Financial results 2020

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Danske Bank

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Executive summary – Good business momentum and strong focus on executing on the Better Bank agenda

4.6 bn
Net profit

42.4 bn
Stable total income adjusted for one-offs

28.1 bn
Expenses incl. provision for part of transformation costs for '21

7 bn
Impairments affected by COVID-19 and oil exposure

9–11 bn
Outlook for 2021 net profit

CET1 18.3%
Strong capitalisation; proposed dividend of DKK 2

Execution on compliance remediation and the Estonia case

Launched new commercial and agile organisation

Good progress on ESG targets

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Multiple deliveries for all four key stakeholder groups during the first year of the Better Bank transformation

Customers

- Continued to proactively support our customer during the corona crisis, leading to improved CSAT for commercial and C&I customers
- Improved digital solutions (e.g. improvement of District and Mobile Banking)
- Developed and launched new products, e.g., fixed-rate FlexLife® and Danica Balance Sustainable Choice
- Launched new commercial organisation and a Commercial Leadership Team to enable increased focus on customer journeys

Employees

- Managed to have almost all employees work remotely during the corona crisis
- Launched Working@Danske to continue to give employees more flexibility in their work life
- Shaped a new purpose and cultural commitments
- Several initiatives launched to increase diversity, such as equal rights to parental leave for rainbow families and increased focus on diversity in internal hiring and promotion processes

Society

- Strong progress on sustainable finance with green loans and bonds reaching a volume of DKK 102 bn and green investments reaching DKK 27 bn
- More than 5,000 start-ups and scale-ups supported
- Completed ODD on more than 2.5 million customers, a substantial portion of which was completed by increased automation

Investors

- Launched an agile organisation impacting 4,500 employees, which will lead to higher efficiency
- Simplified product offering, reducing the number of products by 25% at Banking DK and Banking Nordic and 50% at C&I
- Good progress on cost-saving initiatives, improving trajectory towards 2023

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The Better Ways of Working delivery plan is staged towards our ambitions with a strong foundation built in 2020

Full agile organisation launched, affecting 4,500 employees with E2E responsibility

New agile governance setup in place and clear objectives for all tribes

Ready to accelerate digitalisation focus towards 2023

2020
Building the foundation

- Redesigned the development organisation
- Appointed 4,000 employees to new positions and discontinued 500 positions
- Increased use of APIs and improved infrastructure and developer ecosystem

2021 and onwards
Accelerating focus on digitalisation

- Digitalising our core customer journeys
- Providing new solutions faster to market and more efficiently
- More efficient cost base

2020 status on the 2023 Group sustainability targets

2020 status on sustainability targets for our strategic focus areas (2023 targets in parentheses)

Sustainable finance
DKK 102 billion in sustainable financing (100 bn)
DKK 27 billion investments in the green transition by Danica Pension (30 bn)
23% of corporate loan portfolio mapped for climate impact

Governance and integrity
95% of employees trained annually in risk and compliance (>95%)

Entrepreneurship
5,065 start-ups and scale-ups supported since 2016 (10,000)

Employee well-being & diversity
28% share of women in senior leadership positions (35%)

Financial confidence
1,154,913 people supported since 2018 (2,000,000)

Environmental footprint
86% CO_2 reduction from 2010
48% CO_2 reduction from 2019
(75% from 2010)

Key highlights

We reached our initial sustainable finance volume target for 2023, and we look towards revising the target later in 2021 once we have more clarity on the EU taxonomy

In 2020, Danica Pension increased its investments in the green transition by 164% – from DKK 10.3 bn to DKK 27.2 bn, resulting in Danica Pension being close to reach its initial 2023 target of DKK 30 bn. Target will be calibrated and aligned with EU taxonomy in 2021

Significant drop in our own CO_2 emissions due to less travel and reduced energy consumption. As the reduction is also a result of the coronavirus pandemic, our current 2023 target will be retained without change

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Net profit in line with expectations; stable income and impact from transformation costs as well as corona-related impairments

Income statement and key figures (DKK m)

	2020	2019	Index	Q4 2020	Q3 2020	Index
Net interest income	21,875	21,877	100	5,377	5,509	98
Net fee income	15,137	15,201	100	4,457	3,369	132
Net trading income	4,856	5,441	89	1,093	1,463	75
Other income	514	2,463	21	32	202	16
Total income	42,383	44,982	94	10,959	10,543	104
Expenses	28,103	27,193	103	7,694	6,692	115
Impairment charges on goodwill	0	1,603	-	0	0	-
Impairments charges, other intangible assets	379	355	107	379	0	-
Profit before loan impairment charges	13,901	15,831	88	2,886	3,851	75
Loan impairment charges	7,001	1,516	-	713	1,018	70
Profit before tax, core	6,900	14,315	48	2,173	2,833	77
Profit before tax, Non-core	-596	-493	-	-113	-37	-
Profit before tax	6,304	13,822	46	2,059	2,795	74
Tax	1,715	-1,249	-	609	692	88
Net profit	4,589	15,072	30	1,450	2,103	69
Return on avg. shareholders' equity (%)	2.6	9.6		3.4	5.1	
Cost/income ratio (%)	66.3	60.5		70.2	63.5	
Common equity tier 1 capital ratio (%)	18.3	17.3		18.3	18.2	
EPS (DKK)	4.7	16.7		1.6	2.3	
Lending (DKK bn)	1,838	1,821	101	1,838	1,801	102
Deposits and RD funding (DKK bn)	2,013	1,768	114	2,013	1,939	104
- of which deposits (DKK bn)	1,193	963	124	1,193	1,129	106
Risk exposure amount (DKK bn)	784	767	102	784	766	102

Key points, 2020 vs 2019

- NII flat as volume growth was offset by margin pressure and FX effects
- Fee income stable as higher capital markets and investment fees countered lower remortgaging activity
- Expenses up 3%, due mainly to costs for the Estonia case, compliance and transformation
- Significant impairments incl. PMAs due to corona crisis effects and oil-related exposures

Key points, Q4 2020 vs Q3 2020

- NII stable excl. one-off correction*
- Fee income benefited from strong performance fees
- Good underlying trading income excl. one-offs and value adjustments
- Expenses up incl. sizeable severance costs and a provision for part of the 2021 transformation costs
- Extraordinary write-down of intangible assets related to organisational redesign
- Further impairment charges against legacy oil-related exposures

* Correction of income from bonds held in liquidity portfolio (offset against trading income).

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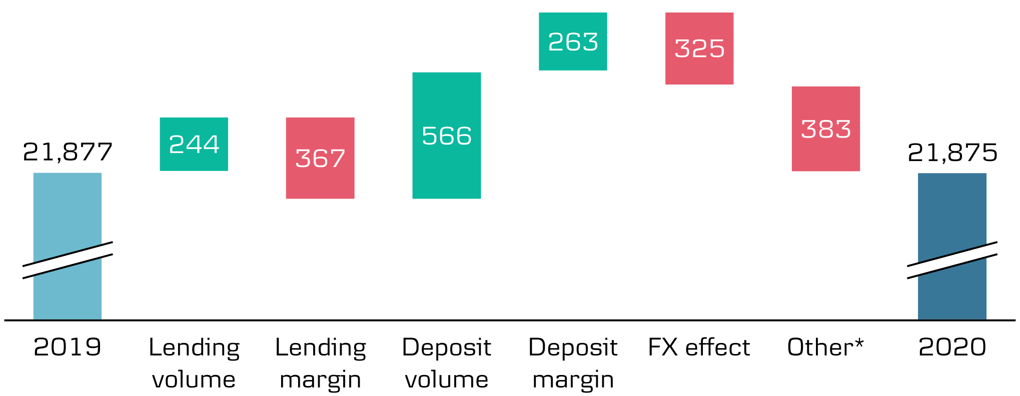
NII: Up 1% y/y adjusted for FX effects due to higher volumes and deposit margins; stable q/q excl. one-off correction

Key points

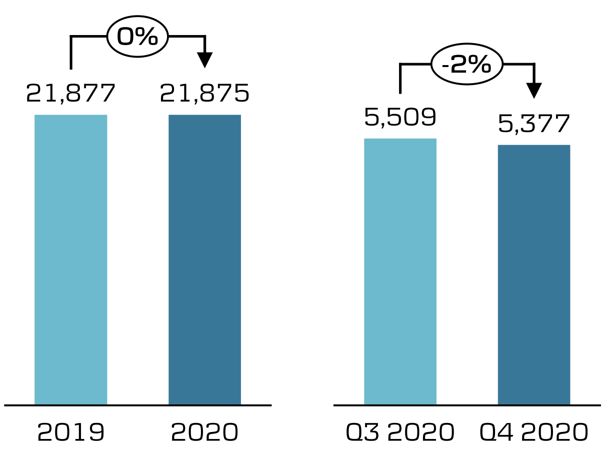
Y/Y
- NII stable (up 1% adjusted for FX) driven by volume growth and higher deposit margins, which benefit from higher xIBOR fixings vs central bank rates
- Significant negative FX impact as especially the NOK exchange rate fell sharply

Q/Q
- Adjusted FTP model affected deposit margins negatively – offset against NII Other
- NII negatively impacted by a one-off 106 m correction of income from bonds, offset against trading

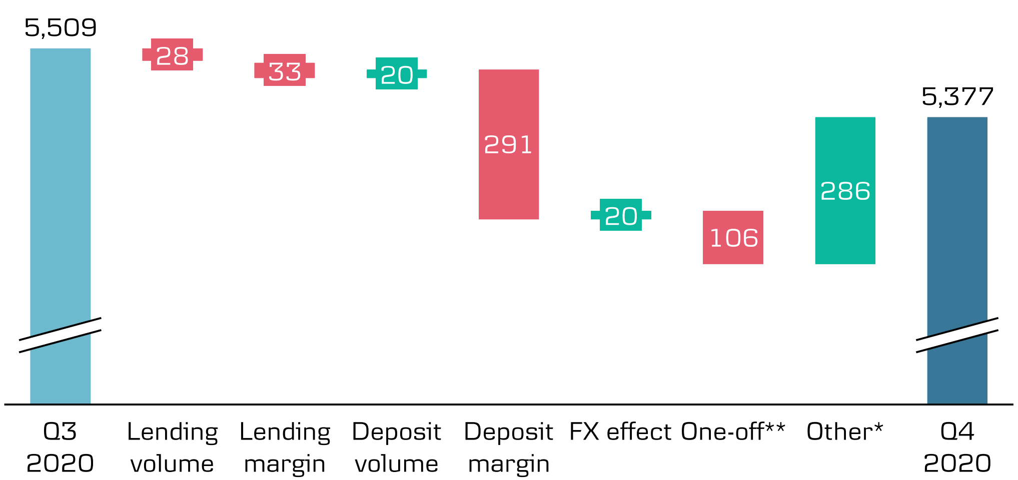
Change in net interest income, y/y (DKK m)



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. ** Correction of income from bonds held in liquidity portfolio (offset against trading income).

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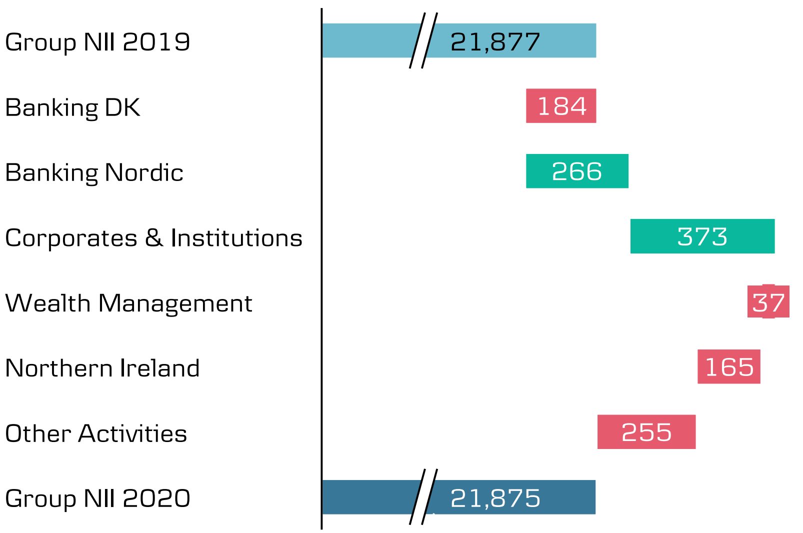
NII (cont'd): Lending up 4% in local currency at Banking Nordic; Banking DK saw lower credit demand and margin pressure

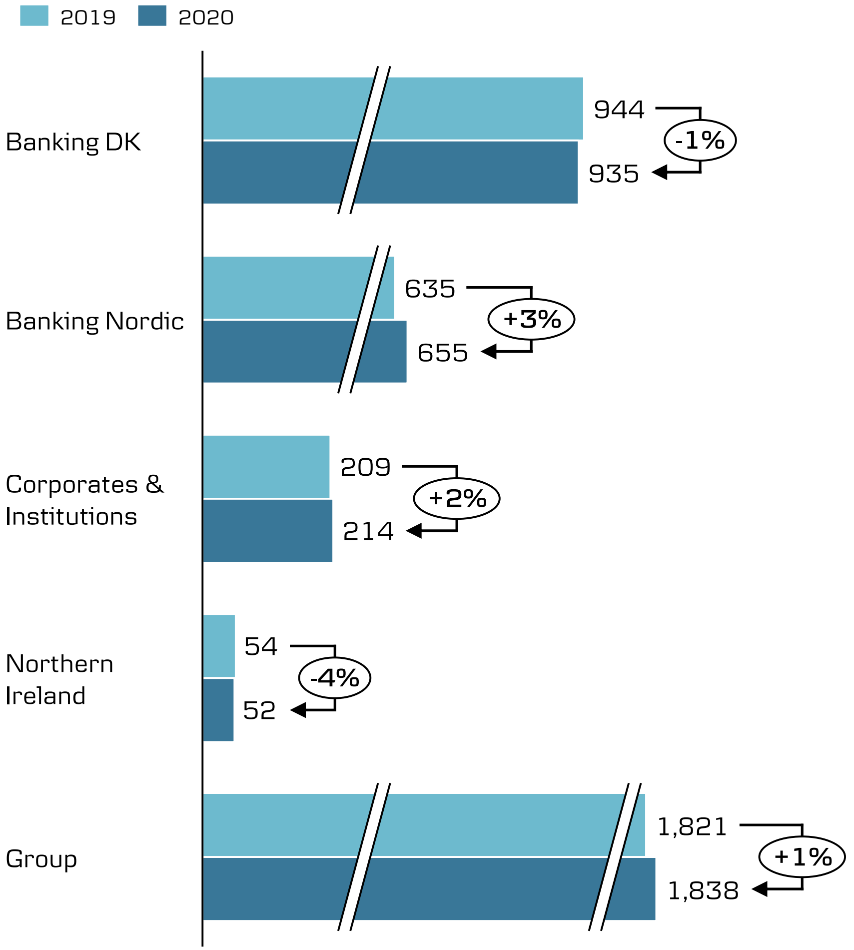
Key points

- Banking Nordic lending up 3% y/y (up 4% in local currency) with local currency lending growth in all countries and higher lending margin
- Banking DK lending down 1% y/y due to lower demand from commercial and retail customers amid the corona crisis and pressure on lending margins; positive deposit margin effect
- C&I has seen higher corporate credit demand throughout the corona crisis, leading to larger average lending and deposit volumes, albeit decreasing towards the end of the year

