MOODY'S
INVESTORS SERVICE

CREDIT OPINION
14 December 2021

Update

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RATINGS

Danske Bank A/S

Domicile	Copenhagen, Denmark
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	A3
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	A2
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Danske Bank A/S

Update following assignment of ESG scores

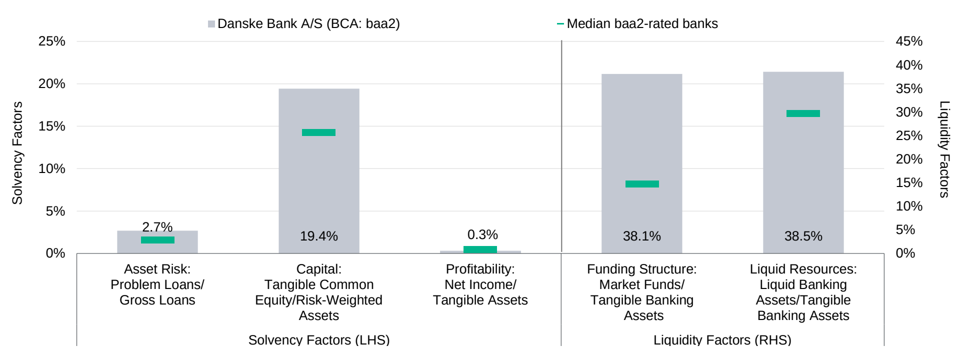
Summary

Danske Bank A/S' (Danske) A2 long-term (LT) deposit ratings and A3 senior unsecured debt ratings reflect the bank's baa2 Baseline Credit Assessment (BCA); two notches of rating uplift for deposits and one notch of uplift for senior unsecured debt based on our forward-looking Advanced Loss Given Failure (LGF) analysis; and our assumption of a moderate likelihood of support from the Government of Denmark (Aaa stable), which results in an additional one notch uplift. The LT deposit and senior unsecured debt ratings carry a stable outlook.

Danske's baa2 BCA reflects its good but weaker-than-peers asset quality and solid capitalisation, balanced against profitability pressures from moderately higher funding costs and operational expenses related to ongoing anti-money laundering (AML) investigations and higher spending on compliance capabilities, at a time of low interest rates and increased competition. These pressures are amplified by the economic and financial fallout from the coronavirus pandemic. The bank's high dependence on market funding is mitigated by more stable covered bonds and adequate liquidity.

In addition, the bank's BCA incorporates a negative adjustment for corporate behaviour, as the bank has continued to reveal a series of failures after the money laundering issue in Estonia in 2018.

Exhibit 1
Rating Scorecard - Key financial ratios



These represent our Banks methodology scorecard ratios, whereby asset risk and profitability reflect the weaker of either the three-year average or the latest annual figure. Capital ratio is the latest reported figure. Funding structure and liquid resource ratios reflect the latest fiscal year-end figures.
Source: Moody's Investors Service

Credit strengths

» Good asset quality, but still below that of its Nordic peers

» Solid capitalisation

Credit challenges

» Reputational and financial risks that may arise from past governance and risk management deficiencies

» Profitability to recover gradually but from low levels

» High dependence on market funding, mitigated by more stable covered bonds and adequate liquidity

Outlook

The stable outlook on the deposit and senior unsecured debt ratings reflects our view that the bank's financial performance will remain solid, supporting the current BCA, in the aftermath of the pandemic-induced economic recession and the continuing uncertainty around the pace of recovery.

Factors that could lead to an upgrade

» The BCA and Adjusted BCA could be upgraded if the bank demonstrates that it has fully addressed compliance shortcomings and that the repercussions of the historical issues in Estonia will not have any further material negative impact on Danske's financial profile or its franchise relative to the current positioning of the BCA.

» The bank would also need to return to significantly higher levels of profitability on a sustained basis without any noticeable deterioration in its funding profile, along with a reduction in the potential risk of further material financial penalties that the bank could not contain within one year's earnings.

» The LT senior unsecured debt ratings could also be upgraded if the bank were to significantly increase its senior non-preferred debt issuance, providing additional loss-absorbing buffer, over time.

Factors that could lead to a downgrade

» Conversely, the ratings could be downgraded if we observe lapses in terms of governance, control functions or compliance, along with any indications of a renewed aggressive strategy resulting in heightened credit or operational risks.

