary Realkredit Danmark (RD)
- Growth of 1% y/y at Banking DK
- Lending flat q/q

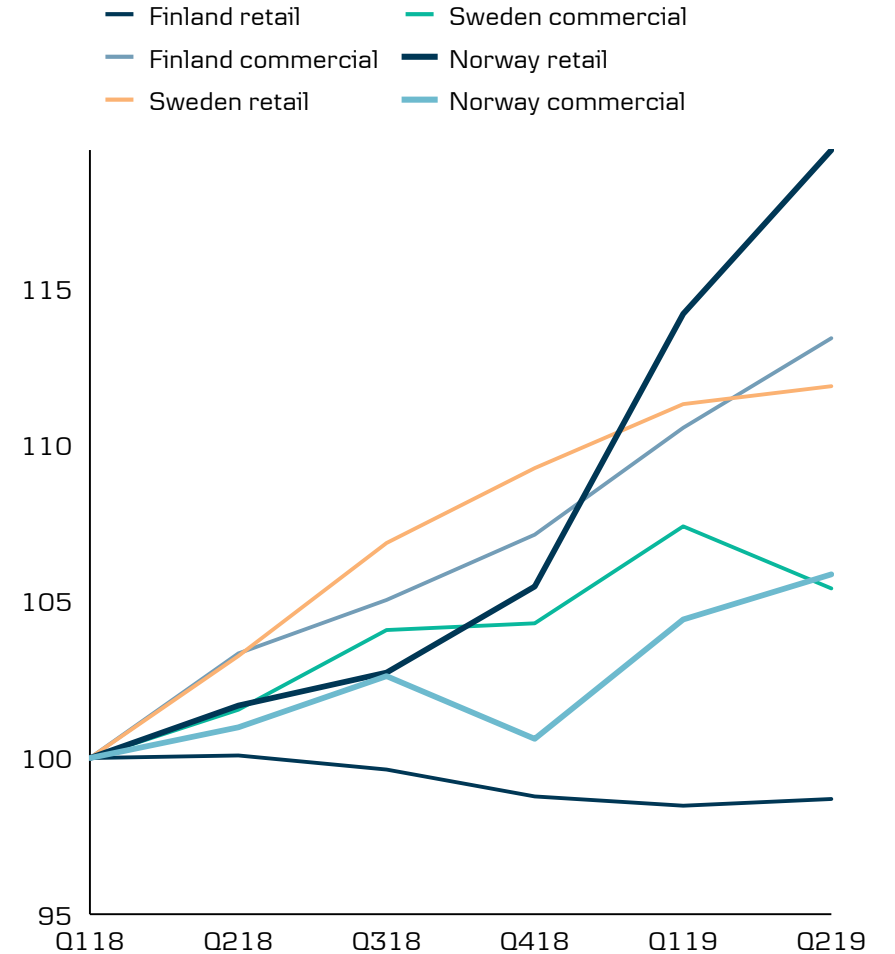
Banking Nordic

- Solid growth of 6% y/y
- Retail Norway saw lending growth of 5% q/q following continued inflow from TEKNA (union for engineers)
- Commercial Finland grew 3% q/q while Retail Finland was stable

Lending volume by segment at Banking DK (DKK bn)



Banking Nordic: lending volume by segment and country*



* Based on local currency lending volumes.

Corporates & Institutions: Challenging market conditions and higher impairment charges

Income statement and key figures (DKK m)

	H1 2019	H1 2018	Index	Q2 2019	Q1 2019	Index
Net interest income	1,787	1,983	90	857	930	92
Net fee income	1,401	1,478	95	709	692	102
Net trading income	1,347	1,528	88	432	914	47
Other income	1	9	11	1	-	-
Total income	4,535	4,998	91	1,999	2,536	79
Expenses	2,388	2,405	99	1,184	1,204	98
Profit before loan impairment charges	2,147	2,593	83	815	1,332	61
Loan impairment charges	520	-132	-	300	221	136
Profit before tax	1,627	2,725	60	516	1,111	46
Lending (DKK bn)	203	191	106	203	195	104
Deposits (DKK bn)	271	269	101	271	264	102