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: Stable vs 2019 as higher investment fees compensate a for lower activity-related and remortgaging fees

Key points

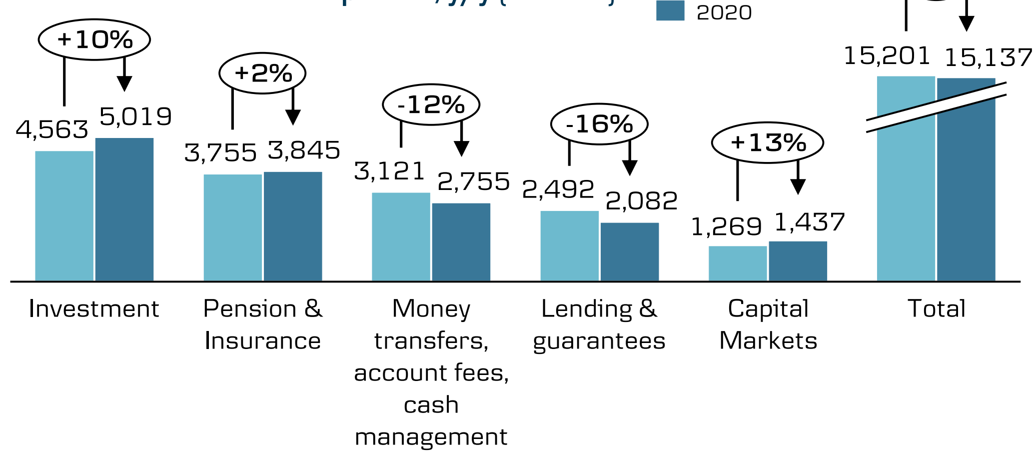
Y/Y

- Higher investment fees, due partly to strong performance fees, offset by lower remortgaging activity
- Banking Nordic impacted by a negative value adjustment of DKK 161 m related to a distribution agreement in Finland

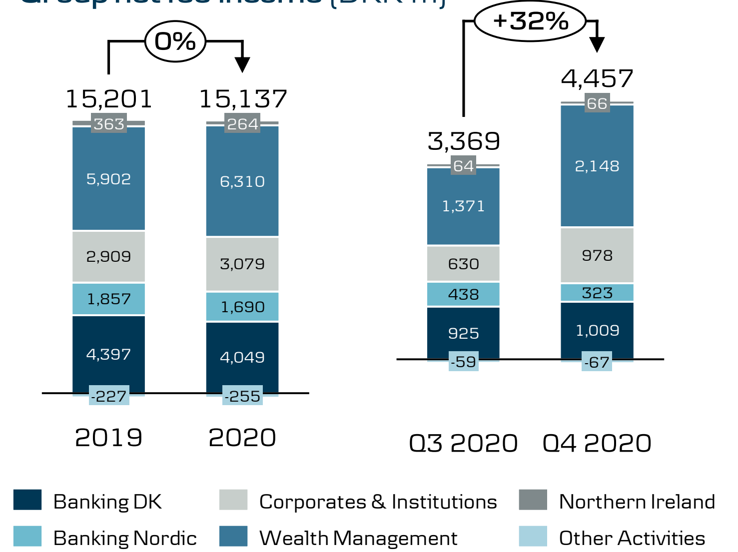
Q/Q

- Fee income up 32% due to strong performance fees in Asset Management of DKK 547 m
- Capital Markets saw high activity in Q4, driven mainly by seasonal increase in Corporate Finance

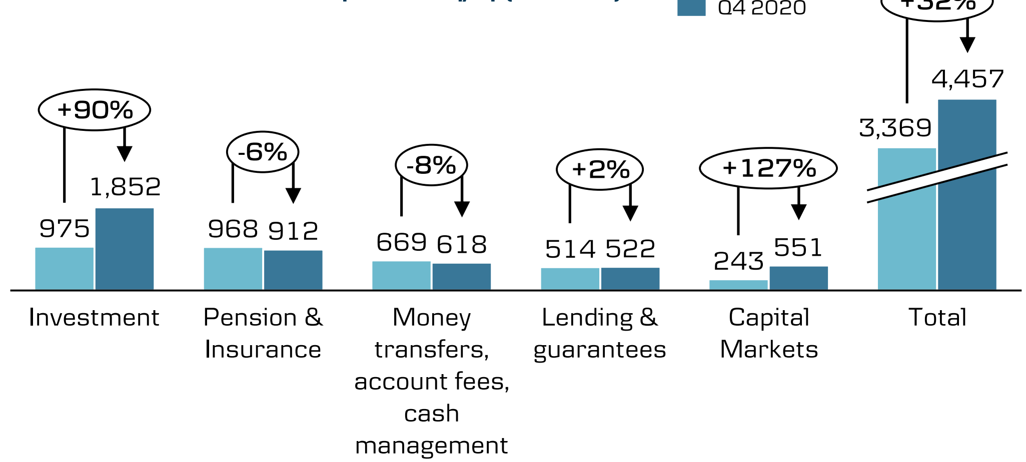
Net fee income development, y/y (DKK m)



Group net fee income (DKK m)



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



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Trading income: Up 7% y/y, driven by C&I, excluding one-offs; Q4 saw relatively high activity levels

Key points

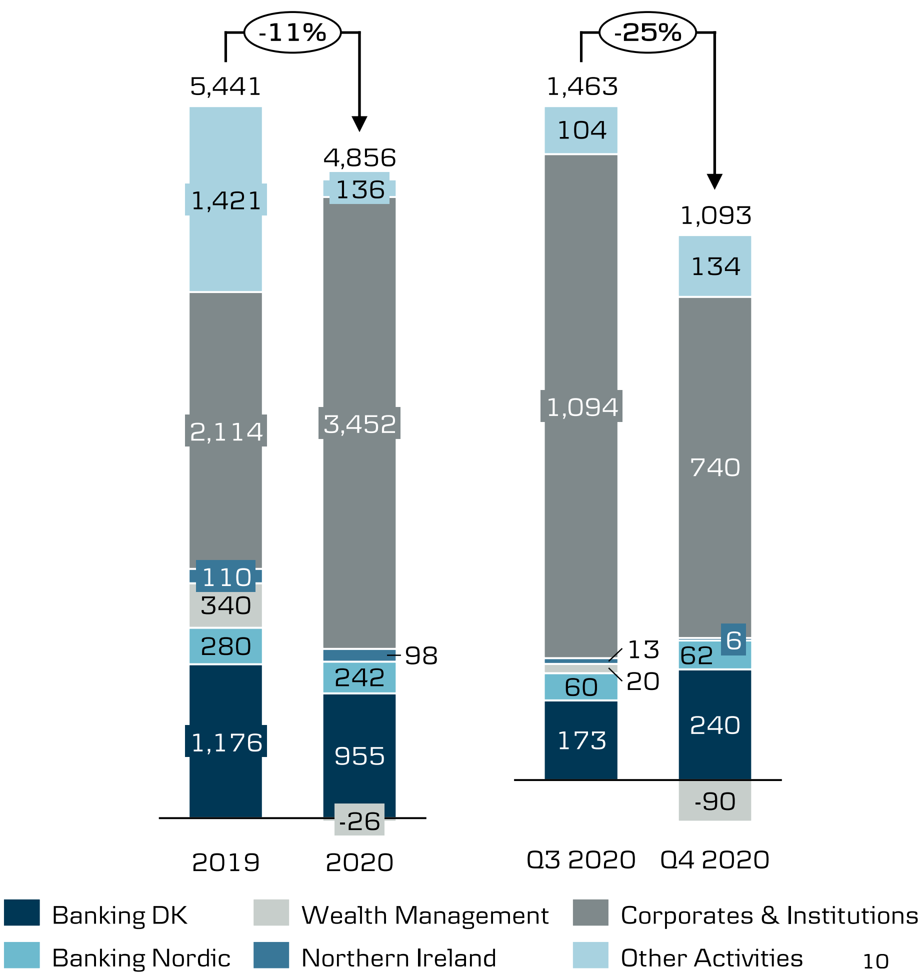
Y/Y

- Trading income down 11%, but up 7% excluding one-offs in 2019 and 2020, despite the turbulence in the financial markets in the first quarter of 2020
- C&I saw high customer activity and xVA tailwind of DKK 309 m in 2020 (2019: DKK -283 m)

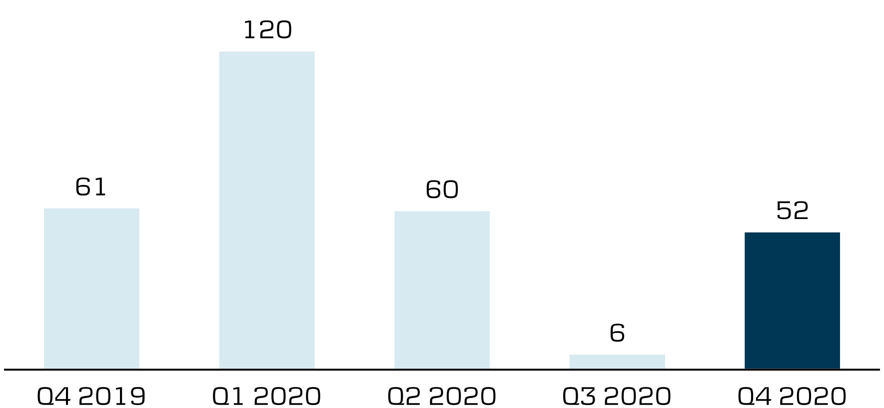
Q/Q

- In Q4, customer activity and market conditions continued to develop favourably, resulting in good underlying trading income
- Reported trading income affected by one-offs* and lower xVA

Group net trading income (DKK m)



Refinancing income (DKK m)



* Correction of income from bonds held in liquidity portfolio (offset against trading income).

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Expenses: Significant impact from transformation and AML/Estonia in 2020; continued execution on cost programme

Key points

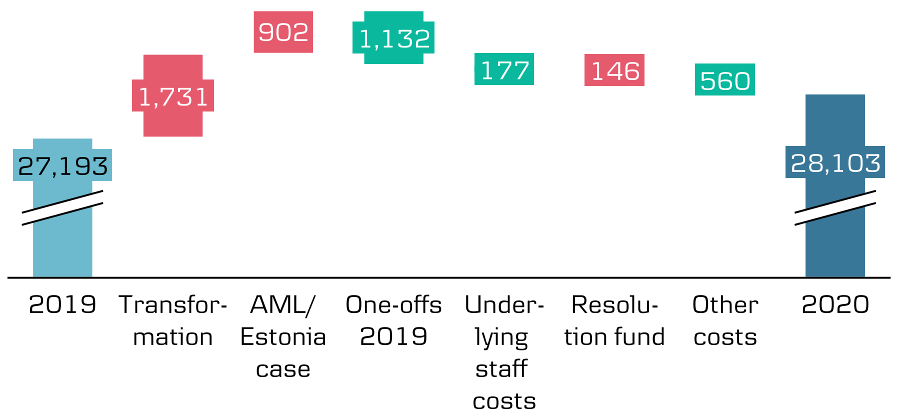
Y/Y

- Transformation costs of DKK 1.7 bn including sizeable severance costs and a provision for part of the transformation costs for 2021
- Costs for compliance remediation and the Estonia case totalled DKK 4.1 bn in 2020 as expected
- Other costs included corona-related savings as well as the effects of our tight non-personnel cost discipline

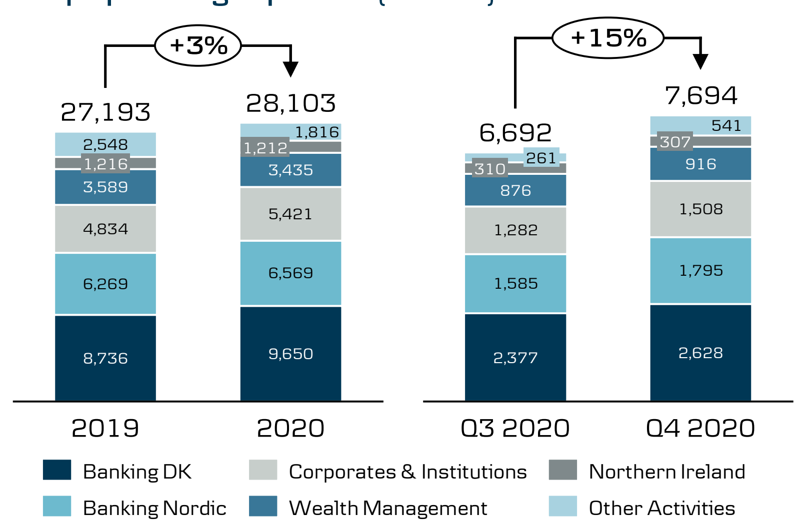
Q/Q

- Costs up 15% due to transformation costs and seasonality
- Most of the full-year transformation costs were booked in Q4, including severance costs of DKK 603 m

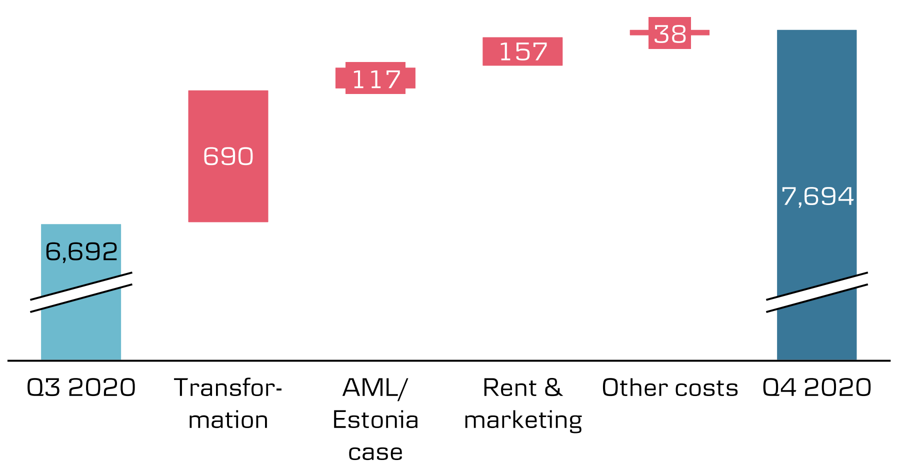
Change in expenses, y/y (DKK m)