» The ratings would also come under pressure if we observe (1) a sustained loss in clients or business, exerting pressure on the bank's financial profile; (2) indications of monetary penalties greater than current expectations, which would put the bank's capital under significant pressure; or (3) signs that funding becomes significantly more costly or that access to certain markets or instruments becomes more limited.

Key indicators

Exhibit 2

Danske Bank A/S (Consolidated Financials) [1]

	09-21[2]	12-20[2]	12-19[2]	12-18[2]	12-17[2]	CAGR/Avg.[3]
Total Assets (DKK Million)	3,627,860.8	3,677,128.0	3,421,905.0	3,312,537.0	3,357,457.0	2.1[4]
Total Assets (USD Million)	565,430.8	604,442.8	514,031.1	507,439.1	541,490.4	1.2[4]
Tangible Common Equity (DKK Million)	158,858.0	151,032.0	171,255.0	161,674.0	165,604.0	(1.1)[4]
Tangible Common Equity (USD Million)	24,759.3	24,826.5	25,725.6	24,766.4	26,708.6	(2.0)[4]
Problem Loans / Gross Loans (%)	2.7	2.4	2.4	2.5	1.9	2.4[5]
Tangible Common Equity / Risk Weighted Assets (%)	19.4	19.3	22.3	21.6	22.0	20.9[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	27.0	26.5	23.1	25.1	18.1	24.0[5]
Net Interest Margin (%)	0.7	0.8	0.8	0.9	0.9	0.8[5]
PPI / Average RWA (%)	2.0	1.7	1.8	2.5	3.1	2.2[6]
Net Income / Tangible Assets (%)	0.3	0.1	0.3	0.4	0.6	0.4[5]
Cost / Income Ratio (%)	65.5	71.5	69.7	60.3	51.5	63.7[5]
Market Funds / Tangible Banking Assets (%)	37.5	38.1	40.6	41.9	43.6	40.3[5]
Liquid Banking Assets / Tangible Banking Assets (%)	37.1	38.5	35.7	32.2	37.3	36.2[5]
Gross Loans / Due to Customers (%)	157.8	155.7	191.4	200.8	191.3	179.4[5]

[-] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Sources: Moody's Investors Service and company filings

Further to the publication of our revised methodology in July 2021, for issuers that have "high trigger" Additional Tier 1 instruments outstanding, not all ratios included in this report reflect the change in treatment of these instruments.

Profile

Danske Bank A/S (Danske) is part of the Danske Bank Group, which also comprises Realkredit Denmark A/S (a mortgage credit institution), Danica Pension (a life insurance company), Danske Hypotek AB (a covered bond issuer in Sweden), Danske Mortgage Bank Plc (a covered bond issuer in Finland) and Northern Bank Limited (a commercial bank in Northern Ireland). As of the end of September 2021, the bank held 25% of the domestic market in terms of loans and 29% in terms of deposits. Total reported consolidated assets were DKK3.9 trillion (€527.8 billion).

Danske is a universal bank, and it provides a broad range of products and services, including deposits, loans and other credit, insurance, pensions, leasing, asset management, and trading in fixed-income products, foreign exchange and equities. Its main distribution channel is through electronic services. As of the end of September 2021, it also distributed its products through 77 domestic and 100 international branches in Sweden, Norway, Finland and Northern Ireland.

Danske was established in 1871 as Den Danske Landmandsbank. In 1976, it was renamed Den Danske Bank. In 2000, the name was changed to Danske Bank. Its shares are listed on the NASDAQ OMX Copenhagen Stock Exchange (Ticker: DANSKE). As of year-end 2020, its largest shareholder was the A.P. Møller Holding Group, which held 21% of the bank's total share capital.

Recent developments

Weaker-than-expected growth momentum and an upside surprise to inflation have dented some of the optimism surrounding the global economic recovery. Over the course of 2022, however, we expect uncertainties with regard to the COVID-19 pandemic, supply chain imbalances and labor shortages to diminish, allowing the economy to enter a stable growth phase through 2023.

Our outlook for the Danish banking system is stable. We expect the Danish economy to return to growth in 2021 after a pandemic-induced contraction in 2020. Bank profitability will improve, asset quality will deteriorate moderately and capital will remain robust, despite a decline from current high levels.

