Debt investor update

Q3 2020

Agenda

Danske Bank

We are a Nordic universal bank with strong regional roots

Norway (AAA)
Challenger position

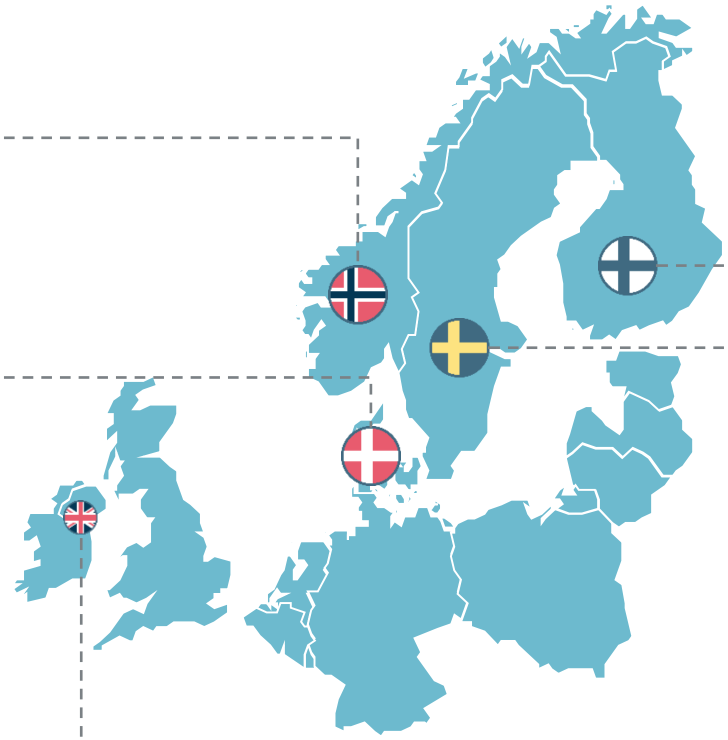
Market share: 7%
Share of Group lending: 10%
GDP growth 2020E: -3.6%
Unemployment 2012E: 5.0%
Leading central bank rate: 0.00%

Denmark (AAA)
Market leader

Market share: 26%
Share of Group lending: 51%
GDP growth 2020E: -3.5%
Unemployment 2020E: 4.8%
Leading central bank rate: -0.60%

Northern Ireland (AA)
Market leader

Market share Personal: 18%
Market share Business: 26%
Share of Group lending: 3%



Finland (AA+)
3rd largest

Market share: 10%
Share of Group lending: 9%
GDP growth 2020E: -4.5%
Unemployment 2020E: 8.2%
Leading central bank rate: -0.50%

Sweden (AAA)
Challenger position

Market share: 6%
Share of Group lending: 13%
GDP growth 2020E: -3.3%
Unemployment 2020E: 8.7%
Leading central bank rate: 0.00%

Note: Data as per end-Q3 2020 unless otherwise stated. Share of Group lending is before loan impairment charges and excludes Corporates & Institutions (11%) and Nordic Asset Finance (3%), however most of these are Nordic clients.

Danske Bank

Executive summary: Steady progress in a challenging environment

Steady progress in a challenging environment

- The Nordic economies have held up relatively well so far
- Good lending activity in local currency to both retail and commercial customers at Banking Nordic
- Stable income y/y excl. one-offs despite challenging trading environment in Q1 2020
- Expenses down 4% q/q due primarily to lower staff costs; up 6% y/y due mainly to transformation costs, continued compliance remediation and the Estonia case
- Further post-model adjustments booked in Q3 to reflect clouded visibility, offsetting macro-driven model releases
- Net profit of 3.1 billion in the first nine months; ROE of 2.3%
- Net profit for 2020 now expected to be in the range of DKK 4.0-4.5 bn
- We still expect expenses to be around DKK 26 bn in 2021

Better Bank transformation update

Redesign of our organisation into two business units

Execution on income initiatives and cost programme

Execution on compliance remediation and the Estonia case

Continued progress within product simplification

Stable income y/y; significant impact from transformation costs and corona-related impairment charges

Income statement and key figures (DKK m)

	9M 2020	9M 2019	Index	Q3 2020	Q2 2020	Index
Net interest income	16,498	16,336	101	5,509	5,510	100
Net fee income	10,680	10,761	99	3,369	3,638	93
Net trading income	3,763	3,723	101	1,463	2,009	73
Other income	482	2,009	24	202	117	173
Total income	31,423	32,829	96	10,543	11,274	94
Expenses	20,409	19,206	106	6,692	6,953	96
Profit before loan impairment charges	11,014	13,623	81	3,851	4,321	89
Loan impairment charges	6,287	813	-	1,018	1,018	100
Profit before tax, core	4,727	12,810	37	2,833	3,304	86
Profit before tax, Non-core	-483	-248	-	-37	-192	-
Profit before tax	4,244	12,562	34	2,795	3,112	90
Tax	1,105	2,531	44	692	787	88
Net profit	3,139	10,031	31	2,103	2,325	90
Return on avg. shareholders' equity (%)	2.3	8.5		5.1	5.7	
Cost/income ratio (%)	64.9	58.5		63.5	61.7	
Common equity tier 1 capital ratio (%)	18.2	16.4		18.2	17.6	
EPS (DKK)	3.2	11.1		2.3	2.6	
Lending (DKK bn)	1,801	1,818	99	1,801	1,823	99
Deposits and RD funding (DKK bn)	1,939	1,737	112	1,939	1,896	102
- of which deposits (DKK bn)	1,129	926	122	1,129	1,093	103
Risk exposure amount (DKK bn)	766	782	98	766	785	98

Key points, 9M 2020 vs 9M 2019

- NII up 1% driven mainly by deposit effects
- Fee income down 1% due to lower remortgaging activity – 9M 2019 affected by Flexinvest Fri compensation
- Expenses up 6% due mainly to costs for transformation, compliance and the Estonia case
- Significant impairments, mainly in Q1, due to corona crisis effects and oil-related exposures

Key points, Q3 2020 vs Q2 2020

- NII flat with deposit volumes and day effects compensating for lower deposit margins
- Fee income stable excluding one-offs in Q2 and Q3
- Trading income saw relatively high activity during the summer holiday period
- Expenses down 4%, primarily due to lower staff costs
- Impairments mainly against legacy oil-related exposure and single-name exposures in Sweden

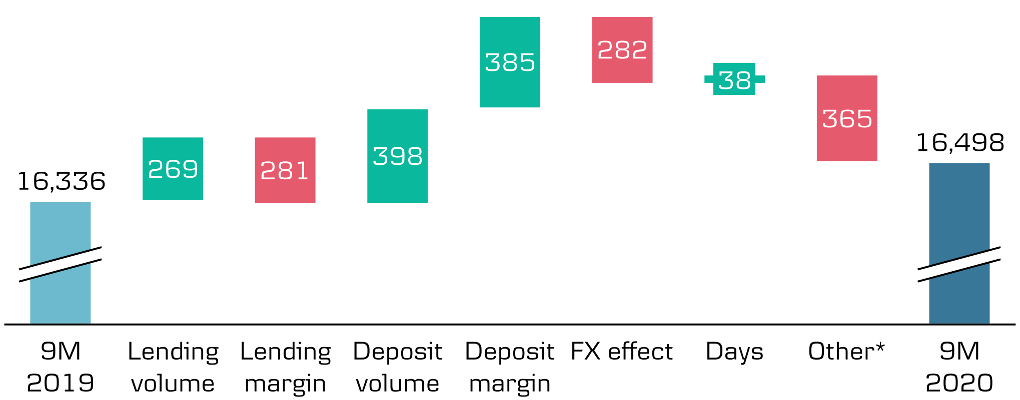
NII: Up 3% y/y adjusted for FX effects due to higher volumes and better margins; stable q/q despite lower lending volumes

Key points

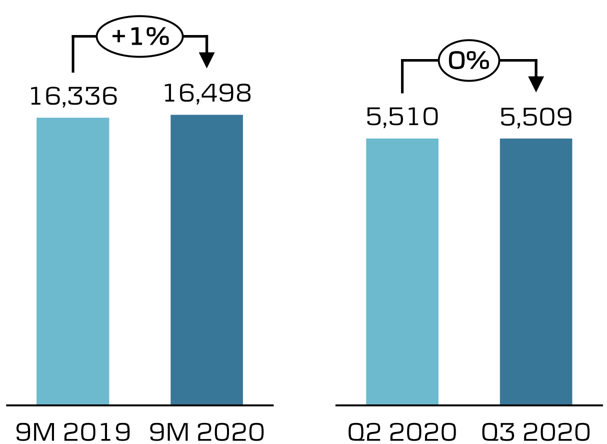
Y/Y
- NII up 1% (up 3% adjusted for FX) driven by volume growth and higher deposit margins, which benefit from higher xIBOR fixings vs central bank rates
- Significant negative FX impact as especially NOK exchange rate fell sharply

Q/Q
- NII flat as higher deposit volumes were offset by lower deposit margins, affected by a normalisation of xIBOR fixings vs central bank rates

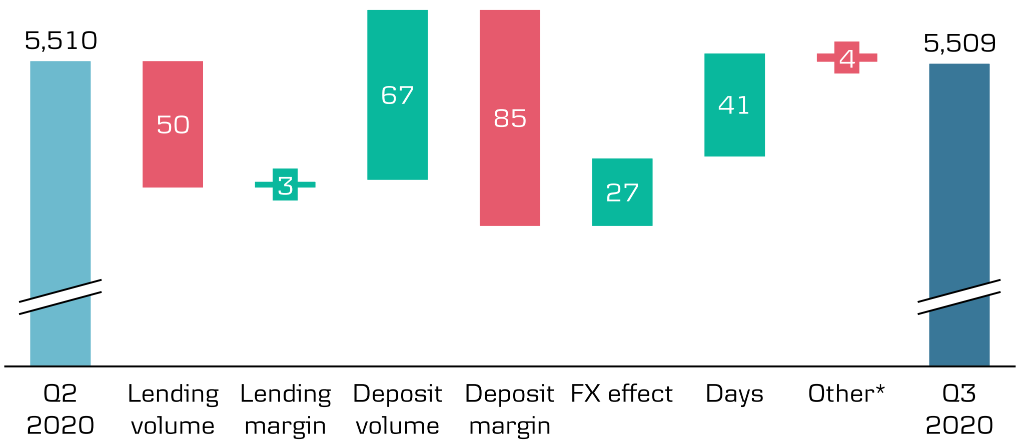
Change in net interest income, y/y (DKK m)



Group net interest income (DKK m)



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



* Includes unallocated capital and liquidity costs, interest on shareholders' equity and off-balance-sheet items.

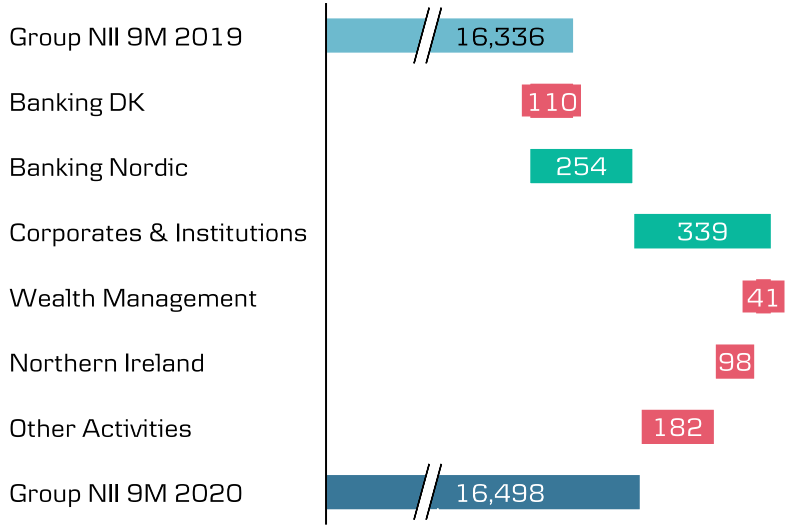
Danske Bank

NII (cont'd): Lending growth of 4% in local currency at Banking Nordic; continued lending margin pressure at Banking DK

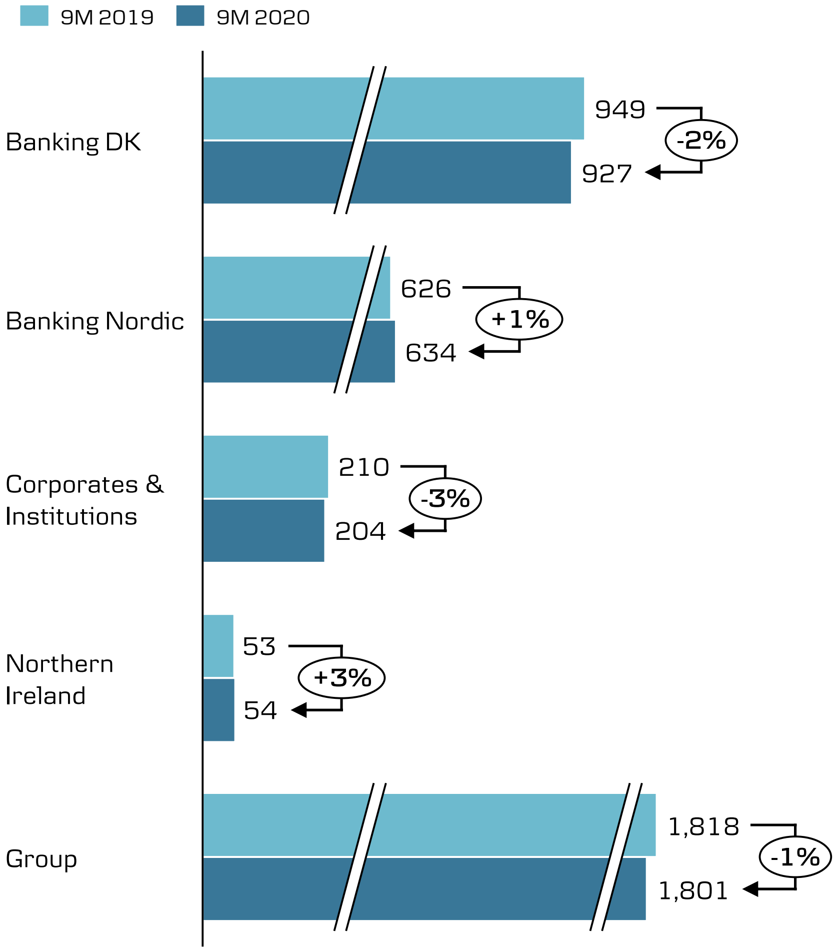
Key points

- Banking Nordic lending up 1% y/y (up 4% in local currency) with local currency lending growth in all countries and higher lending margin
- Banking DK lending down 2% y/y due to lower demand for commercial credits amid the corona crisis and squeezed lending margins; positive deposit margin effect
- C&I lending down 3% y/y due to lower collateral values; up 1% in General Banking as clients' utilisation of committed facilities declined in Q3

Change in NII by business unit (DKK m)



Lending volumes and development* (DKK bn)



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

Fee income: In line with 9M 2019 as higher pension and invest-ment fees were offset primarily by lower remortgaging activity

Key points

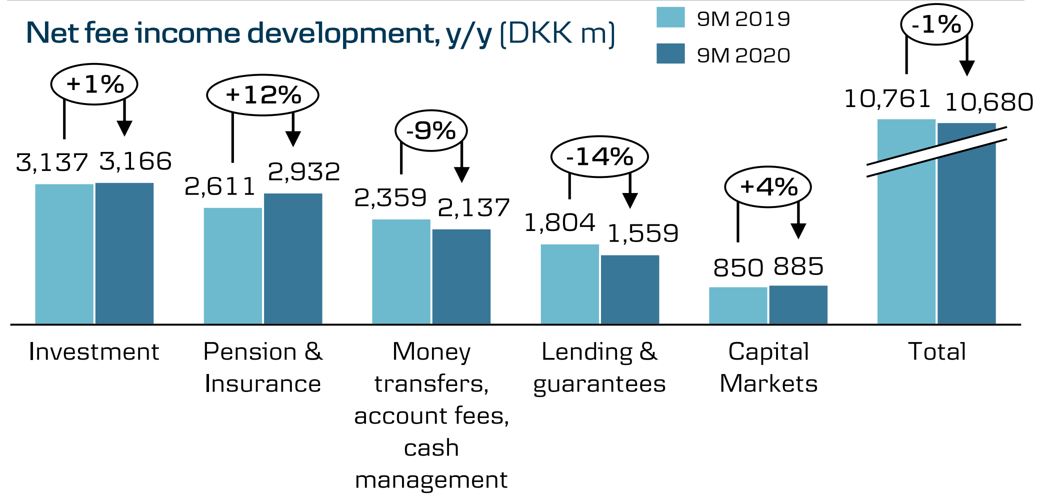
Y/Y

- Positive development at Danica Pension offset by lower activity-driven fees
- Banking DK fee income in 9M 2019 was affected by the Flexinvest Fri compensation of DKK 0.2 bn as well as extraordinarily high remortgaging activity