Key points

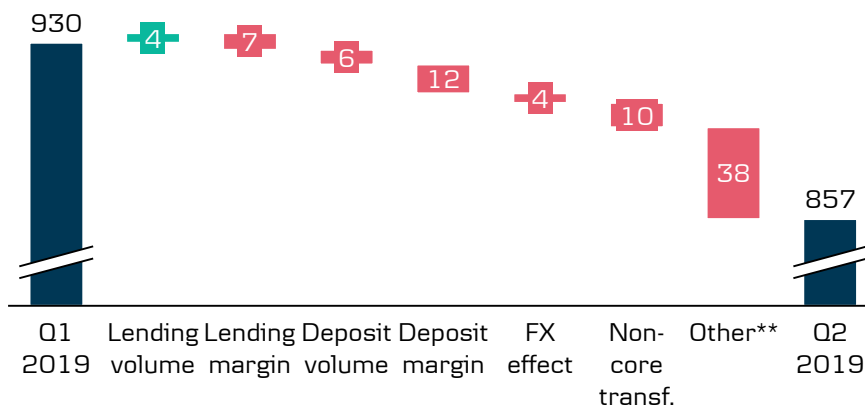
y/y

- NII down 4% adjusted for the portfolio transfers to Non-core
- Expenses down 1%, driven by portfolio transfers and continued cost focus
- Lending up 6%, 7% adjusted for the transfers to Non-core

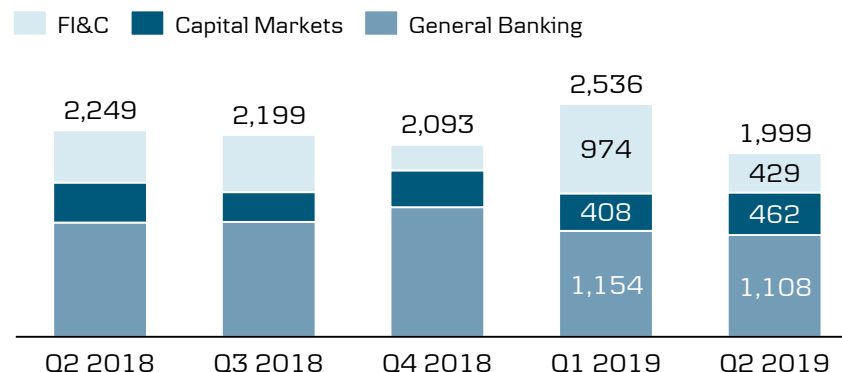
Q/Q

- Trading income down in a very challenging environment
- Expenses down 2% due to lower activity
- Impairments relating to a few single-name exposures

C&I NII bridge* (DKK m)



C&I income breakdown (DKK m)



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

Wealth Management: Gain of DKK 1.3 bn from the sale of Danica Pension Sweden; AuM flat adjusted for the sale

Income statement and key figures (DKK m)

	H1 2019	H1 2018	Index	Q2 2019	Q1 2019	Index
Net interest income	335	366	92	160	175	91
Net fee income	3,842	3,423	112	1,894	1,947	97
Net trading income	-270	16	-	-156	-115	-
Other income	1,293	-47	-	1,342	-49	-
Total income	5,199	3,758	138	3,241	1,958	166
Expenses	2,663	2,146	124	1,438	1,225	117
Profit before loan impairment charges	2,536	1,612	157	1,803	733	246
Loan impairment charges	-30	-33	-	-27	-3	-
Profit before tax	2,566	1,645	156	1,830	736	249
Lending (DKK bn)*	82	77	106	82	78	106
Deposits (DKK bn)	73	71	103	73	71	104
AuM (DKK bn)	1,587	1,648	96	1,587	1,642	97

Key points

y/y

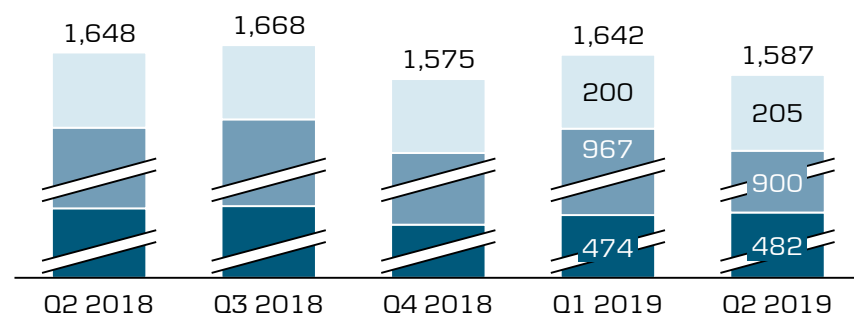
- AuM down 4%, owing mainly to sale of Danica Pension Sweden (DKK 64 bn)
- Net sales of DKK -6.5 bn in H1 2019
- Expenses up 24% due mainly to the acquisition of SEB Pension Danmark