Detailed credit considerations

Qualitative adjustment for corporate behaviour reflects past failures that continue to expose the bank to reputational, operational and financial risks

In September 2018, Danske revealed that major deficiencies in its control systems likely allowed money laundering of a significant scale at its previous Estonian branch between 2007 and 2015. In October 2018, the US Department of Justice announced that Danske is subject to criminal investigations, running in parallel with investigations in Denmark and Estonia, including for potential criminal activities.

In addition to the allegations of money laundering at the bank's previous Estonian branch, Danske subsequently revealed a series of failures, including the mis-selling of the Flexi Fri investment product, and one where it identified a number of customers with errors in their investment agreements. Other incidents included collecting too much debt from an important number of customers because of an error in the bank's debt collection system, sharing flawed estimates for profit or loss on certain traded shares because of shortcomings in an underlying IT system, incorrect recording of rebates on specific foreign exchange trades and issues related to Danske's handling of dividend taxes on behalf of some clients as part of the bank's tax service.

This has also resulted in significant and frequent changes in senior management, most recently by the previous CEO choosing to step down as he became a suspect in another bank's AML investigation.

We consider the identified past governance failures significant enough to have a material bearing on the bank's overall risk profile, and we reflect this through a negative qualitative adjustment for corporate behaviour.

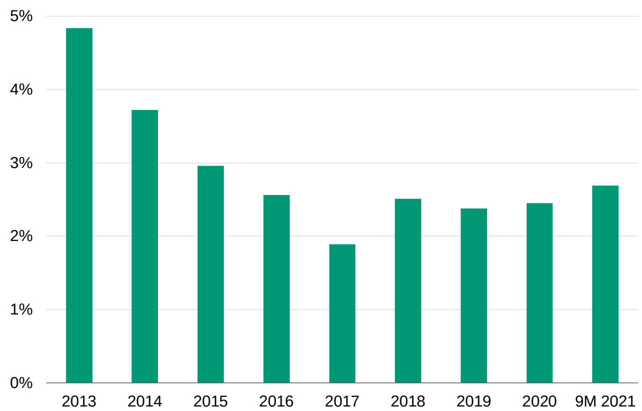
Danske has already taken a number of steps to address its governance and control, and specifically its money laundering process controls deficiencies, and some of the additional issues that have been revealed are because of increased transparency from the bank.

Asset quality, still below that of its peers, will face moderate pressure

Our assigned a3 Asset Risk score takes into consideration the bank's problem loan ratio, which improved over the last few years, along with our expectation that asset quality will deteriorate moderately over the next 12-18 months as a result of last year's pandemic-induced economic downturn and following the lifting of government support measures to businesses and households. The bank's problem loans (defined as IFRS9 Stage 3 loans) constituted 2.7% of gross loans as of 30 September 2021, slightly weaker than 2020 levels (see Exhibit 3).

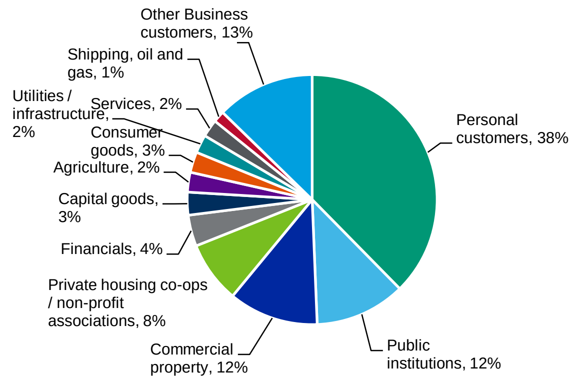
Most of Danske's exposures, 62% as of the first nine months of 2021, relate to business entities (see Exhibit 4). Oil and gas remains a problematic segment, but constitutes a small percentage of the bank's overall exposures (2% including shipping). Commercial real estate, which constitutes 12% of the banks exposures, is an important sector for the bank and may face pressures, especially in the office and retail segment.