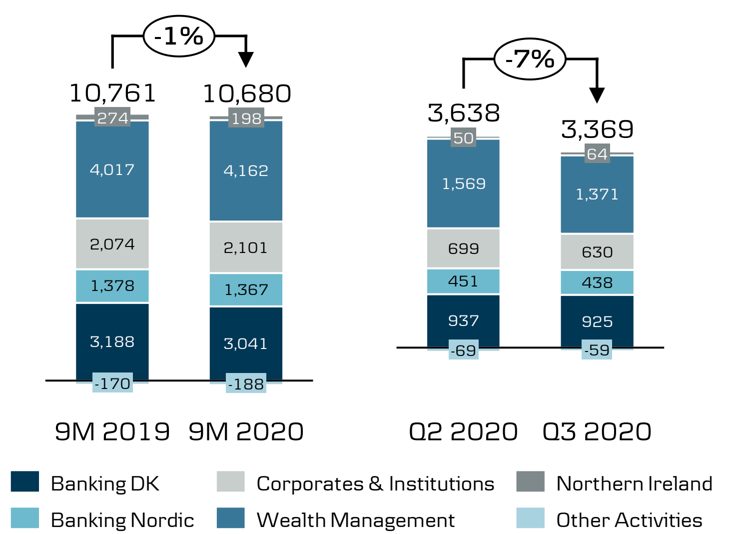
Q/Q

- Fee income stable excluding one-offs of approx. DKK 0.2 bn in Q2 and approx. -0.1 bn in Q3
- Better housing market activity at Banking DK

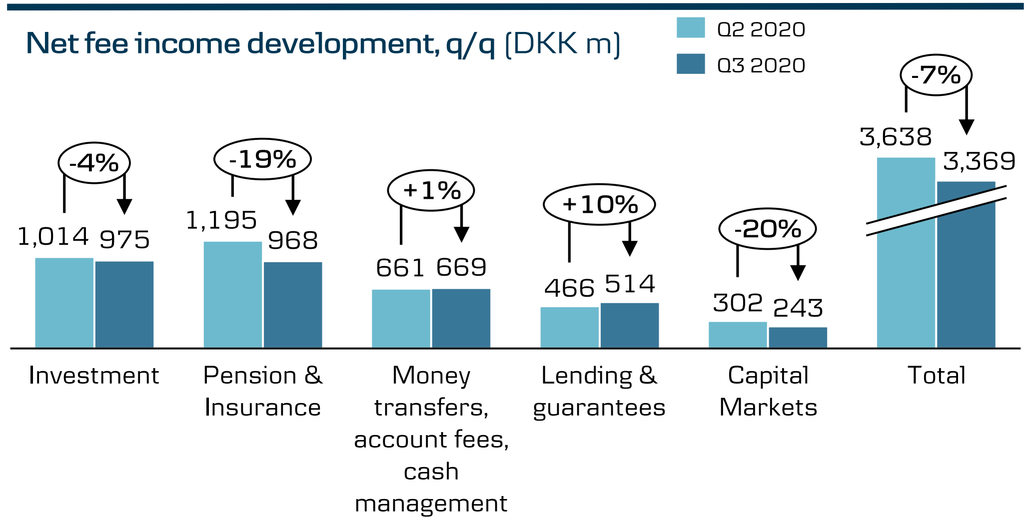
Net fee income development, y/y (DKK m)



Group net fee income (DKK m)



Net fee income development, q/q (DKK m)



Danske Bank

Trading income: Stable development y/y driven by C&I; Q3 characterised by relatively high activity

Key points

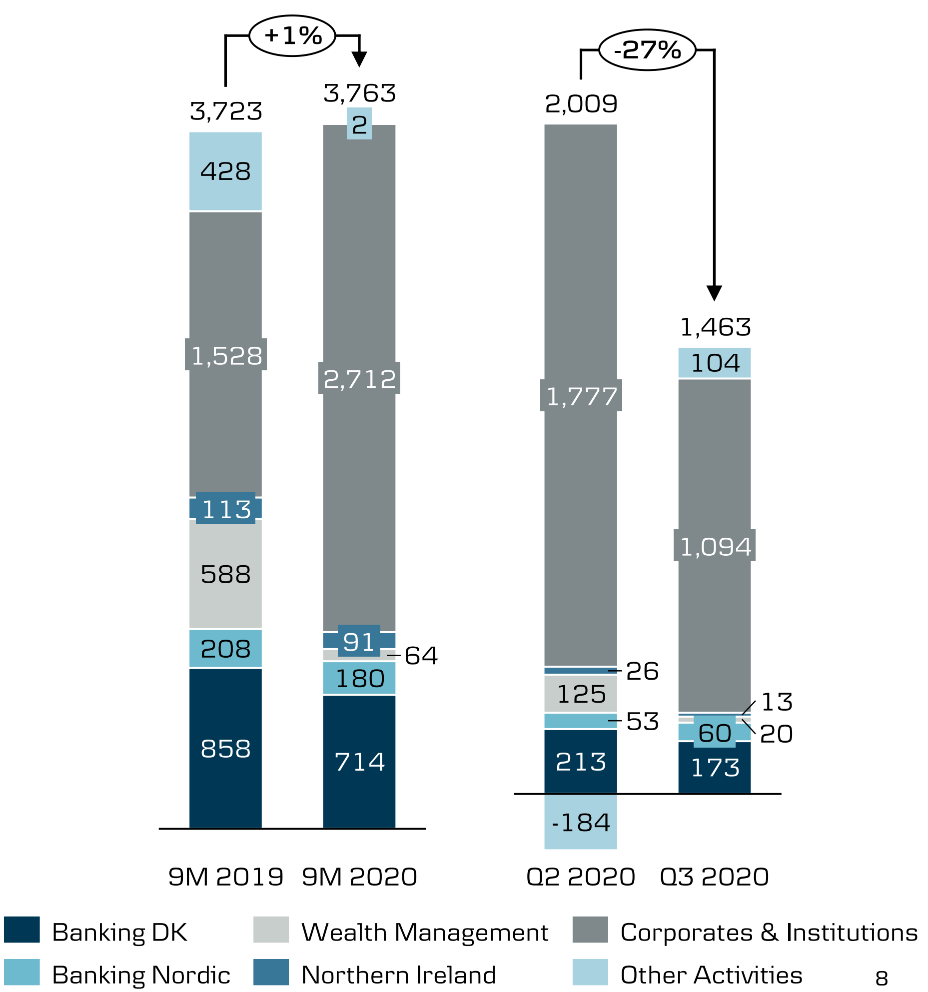
Y/Y

- Trading income up 1%, despite the turbulence in the financial markets in the first quarter of 2020, driven by higher customer activity and xVA tailwind of DKK 166 m in 9M 2020 (9M 2019: DKK -258 m)

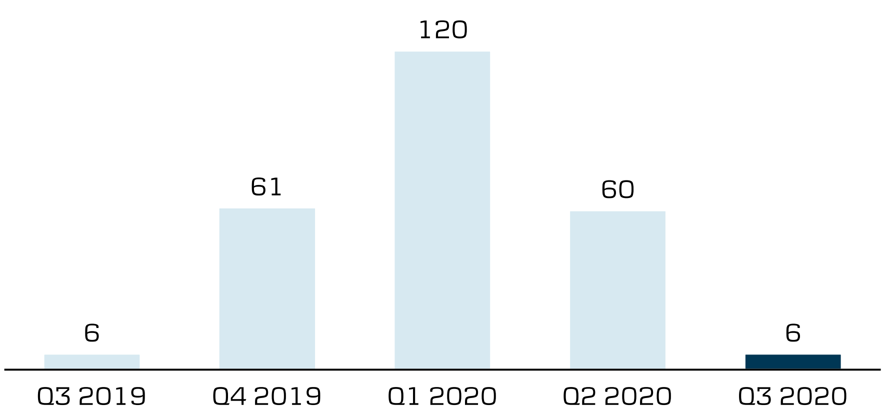
Q/Q

- Q3 saw relatively high activity during the summer holiday period, following an unusually strong Q2 benefiting from the rebound in the financial markets after the March headwinds
- Tailwind from xVA of DKK 314 m in Q3 (Q2: tailwind of DKK 196 m)

Group net trading income (DKK m)



Refinancing income (DKK m)



Danske Bank

Expenses: Down 4% q/q; cost management initiatives on track; up 6% y/y due mainly to transformation and AML/Estonia

Key points

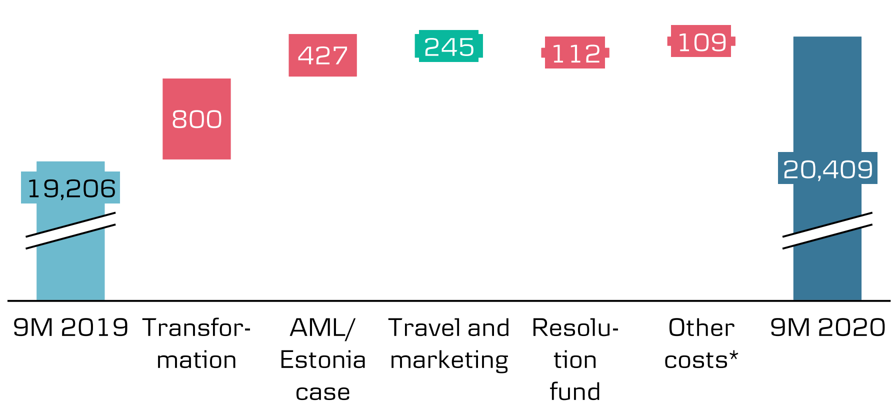
Y/Y

- Expenses up 6%, due mainly to planned costs for the Better Bank transformation as well as ongoing compliance remediation and the Estonia case
- Announced discontinuation of up to 1,600 positions over the next 6-12 months

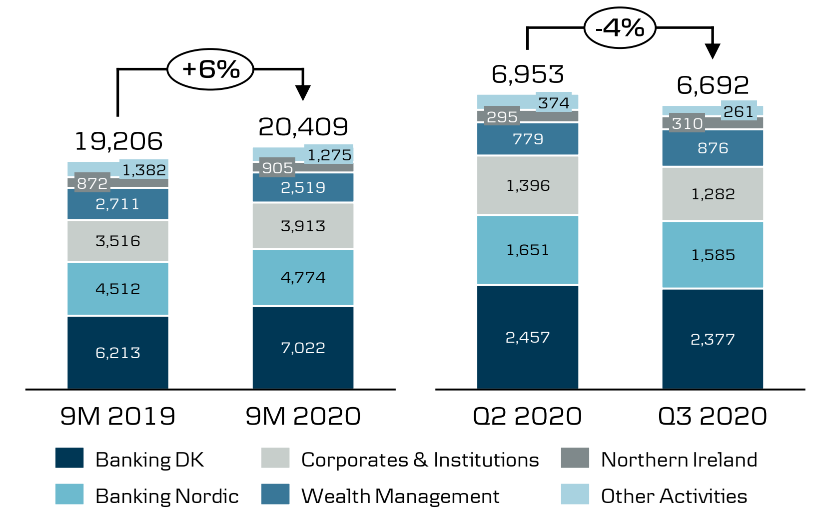
Q/Q

- Expenses down 4% with lower staff costs
- Q3 included small negative extraordinary items related to remediation of legacy issues

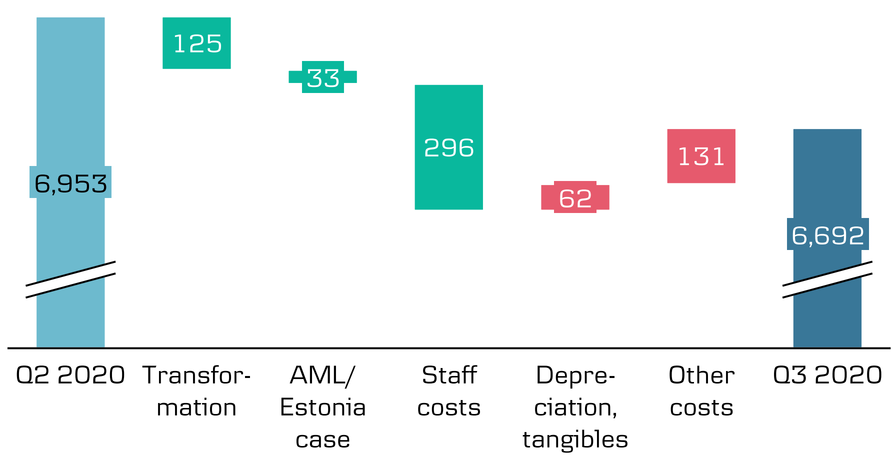
Change in expenses, y/y (DKK m)



Group operating expenses (DKK m)



Change in expenses, q/q (DKK m)



* Including the one-off compensation to customers related to the Flexinvest Fri case booked in Q2 2019. ** Including small negative extraordinary items related to remediation of legacy issues.

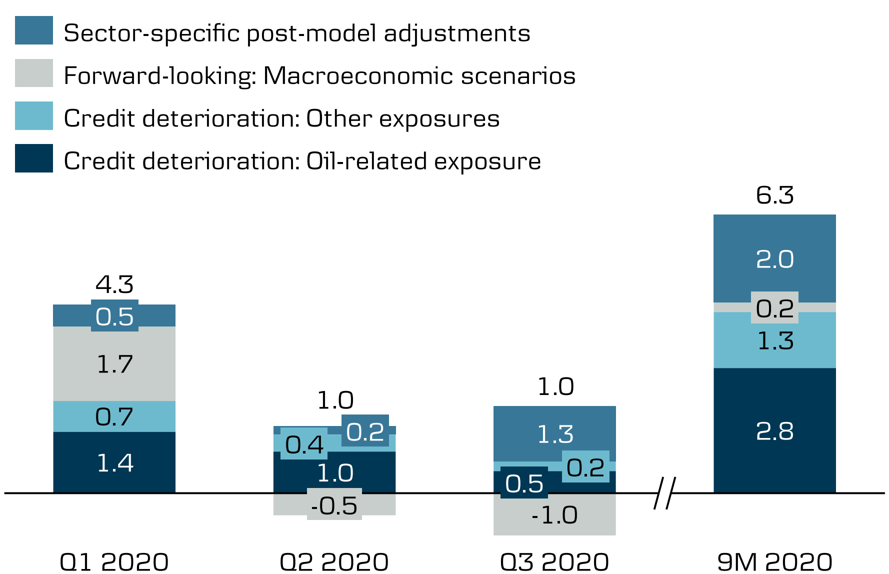
Danske Bank

Impairments: Macro-driven model releases countered by post-model adjustments; further oil-related charges

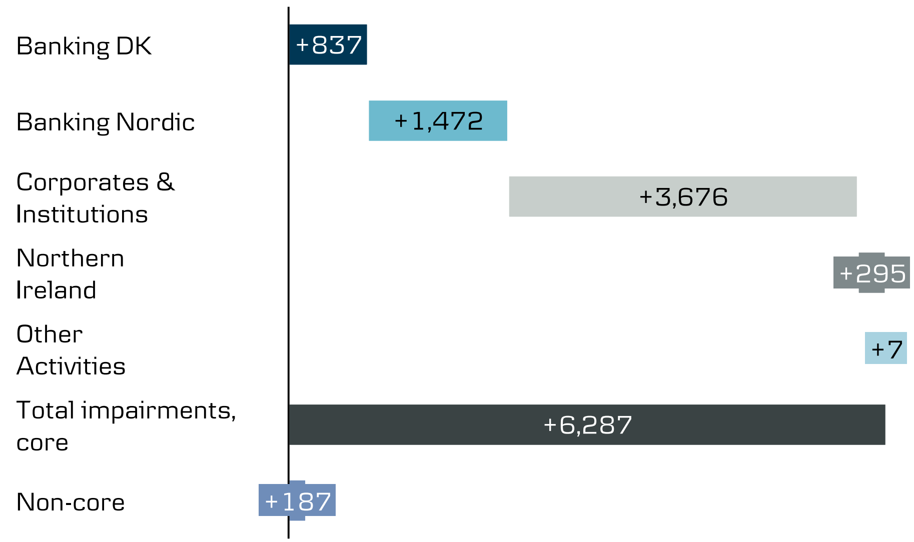
Key points, Q3 2020

- Impairments were driven by further charges against single-names, mainly legacy exposures in the oil offshore segment
- Macroeconomic scenarios are based on a V-shaped recovery, thus leading to a reversal of DKK 1.0 bn as outlook is becoming more positive. However, given clouded visibility following Covid-19, additional post-model adjustments were booked
- Allowance account continues to include impairments booked for anticipated credit deterioration of DKK 2.2 bn. Allowance account development is driven by write-offs
- Charge of DKK 1.0 bn, reported loan loss ratio of 22 bp