Q/Q

- Net sales of DKK -4.5 bn
- Sale of Danica Pension Sweden reduced AuM by 64 bn and fees by around DKK 60 m q/q
- Expenses up 17% due mainly to the Flexinvest Fri compensation

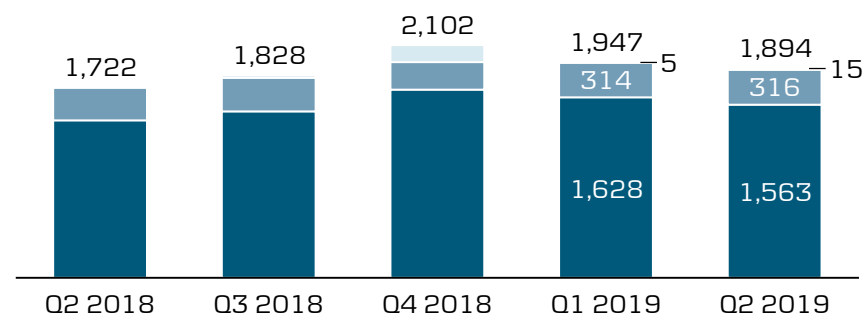
AuM breakdown (DKK bn)

Life conventional Asset management Assets under advice**



Breakdown of net fee income (DKK m)

Performance fees Risk allowance fees Management fees



* In Q2, a portfolio of loans was transferred from Banking DK to Wealth Management. At 31 March 2019, this amounted to a net impact of DKK +3 bn at Wealth Management.

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

Northern Ireland: Lending and NII up y/y despite continued Brexit uncertainty

Income statement and key figures (DKK m)

	H1 2019	H1 2018	Index	Q2 2019	Q1 2019	Index
Net interest income	765	736	104	379	386	98
Net fee income	189	201	94	93	96	97
Net trading income	70	41	171	40	30	133
Other income	7	6	117	4	3	133
Total income	1,030	984	105	516	515	100
Expenses	595	589	101	293	302	97
Profit before loan impairment charges	436	394	111	223	213	105
Loan impairment charges	14	50	28	28	-14	-
Profit before tax	421	344	122	195	227	86
Lending (DKK bn)	50	49	103	50	53	95
Deposits (DKK bn)	64	63	102	64	65	98

Key points

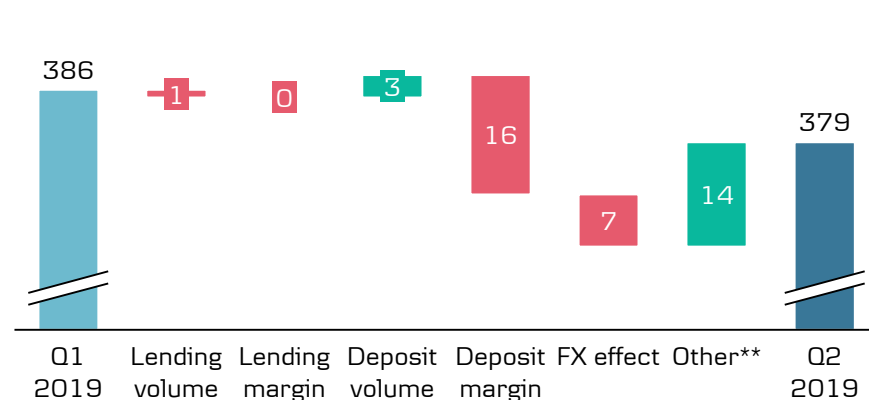
y/y

- Lending and NII up despite continued Brexit uncertainty
- Expenses up 1%, reflecting investments in new customer solutions