Exhibit 3
Danske's problem loans as a percentage of gross loans



Stage 3 gross loans (according to IFRS9) as of 2018. Hence, the uptick in 2018 is because of the change in definition and is not an underlying deterioration in problem loans.
Sources: Company reports and Moody's Investors Service

Exhibit 4
Credit exposure by industry
September 2021



Source: Company reports

In the first nine months of 2021, provisions set aside to cover expected losses amounted to DKK587 million, significantly lower than that in the first nine months of 2020 when the bank had booked DKK6.3 billion of provisions. Overall, in 2020, Danske set aside DKK7.0 billion, mainly related to the economic fallout from the pandemic and the drop in oil prices. Nevertheless, actual credit deterioration has so far been limited, except for oil-related exposures. While the low interest rates will continue to support borrowers' repayment capacity, the economic disruption caused by the pandemic will inevitably lead to a moderate deterioration in the bank's asset quality metrics over the next 12-18 months.

Danske has exited its banking activities in Estonia, Lithuania, Latvia and Russia, and intends to focus on its core Nordic markets.

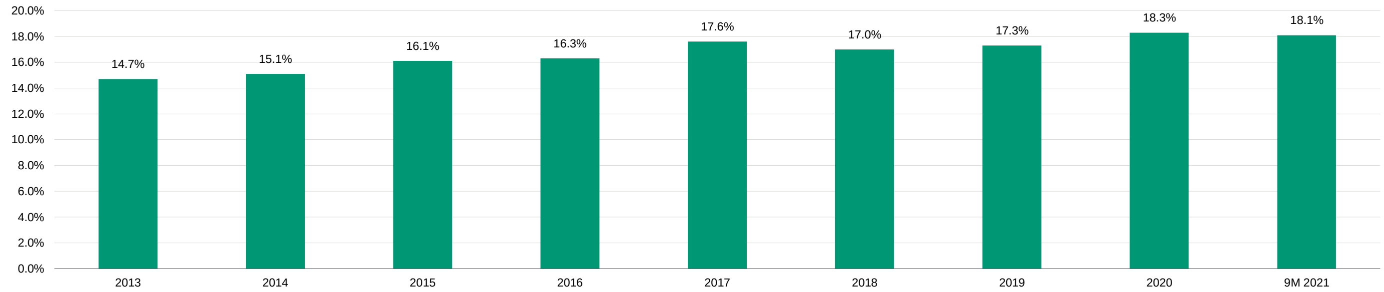
The assigned Asset Risk score includes a negative adjustment, which is also done for its large Nordic peers, to reflect our view that Danske has some sector concentration in its loan book. In addition, operational risks remain because of the money laundering findings.

Solid capitalisation

The assigned a1 Capital score reflects Danske's solid capital buffers, a relative strength for its credit profile. While internal capital generation will weaken, we expect lower capital consumption because of slower lending growth and capital retention to support the bank's capital levels. This will be counterbalanced by an increase in risk-weighted exposures.

As of 30 September 2021, the bank's Common Equity Tier 1 (CET1) capital ratio was strong at 18.1%, compared with 18.3% as of December 2020 and 17.3% as of December 2019 (see Exhibit 5), well above the CET1 requirement of 13.1% for the period. The slight decrease in the CET1 ratio as of September 2021 was mainly because of an increase in risk-weighted exposures, primarily driven by market risk. In 2020, the CET1 ratio benefitted from the cancellation of dividends for 2019, as the bank complied with the authorities' recommendation that financial institutions suspend dividend payouts and share buybacks, as well as the realised net profit and changes to the IFRS9 transitional arrangements. Following the resumption of limited dividend payments, Danske proposed dividend payments for 2020 corresponding to a payout ratio of 38%[1].

Exhibit 5
Danske's CET1 ratio



Source: Company reports

In response to increased capital requirements and the general uncertainty about future regulatory developments, the bank increased its short- to medium-term CET1 target above 16% in 2019[2]. In October 2018, the Danish Financial Supervisory Authority (FSA) required the bank to set aside a minimum of DKK10 billion (around $1.7 billion) in Pillar II capital (in the form of CET1) to cover for what the Danish regulatory authority characterised as "heightened compliance and reputational risks". Danske also cancelled its share buyback programme in response. In Q3 2019, the Danish FSA required the bank to set aside an additional Pillar II add-on of DKK4 billion to reflect "general product governance risk following the Flexinvest Fri[3]investigation and increased risk following an inspection of the bank's IT governance structure".

The assigned Capital score also takes into account the bank's high leverage, along with the possibility that once fines/settlement(s) for the Estonian case have been received, the FSA could potentially release part of the bank-specific DKK10 billion capital charge. Tangible common equity (TCE) was 4.4% of total assets as of 30 September 2021, which is at the lower end of the range for its large Nordic peers.