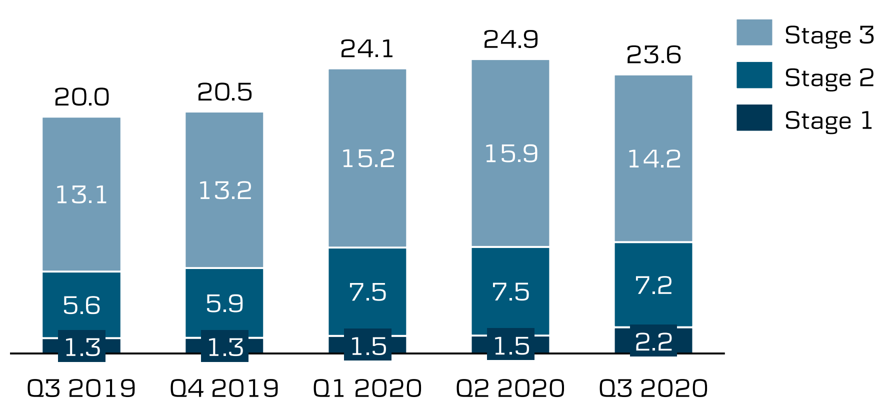
Impairment charges by category, 9M 2020 (DKK bn)



Impairment charges by business unit, 9M 2020 (DKK m)



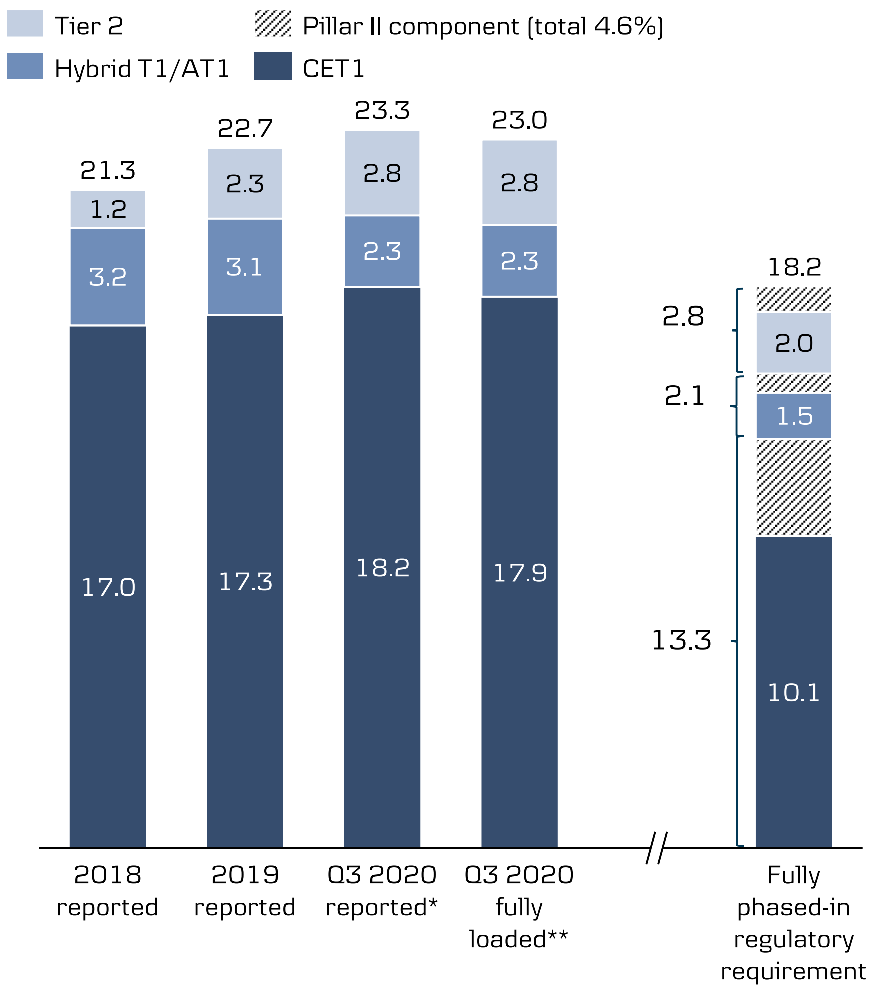
Breakdown of core allowance account under IFRS 9 (DKK bn)



Danske Bank

Capital: Strong capital base; CET1 capital ratio of 18.2%

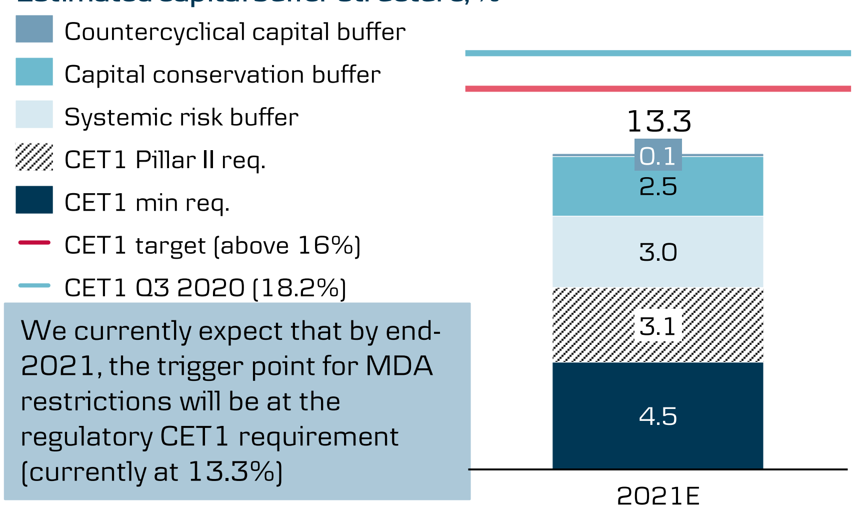
Capital ratios; under Basel III/CRR; %



Capital highlights, Q3 2020

- CET1 ratio up 0.6%-points q/q due mainly to lower market risk REA, as the higher risk levels in Q2 reversed in Q3
- REA of DKK 766 bn (down 19 bn q/q); credit risk REA up DKK 1 bn as we are starting to see the effect of implementing the EBA guidelines – countered by lower lending volumes and FX effects
- In Q4 2020, we expect an impact on credit risk REA from model updates related to further implementation of EBA guidelines amounting to DKK 20-30 bn, all else equal
- CET1 ratio impact from FX movements eliminated by the structural FX hedge
- Leverage ratio of 4.4% under both transitional and fully phased-in rules

Estimated capital buffer structure, %



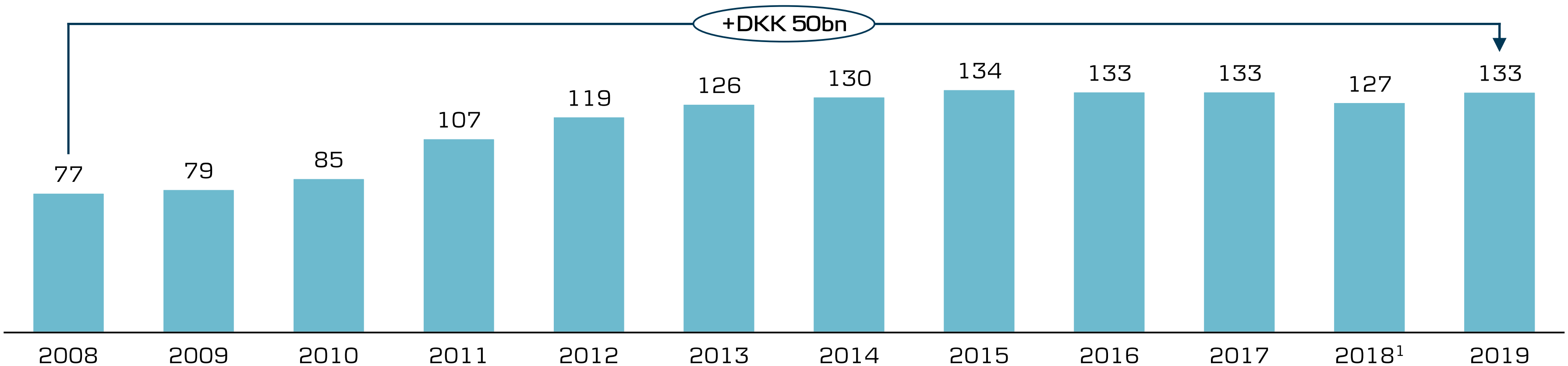
We currently expect that by end-2021, the trigger point for MDA restrictions will be at the regulatory CET1 requirement (currently at 13.3%)

* Based on fully phased-in rules including fully phased-in impact of IFRS 9. ** Pro forma fully phased-in minimum CET1 requirement in 2021 of 4.5%, capital conservation buffer of 2.5%, SIFI requirement of 3%, countercyclical buffer of 0.1% and CET1 component of Pillar II requirement.

Danske Bank

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

Common Equity Tier 1, 2008 – 2019; DKKbn



REA, CET1, profit and distribution; DKKbn; %

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REA	960	834	844	906	819	852	865	834	815	753	748	767
CET1 ratio	8.1%	9.5%	10.1%	11.8%	14.5%	14.7%	15.1%	16.1%	16.3%	17.6%	17.0%	17.3%
Net profit	1.0	1.7	3.7	1.7	4.7	7.1	13.0[2]	17.7[2]	19.9	20.9	15.0	15.1
Distribution to shareholders[3]	0	0	0	0	0	2.0	10.5	17.1	18.9	16.3	7.6	0
Total assets	3,544	3,098	3,214	3,424	3,485	3,227	3,453	3,293	3,484	3,540	3,578	3,761

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. 2019 is adjusted for cancelled dividend.

Danske Bank

Fully compliant with new MREL requirement; expect to cover MREL need with both preferred and non-preferred senior

Overview of MREL

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

MREL requirement, higher of;

- REA based (adjusted for RD): 2x(P1 + P2 + CBR)-CCyB => DKK 231 bn
- Current TLOF based (adjusted for RD): Only expected to be applicable until end 2020, the DK FSA formally sets the MREL in % of Total Liabilities and Own Funds (TLOF), 10.4% => DKK 239 bn

Adding

- RD capital and debt buffer => DKK 43bn

=>Total resolution requirement:

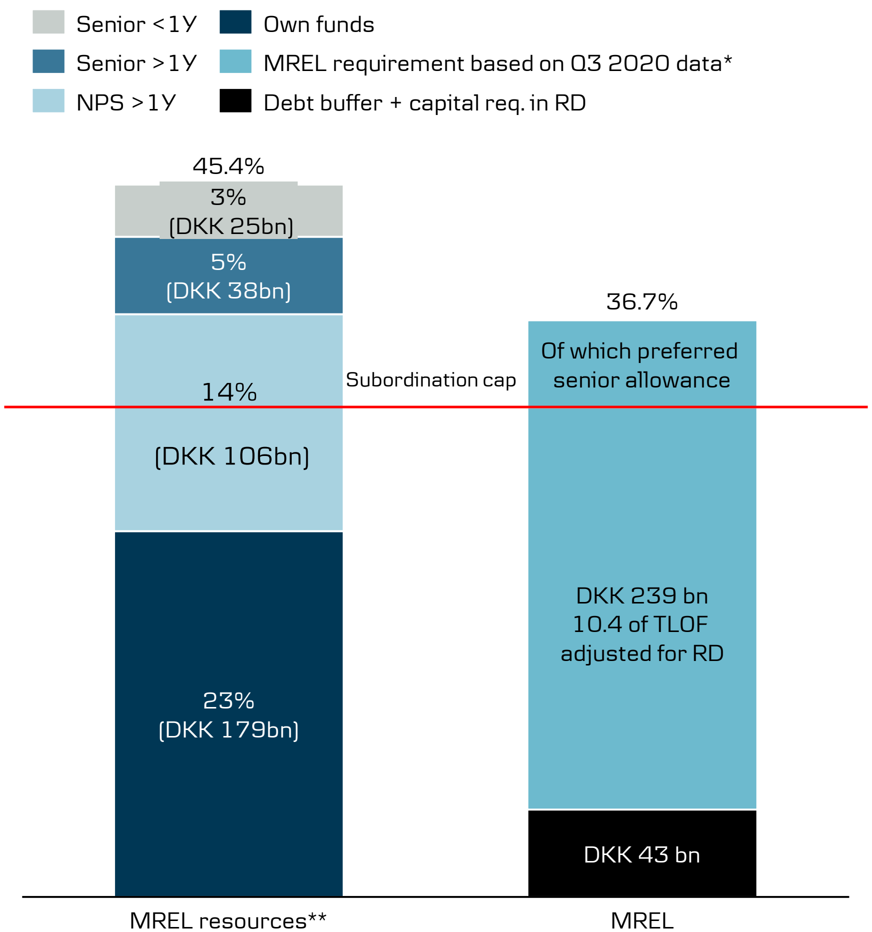
- Q3 2020 REA based + RD => 35.7% of Group REA / DKK 274 bn
- Q3 2020 TLOF based + RD => 36.7% of Group REA / DKK 282 bn

On 1 May 2020, a new subordination cap was implemented as the higher of:

- 2x(P1 + P2) + CBR => total subordination requirement (incl. RD) of 31.2% of Group REA / DKK 239 bn
- 8% TLOF => total subordination requirement (incl. RD) of 29.5% of Group REA / DKK 226 bn

=> We expect to cover MREL need with new issues of both preferred senior and non-preferred senior

MREL resources and requirements; Q3 2020; % of REA



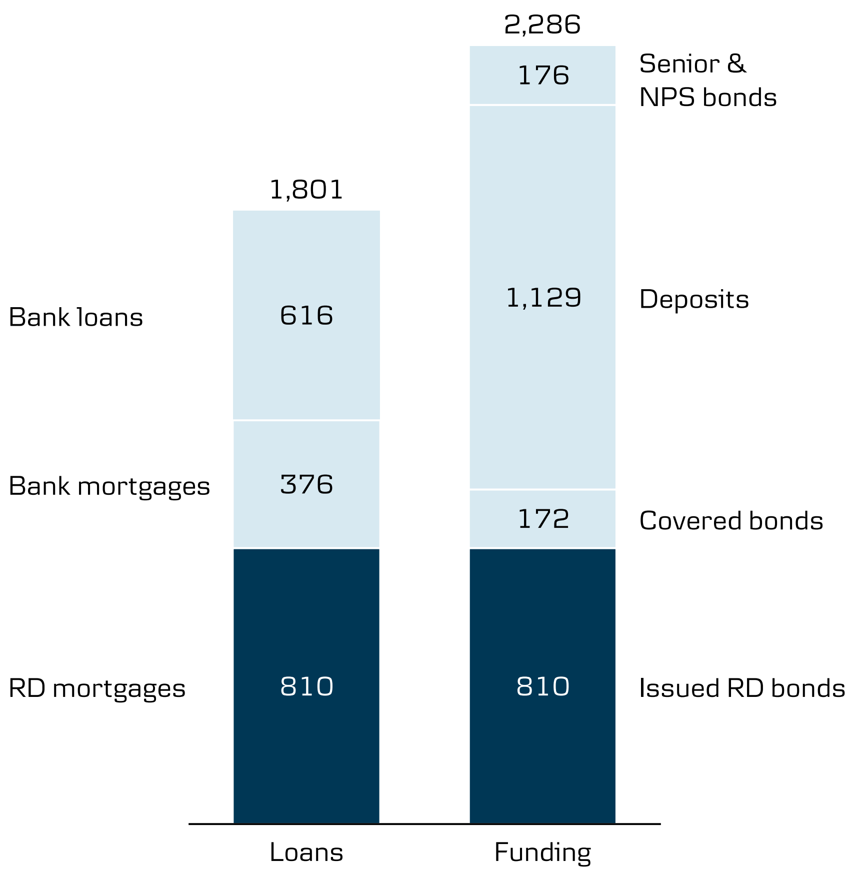
* RD is not included in the consolidation for the purpose of determining the MREL for the Group. The capital and debt buffer requirements that apply to RD are thus deducted from the liabilities used to fulfil the MREL. Consequently, the total resolution requirement and subordination requirement is the sum of Group's MREL requirement and RD's capital and debt buffer requirement.