Group operating expenses (DKK m)



Change in expenses, q/q (DKK m)



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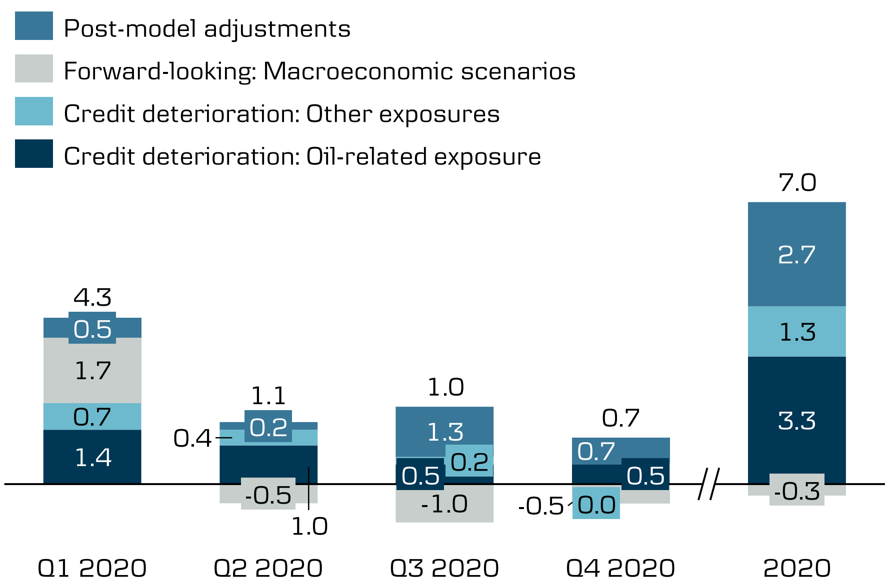
Impairments: Macro-driven model releases countered by post-model adjustments; further oil-related charges

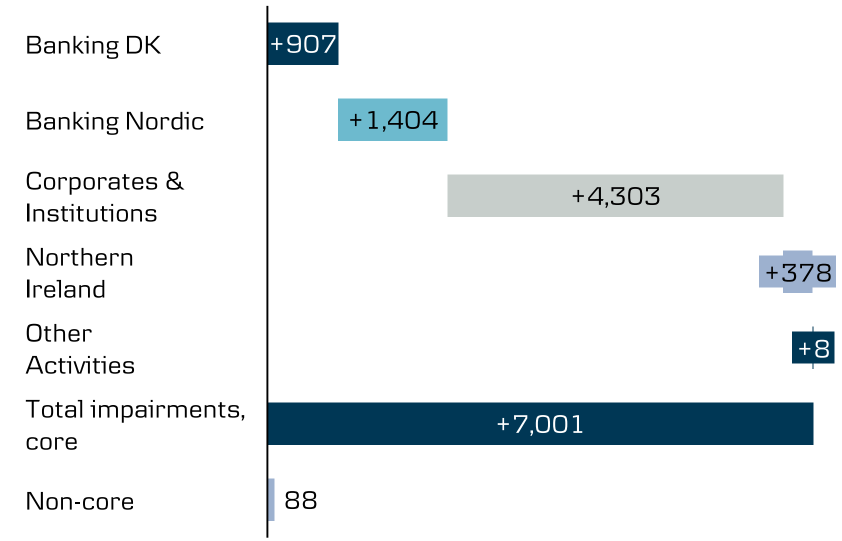
Key points, Q4 2020

- Impairments were driven by further charges against single names, mainly legacy exposures in the oil offshore segment
- Macroeconomic scenarios are based on a 2021 recovery, leading to a reversal of DKK 0.5 bn as outlook is becoming more positive. However, given clouded visibility following COVID-19, additional post-model adjustments were booked
- Allowance account includes impairments booked for macro scenarios and anticipated credit deterioration of a net DKK 2.4 bn
- Charge of DKK 7.0 bn, reported loan loss ratio of 37 bp (15 bp for Q4)

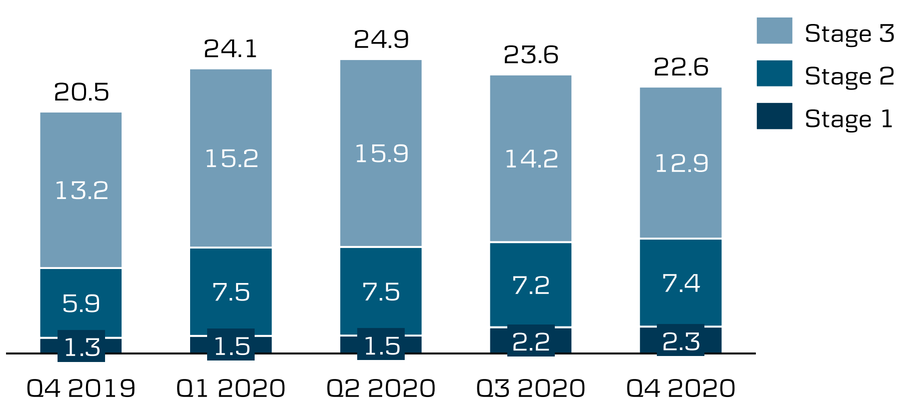
Impairment charges by category, 2020 (DKK bn)



Impairment charges by business unit, 2020 (DKK m)



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

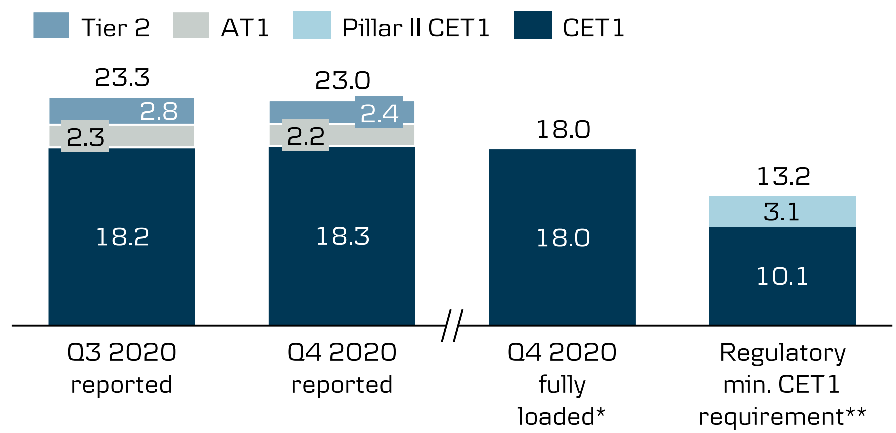


Capital: Strong capital base; CET1 capital ratio of 18.3% (buffer of 5.1%); proposed dividend of DKK 2 per share

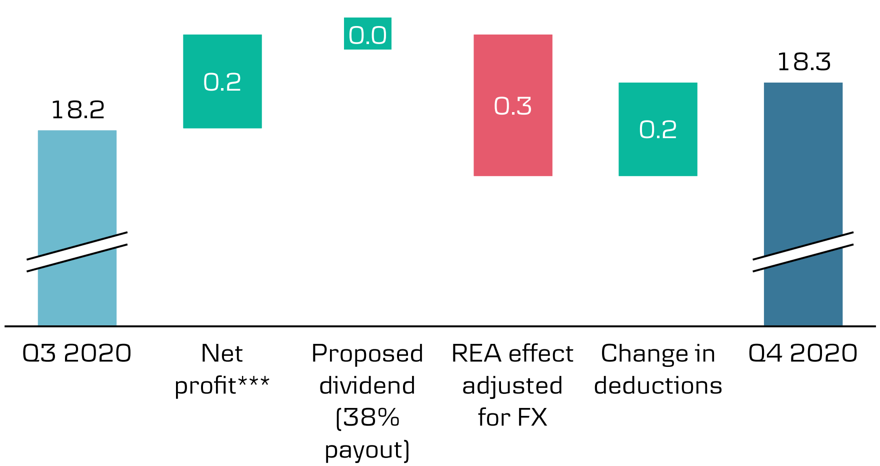
Capital highlights, Q4 2020

- CET1 ratio up 0.1%-points q/q due mainly to earnings as well as lower deductions for Danica and intangibles
- Credit risk REA up DKK 19 bn as expected due to implementation of EBA guidelines
- During H1 2021, we expect an impact on credit risk REA from further model updates related to implementation of EBA guidelines of DKK 25-35 bn, all else equal
- CET1 ratio impact of FX movements eliminated by the structural FX hedge
- Leverage ratio of 4.5% under transitional rules and 4.4% under fully phased-in rules

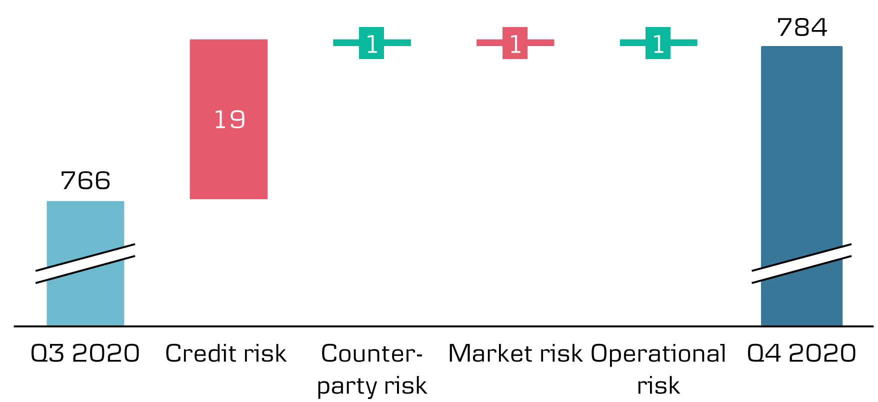
Capital ratios, under Basel III/CRR (%)



CET1 capital ratio, Q3 2020 to Q4 2020 (%)



Total REA, Q3 2020 to Q4 2020 (DKK bn)



* Based on fully phased-in requirement including fully phased-in impact of IFRS 9. ** Pro forma fully phased-in min. 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. *** Excl. extraordinary write-down of intangible assets and dividend effect.

2021 outlook: We expect net profit to be in the range of DKK 9-11 bn

Total income	We expect total income to be slightly higher than the level in 2020, subject mainly to commercial momentum and broader economic developments
Expenses	Expenses are expected to be no more than DKK 24.5 bn driven, by ongoing cost initiatives and lower costs for transformation and remediation
Impairments	Loan impairments are expected to be no more than DKK 3.5 bn, subject to a modest macroeconomic recovery based on a positive impact from the COVID-19 vaccines
Net profit	We expect net profit to be in the range of DKK 9-11 bn

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

Q&A session

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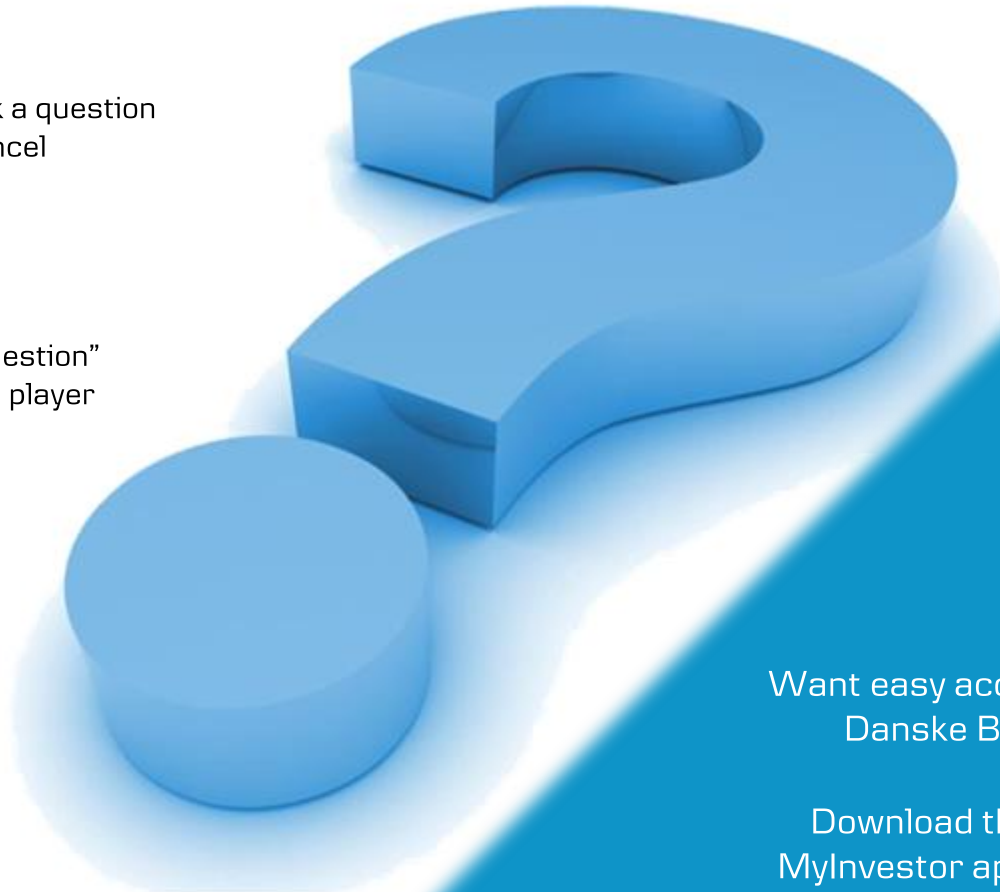
Press 02 to cancel

Press "Ask a question"
in your webcast player



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Banking DK: Lower activity due to corona crisis affects income and lending; impairments up, driven by post-model adjustments

Income statement and key figures (DKK m)

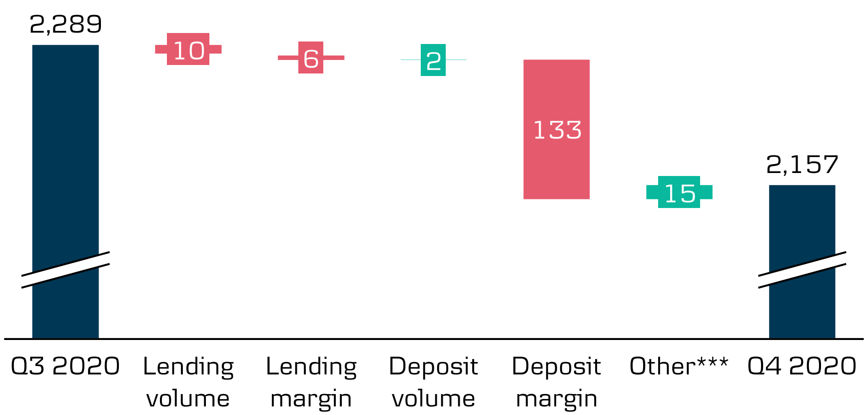
	2020	2019	Index	Q4 2020	Q3 2020	Index
Net interest income	8,927	9,111	98	2,157	2,289	94
Net fee income	4,049	4,397	92	1,009	925	109
Net trading income	955	1,176	81	240	173	139
Other income	171	227	75	44	41	107
Total income	14,101	14,912	95	3,449	3,428	101
Expenses	9,650	8,736	110	2,628	2,377	111
Profit before loan impairment charges	4,451	6,176	72	821	1,051	78
Loan impairment charges	907	-342	-	70	228	31
Profit before tax	3,544	6,518	54	751	823	91
Lending (DKK bn)	935	944	99	935	927	101
Deposits and RD funding* (DKK bn)	1,212	1,162	104	1,212	1,205	101
Deposits (DKK bn)	398	358	111	398	397	100