Profitability will recover from low levels

In recent years, Danske's profitability came under pressure from continued repair work and increased compliance investments to further strengthen the bank's AML capabilities; increased funding costs because of front-loading of senior non-preferred debt issuances along with relatively higher funding costs compared with large Nordic peers; pressure on net interest margin in the ultra-low interest rate environment, particularly in its home market Denmark; and significantly weaker trading income, which is likely to remain low in the next 12-18 months. In 2020, the expectation of a spike in pandemic-related credit losses drove a surge in provisions, further straining profitability.

The bank's net income/tangible assets recovered to 0.3% in the first nine months of 2021 (9M 2020: 0.1%; full-year 2020: 0.1%), primarily driven by a significant decline in loan loss provisions to DKK587 million, compared with DKK6.3 billion in 9M 2020 and DKK7.0 billion in full-year 2020, as the fallout from the pandemic took hold. The provisions booked in the first nine months 2021 mainly reflected a credit deterioration in individual exposures in segments hit by the continuous lockdown (DKK494 million).

In the first nine months 2021, net income was also supported by higher net fee income, and higher income from the bank's insurance activities year-on-year. However, net interest income (NII), which is the bank's primary source of income (around half of total income in 9M 2021), declined by 1%. In recent years, NII has been under pressure from margin compression in the bank's four Nordic home markets amid low rates, intense competition and a shift towards longer-term mortgages in Denmark, which have lower administrative margins. Expenses were marginally lower in the first nine months 2021, declining by 2% compared with 9M 2020, as the bank continues its efforts to achieve cost savings to improve efficiency and support profitability. Costs relating to the Estonia case were also lower in the period.

The bank's cost-to-income ratio (as per our definition) was 65% for the first nine months of 2021, worse than that of its large Nordic peers. In the current environment, we see the bank's ability to maintain tight cost control as very important.

The ba2 Profitability score reflects our expectation that over the next 12-18 months, profitability will continue to recover gradually, but remain below the levels recorded before 2018. Loan loss provisions will decline from 2020 high levels, although they may remain elevated, and pressure on NII will be alleviated somewhat by the bank's deposit pricing initiatives[4]. In addition, the bank's funding costs, which rose significantly following the Estonia case, have gradually narrowed and while they are still higher, they are now closer to those of some of its Nordic peers.

While we acknowledge the high degree of uncertainty surrounding the magnitude of any potential fines resulting from the US investigations, our assessment is that the bank — at the current BCA positioning — would be able to cover the fines or settlement(s) resulting from the ongoing investigations in the US, Denmark and Estonia with a year's earnings.

High dependence on market funding, particularly covered bonds; liquidity is adequate

Danske relies heavily on wholesale funding. While the share of deposit funding was around 33% of total non-equity funding as of the end of September 2021, market funds accounted for 37% of tangible banking assets as of that date. The assigned baa3 Funding Structure score also reflects our view stability of the Danish covered bond market.

This high reliance exposes Danske to changes in market conditions, and renders the bank more sensitive to swings in investor confidence. However, the bank has retained good access to the market following the Estonia case in 2018 and issued about DKK107 billion of senior non-preferred instruments since 2018. The spread differential to peers for the bank's senior unsecured and senior non-preferred debt, which had widened after 2018, has gradually started to converge. Nevertheless, downside risks to funding costs remain.

Most of the group's market funds are covered bonds (mainly taken up by Realkredit Danmark, the bank's Danish mortgage subsidiary). As indicated in our Banks methodology, we reflect the greater stability of covered bonds compared with unsecured market funding through a standard adjustment to the funding structure ratio. Given the long history of the Danish covered bond markets, local currency and the deep domestic investor base, we make additional (positive) adjustments for local-currency-denominated covered bonds issued in this market. We also make an additional positive adjustment for local-currency-denominated covered bonds issued in Sweden.

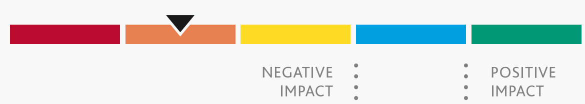
Danske's sizeable reported liquidity buffer — most of which can be used as collateral for central bank liquidity — amounting to DKK664 billion, or 22% of tangible banking assets as of 30 September 2021 (23% as of year-end 2020), leads to a baa2 assigned Liquidity score. As of September 2021, Danske's liquidity coverage ratio was 161%.