** MREL resources include structured notes.

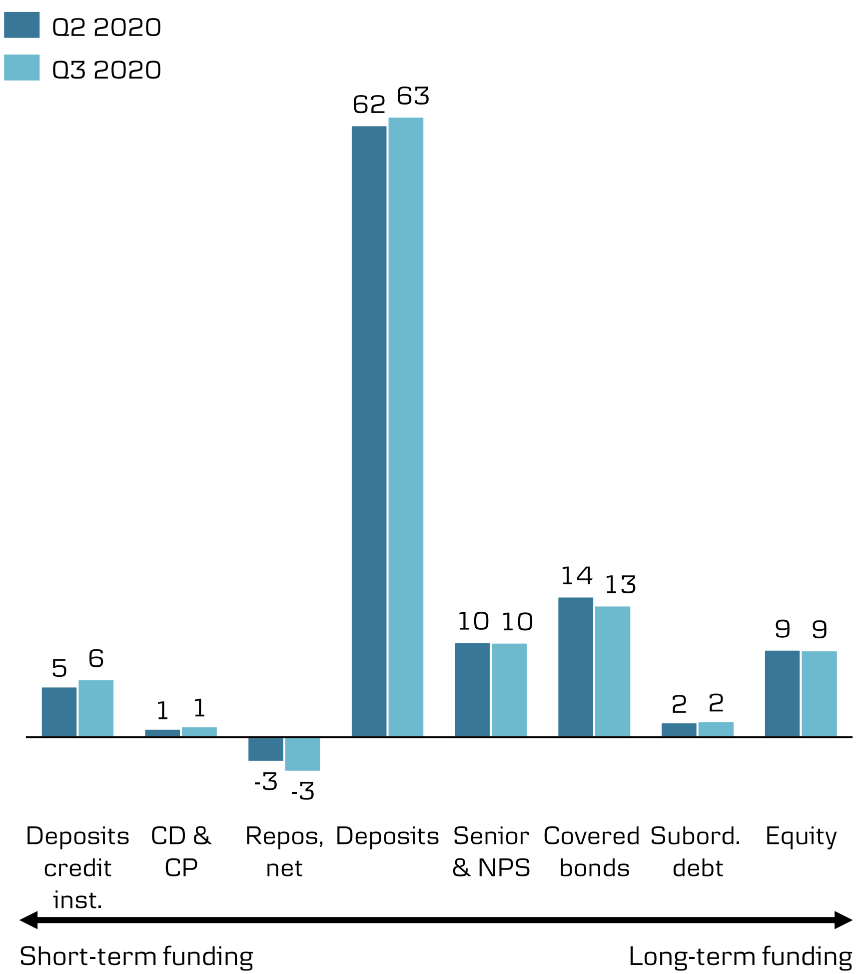
Danske Bank

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

Loan portfolio and long-term funding, Q3 2020 (DKK bn)



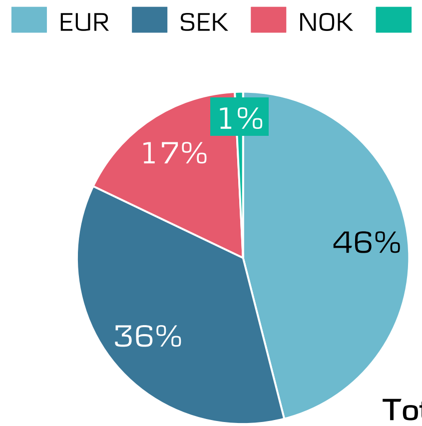
Funding sources (%)



Danske Bank

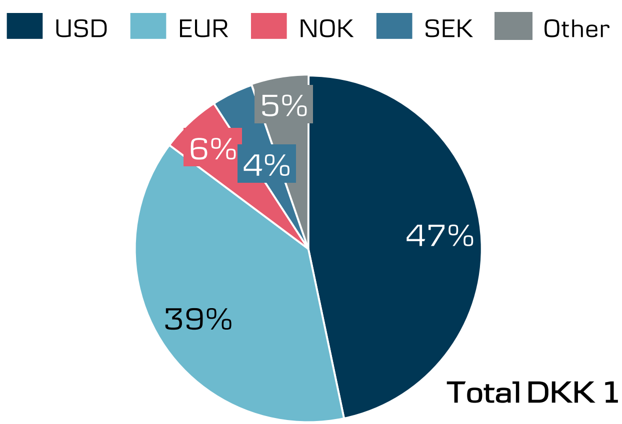
Funding programmes and currencies

Covered bonds by currency, end-Q3 2020



Total DKK 172 bn

Senior debt[1] by currency, end-Q3 2020



Total DKK 176 bn

Largest funding programmes, end-Q3 2020

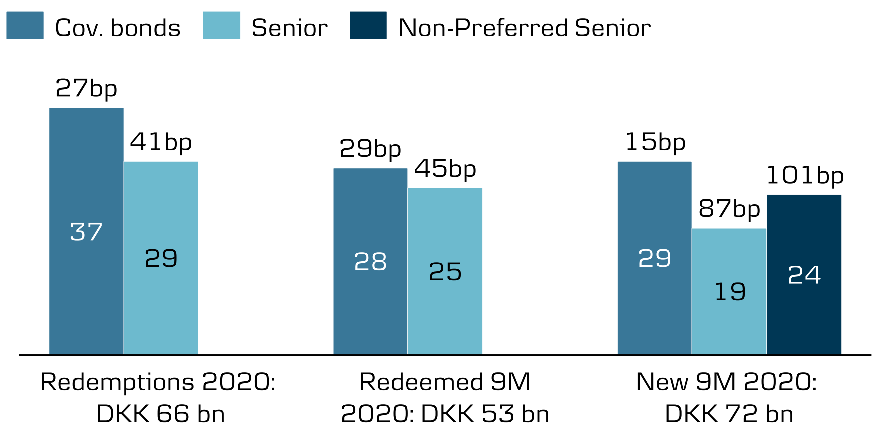
Programme	Utilisation
EMTN Programme Limit – EUR 35bn	44%
Global Covered Bond Limit – EUR 30bn	72%
ECP Programme Limit – EUR 13bn	10%
US MTN (144A) Limit – USD 15bn	64%
US Commercial Paper Limit – USD 6bn	19%
UK Certificate of Deposit Limit – USD 15bn	4%
NEU Commercial Paper Limit – EUR 10bn	1%

[1] Including senior preferred and non-preferred debt

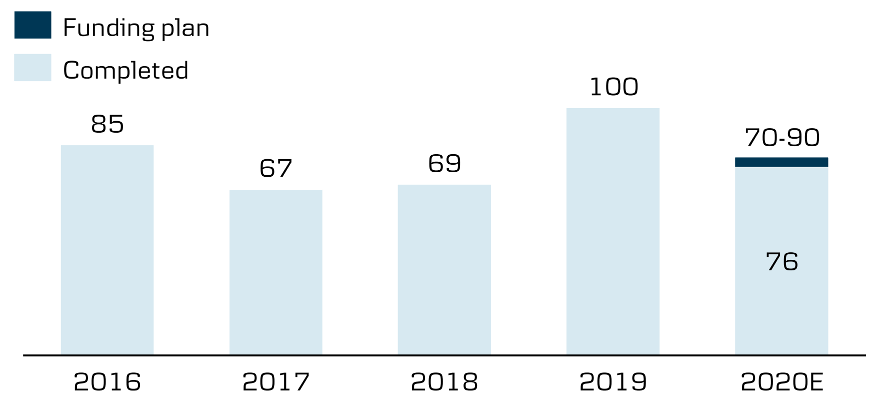
Danske Bank

Funding and liquidity: DKK 76 bn of long-term funding and capital instruments issued in 9M 2020; LCR compliant at 160%

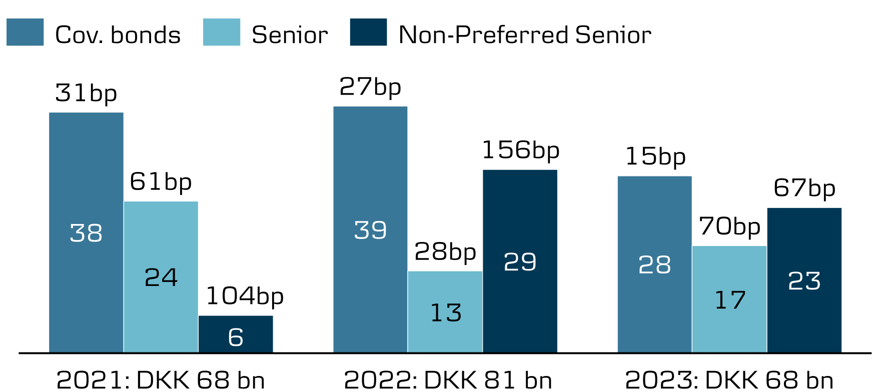
Changes in funding,* 2020 (DKK bn and bp)



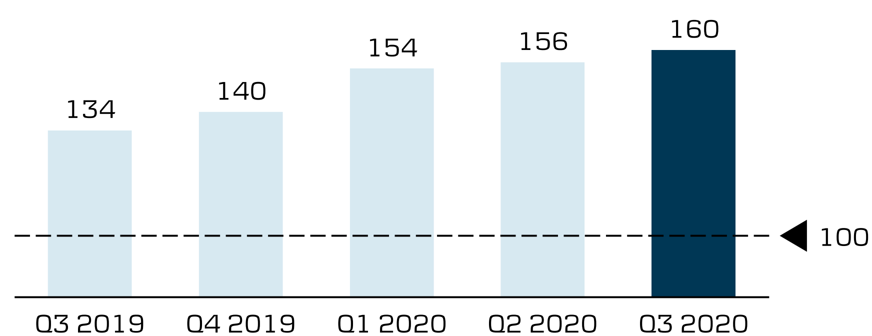
Long-term funding excl. RD (DKK bn)**



Maturing funding,* 2021–2023 (DKK bn and bp)



Liquidity coverage ratio (%)



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

Danske Bank covered bond universe, a transparent pool structure[1]

Danske Bank

Residential mortgages from

- Denmark, D-pool
- Norway, I-pool
- Sweden, Danske Hypotek AB
- Finland, Danske Mortgage Bank Plc

Commercial mortgages from

- Sweden and Norway, C-pool

Realkredit Danmark

Pass-through principle based on mortgages from primarily Denmark

- 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

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+
	BBB	Baa2	BBB	BBB
	BBB-	Baa3	BBB-	BBB-
Speculative grade	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

Fitch, Moody's and S&P take no rating action on Danske Bank in Q3 2020

S&P affirmed their ratings and outlook for Danske Bank on the 21 September citing limited expected fallout from operational risk incidents.

All three agencies incorporate in their assessments the impact from the coronavirus pandemic in their most recent affirmations; Fitch on the 19 June and Moody's on the 23 September.

Moody's and S&P have a stable outlook for Danske Bank, whereas Fitch retains its Negative outlook. The Negative outlook reflects the economic uncertainties relating to the fallout from the coronavirus pandemic and the financial uncertainties relating to the Estonia case.

[1] RD capital centre S
[2] RD capital centre T

Danske Bank's ESG ratings

Danske Bank has chosen to focus on five providers, based on their importance to our investors

	15 Oct 2020	31 Dec 2019	31 Dec 2018	Range
CDP[1]	C	C	C	D- to A+ (A+ highest rating)
ISS ESG	C Prime	C Prime	C Prime	D- to A+ (A+ highest rating)
MSCI	B	B	B	CCC to AAA (AAA highest rating)
Sustainalytics	Medium Risk	Medium Risk	Medium Risk	Negligible to Severe risk
Vigeo Eiris	Not public to Danske Bank	Not public to Danske Bank	Not public to Danske Bank	0 to 100 (100 highest rating)

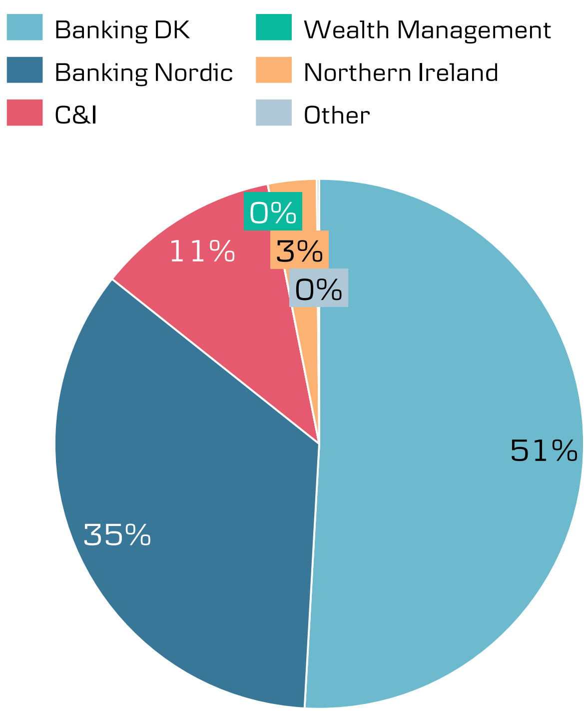
- ESG rating agencies are not regulated
- ESG ratings are unsolicited and in principle based on public information
- ESG rating agency criteria are not always public
- Disclosure of ESG ratings is discretionary
- ESG ratings are updated annually with interim updates limited

[1] CDP: Carbon Disclosure Project – primary focus is on climate change / management, also linked to TCFD

Agenda

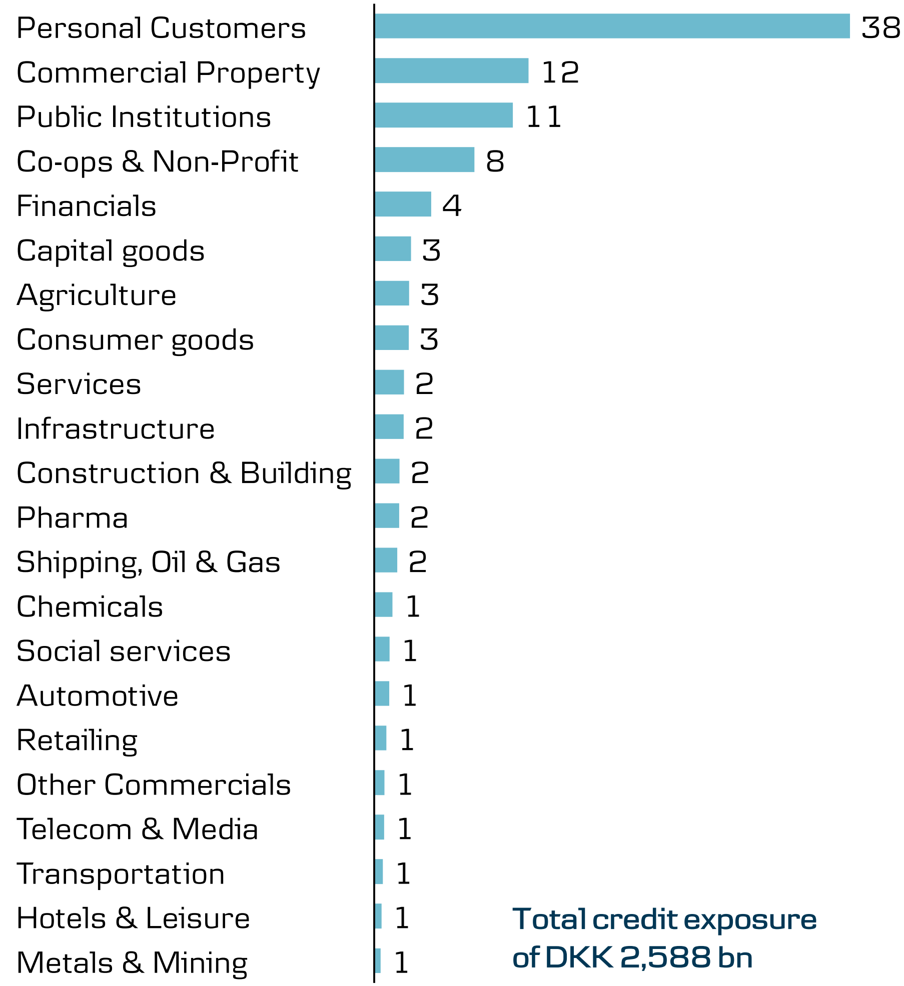
Strong footprint within retail lending

Lending by business unit[1]; %; Q3 2020



Total lending of DKK 1,801 bn

Credit exposure by industry; %; Q3 2020



Total credit exposure of DKK 2,588 bn

1. Total lending before loan impairment charges.

Lending growth: Growth of 4% in local currency at Banking Nordic; down 2% at Banking DK due to low demand

Comments

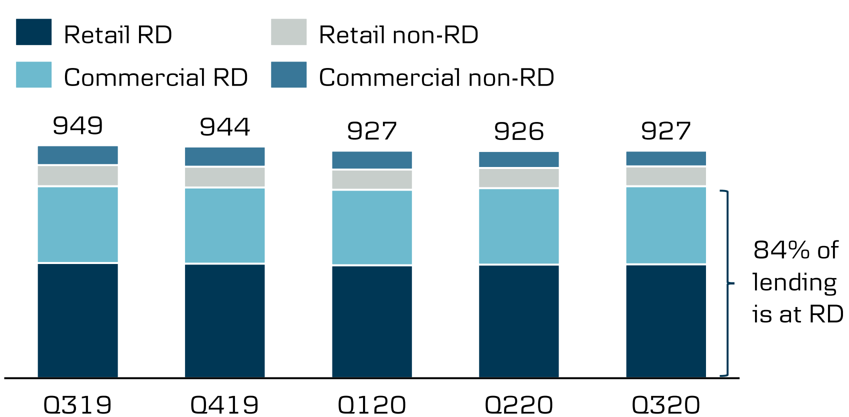
Banking DK

- 84% of lending at Banking DK is at mortgage credit subsidiary Realkredit Danmark (RD)
- Lending down 2% y/y at Banking DK due to direct government support and our customers' timely cost and liquidity management