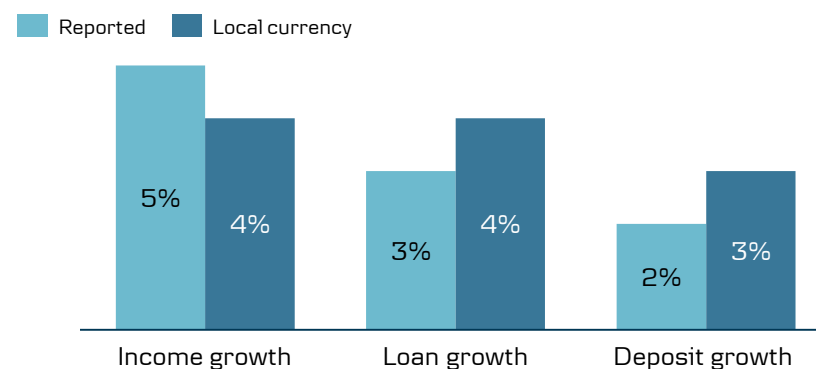
Q/Q

- Total income unchanged
- Expenses down 3%

Northern Ireland NII bridge* (DKK m)



FX-adjusted developments y/y



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

Credit exposure: Limited agriculture and directly oil-related exposure

Agriculture exposure [3.0% of Group exposure]

- Pork prices rose significantly in Q2 2019, while milk prices were unchanged. We have reduced management overlays against pork producers due to the improved outlook
- We reversed impairments of DKK 50 m in Q2. Total accumulated impairments amounted to DKK 3.3 bn, of which DKK 1.4 bn in stages 1 and 2
- Realkredit Danmark represented 53% of total gross exposure and 22% of expected credit losses
 - LTV limit at origination of 60% at Realkredit Danmark

Oil-related exposure [0.7% of Group exposure]

- Net exposure was unchanged at DKK 17.0 bn*
- Oil-related customers accounted for a significant share of the impairment expense of DKK 0.3 bn. at Corporates & Institutions in Q2
- Most of the oil-related exposure is managed by specialist teams for customer relationship and credit management at Corporates & Institutions
- Accumulated impairments amounted to DKK 1.9 bn, of which DKK 0.4 bn in stages 1 and 2

Agriculture by segment, Q2 2019, DKK m

	Gross credit exposure	Portion from RD	Expected credit loss	Net credit exposure	NPL coverage ratio
Banking DK	50,505	39,932	3,117	47,389	88%
Growing of crops, cereals, etc.	19,316	16,144	586	18,730	91%
Dairy	9,135	6,961	1,015	8,120	82%
Pig breeding	11,998	9,083	1,239	10,759	93%
Mixed operations etc.	10,056	7,744	276	9,780	88%
Banking Nordic	12,313	-	140	12,173	102%
Northern Ireland	4,576	-	38	4,538	105%
C&I	5,409	1,964	4	5,404	-
Others	2,555	-	3	2,551	-
Total	75,358	41,896	3,302	72,056	89%

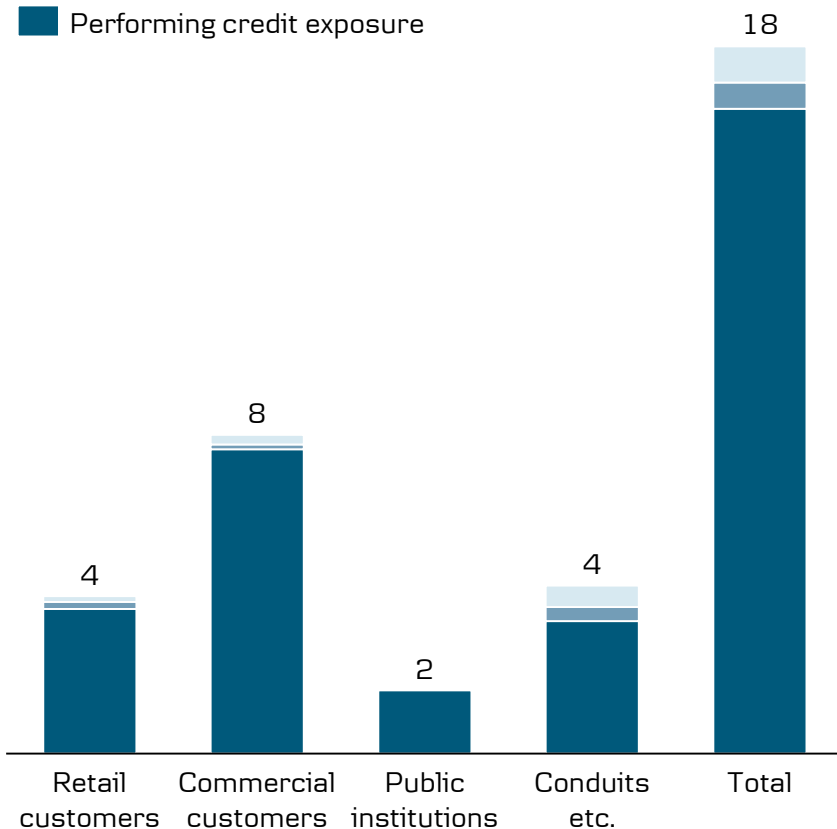
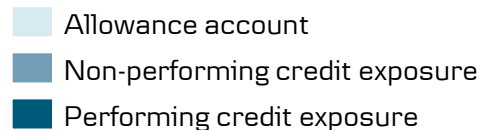
Oil-related exposure, Q2 2019, DKK m