ESG considerations

DANSKE BANK A/S' ESG Credit Impact Score is Highly Negative CIS-4

Exhibit 6
ESG Credit Impact Score

CIS-4
Highly Negative



For an issuer scored CIS-4 (Highly Negative), its ESG attributes are overall considered as having a discernible negative impact on the current rating. The negative influence of the overall ESG attributes on the rating is more pronounced compared to an issuer scored CIS-3.

Source: Moody's Investors Service

Danske Bank's ESG Credit Impact Score is highly negative (**CIS-4**), reflecting the negative rating impact resulting from the bank's high governance risk, which is reflected in the one-notch negative rating adjustment for corporate behaviour. While the management team and risk management are broadly on par with those of peer banks, the bank's risk tolerance and appetite has been higher than its large Nordic peers in the past, resulting in a number of compliance and control failures. Environmental and social factors currently have a limited impact on the rating.

Exhibit 7
ESG Issuer Profile Scores

Source: Moody's Investors Service

Environmental

Danske faces moderate environmental risks, primarily because of its portfolio exposure to carbon transition risk as a diversified bank. In line with its peers, the bank is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, Danske Bank is developing its climate risk and portfolio management capabilities.

Social

Danske faces high industry-wide social risks related to regulatory and litigation risks, requiring high compliance standards. High cyber and personal data risks are mitigated by a strong IT framework. The money laundering issue in the bank's previous Estonian subsidiary, along with a series of additional failure, has weakened Danske Bank's franchise in Denmark, where the bank struggles to attract new clients.

Governance

Danske Bank's governance risks are high, reflected in a number of identified governance failures. In addition, previous deficiencies in compliance and controls negatively affect several financial indicators and have been a key factor behind the bank's weakening profitability in recent years, with higher spending on anti-money laundering capabilities and funding and operational costs. Governance risks also manifest themselves in higher capital requirements.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure (LGF) analysis

Danske is subject to the EU's BRRD, which we consider an operational resolution regime. We apply our Advanced LGF analysis to Danske's liabilities, considering the risks faced by the different deposit and debt classes across its liability structure at failure. We assume residual TCE of 3% and losses post failure of 8% of tangible banking assets, a 25% run-off in “junior” wholesale deposits and a 5% run-off in preferred deposits. These are in line with our standard assumptions.

For Danske's deposit ratings, our Advanced LGF analysis indicates a very low loss given failure, leading to two notches of rating uplift from the bank's Adjusted BCA. This is predominantly driven by both subordination and volume, provided by the amounts of senior, junior senior and subordinate debt instruments on Danske's balance sheet, and our expectation that this will be maintained during our forward-looking horizon.

For the bank's senior unsecured debt ratings, the Advanced LGF analysis indicates a low loss given failure, leading to a position one notch above the bank's Adjusted BCA. For the junior senior debt issued by Danske, which is positioned at the level of the bank's Adjusted BCA, our Advanced LGF analysis indicates a moderate loss given failure.

While previously banks in Denmark were required to meet their entire MREL with contractually subordinated debt such as junior senior debt or capital instruments, the authorities relaxed this subordination requirement, allowing banks, including Danske, to meet part of their MREL with senior unsecured debt.

Government support considerations

We assess a moderate probability of government support for Danske, resulting in one notch of government support uplift in the bank's A2 LT deposit and A3 senior unsecured debt ratings. This reflects the fact that Danske is Denmark's largest financial institution and the market leader in most financial products.

We do not incorporate government support in the Baa2 junior senior debt ratings, as this debt class has been introduced by the authorities to absorb losses.

Counterparty Risk (CR) Assessment

Danske's CR Assessment is A1(cr)/Prime-1(cr)

The CR Assessment is positioned four notches above the Adjusted BCA of baa2, based on the substantial buffer against default provided to the senior obligations represented by the CR Assessment by subordinated instruments. The main difference with our Advanced LGF approach used to determine instrument ratings is that the CR Assessment captures the probability of default on certain senior obligations rather than the expected loss. Therefore, we focus purely on subordination and take no account of the volume of the instrument class.