Key points

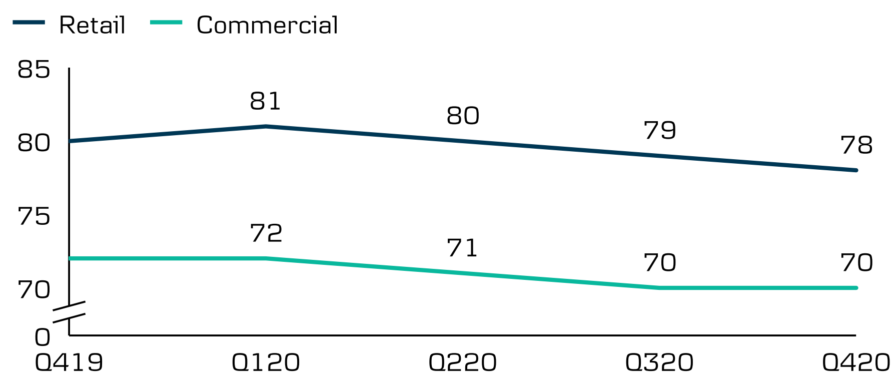
Y/Y
- NII down 2% due to lower lending volume and product mix effects
- Expenses up 10% due to costs for reg. compliance and transformation
- Impairments reflect changed outlook and potential downside, but we see limited actual credit deterioration

Q/Q
- NII impacted by changed FTP model
- Expenses up 11% due mainly to severance costs and seasonality
- Impairments include reversals due to updated macroeconomic scenarios

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.

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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)

	2020	2019	Index	Q4 2020	Q3 2020	Index
Net interest income	8,105	7,839	103	2,003	2,055	97
Net fee income	1,690	1,857	91	323	438	74
Net trading income	242	280	86	62	60	103
Other income	532	592	90	120	135	89
Total income	10,569	10,567	100	2,509	2,688	93
Expenses	6,569	6,269	105	1,795	1,585	113
Profit before loan impairment charges	4,000	4,298	93	714	1,102	65
Loan impairment charges	1,404	510	275	-68	364	-
Profit before tax	2,596	3,788	69	782	738	106
Lending (DKK bn)	655	635	103	655	634	103
Deposits (DKK bn)	327	271	121	327	305	107

Key points

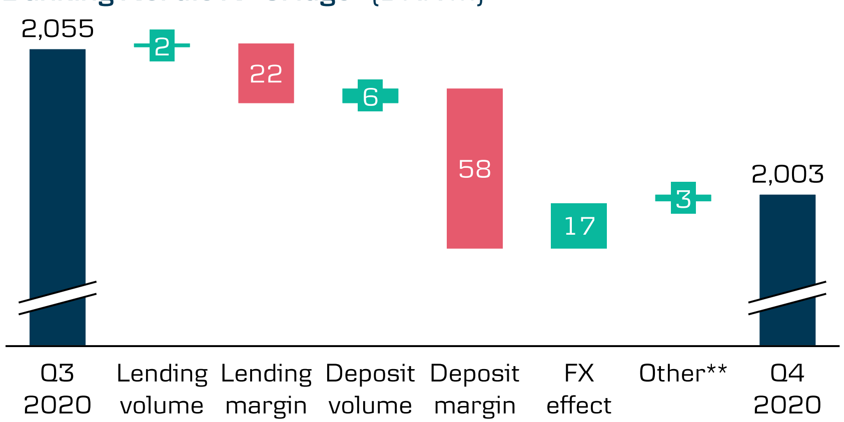
Y/Y

- NII up 3% due to volume growth and development in interest rates
- Expenses up due to costs for regulatory compliance and transformation
- Impairments driven largely by corona crisis and single-name exposures

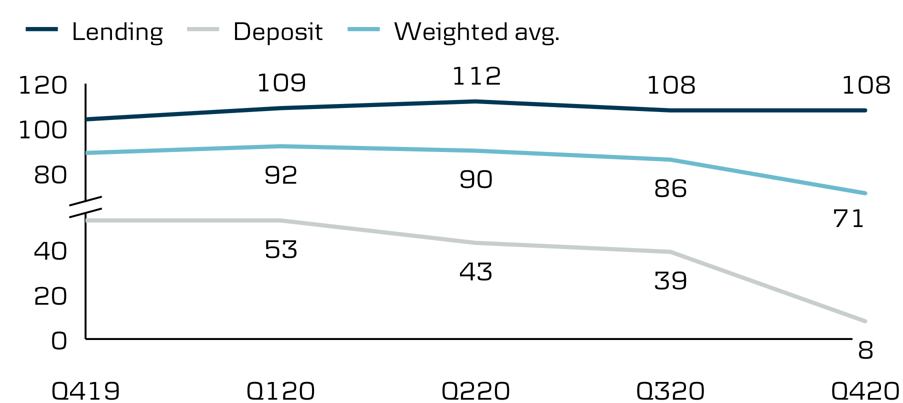
Q/Q

- NII down 3% due to less benign interest rate levels and changed FTP model
- Expenses up 13% driven by restructuring and seasonality
- Net impairment reversal driven mainly by improved macroecomic outlook

Banking Nordic NII bridge* (DKK m)



Banking Nordic margins (bp)



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

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Lending growth: Growth of 4% in local currency at Banking Nordic; down 1% at Banking DK due to low demand

Comments

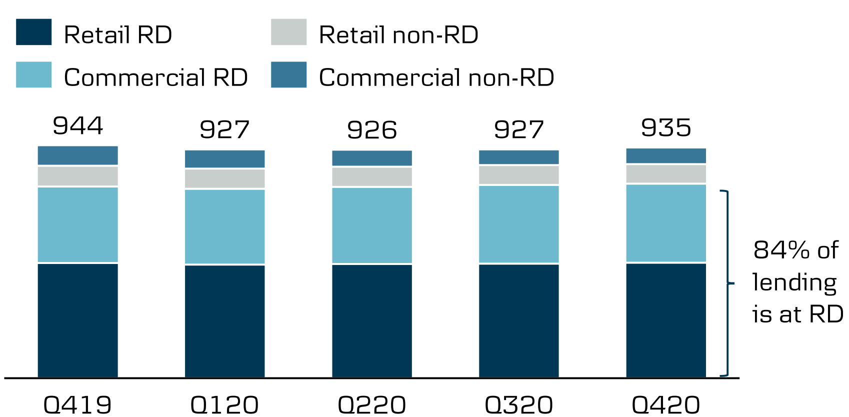
Banking DK

- 84% of lending at Banking DK is at mortgage credit subsidiary Realkredit Danmark (RD)
- Lending down 1% y/y at Banking DK due to direct government support and our commercial customers' timely cost and liquidity management

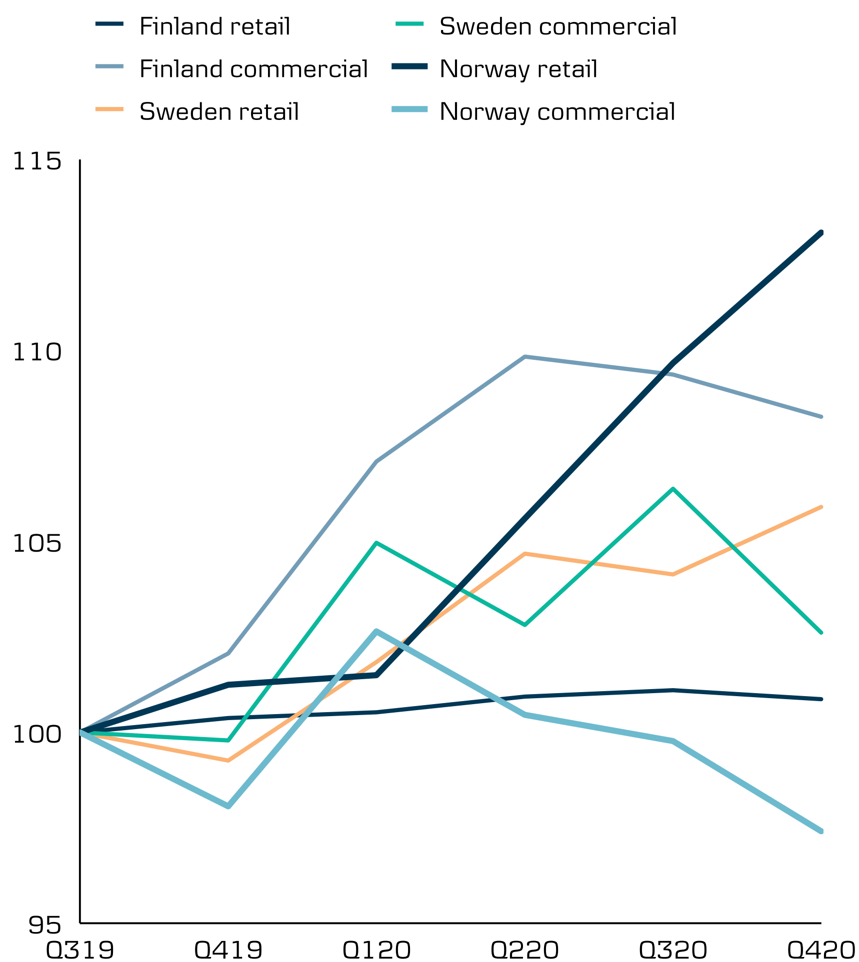
Banking Nordic

- Growth of 4% y/y in local currency
- Reported lending figures impacted by major depreciation of the NOK
- Retail Norway and Retail Sweden saw lending growth in local currency of 12% and 7% y/y, respectively
- Commercial Finland grew 6% y/y and Commercial Sweden grew 3% 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.

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Corporates & Institutions: Customer-driven franchise drives strong increase in income; impairment charges from legacy oil exposure

Income statement and key figures (DKK m)

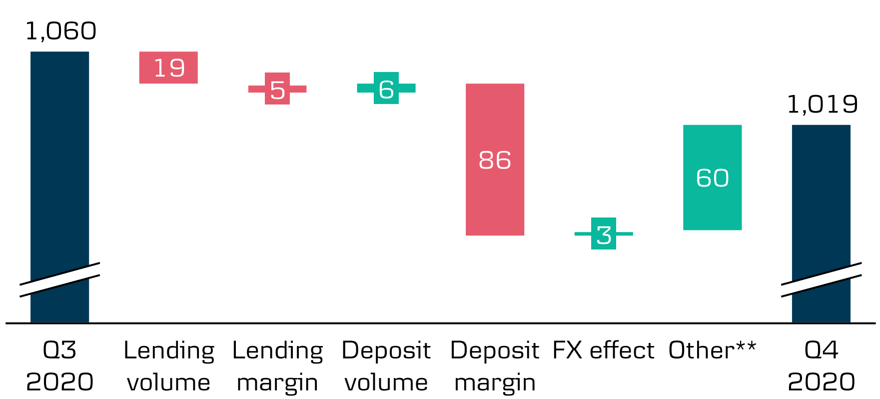
	2020	2019	Index	Q4 2020	Q3 2020	Index
Net interest income	4,029	3,656	110	1,019	1,060	96
Net fee income	3,079	2,909	106	978	630	155
Net trading income	3,452	2,114	163	740	1,094	68
Other income	6	8	75	-2	-	-
Total income	10,567	8,688	122	2,735	2,783	98
Expenses	5,421	4,834	112	1,508	1,282	118
Goodwill impairment charges	-	803	-	-	-	-
Profit before impairment charges	5,146	3,051	169	1,228	1,502	82
Loan impairment charges	4,304	1,348	-	627	406	154
Profit before tax	842	1,703	49	600	1,096	55
Profit before tax and goodwill	842	2,506	34	600	1,096	55
Lending (DKK bn)	214	209	102	214	204	105
Deposits (DKK bn)	394	271	145	394	354	111

Key points

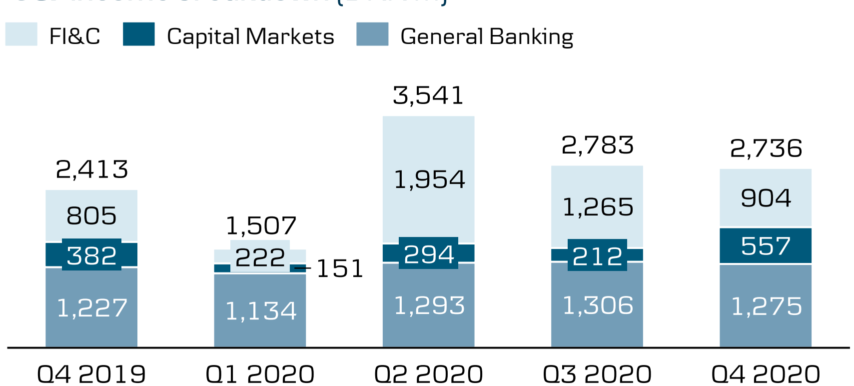
Y/Y
- Total income up 22% due to higher customer activity and value adjustments
- Expenses up due primarily to compliance remediation, higher resolution fund contribution and transformation costs
- Oil-related impairments driven mainly by legacy exposures, overall credit quality is assessed to have remained strong

Q/Q
- Strong activity in capital markets
- Expenses up due to transformation and higher performance-based compensation

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: Fee income up 7% in volatile markets, driven mainly by strong performance fees and AuM

Income statement and key figures (DKK m)

	2020	2019	Index	Q4 2020	Q3 2020	Index
Net interest income	-285	-248	-	-72	-70	-
Net fee income	6,310	5,902	107	2,148	1,371	157
Net trading income	-26	340	-	-90	20	-
Other income	-79	1,405	-	-64	14	-
Total income	5,919	7,398	80	1,922	1,334	144
Expenses	3,435	3,589	96	916	876	105
Goodwill impairment charges	-	800	-	-	-	-
Profit before tax	2,484	3,009	83	1,006	459	219
Profit before tax and goodwill	2,484	3,809	65	1,006	459	219
AuM (DKK bn)	1,765	1,616	109	1,765	1,632	108