	Gross credit exposure	Expected credit loss	Net credit exposure
C&I	17,595	1,675	15,921
Oil majors	5,234	11	5,223
Oil service	5,748	246	5,502
Offshore	6,614	1,418	5,196
Banking DK and Banking Nordic	1,311	252	1,059
Oil majors	1	0	1
Oil service	1,179	251	928
Offshore	131	1	129
Others	8	0	8
Total	18,915	1,927	16,988

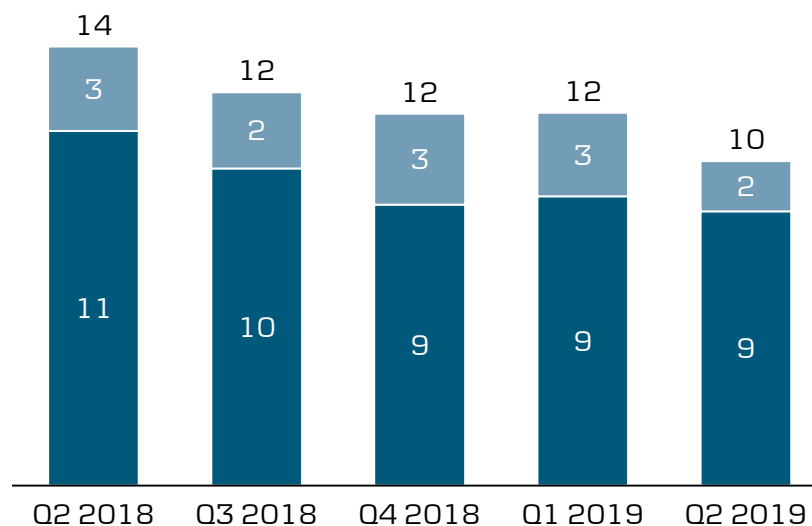
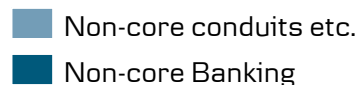
* The credit exposure is reported as part of the Shipping, Oil & Gas industry in our Financial Report.

Non-core: Portfolio now includes all Baltic and Russian exposures, intended sale of retail portfolio in Estonia announced in June

Non-core loan portfolio, Q2 2019 (DKK bn)



Non-core REA* (DKK bn)

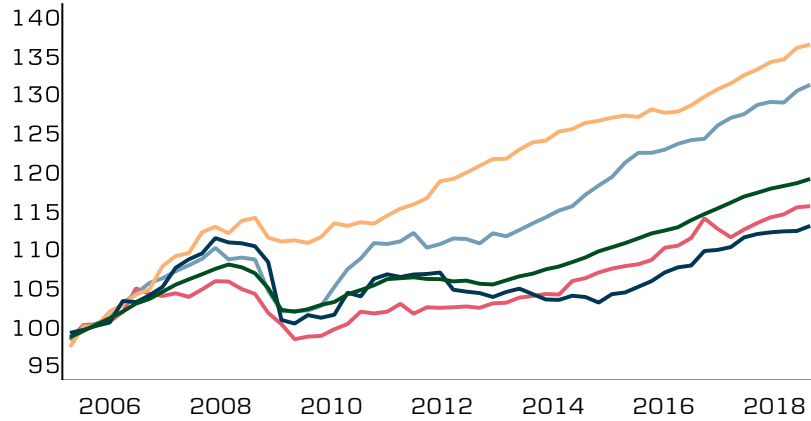


* The increase in Non-core REA in Q2 2018 was due to the transfer of Baltic customers to the Non-core unit at 1 April 2018, which was made as a result of the repositioning of the Group's business activities in the Baltic countries. At 1 February 2019, the Russian exposure and the remaining part of the Baltic exposure were transferred to Non-core.