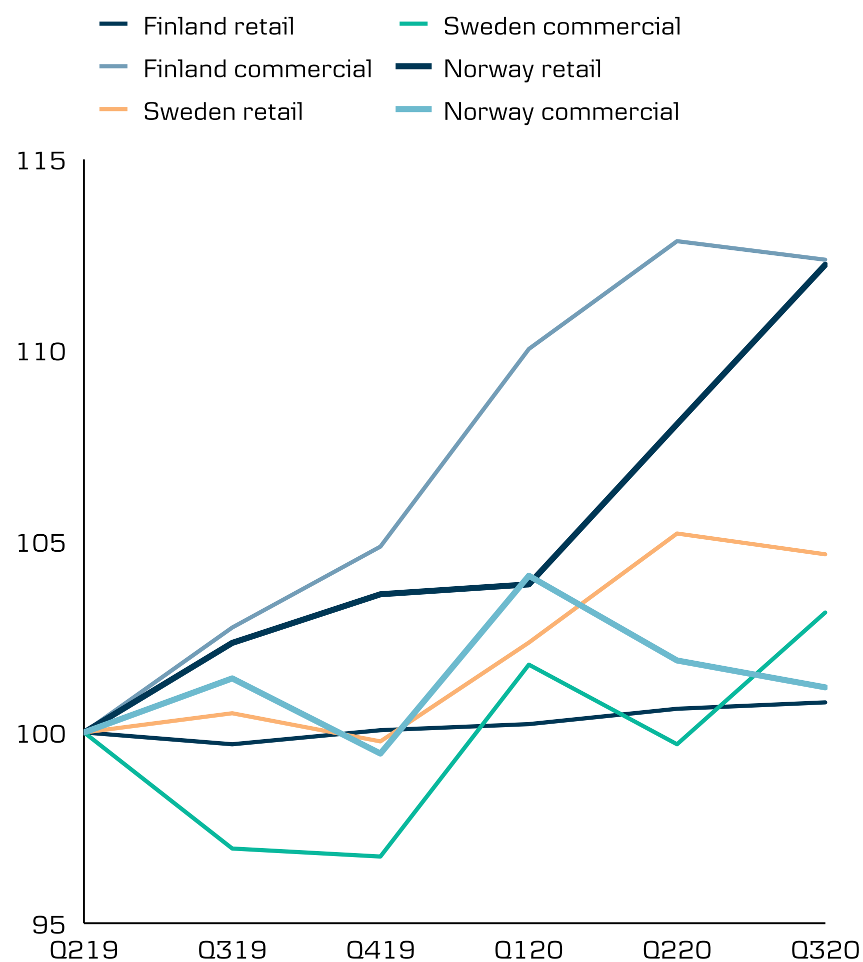
Banking Nordic

- Growth of 4% y/y in local currency
- Reported lending figures impacted by major depreciation of NOK
- Retail Norway and Retail Sweden saw lending growth in local currency of 10% and 4% y/y, respectively
- Commercial Finland grew 9% y/y while Commercial Sweden grew 6% y/y

Lending volume by segment at Banking DK (DKK bn)



Banking Nordic: lending volume by segment and country*



* Based on local currency lending volumes.

Danske Bank

Banking DK: Lower activity due to Covid-19 affects income and lending; higher impairments driven by post-model adjustments

Income statement and key figures (DKK m)

	9M 2020	9M 2019	Index	Q3 2020	Q2 2020	Index
Net interest income	6,770	6,880	98	2,289	2,277	101
Net fee income	3,041	3,188	95	925	937	99
Net trading income	714	858	83	173	213	81
Other income	127	175	73	41	40	103
Total income	10,652	11,100	96	3,428	3,468	99
Expenses	7,022	6,213	113	2,377	2,457	97
Profit before loan impairment charges	3,630	4,887	74	1,051	1,010	104
Loan impairment charges	837	-82	-	228	-337	-
Profit before tax	2,793	4,969	56	823	1,347	61
Lending (DKK bn)	927	949	98	927	926	100
Deposits and RD funding* (DKK bn)	1,205	1,157	104	1,205	1,186	102
Deposits (DKK bn)	397	348	114	397	386	103

Key points

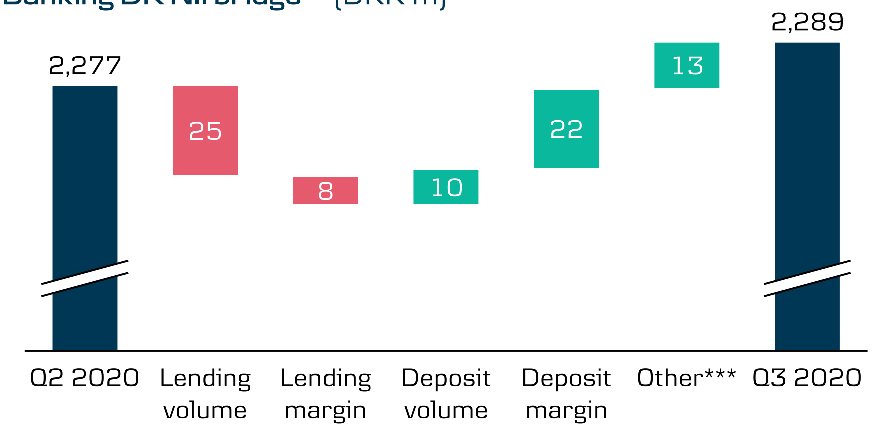
Y/Y

- NII down 2% due to lower lending volume
- Fee income down 5% due to lower card use, transaction fees and remortgaging
- Expenses up 13% due to costs for regulatory compliance and transformation
- Impairments reflect macroeconomic scenarios and post-model adjustments

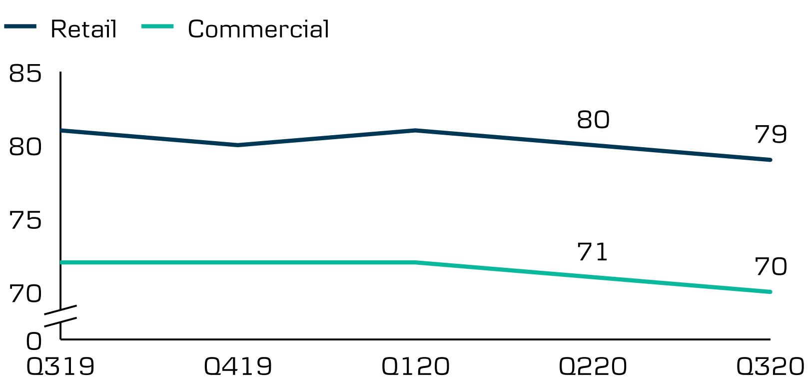
Q/Q

- Lending flat, NII up 1% due mainly to higher deposit margins
- Expenses down 3% due to seasonality
- Impairment charge covers additional post-model adjustments

Banking DK NII bridge** (DKK m)



Realkredit Danmark lending spread (bp)



* 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.

Danske Bank

Realkredit Danmark portfolio overview: 78% of new retail lending in Q3 was fixed-rate vs 45% of stock

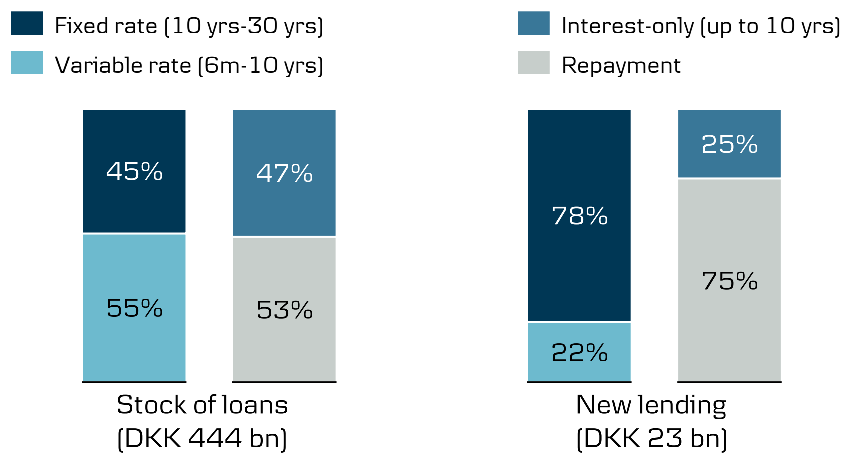
Portfolio facts, Realkredit Danmark, Q3 2020

- Approx. 343,000 loans (residential and commercial)
- 1,140 loans in 3- and 6-month arrears (-15% since Q2)
- 16 repossessed properties (-1 since Q2)
- DKK 11 bn in loans with an LTV ratio >100%, including DKK 8 bn covered by a public guarantee
- Average LTV ratio of 60%
- We comply with all five requirements of the supervisory diamond for Danish mortgage credit institutions

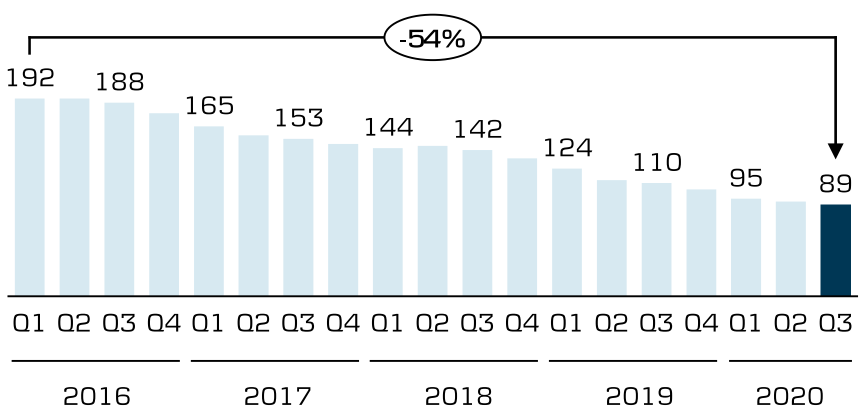
LTV ratio limit at origination (legal requirement)

- Residential: 80%
- Commercial: 60%

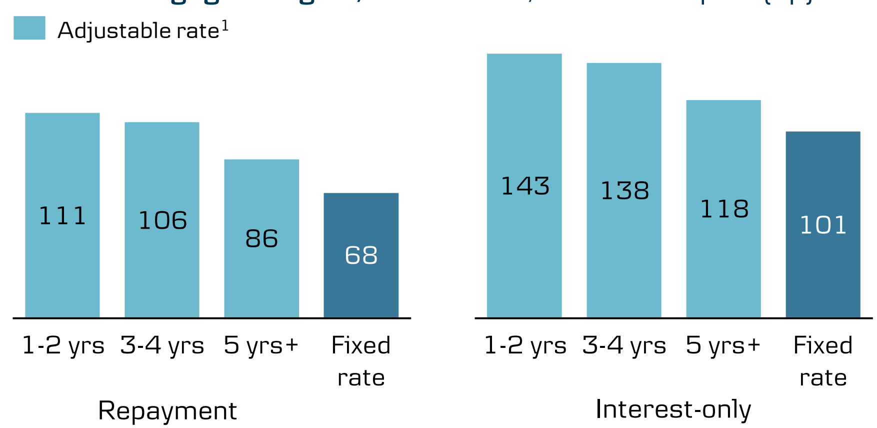
Retail loans, Realkredit Danmark, Q3 2020 (%)



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



Retail mortgage margins, LTV of 80%, 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).

Danske Bank

Banking Nordic: Lending growth in all markets in local currency; impairments driven largely by corona crisis and single-names

Income statement and key figures (DKK m)

	9M 2020	9M 2019	Index	Q3 2020	Q2 2020	Index
Net interest income	6,102	5,848	104	2,055	2,048	100
Net fee income	1,367	1,378	99	438	451	97
Net trading income	180	208	87	60	53	113
Other income	412	455	91	135	128	105
Total income	8,060	7,889	102	2,688	2,680	100
Expenses	4,774	4,512	106	1,585	1,651	96
Profit before loan impairment charges	3,286	3,377	97	1,102	1,029	107
Loan impairment charges	1,472	-1	-	364	155	235
Profit before tax	1,814	3,378	54	738	874	84
Lending (DKK bn)	634	626	101	634	637	100
Deposits (DKK bn)	305	258	118	305	298	102

Key points

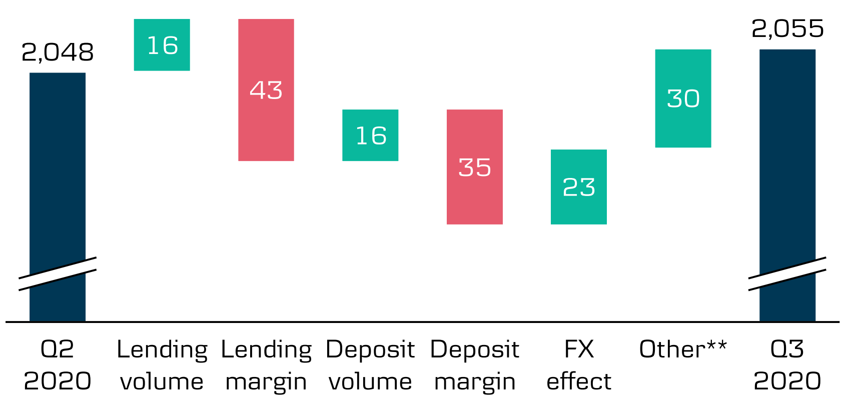
Y/Y

- NII up 4% due to growth and development in interest rates
- Expenses up due to costs for regulatory compliance and transformation
- Impairments driven largely by corona crisis and a few single names

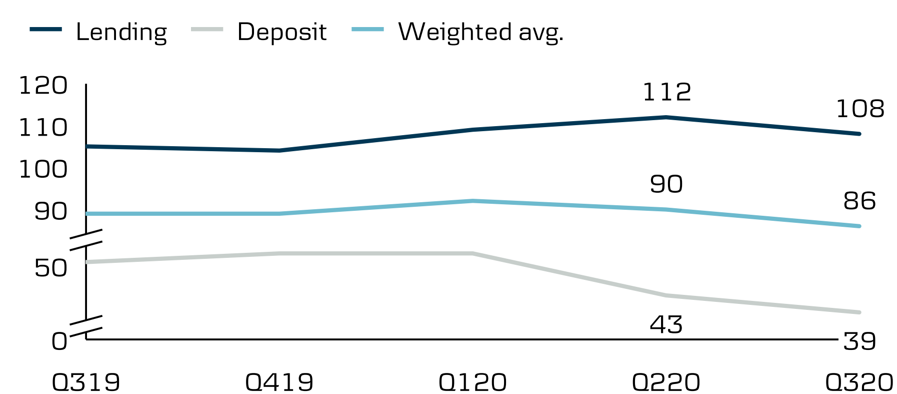
Q/Q

- NII flat as FX and volume effects compensated for margin pressure
- Expenses down 4% driven by seasonality
- Impairment charges driven mainly by single-name exposures in Sweden

Banking Nordic NII bridge* (DKK m)



Banking Nordic margins (bp)



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

Corporates & Institutions: Total income up amid higher customer activity; significant oil-related impairment charges

Income statement and key figures (DKK m)

	9M 2020	9M 2019	Index	Q3 2020	Q2 2020	Index
Net interest income	3,010	2,671	113	1,060	1,058	100
Net fee income	2,101	2,074	101	630	699	90
Net trading income	2,712	1,528	177	1,094	1,777	62
Other income	7	1	-	-	7	-
Total income	7,831	6,275	125	2,783	3,541	79
Expenses	3,913	3,516	111	1,282	1,396	92
Profit before loan impairment charges	3,918	2,759	142	1,502	2,144	70
Loan impairment charges	3,676	889	-	406	1,089	37
Profit before tax	242	1,870	13	1,096	1,055	104
Lending (DKK bn)	204	210	97	204	228	90
Deposits (DKK bn)	354	262	135	354	341	104

Key points

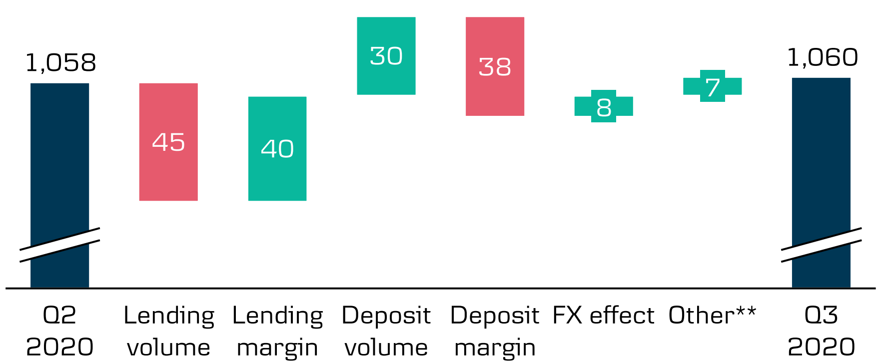
Y/Y

- Total income up due to higher customer activity and value adjustments
- Expenses up due to regulatory costs and higher resolution fund contribution
- Oil-related impairments driven mainly by legacy exposures

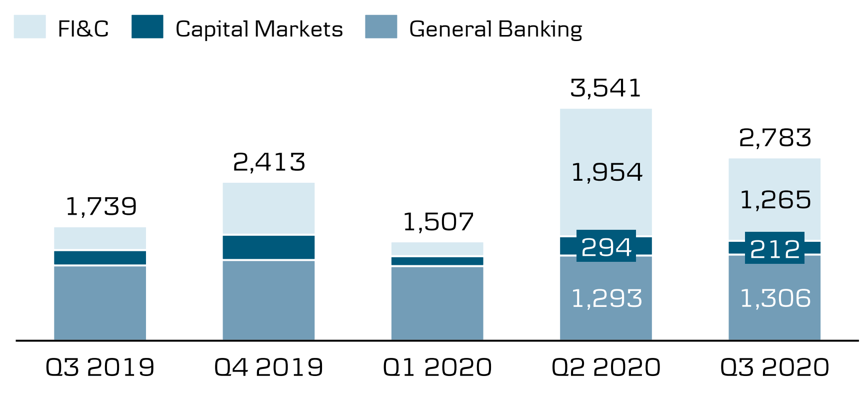
Q/Q

- Trading income characterised by relatively high activity
- Expenses down due to lower performance-based compensation
- Additional impairments within legacy oil 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.