Key points

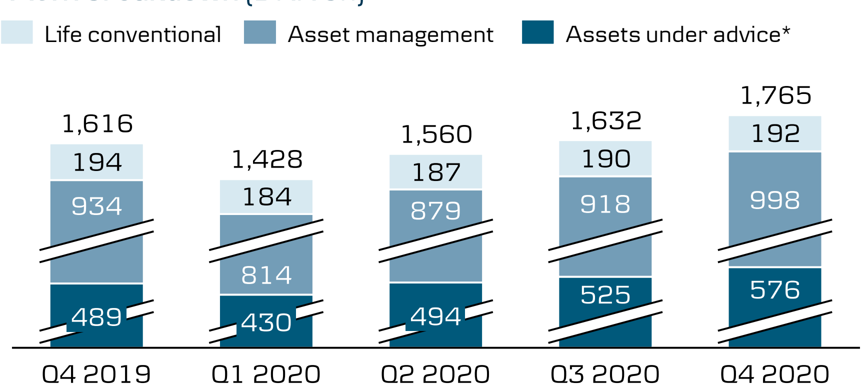
Y/Y

- Fees up 7% driven by strong performance fees, higher risk allowance fees and better H&A result
- Profit before tax negatively affected by positive one-offs in 2019 and negative one-offs in 2020

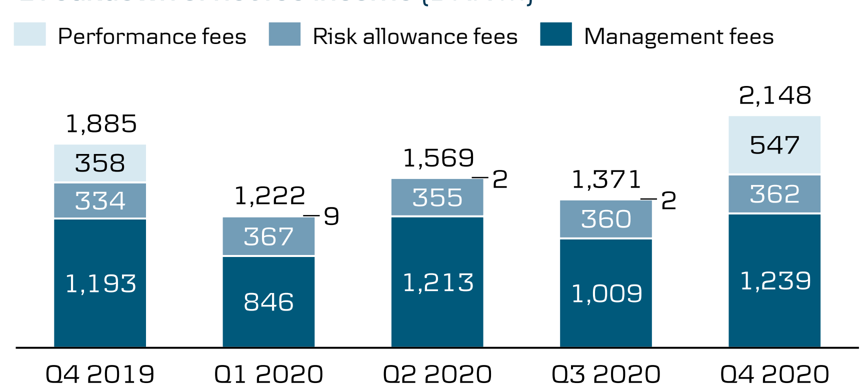
Q/Q

- Fee income benefited from booking of strong performance fees, higher income from insurance risk products and higher AuM-correlated fees at Danica Pension
- AuM up 7%

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.

Danske Bank

Northern Ireland: The corona crisis heavily affected activity levels and financial results

Income statement and key figures (DKK m)

	2020	2019	Index	Q4 2020	Q3 2020	Index
Net interest income	1,359	1,524	89	324	332	98
Net fee income	264	363	73	66	64	103
Net trading income	98	110	89	6	13	46
Other income	16	14	114	4	4	100
Total income	1,736	2,011	86	400	414	97
Expenses	1,212	1,216	100	307	310	99
Profit before loan impairment charges	524	794	66	93	103	90
Loan impairment charges	378	5	-	83	43	193
Profit before tax	146	789	19	10	60	17
Lending (DKK bn)	52	54	96	52	54	96
Deposits (DKK bn)	84	71	119	84	81	103

Key points

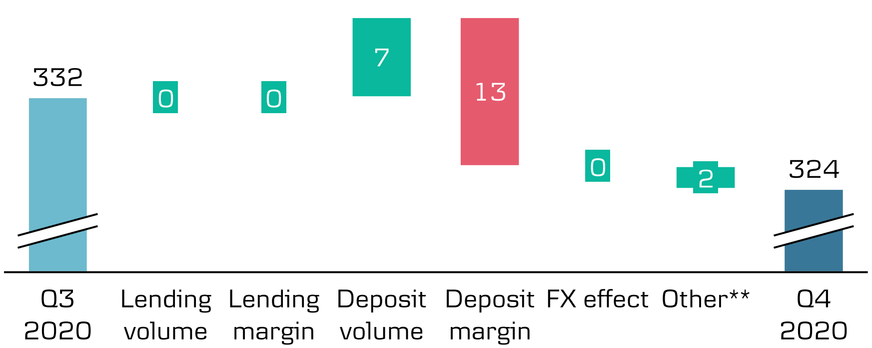
Y/Y

- 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
- Underlying lending (excluding the public sector) and deposit volumes increased

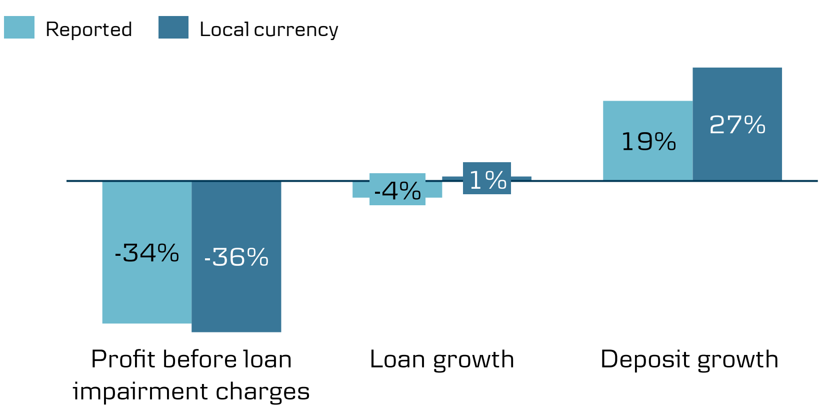
Q/Q

- Continued corona crisis uncertainty, however some improvement in activity levels towards the end of the year

Northern Ireland NII bridge* (DKK m)



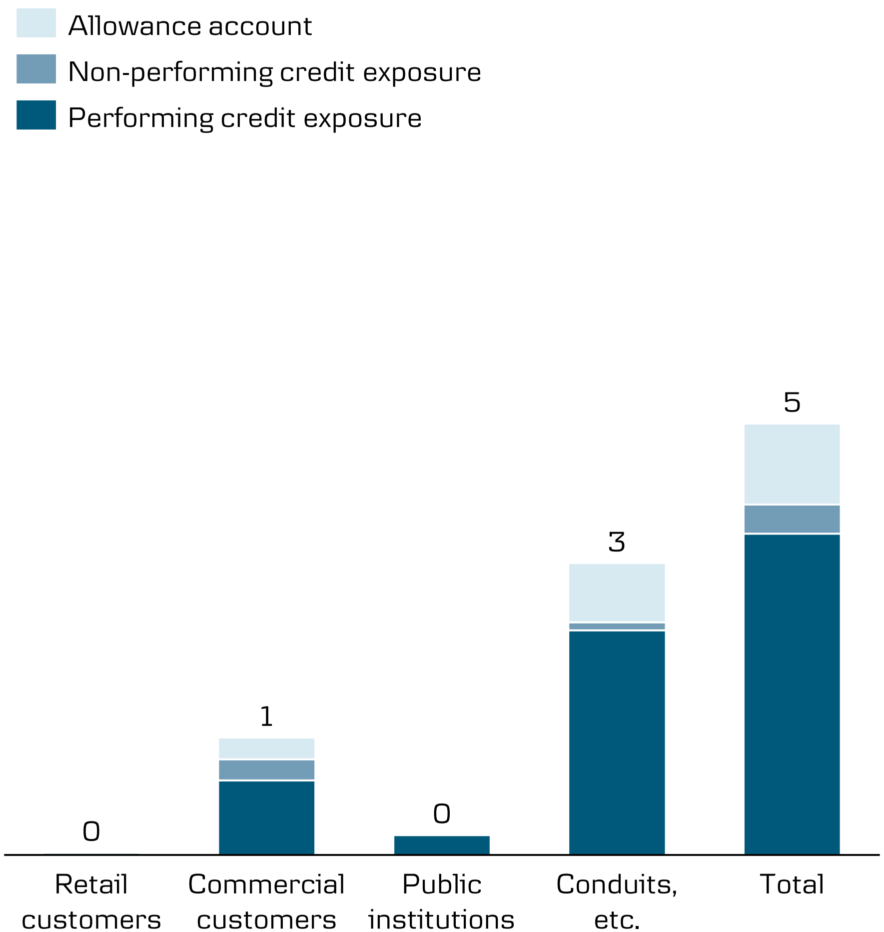
Currency-adjusted development y/y



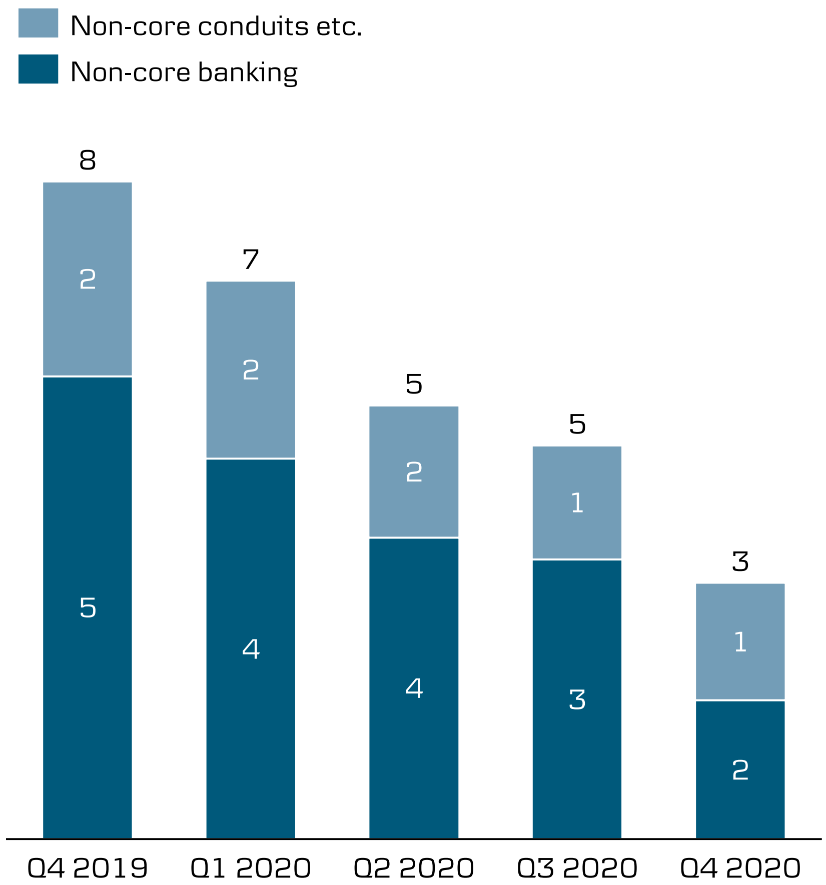
* Based on average volumes. ** Includes capital costs, day effect and off-balance-sheet items.

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

Non-core loan portfolio, Q4 2020 (DKK bn)



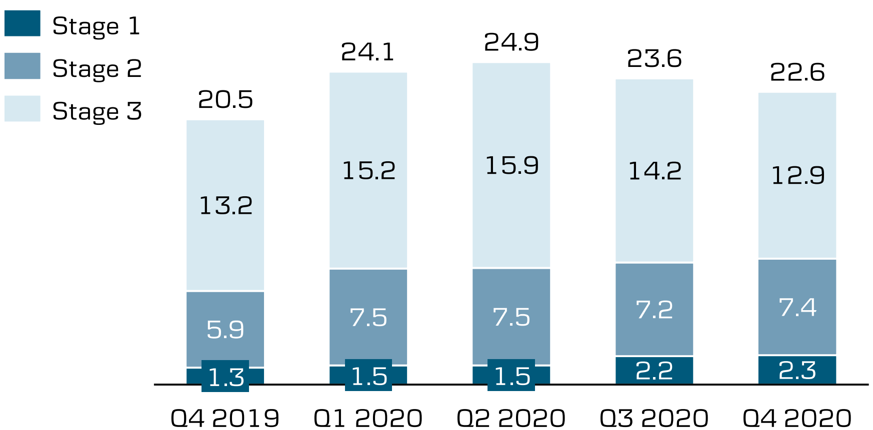
Non-core REA (DKK bn)



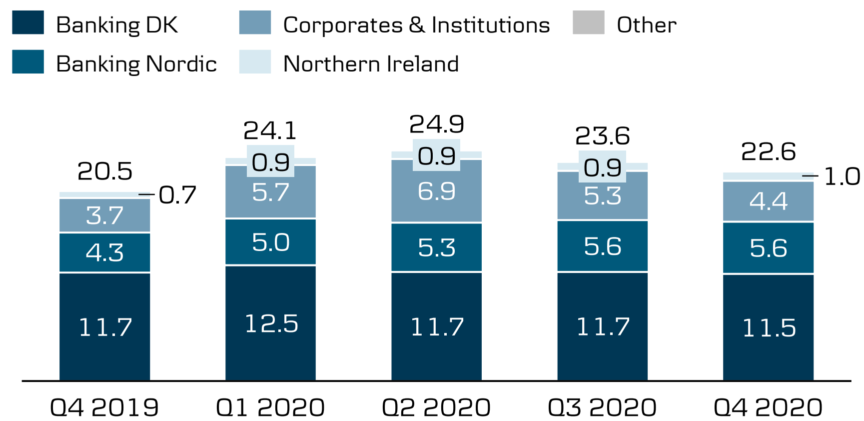
Danske Bank

Credit quality: Decreasing NPL trend for the third consecutive quarter driven by single-name oil-related exposures

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



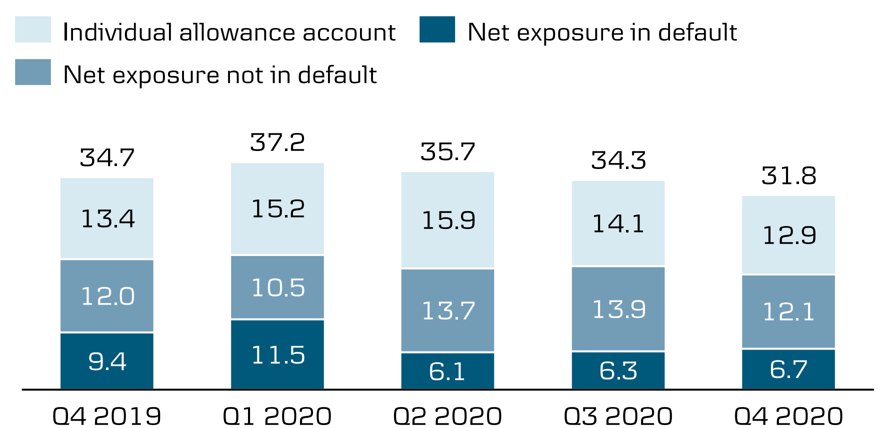
Core allowance account by business unit (DKK bn)