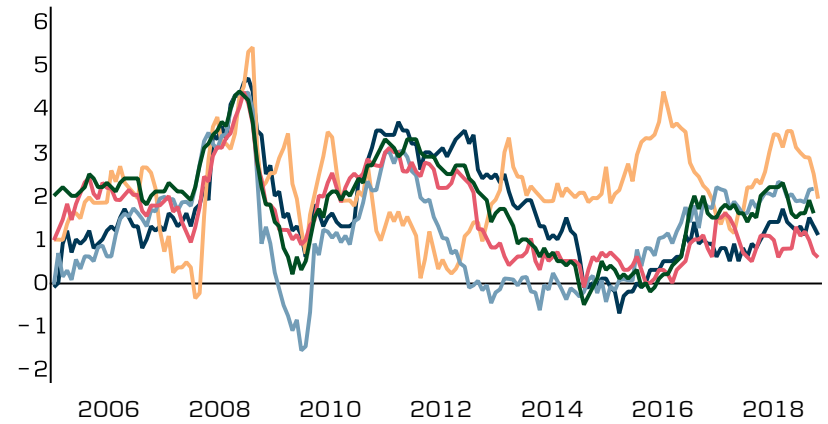
Nordic macroeconomics

Denmark Sweden Norway Finland EU

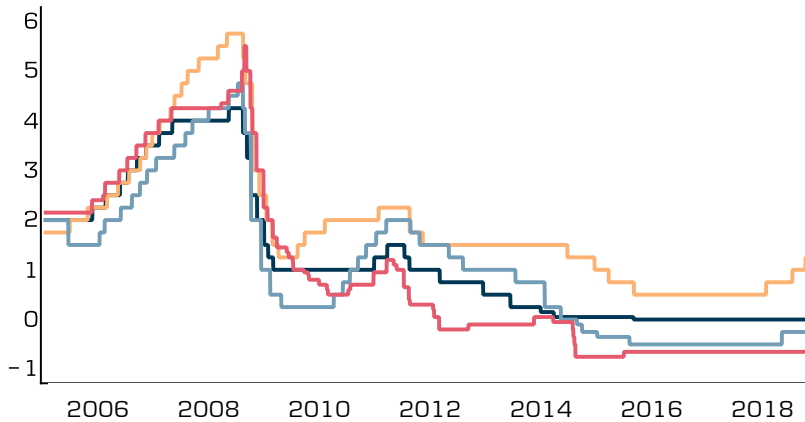
Real GDP, constant prices (index 2005 = 100)



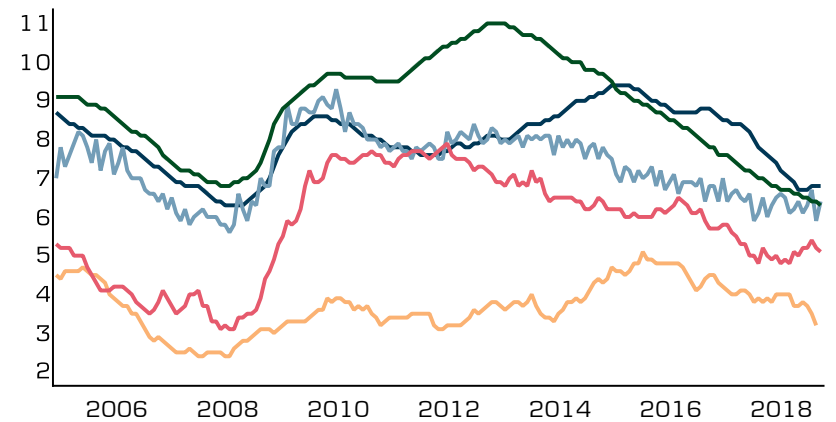
Inflation [%]



Interest rates, leading [%]



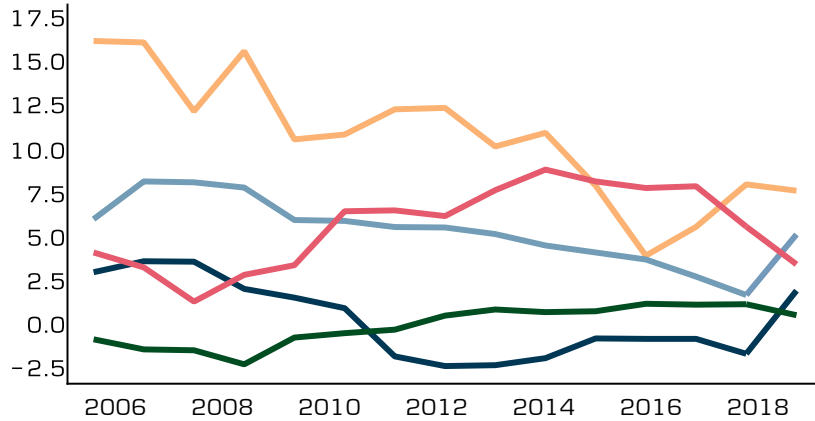
Unemployment [%]