Danske Bank

Wealth Management: AuM and fee income up 4%; costs down as 9M 2019 was impacted by Flexinvest Fri compensation

Income statement and key figures (DKK m)

	9M 2020	9M 2019	Index	Q3 2020	Q2 2020	Index
Net interest income	-214	-173	-	-70	-60	-
Net fee income	4,162	4,017	104	1,371	1,569	87
Net trading income	64	588	11	20	125	16
Other income	-15	1,277	-	14	-5	-
Total income	3,997	5,710	70	1,334	1,629	82
Expenses	2,519	2,711	93	876	779	112
Profit before tax	1,478	2,999	49	459	850	54
AuM (DKK bn)	1,632	1,564	104	1,632	1,560	105

Key points

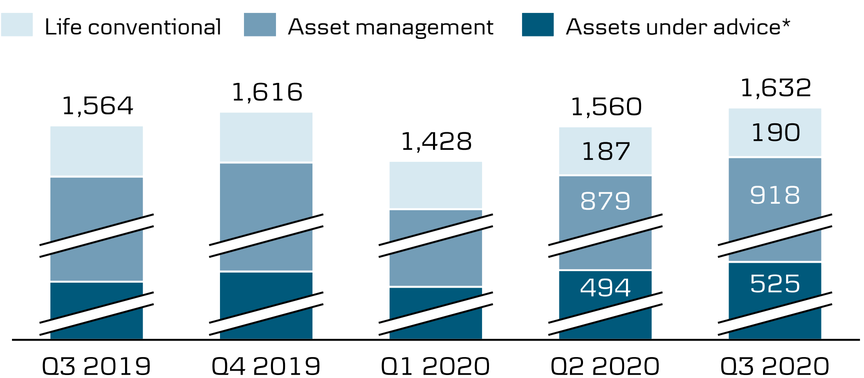
Y/Y

- Total income down 30% due to one-off and strong trading income in 2019
- Expenses down 7% as 9M 2019 was impacted by Flexinvest Fri compensation and integration of SEB Pension

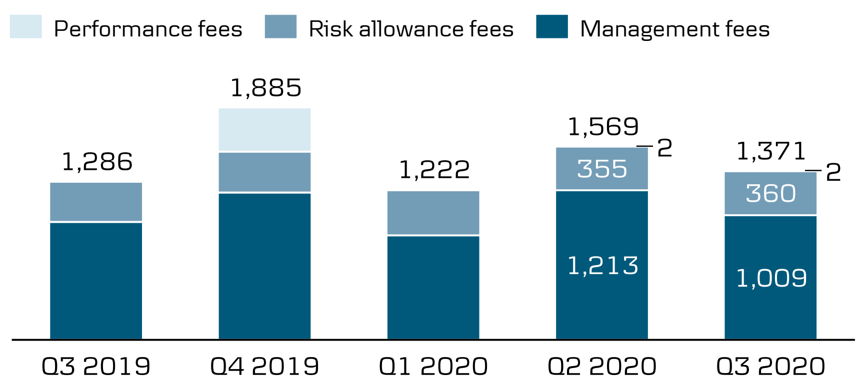
Q/Q

- Fees down 13% as Q2 was unusually high due to products with investment guarantees
- Costs up 12% due to IT development and transformation costs
- AuM up 5%

AuM breakdown (DKK bn)



Breakdown of net fee income (DKK m)



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

Northern Ireland: The coronavirus pandemic disrupted activity levels and affected financial results

Income statement and key figures (DKK m)

	9M 2020	9M 2019	Index	Q3 2020	Q2 2020	Index
Net interest income	1,035	1,133	91	332	327	102
Net fee income	198	274	72	64	50	128
Net trading income	91	113	81	13	26	50
Other income	13	11	118	4	4	100
Total income	1,336	1,530	87	414	408	101
Expenses	905	872	104	310	295	105
Profit before loan impairment charges	431	658	66	103	113	91
Loan impairment charges	295	11	-	43	87	49
Profit before tax	136	648	21	60	26	231
Lending (DKK bn)	54	53	103	54	51	106
Deposits (DKK bn)	81	67	122	81	75	108

Key points

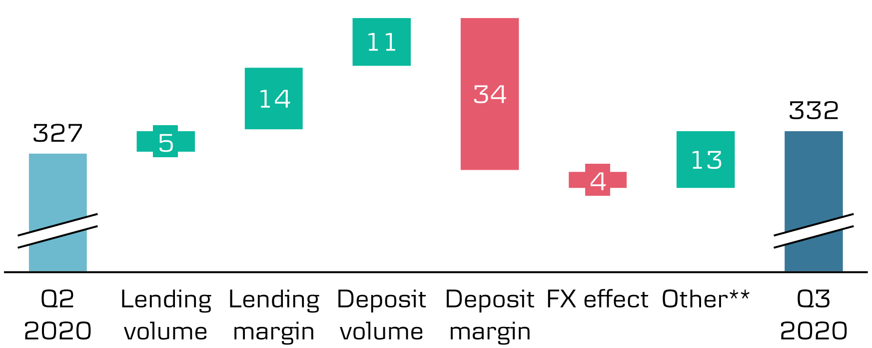
Y/Y

- Income down due to lower UK interest rates and lower activity as a result of the corona crisis
- Impairment charges reflect the weaker UK economic outlook
- Lending up 3% due to UK government-guaranteed business support loans

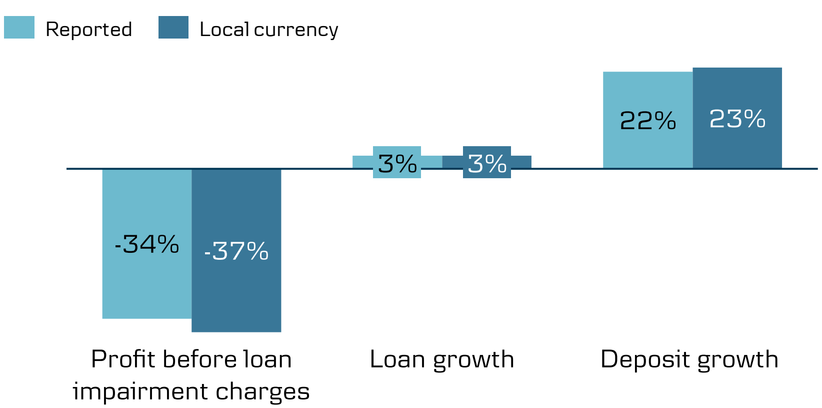
Q/Q

- Stable income development, up 1%
- Increase in profit before tax driven by lower impairment charges

Northern Ireland NII bridge* (DKK m)



Currency-adjusted development y/y

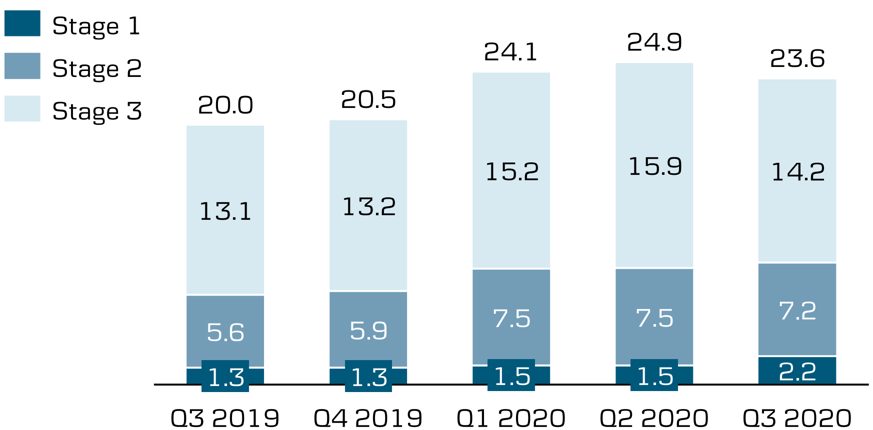


* Based on average volumes. ** Includes capital costs, day effect and off-balance-sheet items.

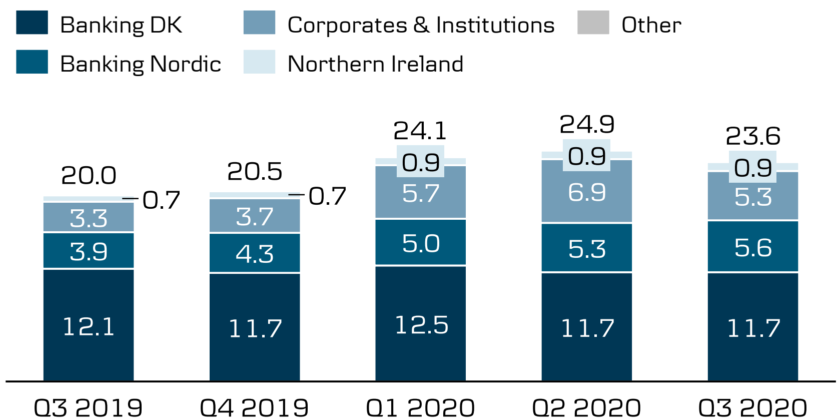
Danske Bank

Credit quality: NPLs decreased 4% q/q driven by single-name exposures at Corporates & Institutions

Breakdown of core allowance account under IFRS 9 (DKK bn)



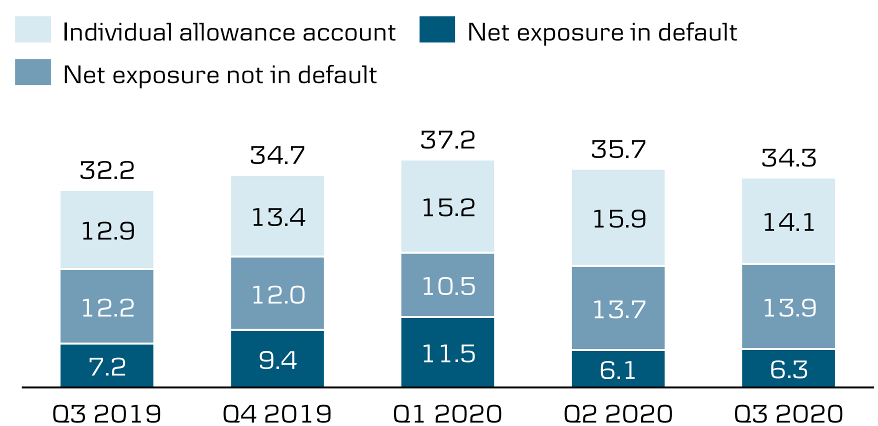
Core allowance account by business unit (DKK bn)



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

End-Q3 2020	Allowance account	Gross credit exposure	Allow. acc. as % of exposure
Retail customers	2.1	977.0	0.22%
Agriculture	1.0	74.0	1.34%
Commercial property	1.1	317.9	0.35%
Shipping, oil & gas	0.4	51.2	0.80%
Services	0.3	61.7	0.54%
Other	2.2	1,129.5	0.19%
Total	**7.2**	**2,611.2**	**0.27%**

Gross non-performing loans* (DKK bn)



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

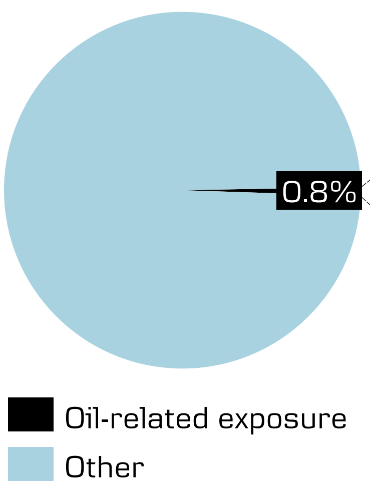
Danske Bank

Oil-related exposure: Continued impairments against single-name oil-related exposures in Q3

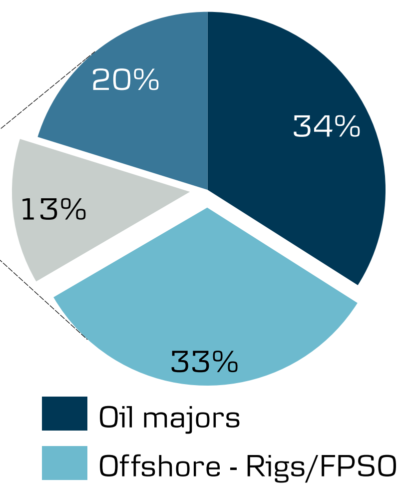
Key points, 9M 2020

- The offshore segment, where we see credit deterioration, makes up 46% of the exposure and accounts for 90% of expected credit losses, and stage 3 exposure increased to 62%. Decrease in expected credit losses (DKK -1.0 bn) driven by write-offs in the segment.
- Uncertainty continues in the oil & gas industry; especially the offshore service and drilling segments led to additional impairments in 9M 2020. This was still driven by continually low oil prices and lower activity, which makes restructuring increasingly difficult as the willingness to provide new capital is limited. This also puts increasing pressure on collateral values within these industries, which impacts impairments. The prolonged weakness of the oil market increases uncertainty.