Counterparty Risk Ratings (CRRs)

Danske's CRRs are A1/Prime-1

The CRR of A1 is positioned four notches above the Adjusted BCA of baa2, reflecting the extremely low loss given failure from the high volume of instruments that are subordinated to CRR liabilities. The CRR also benefits from one notch of systemic support, as an assumption of a moderate likelihood of government support. The short-term CRR is P-1.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 8

Danske Bank A/S

Macro Factors							
Weighted Macro Profile	**Strong +**	**100%**					

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	2.7%	a2	↔	a3	Sector concentration	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	19.4%	aa2	↔	a1	Nominal leverage	Expected trend
Profitability						
Net Income / Tangible Assets	0.3%	ba2	↔	ba2		
Combined Solvency Score		a2		a3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	38.1%	ba2	↑↑	baa3	Market funding quality	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	38.5%	a1	↓↓	baa2	Quality of liquid assets	
Combined Liquidity Score		baa2		baa3		
Financial Profile				baa1		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				-1		
Total Qualitative Adjustments				-1		
Sovereign or Affiliate constraint				Aaa		
BCA Scorecard-indicated Outcome - Range				baa1 - baa3		
Assigned BCA				baa2		
Affiliate Support notching				0		
Adjusted BCA				baa2		

Balance Sheet	**in-scope (DKK Million)**	**% in-scope**	**at-failure (DKK Million)**	**% at-failure**
Other liabilities	1,531,323	51.3%	1,649,326	55.2%
Deposits	1,156,891	38.7%	1,038,888	34.8%
Preferred deposits	856,099	28.7%	813,294	27.2%
Junior deposits	300,792	10.1%	225,594	7.6%
Senior unsecured bank debt	57,846	1.9%	57,846	1.9%
Junior senior unsecured bank debt	106,700	3.6%	106,700	3.6%
Dated subordinated bank debt	21,182	0.7%	21,182	0.7%
Preference shares (bank)	23,013	0.8%	23,013	0.8%
Equity	89,597	3.0%	89,597	3.0%
Total Tangible Banking Assets	2,986,552	100.0%	2,986,552	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	17.5%	17.5%	17.5%	17.5%	3	3	3	3	0	a2
Counterparty Risk Assessment	17.5%	17.5%	17.5%	17.5%	3	3	3	3	0	a2 (cr)
Deposits	17.5%	8.1%	17.5%	10.0%	3	3	3	2	0	a3
Senior unsecured bank debt	17.5%	8.1%	10.0%	8.1%	3	1	2	1	0	baa1
Junior senior unsecured bank debt	8.1%	4.5%	8.1%	4.5%	0	0	0	0	0	baa2
Non-cumulative bank preference shares	3.8%	3.0%	3.8%	3.0%	-1	-1	-1	-1	-2	ba2

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a2	1	A1	A1
Counterparty Risk Assessment	3	0	a2 (cr)	1	A1(cr)	
Deposits	2	0	a3	1	A2	A2
Senior unsecured bank debt	1	0	baa1	1		A3
Junior senior unsecured bank debt	0	0	baa2	0		Baa2
Non-cumulative bank preference shares	-1	-2	ba2	0		Ba2 (hyb)

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Investors Service

Ratings

Exhibit 9

Category	Moody's Rating
DANSKE BANK A/S	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A3
Senior Unsecured	A3
Junior Senior Unsecured	Baa2
Junior Senior Unsecured MTN	(P)Baa2
Pref. Stock Non-cumulative	Ba2 (hyb)
Commercial Paper	P-2
Other Short Term	(P)P-2
DANSKE BANK A/S (LONDON BRANCH)	
Outlook	Stable
Deposit Note/CD Program	(P)A2/(P)P-1

Source: Moody's Investors Service

Endnotes

1 The bank's general target payout ratio of 40-60% of net profits remains unchanged

2 From around 16% previously, and from 14%-15% before October 2018.

3 In June 2019, Danske found that it had overcharged customers investing in one of its products, Flexinvest Fri, between 2017 and 2018. The bank received a fine of DKK9 million in November 2020 in relation to this incident.

4 Similar to other Danish banks, Danske introduced negative interest rates on retail deposits, gradually lowering the threshold to DKK100,000 (effective 1 July 2021). Other initiatives include charging negative interest rates on the entire deposits of commercial clients

REPORT NUMBER 1311864

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