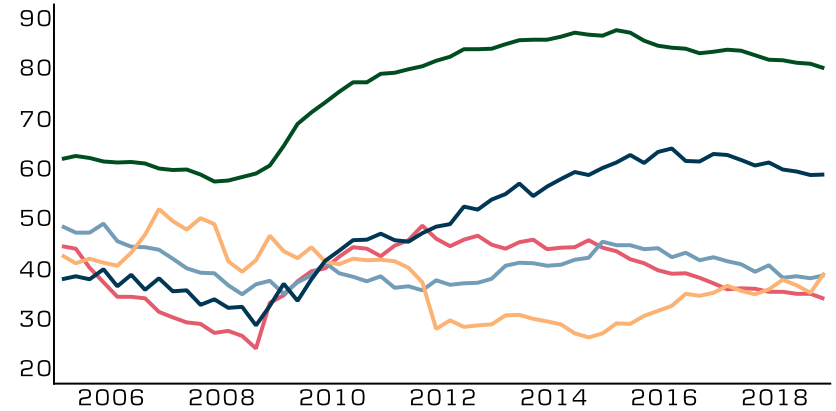
Nordic macroeconomics

Denmark Sweden Norway Finland EU

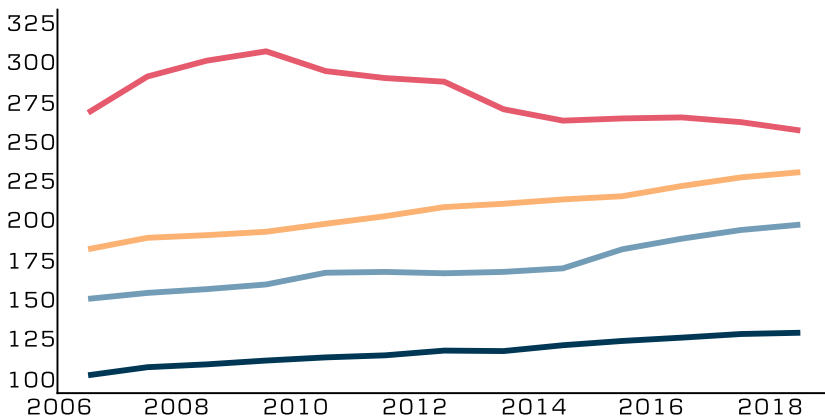
Current account (surplus+/-deficit-); % of GDP