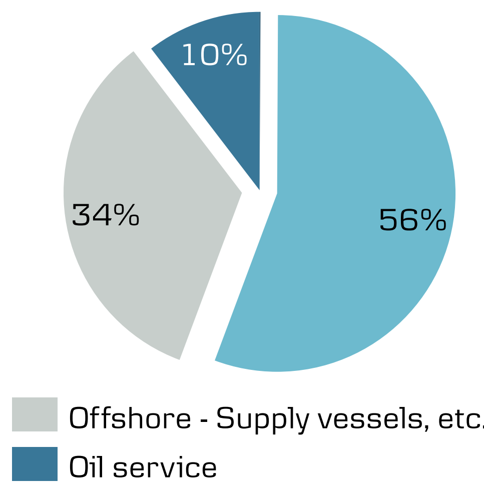
Group gross credit exposure (DKK 2,611 bn)



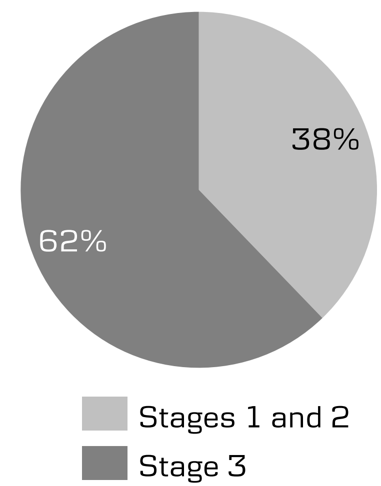
Oil-related exposure (DKK 20.9 bn)



Expected oil-related credit loss (DKK 3.4 bn)



Offshore exposure by IFRS 9 stage (DKK 9.6 bn)



Danske Bank

Credit exposure: Limited agriculture and directly oil-related exposure

Agriculture exposure

- In September, African Swine Fewer (ASF) was confirmed among wild boars in Germany causing the stopping of German pork exports to China
- As a consequence, post-model adjustments were increased by DKK 0.2 bn as the Danish and German pork production industries are heavily interlinked with large exports of Danish-bred piglets to Germany
- Total accumulated impairments amounted to DKK 2.7 bn, of which DKK 1.1 bn in stages 1 and 2
- Realkredit Danmark represented 54% of total gross exposure and 18% of expected credit losses
  – LTV limit at origination of 60% at Realkredit Danmark

Oil-related exposure

- Gross exposure decreased to DKK 20.9 bn from DKK 21.7 bn in Q2 2020*
- Accumulated impairments at C&I decreased to DKK 3.3 bn, driven by write-offs. However, additional impairments were still taken, mainly in the offshore segment
- Most of the oil-related exposure is managed by specialist teams for customer relationship and credit management at Corporates & Institutions
- Post-model adjustments remain to cover the effects of the decline in oil prices on currently performing exposures

Agriculture by segment, Q3 2020 (DKK m)

	Gross credit exposure	Portion from RD	Expected credit loss	Net credit exposure	NPL coverage ratio
Banking DK	49,919	*39,729*	2,425	47,494	91%
Growing of crops, cereals, etc.	20,334	*17,711*	573	19,761	97%
Dairy	8,615	*6,615*	1,059	7,556	91%
Pig breeding	10,992	*8,571*	545	10,447	87%
Mixed operations etc.	9,979	*6,832*	248	9,731	87%
Banking Nordic	13,303		178	13,125	104%
Northern Ireland	4,720	-	75	4,645	44%
C&I	6,108	*1,851*	43	6,065	-
Others	0	-	0	0	-
Total	74,051	41,579	2,721	71,329	87%

Share of Group net exposure Q3 2020	Share of Group net NPL Q3 2020	Expected credit loss Q2 2020
2.8%	7.9%	2,838

Oil-related exposure, Q3 2020 (DKK m)

	Gross credit exposure	Expected credit loss	Net credit exposure
C&I	20,076	3,343	16,734
Oil majors	7,094	3	7,091
Oil service	3,402	270	3,132
Offshore	9,581	3,070	6,511
Banking DK and Banking Nordic	837	88	749
Oil majors	15	0	15
Oil service	814	88	727
Offshore	7	0	7
Others	3	0	3
Total	20,916	3,431	17,485

Share of Group net exposure Q3 2020	Share of Group net NPL Q3 2020	Expected credit loss Q2 2020
0.7%	18.8%	4,391

* The credit exposure is reported as part of the shipping, oil and gas industry in our financial statements.

Danske Bank

Credit exposure: Limited exposure to transportation, hotels, restaurants and leisure

Transportation exposure

- Gross exposure* increased DKK 1.0 bn to DKK 17.8 bn from the Q2 2020 level driven by non-air passenger transportation
- Demand for cross-border passenger transport remains dramatically reduced. Danske Bank's spending monitor of 20 October shows that airline spending is around 25% of the level at the same time last year. At DKK 1.4 bn, our exposure to passenger air transport remains limited
- Accumulated impairments were at DKK 289 million in Q3, which is an increase from the Q2 level due to credit deterioration. The post-model adjustment on corona crisis high-risk industries remains in place

Hotels, restaurant and leisure exposure

- Gross exposure increased to DKK 15.7 bn from 15.4 bn in Q2 2020. While exposure to restaurants and leisure increased slightly, exposure to hotels decreased
- Danske Bank's spending monitor of 20 October shows that hotel spending by Danes was around 20% lower than normal, and there was still very little foreign tourist spending. Spending at conventional restaurants was somewhat below the normal level, while Danes' spending at tourist attractions was not enough to compensate for the absence of foreign tourists. Spending at cinemas remains weak
- The share of Group net NPL increased to 4.2% from 1.9% in Q2 2020 driven by all sub-segments, while impairments increased to DKK 388 million from 290 million in Q2 2020 – primarily against hotels

Transportation by segment, Q3 2020 (DKK m)

	Gross credit exposure	Expected credit loss	Net credit exposure
Freight transport	10,706	135	10,571
Passenger transport	5,831	68	5,762
- of which air transport	*1,426*	*18*	*1,408*
Postal services	1,268	86	1,182
Total	17,804	289	17,515

Share of Group net exposure Q3 2020	Share of Group net NPL Q3 2020	Expected credit loss Q2 2020
0.7%	0.6%	277

Hotels, restaurants and leisure by segment, Q3 2020 (DKK m)

	Gross credit exposure	Expected credit loss	Net credit exposure
Hotels	7,061	130	6,931
Restaurants	4,052	110	3,941
Leisure	4,538	146	4,392
Total	15,651	387	15,264

Share of Group net exposure Q3 2020	Share of Group net NPL Q3 2020	Expected credit loss Q2 2020
0.6%	4.2%	290

* The numbers do not include exposure to businesses that are hit by a second round impact, e.g. airports and service companies.

Danske Bank

Credit exposure: Limited exposure to retailing and stable credit quality in commercial real estate

Retailing

- Gross exposure decreased to DKK 26.0 bn from DKK 26.5 bn in Q2 2020. Over recent years, we have had a selective approach to this segment and have generally decreased exposures
- Danske Bank's spending monitor of 20 October shows that the effect of the payout of holiday back-pay of more than DKK 44 bn (before taxes) is starting to wear off. Segments such as electronics stores, D-I-Y and paint stores remained well above normal levels
- Share of Group net NPL increased to 7.5% from 6.6% in the preceding quarter
- Accumulated impairments remained unchanged

Commercial real estate

- Gross exposure increased to DKK 317.9 bn from 309.4 in Q2 2020 driven by increased lending to a single A-rated customer
- Overall, credit quality was stable
- Share of net NPL increased to 13.2% from 12.7% last quarter driven by higher NPL in Northern Ireland and Finland
- Exposure is managed through the Group's Credit Risk Appetite and there are caps in place for total level, concentration and growth, including a selective approach to the various sub-segments and markets
- Commercial property exposure is managed by a specialist team
- Geographically, the exposure is concentrated in Banking DK (49%) and Banking Nordic (44%) – primarily Sweden (27%)

Retailing by segment, Q3 2020 (DKK m)

	Gross credit exposure	Expected credit loss	Net credit exposure
Consumer discretionary	15,795	968	14,825
Consumer staples	10,191	120	10,071
Total	25,986	1,088	24,897

Share of Group net exposure Q3 2020	Share of Group net NPL Q3 2020	Expected credit loss Q2 2020
1.0%	7.5%	1,086

Commercial real estate by segment, Q3 2020 (DKK m)

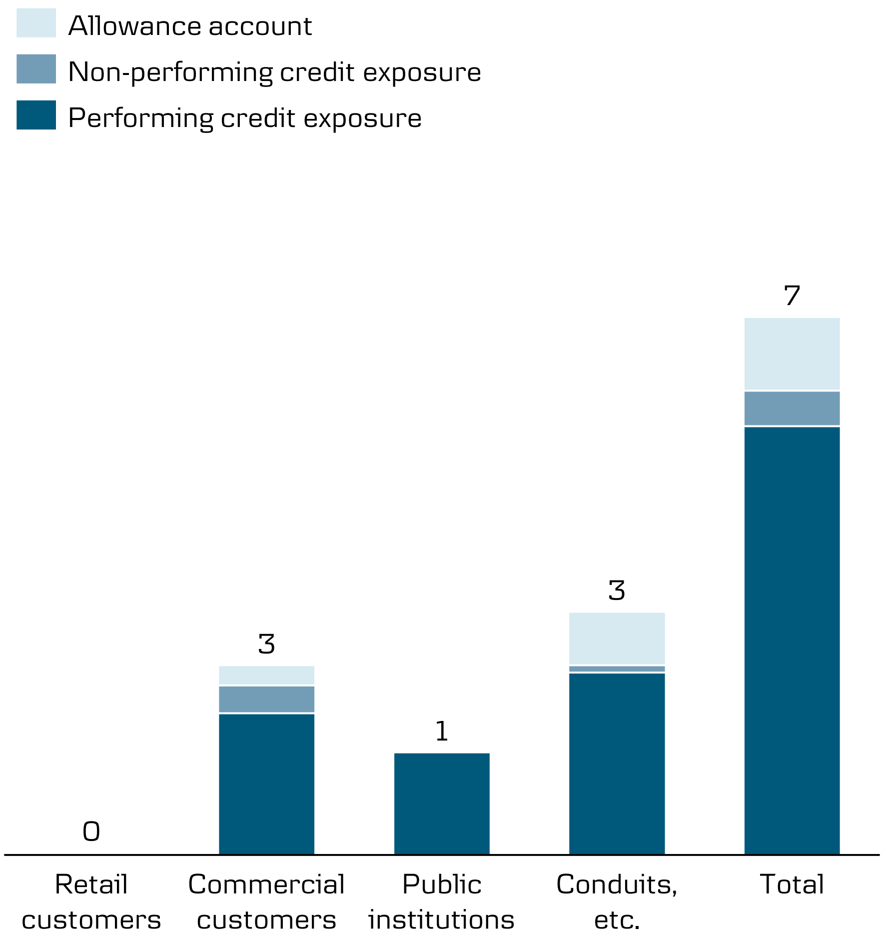
	Gross credit exposure	Expected credit loss	Net credit exposure
Non-residential	175,896	1,794	174,102
Residential	119,415	732	118,684
Property developers	10,682	207	10,476
Buying/selling own property, etc	11,906	117	11,789
Total	317,900	2,850	315,050

Share of Group net exposure Q3 2020	Share of Group net NPL Q3 2020	Expected credit loss Q2 2020
12.2%	13.2%	2,564

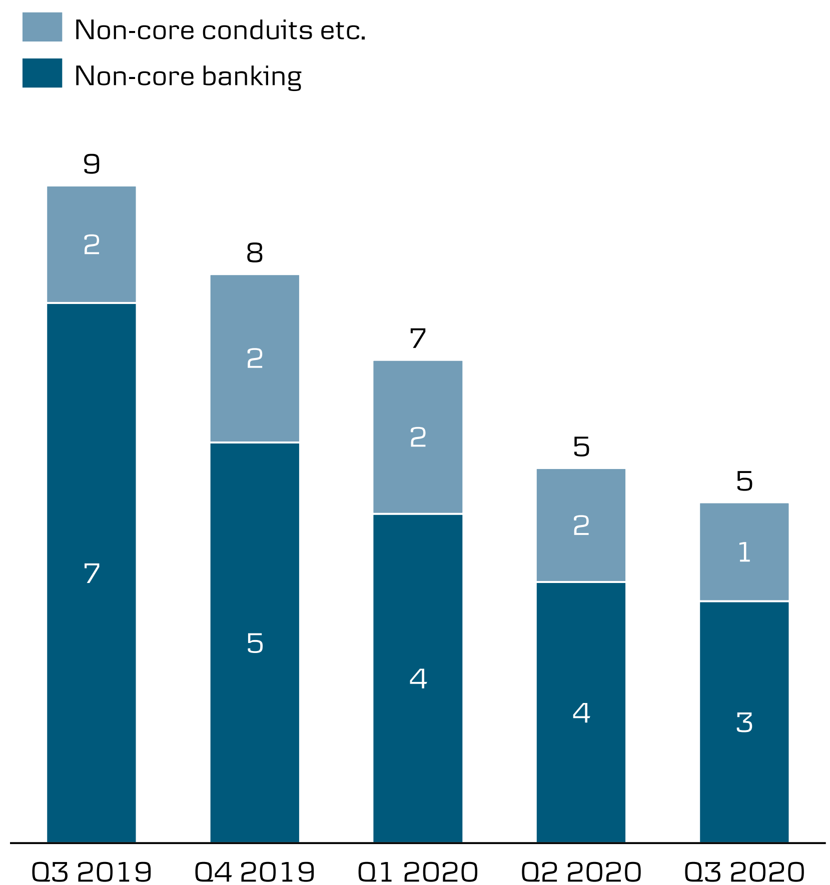
Danske Bank

Non-core: Winding-up is proceeding according to plan

Non-core loan portfolio, Q3 2020 (DKK bn)



Non-core REA (DKK bn)



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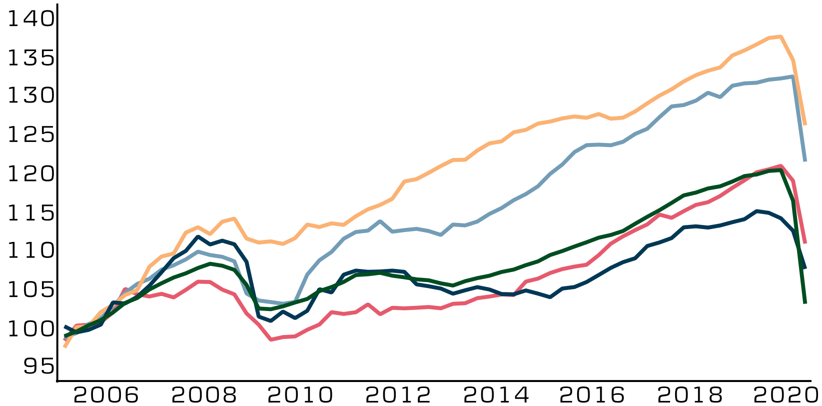
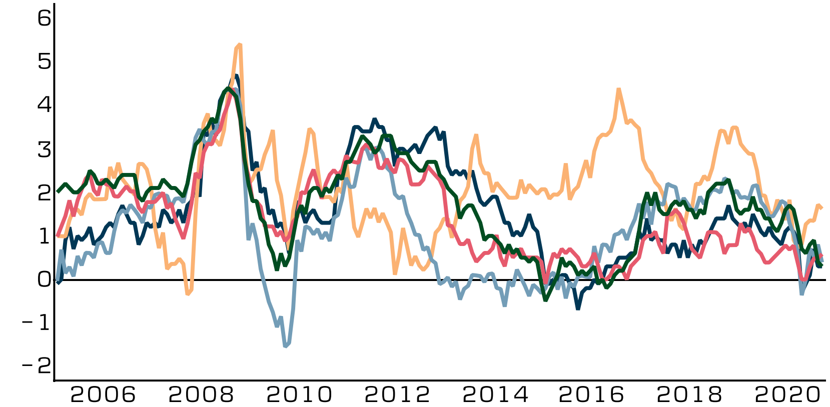
Nordic macroeconomics

Denmark | Sweden | Norway | Finland | EU

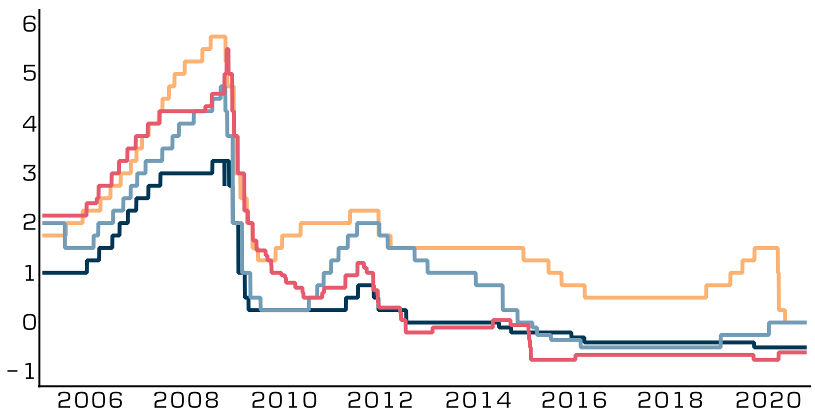
Real GDP, constant prices (index 2005 = 100)



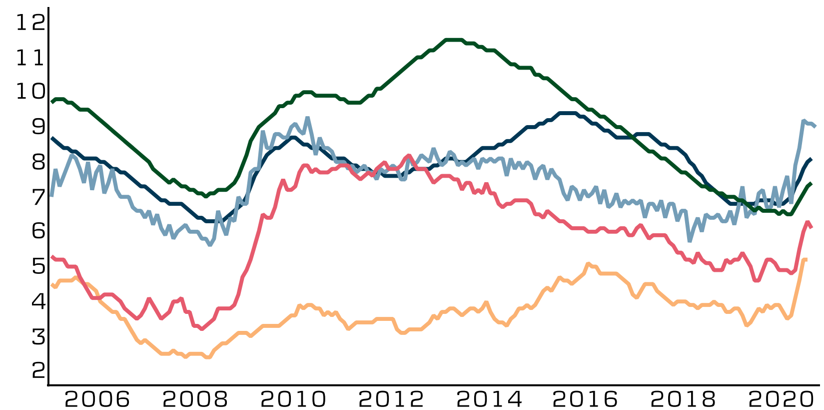
Inflation (%)



Interest rates, leading (%)



Unemployment (%)