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

End-Q4 2020	Allowance account	Gross credit exposure	Allow. acc. as % of exposure
Retail customers	2.2	1,004.8	0.22%
Agriculture	0.9	73.1	1.21%
Commercial property	0.9	331.3	0.27%
Shipping, oil & gas	0.7	46.0	1.59%
Services	0.2	62.7	0.34%
Other	2.5	1,232.5	0.20%
Total	**7.4**	**2,750.5**	**0.27%**

Gross non-performing loans* (DKK bn)



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

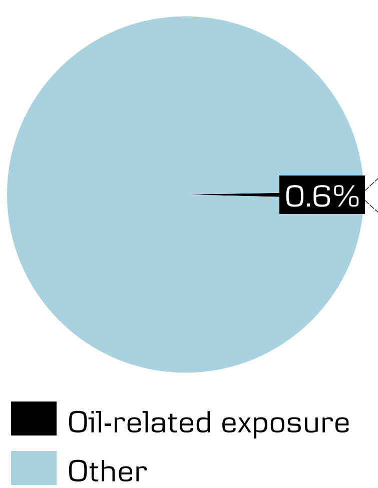
Danske Bank

Oil-related exposure: Continued impairments against single-name oil-related exposures in Q4

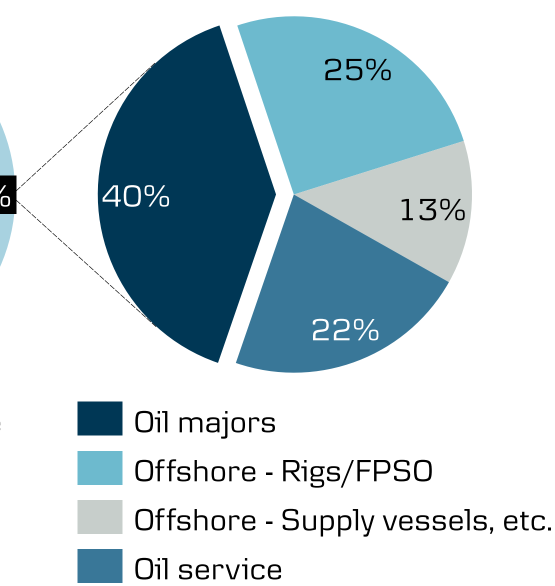
Key points, 2020

- The offshore segment, in which we see credit deterioration, makes up 38% of the exposure and accounts for 77% of expected credit losses.
- Uncertainty continues in the oil & gas industry; especially the offshore service and drilling segments led to additional impairments in 2020. This was still driven by low oil prices and lower activity, which make restructuring difficult as the willingness to provide new capital is limited. This also continues to put pressure on collateral values in these industries, which impacts impairments.
- Looking at oil-related exposures, the main risk lies with exposures other than oil majors. During 2020, these net exposures were actively brought down 45%. Furthermore, of the remaining net credit exposure of DKK 8.4 billion, 77% is covered by collateral.

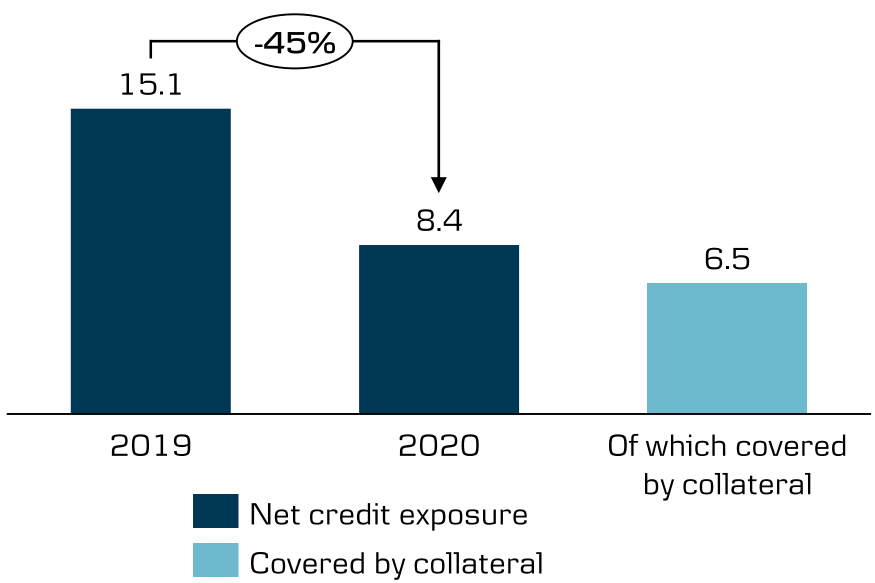
Group gross credit exposure (DKK 2,751 bn)



Oil-related gross credit exposure (DKK 17.8 bn)



Development in oil-related net credit exposure (excl. oil majors)



Credit exposure: Limited agriculture and directly oil-related exposure

Agriculture exposure

- African Swine Fewer (ASF), which spread to Germany in Q3, continues to cause uncertainty for the industry. Therefore, the post-model adjustments applied remain in place, while an additional DKK 25 m has been booked specifically related to COVID-19 uncertainty. While milk prices were stable, pork prices weakened further
- Total accumulated impairments amounted to DKK 2.5 bn, against DKK 2.7 bn in Q3
- Share of Group exposure decreased in Q4 to 2.6% from 2.8%, while the share of Group net NPL increased to 9.3% in Q4 from 7.9% in Q3
- Mink-related gross exposures make up DKK 0.5 bn, or less than 1%, of the agriculture portfolio

Oil-related exposure

- Gross exposure decreased to DKK 17.8 bn from DKK 20.9 bn in Q3 2020* driven by write-offs
- Accumulated impairments at Corporates & Institutions decreased to DKK 2.3 bn, driven by write-offs. However, additional impairments were still made, 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
- [NPL share increased from 18.8% to 20.1%]

Agriculture by segment, Q4 2020 (DKK m)

	Gross credit exposure	Portion from RD	Expected credit loss	Net credit exposure	NPL coverage ratio
Banking DK	48,802	*39,586*	2,193	46,609	88%
Growing of crops, cereals, etc.	20,144	*17,480*	519	19,625	94%
Dairy	8,373	*6,486*	946	7,427	89%
Pig breeding	10,148	*8,531*	524	9,623	87%
Mixed operations etc.	10,137	*7,089*	203	9,933	75%
Banking Nordic	13,909		162	13,747	94%
Northern Ireland	4,726	-	75	4,651	44%
C&I	5,706	*1,824*	17	5,689	-
Others	0	-	0	0	-
Total	73,143	41,410	2,447	70,696	85%

Share of Group net exposure Q4 2020	Share of Group net NPL Q4 2020	Expected credit loss Q3 2020
2.6%	9.3%	2,721

Oil-related exposure, Q4 2020 (DKK m)

	Gross credit exposure	Expected credit loss	Net credit exposure
C&I	17,074	2,321	14,753
Oil majors	7,043	3	7,041
Oil service	3,202	470	2,732
Offshore	6,828	1,848	4,980
Banking DK and Banking Nordic	756	69	687
Oil majors	14	0	14
Oil service	735	69	666
Offshore	6	0	6
Others	2	0	2
Total	17,832	2,390	15,442

Share of Group net exposure Q4 2020	Share of Group net NPL Q4 2020	Expected credit loss Q3 2020
0.6%	20.1%	3,431

* 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* decreased DKK 2.2 bn to DKK 15.6 bn from the Q3 2020 level driven by freight transport
- Demand for cross-border passenger transport remains dramatically reduced. Danske Bank's spending monitor of 21 January shows that airline spending is below 20% of the level at the same time last year. At DKK 1.1 bn, our exposure to passenger air transport remains limited
- Accumulated impairments amounted to DKK 325 million in Q4, which is an increase from the Q3 level due to credit deterioration. The post-model adjustment for corona crisis high-risk industries remains in place

Hotels, restaurant and leisure exposure

- Gross exposure increased slightly to DKK 16.1 bn from 15.7 bn in Q3 2020. While exposure to restaurants and hotels increased, exposure to leisure decreased
- Danske Bank's spending monitor of 21 January shows that hotel spending by people in Denmark was around 80% lower than normal, and there was still very little foreign tourist spending. Spending at conventional restaurants halved due to restrictions, while people in Denmark's spending at tourist attractions was at 30% of the level at the same time last year. Spending at cinemas was zero as they were forced to close
- The share of Group net NPL increased to 5.7% from 4.2% in Q3 2020, while impairments increased to DKK 552 million from 387 million in Q3 2020 – both primarily due to restaurants

Transportation by segment, Q4 2020 (DKK m)

	Gross credit exposure	Expected credit loss	Net credit exposure
Freight transport	8,830	96	8,734
Passenger transport	5,781	136	5,646
- of which air transport	*1,070*	*34*	*1,036*
Postal services	1,038	94	944
Total	15,649	325	15,323

Share of Group net exposure Q4 2020	Share of Group net NPL Q4 2020	Expected credit loss Q3 2020
0.6%	3.7%	289

Hotels, restaurants and leisure by segment, Q4 2020 (DKK m)

	Gross credit exposure	Expected credit loss	Net credit exposure
Hotels	7,364	164	7,200
Restaurants	4,746	180	4,566
Leisure	4,033	209	3,823
Total	16,142	552	15,589

Share of Group net exposure Q4 2020	Share of Group net NPL Q4 2020	Expected credit loss Q3 2020
0.6%	5.7%	387

* 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 increased to DKK 27.1 bn from DKK 26.0 bn in Q3 2020 driven by increased lending to a single A-rated customer. In recent years, we have had a selective approach to this segment and have generally decreased exposures
- Danske Bank's spending monitor of 21 January shows the people in Denmark's spending in electronics stores and supermarkets in Denmark remains above normal, while most other retailing segments were heavily hit by new restrictions, which led to a massive shift to online shopping.
- Share of Group net NPL decreased to 5.5% from 7.5% in the preceding quarter
- Accumulated impairments increased DKK 0.2 bn against consumer discretionary in Q4 2020

Commercial real estate

- Gross exposure increased to DKK 331.3 bn from 317.9 bn in Q3 2020 driven by increased lending to a single A-rated customer
- Overall, credit quality was stable, yet post-model adjustments were increased to account for the uncertainty related especially to the non-residential portfolio
- Share of net NPL decreased to 11.7% from 13.2% last quarter driven by lower NPL at Banking DK
- Exposure is managed through the Group's Credit Risk Appetite and caps are in place for total level, concentration and growth, including a selective approach to sub-segments and markets
- Commercial property exposure is managed by a specialist team
- Geographically, the exposure is concentrated Banking DK (52%) and Banking Nordic (46%) – primarily Sweden (29%)

Retailing by segment, Q4 2020 (DKK m)

	Gross credit exposure	Expected credit loss	Net credit exposure
Consumer discretionary	16,128	1,162	14,965
Consumer staples	10,961	101	10,859
Total	27,089	1,264	25,824

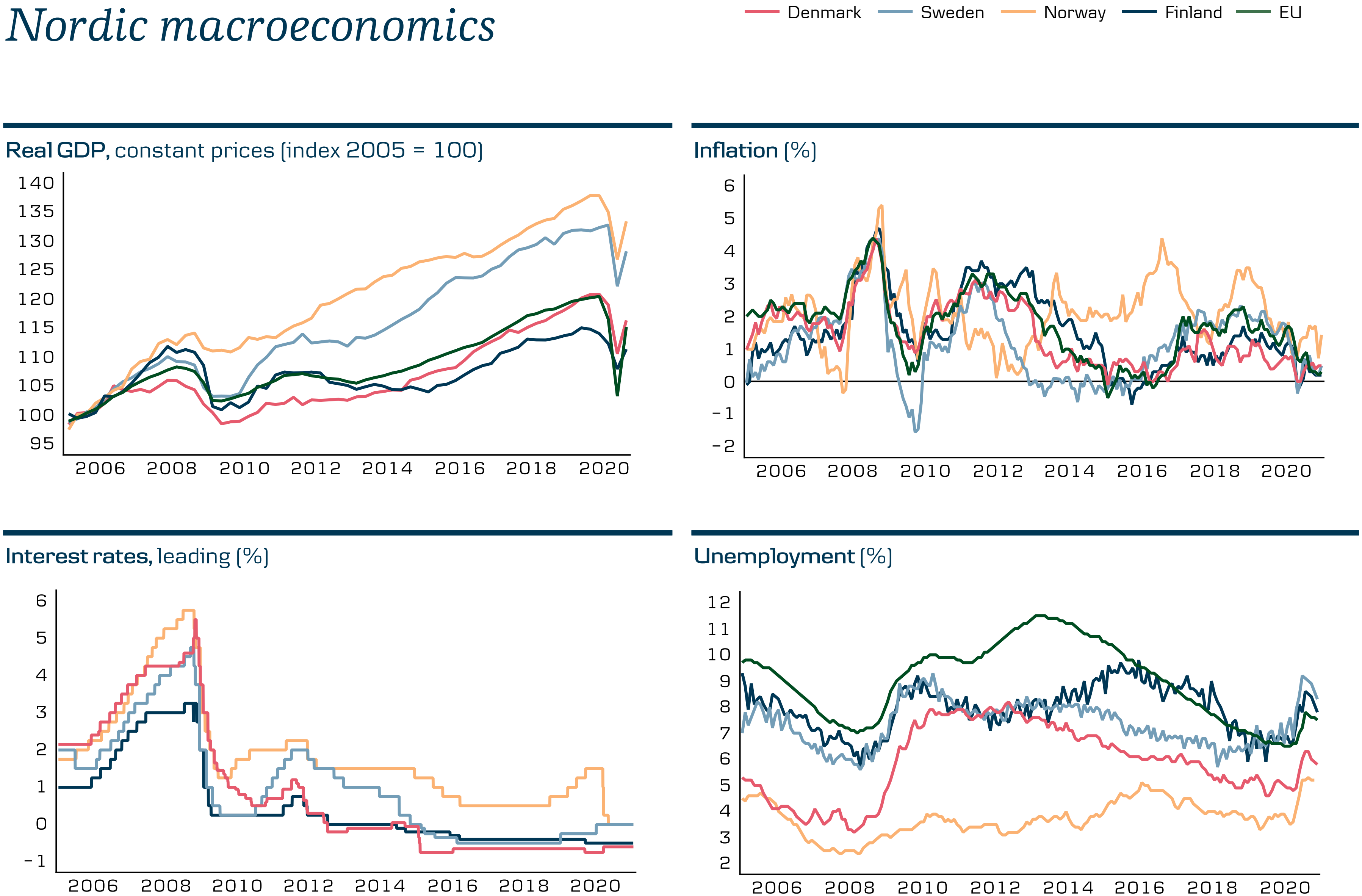
Share of Group net exposure Q4 2020	Share of Group net NPL Q4 2020	Expected credit loss Q3 2020
1.0%	5.5%	1,088