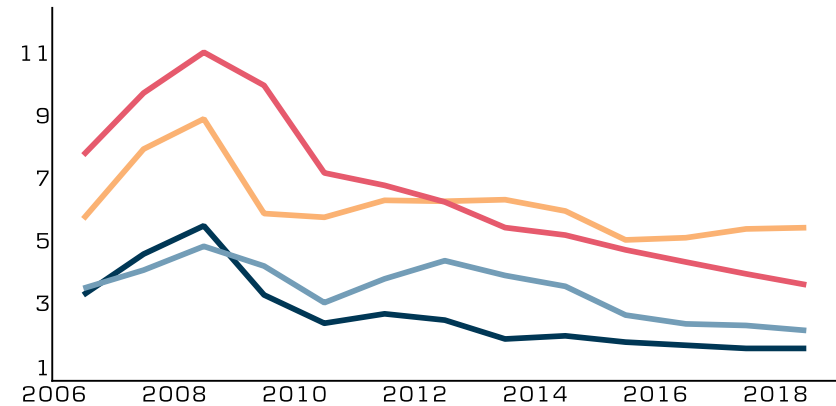
Gross public debt; % of GDP



Household debt burden; % of disposable income



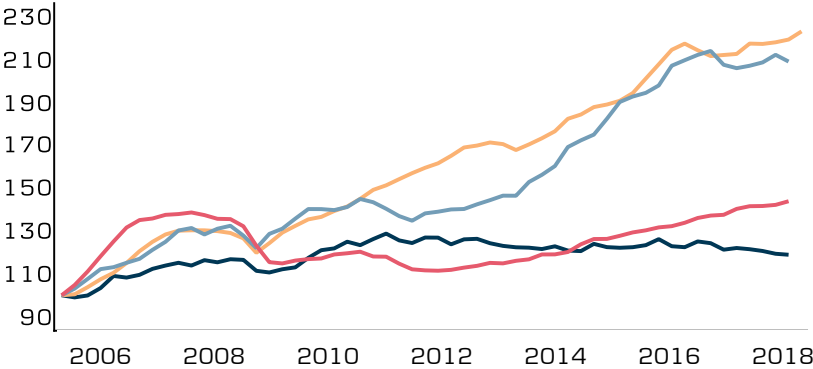
Household interest burden; % of disposable income



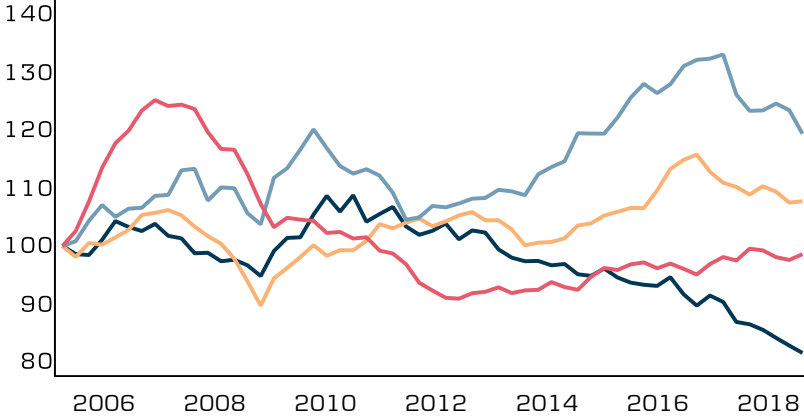
Nordic housing markets

Denmark Sweden Norway Finland

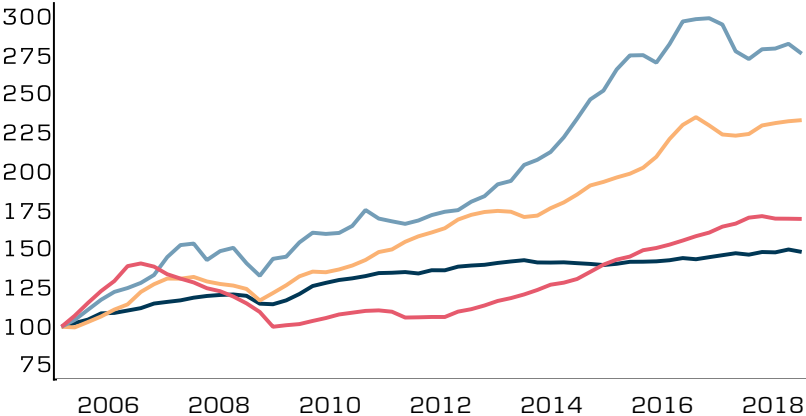
Property prices (index 2005 = 100)



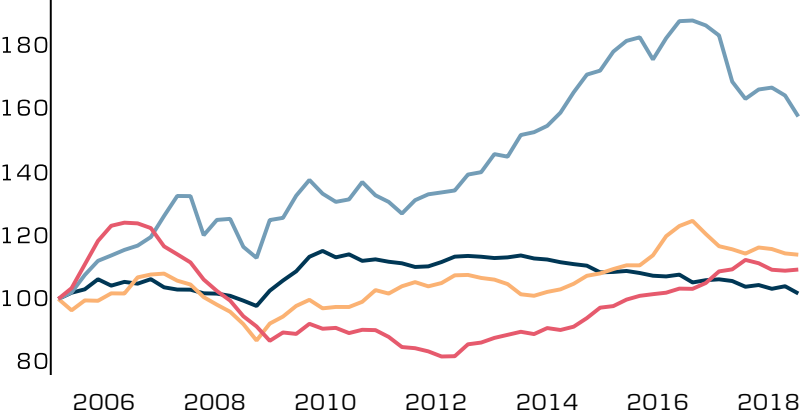
House prices/nom. GDP (index 2005 = 100)



Apartment prices (index 2005 = 100)



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



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