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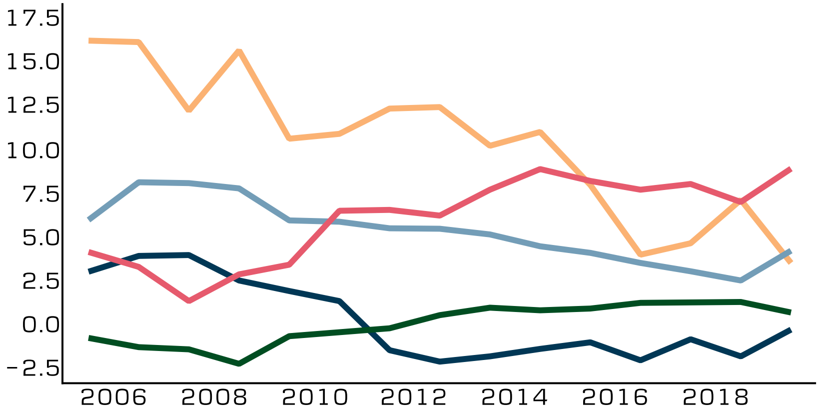
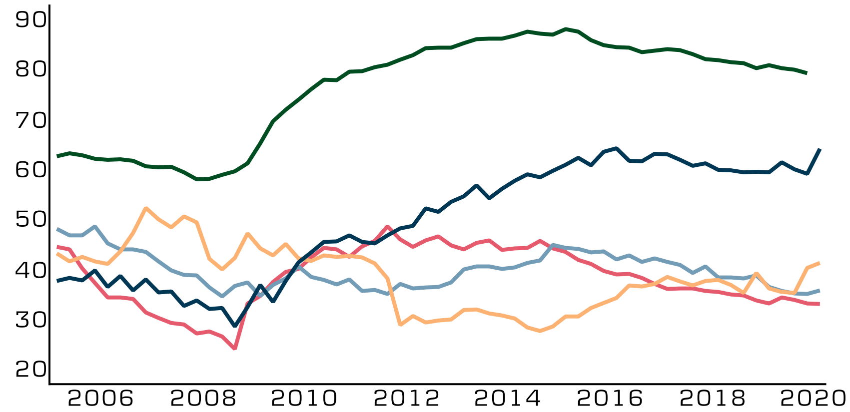
Nordic macroeconomics

Denmark Sweden Norway Finland EU

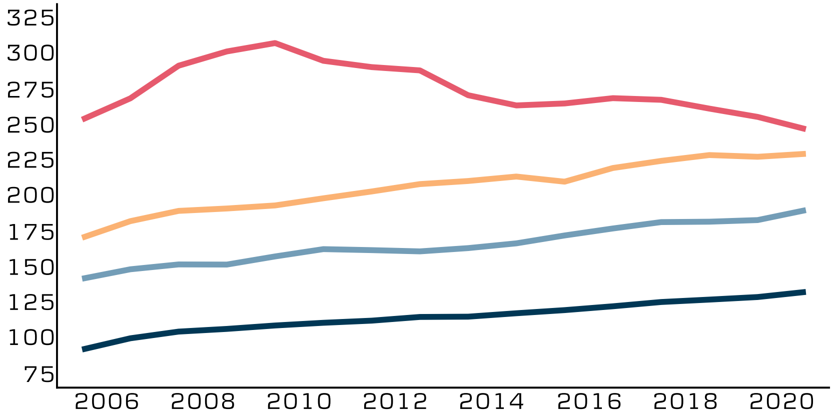
Current account (surplus+/deficit-); % of GDP



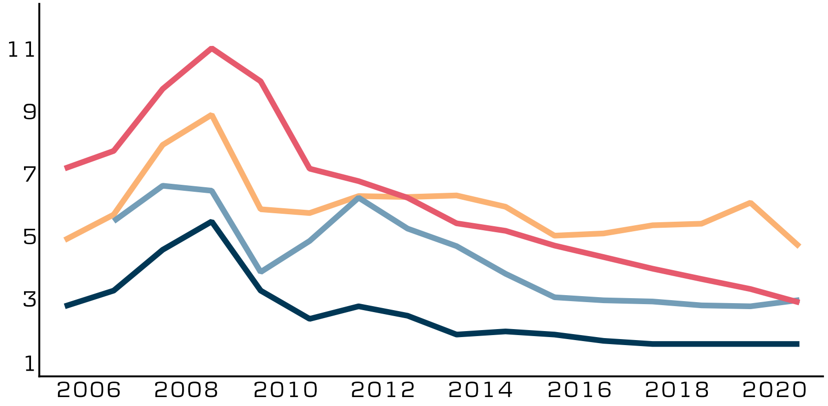
Gross public debt; % of GDP



Household debt burden; % of disposable income



Household interest burden; % of disposable income



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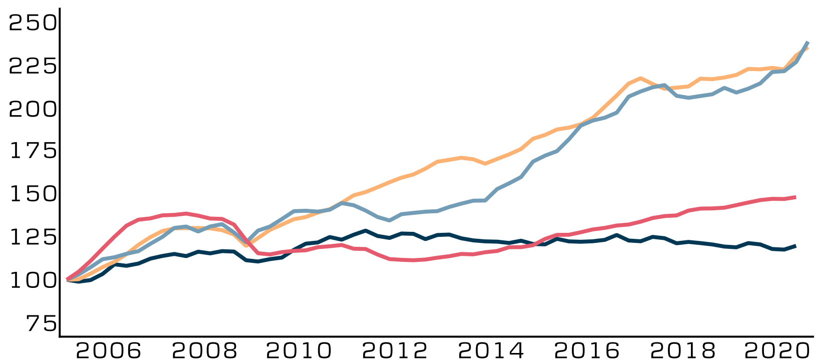
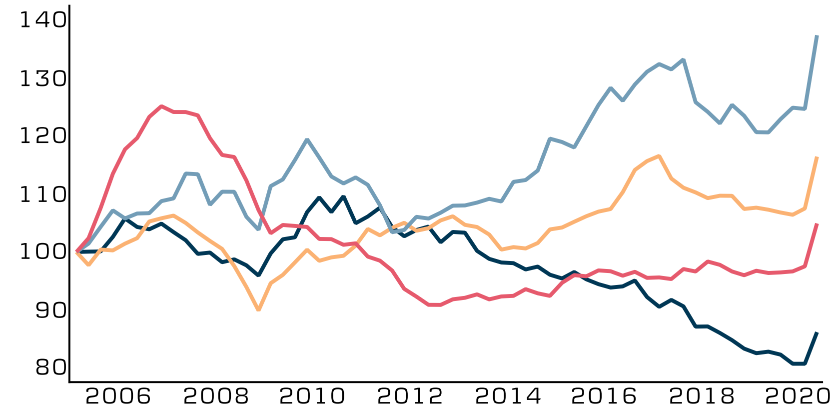
Nordic housing markets

Denmark Sweden Norway Finland

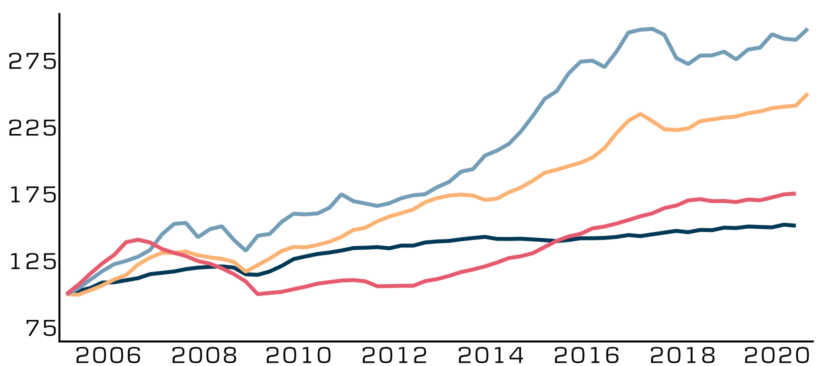
Property prices (index 2005 = 100)



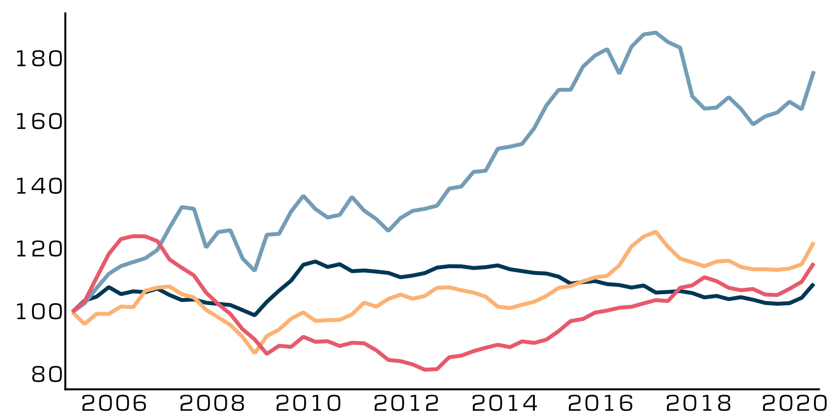
House prices/nom. GDP (index 2005 = 100)



Apartment prices (index 2005 = 100)



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



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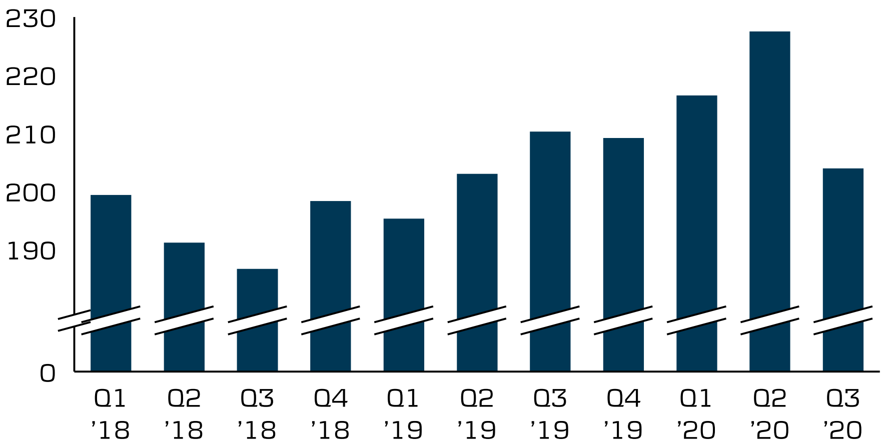
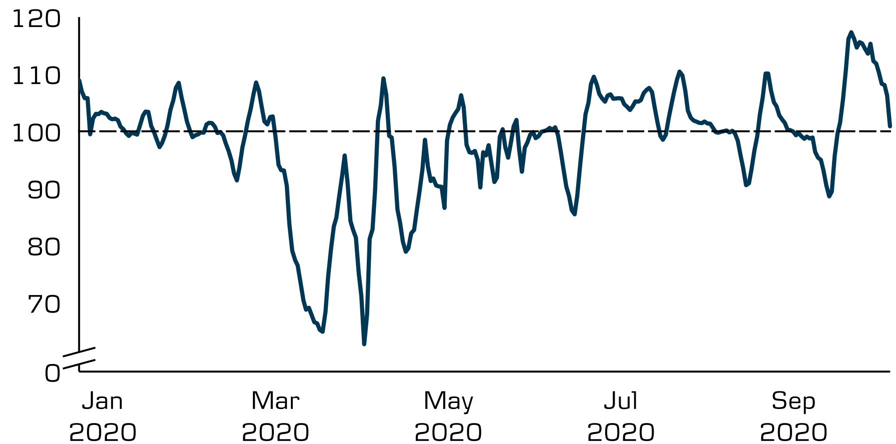
Resilient property markets and rebound in consumer spending; H2 still impacted by government support packages

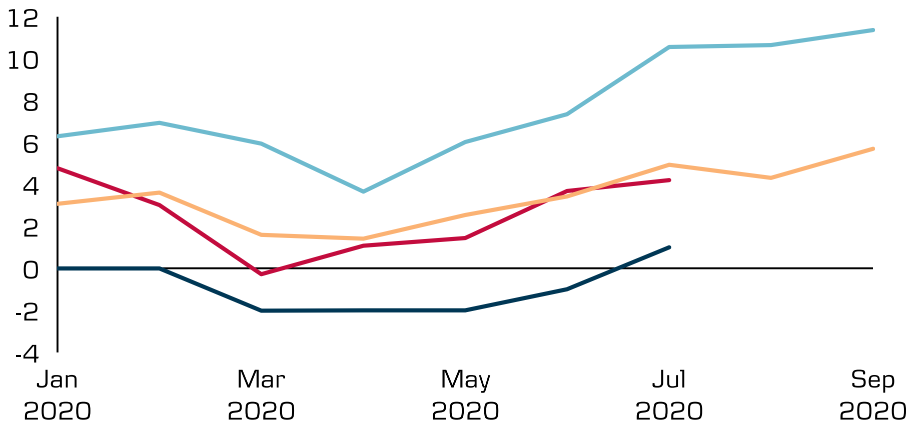
C&I lending volume (DKK bn)



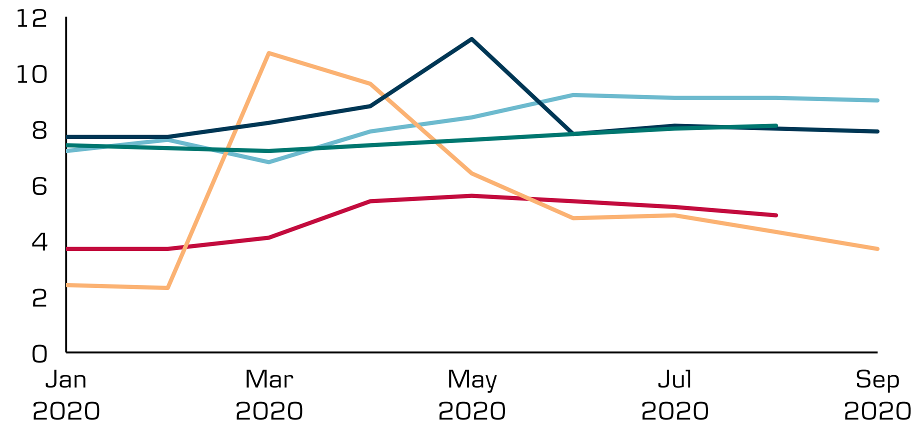
Consumer spending, Denmark (same weekday 2019 = 100)



Property prices (change y/y in %)



Unemployment (%)



Denmark Sweden Norway Finland EU

Source: Danske Bank Macro Research

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Upgraded net profit outlook since Q2: We now expect net profit to be in the range of DKK 4.0–4.5 billion in 2020

Net interest income	We expect net interest income to be at around the same level as in 2019 as margin pressure and higher funding costs will offset continued volume growth
Net fee income	**Revised:** Net fee income is now expected to be slightly lower than the level in 2019 as improved developments in the financial markets have partly offset lower remortgaging activity. Fee income is subject to uncertainty regarding AuM, customer activity and market developments
Expenses	**Revised:** We now expect expenses to be around DKK 28 billion, including planned costs for the Better Bank transformation. In addition, full-year may also include a small extraordinary amortisation of intangible assets
Impairments	Loan impairment charges are expected to be significantly higher due to the impact of the coronavirus pandemic on the economic outlook, with most impairments recognised already in the first nine months of the year
Net profit	**Revised:** Net profit is now expected to be in the range of DKK 4.0-4.5 billion due to improved development in the financial markets and continually good progress in the underlying business
Financial target	We maintain our ambition for an ROE of 9-10% in 2023

Note: The outlook is subject to uncertainty and depends on economic conditions, including government support packages.

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Significant net positive extraordinary items in 2019

One-off items in 2019 (DKK millions)

Q	Item	Impact (DKKm)	P&L line affected
Q1	Change in VA add-on to discount curve at Danica	-140	Net trading income
	Non-core value adjustment	-300	Profit before tax, Non-core
Q2	Sale of Danica Pension Sweden	1,300	Other income
	Flexinvest Fri compensation (fees)	-180	Net fee income
	Flexinvest Fri compensation (costs)	-220	Operating expenses
	Non-core VAT adjustment	200	Profit before tax, Non-core
Q4	Sale of LR Realkredit A/S	767	Net trading income
	Goodwill impairment charges, Corporates & Institutions	-803	Goodwill impairment charges
	Goodwill impairment charges, Danica Pension	-800	Goodwill impairment charges
	Depreciation of intangible assets	-355	Operating expenses
	Operational risk-related losses	-419	Operating expenses
	Transformation costs	-279	Operating expenses
	Portfolio adjustments	-214	Operating expenses
	Extraordinary loan impairment charges	-450	Loan impairment charges
	Non-core value adjustment	-110	Profit before tax, Non-core
	Exit from International Joint Taxation scheme	5,230	Tax
	Provision for deferred tax	-1,096	Tax

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