Commercial real estate by segment, Q4 2020 (DKK m)

	Gross credit exposure	Expected credit loss	Net credit exposure
Non-residential	190,248	1,762	188,486
Residential	128,136	662	127,474
Property developers	10,315	195	10,120
Buying/selling own property, etc	2,645	9	2,636
Total	331,344	2,628	328,716

Share of Group net exposure Q4 2020	Share of Group net NPL Q4 2020	Expected credit loss Q3 2020
12.7%	11.7%	2,850

Nordic macroeconomics

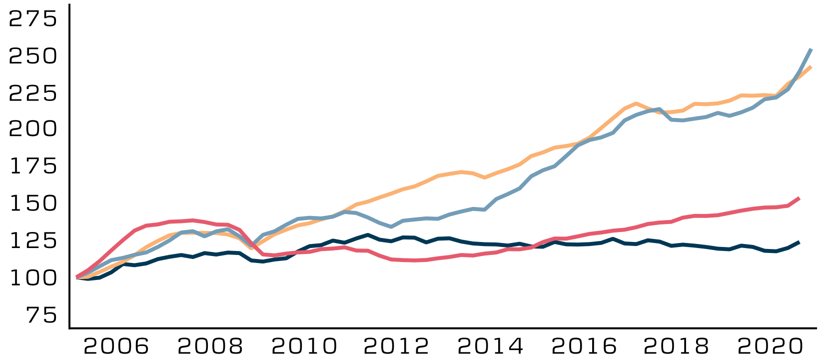


Danske Bank

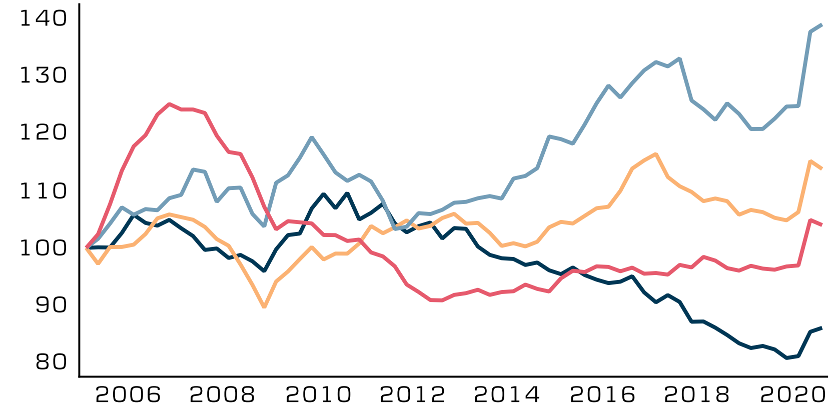
Nordic housing markets

Denmark Sweden Norway Finland

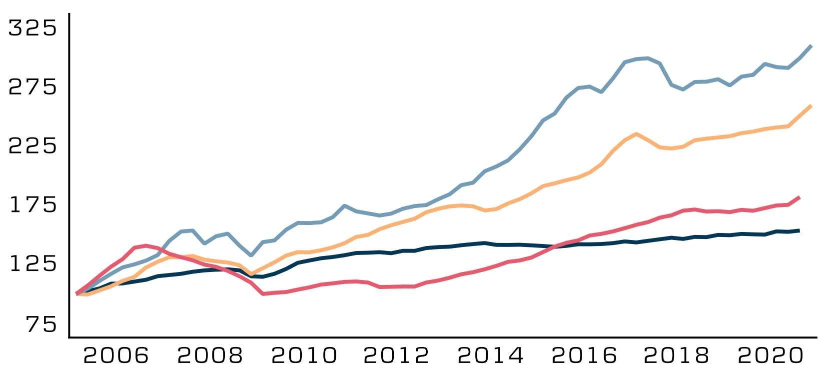
Property prices (index 2005 = 100)



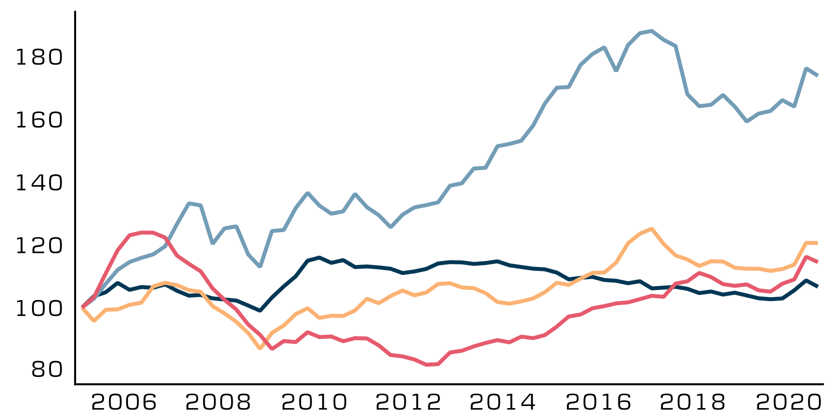
House prices/nom. GDP (index 2005 = 100)



Apartment prices (index 2005 = 100)



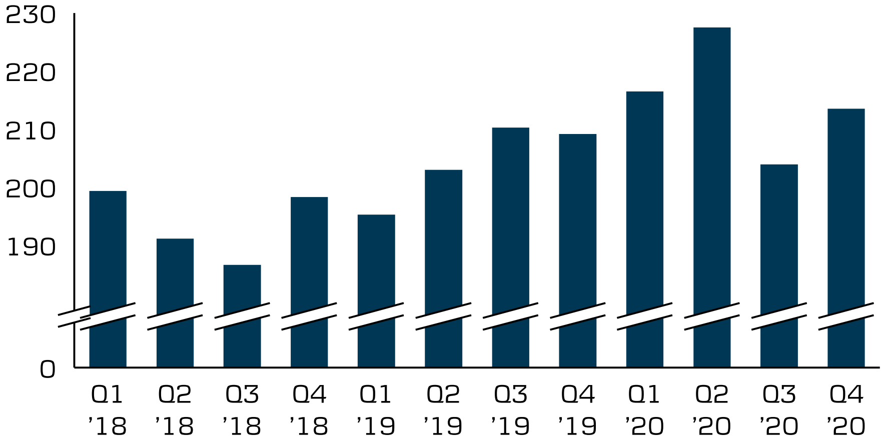
Apartment prices/nom. GDP (index 2005 = 100)



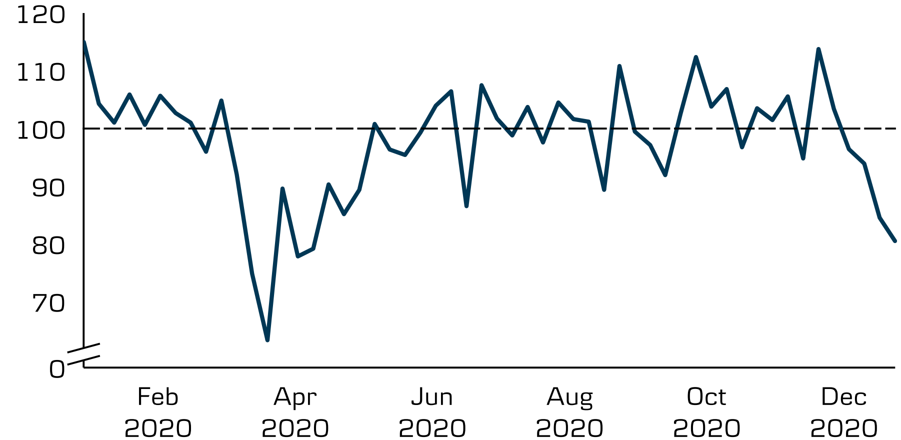
Danske Bank

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

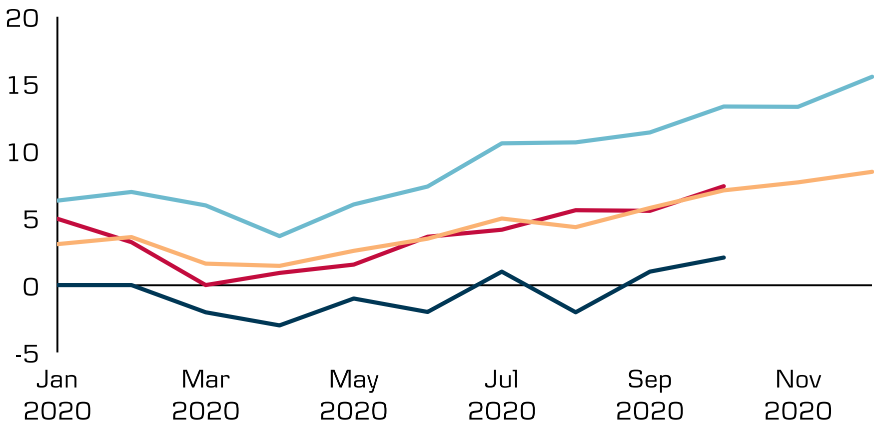
C&I lending volume (DKK bn)



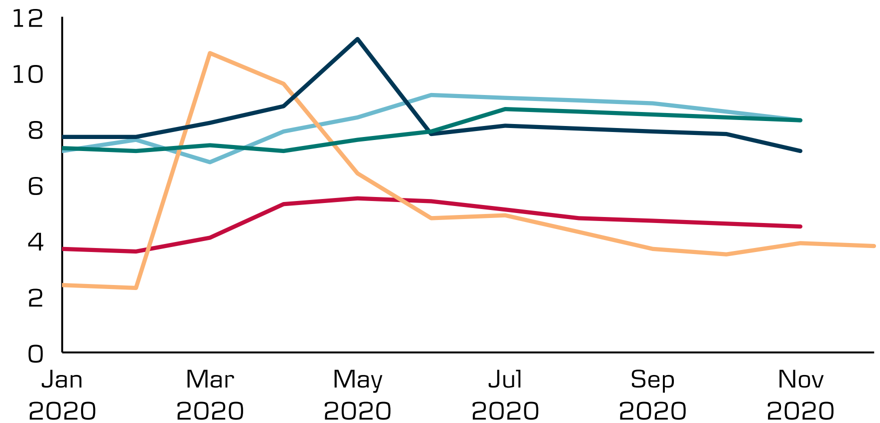
Consumer spending, Denmark (same weekday 2019 = 100)



Property prices (change y/y in %)



Unemployment (%)



Denmark Sweden Norway Finland EU

Source: Danske Bank Macro Research

Danske Bank

Realkredit Danmark portfolio overview: 73% of new retail lending in Q4 was fixed-rate vs 46% of stock

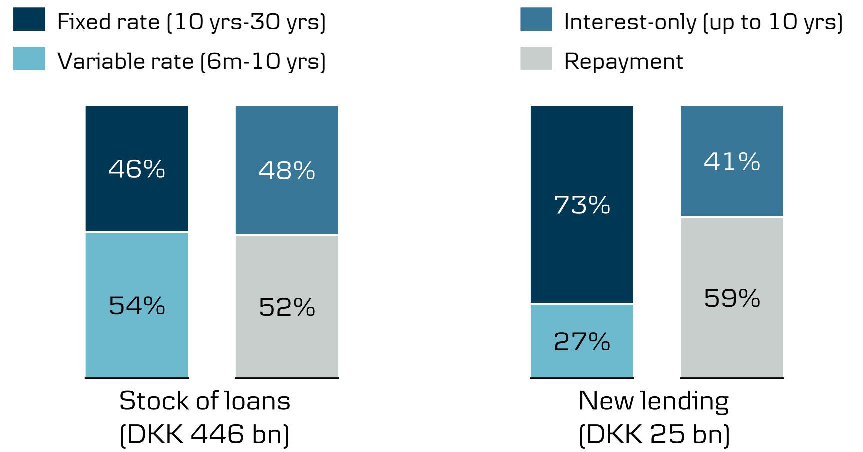
Portfolio facts, Realkredit Danmark, Q4 2020

- Approx. 340,000 loans (residential and commercial)
- 944 loans in 3- and 6-month arrears (-17% since Q3)
- 21 repossessed properties (+5 since Q3)
- 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

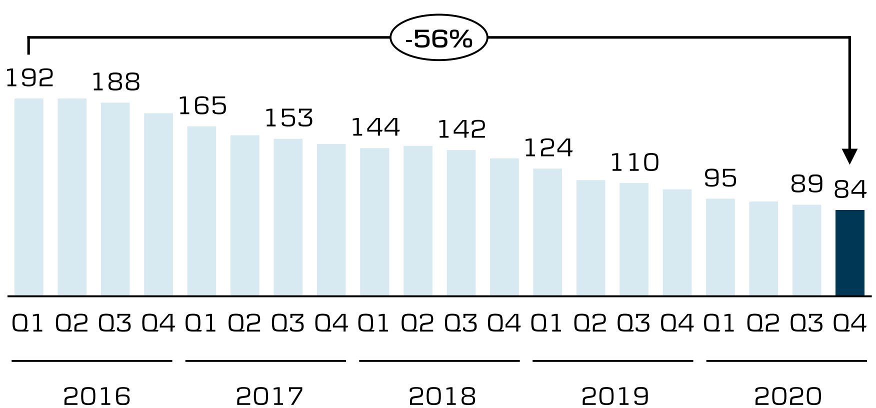
LTV ratio limit at origination (legal requirement)

- Residential: 80%
- Commercial: 60%

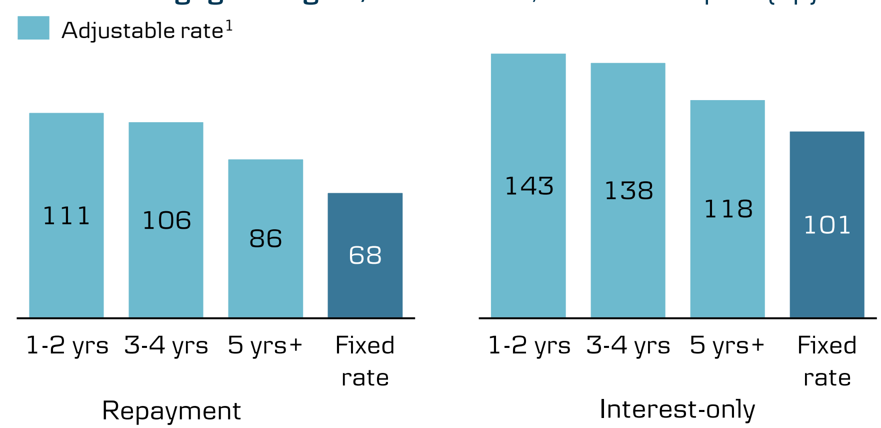
Retail loans, Realkredit Danmark, Q4 2020 (%)



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



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

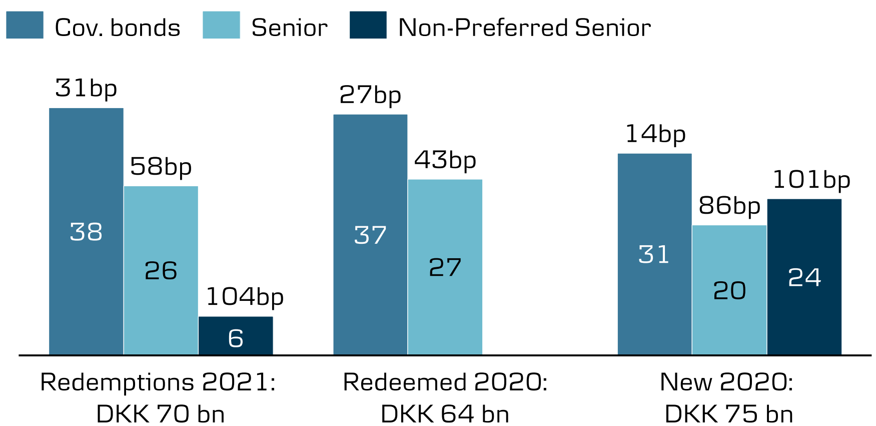


[1] In addition, we charge 30 bp of the bond price for refinancing of 1- and 2-year floaters and 20 bp for floaters of 3 or more years (booked as net trading income).

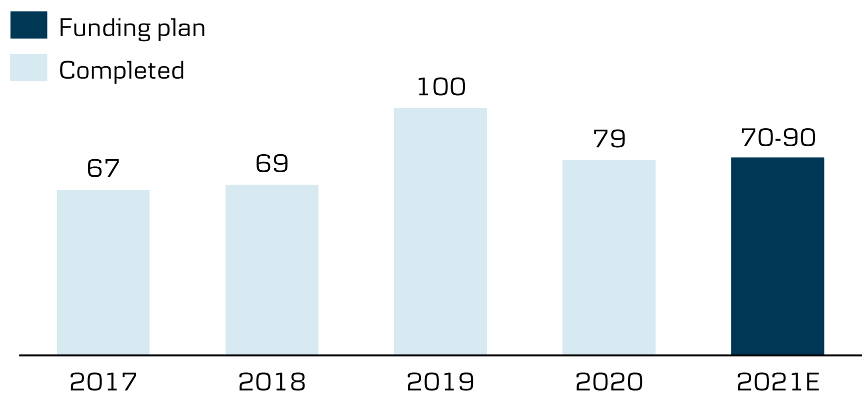
Danske Bank

Funding and liquidity: DKK 79 bn of long-term funding and capital instruments issued in 2020; LCR compliant at 154%

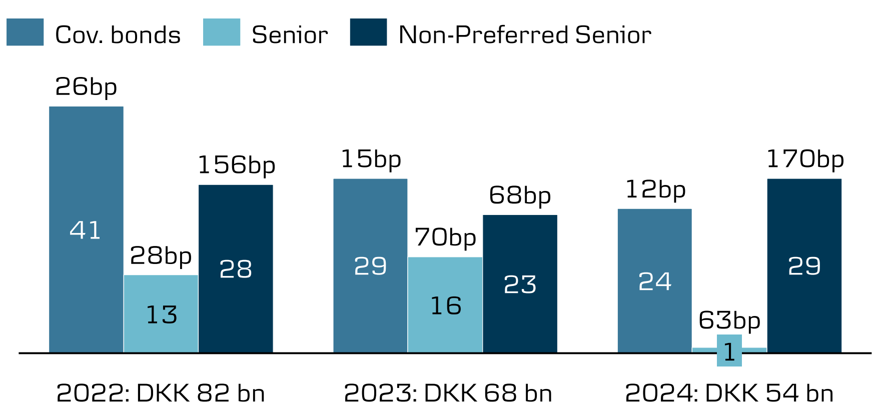
Changes in funding,* 2020-2021 (DKK bn and bp)



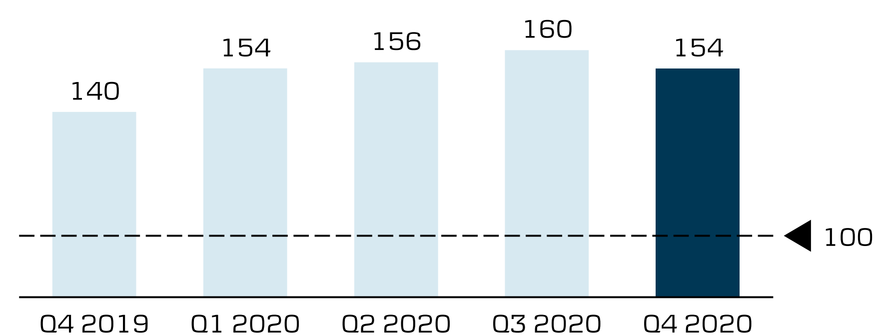
Long-term funding excl. RD (DKK bn)**



Maturing funding,* 2022–2024 (DKK bn and bp)



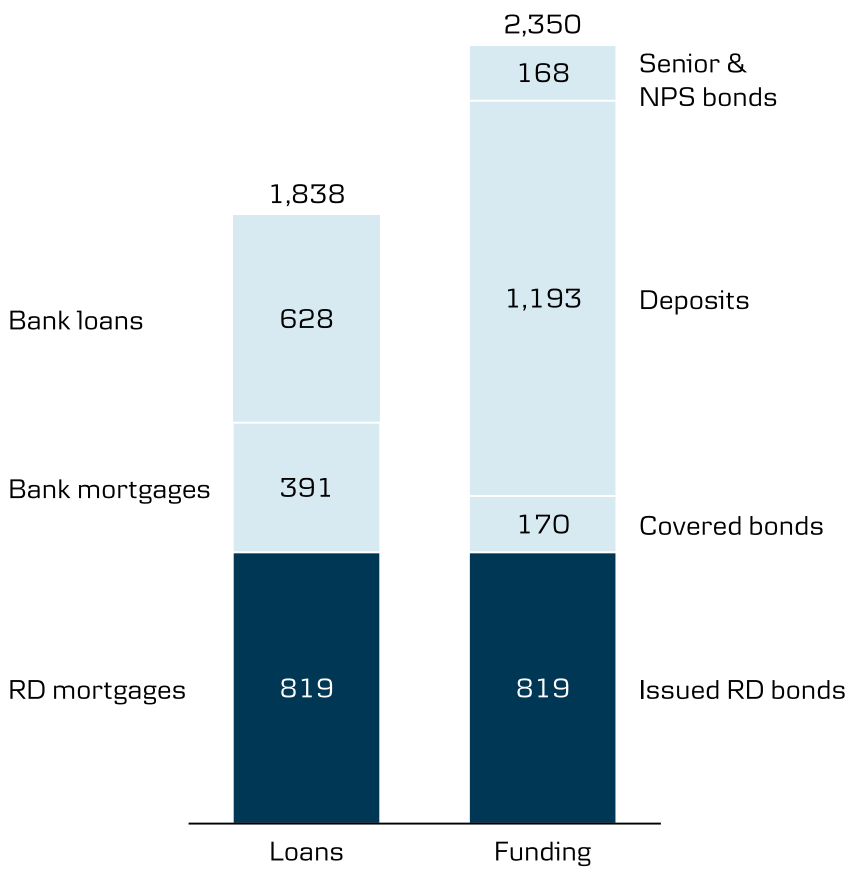
Liquidity coverage ratio (%)



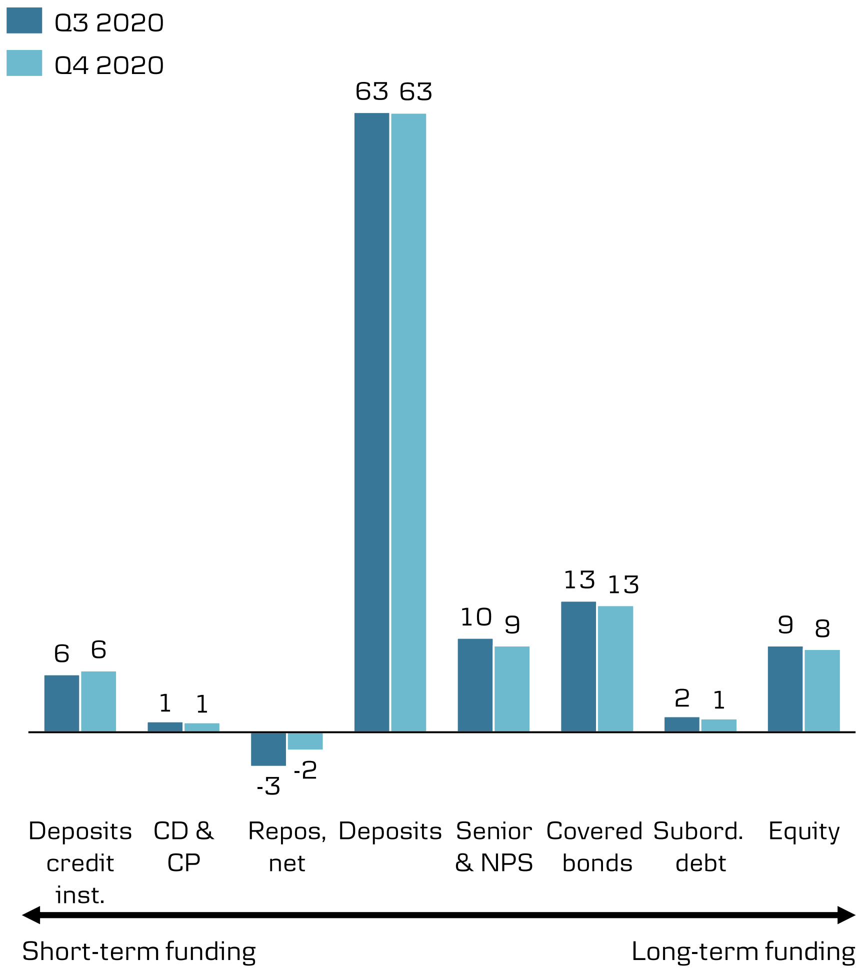
* Spread over 3M EURIBOR.
** Includes covered bonds excl. RD, senior, non-preferred senior and capital instruments.

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

Loan portfolio and long-term funding, Q4 2020 (DKK bn)



Funding sources (%)



Danske Bank

Three distinct methods for rating banks

Danske Bank's rating

Rating methodology

S&P Global Ratings

Anchor SACP[1]	+	1	+	2	+	3	+	4	=	SACP	=	Extra-ordinary support	+	ALAC	+	Additional factors	=	Issuer rating
bbb+		+1		+1		-1		0		a-		0		+2		-1		A (Stable)

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

Moody's

Macro profile	+	1	+	2	+	3	+	4	+	5	+	Quali-tative factors	=	BCA[2]	+	Affiliate support	+	LGF[3]	+	Gov. support	=	Issuer rating
Strong Plus		baa1		a1		b1		ba1		baa2		0		baa2		0		+1		+1		A3 (Stable)

1=Asset Risk, 2=Capital, 3=Profitability, 4=Funding Structure, 5=Liquid resources

FitchRatings

Operating environment	+	1	+	2	+	3	+	4	+	5	+	6	+	7	=	Viability Rating	Support Rating Floor	=	Issuer rating[4]
aa-		a+		a		a+		a		a-		a		a+		a (Negative)	No Floor		A (Negative)

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

[1] Stand-Alone Credit Profile. [2] Baseline Credit Assessment. [3] Loss Given Failure. [4] Issuer rating is the higher of the Viability Rating and Support Rating Floor.

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Tax

Actual and adjusted tax rates (DKK m)

	2020	Q42020	Q32020	Q22020	Q12020
Profit before tax	6,304	2,059	2,796	3,112	-1,663
Permanent non-taxable difference	1,993	1,409	295	365	-76
Adjusted pre-tax profit, Group	8,297	3,468	3,091	3,477	-1,739
Tax according to P&L	1,715	609	693	787	-374
Taxes from previous years	48	120	-32	-16	-24
Adjusted tax	1,763	729	661	771	-398
Adjusted tax rate	21.2%	21.0%	21.4%	22.2%	22.3%
Actual/Effective tax rate	27.2%	29.6%	24.8%	25.3%	20.6%
Actual/Effective tax rate excluding one-offs & prior year reg.	28.0%	35.4%	23.6%	24.8%	23.9%

Tax drivers, Q4 2020

- The actual tax rate of 35.4% (excl. prior-year regulations) is higher than the Danish rate of 22% due to tax-exempt income and expenses
- The permanent non-taxable difference derives mainly from tax-exempt income and expenses, such as value adjustments on shares
- The adjusted tax rate of 21.0% is lower than the Danish tax rate of 22% due to differences in statutory tax rates in the various countries in which we operate

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Material extraordinary items in 2020

One-off items in 2020 (DKK m)

	Item	Impact (DKKm)	P&L line affected
Q4	Correction of income from bonds held in liquidity portfolio (NII effect)	-106	Net interest income
	Correction of income from bonds held in liquidity portfolio (trading effect)	106	Net trading income
	Portfolio adjustments	-161	Net fee income
	Clean-up of accounting balances at Danica Pension	-195	Net trading income
	Provision for yield tax on Health & Accident at Danica Pension	-223	Net trading income
	Corrected elimination, etc.	-106	Other income
	Write-down of intangible assets	-379	Impairment charges other intangible assets
	Removed tax deductibility on AML expenses	-97	Tax

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Adjusted financial highlights 2020

Group financial highlights, 2020 (DKK m)

	Financial highlights 2020	Changed presentation of Danica Pension	Adjusted highlights 2020
Net interest income	21,875	276	22,151
Net fee income	15,137	-3,510	11,627
Net trading income	4,856	31	4,887
Other income	514	80	594
Net income from insurance business	0	1,669	1,669
Total income	42,383	-1,454	40,929
Operating expenses	-28,103	1,454	-26,649
Goodwill impairment charges	0	0	0
Impairment charges, other intangible assets	-379	0	-379
Profit before loan impairment charges	13,901	0	13,901
Loan impairment charges	-7,001	0	-7,001
Profit before tax, core	6,900	0	6,900
Profit before tax, Non-core	-596	0	-596
Profit before tax	6,304	0	6,304
Tax	-1,715	0	-1,715
Net profit	4,589	0	4,589

Comments

- As a result of the re-designing of our organisation whereby Wealth Management has now been dissolved, and in order to present our financial performance as transparently as possible, we will change the presentation of Danica Pension going forward
- Until now, income and expenses at Danica Pension have been disclosed on a gross basis in the Group income statement; going forward, they will be disclosed on a net basis
- As a result, Danica Pension’s income and expenses are netted on the “Net income from insurance business” line and the presentation is thus aligned with the method used before the establishment of Wealth Management in 2016

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