

# *Financial results – first half 2021*

Presentation for Conference Call



**Carsten Egeriis**  
Chief Executive Officer



**Stephan Engels**  
Chief Financial Officer

# Agenda

---

01.	<i>Summary</i>	2
02.	<i>Group income statement</i>	4
03.	<i>Business unit results</i>	5
04.	<i>Key lines</i>	8
05.	<i>Capital</i>	13
06.	<i>Financial outlook for 2021</i>	14
07.	<i>Q&amp;A</i>	15
08.	<i>Appendix</i>	16

---

# Rebound in economies led to high customer activity and lower impairments in H1, while we continue to build a better bank

Total income up for the first half of 2021 driven by almost all income lines. NII stable and positively impacted by repricing, however, margin pressure continues

Record-high customer activity in capital markets - our offering supports customers in their sustainability transition

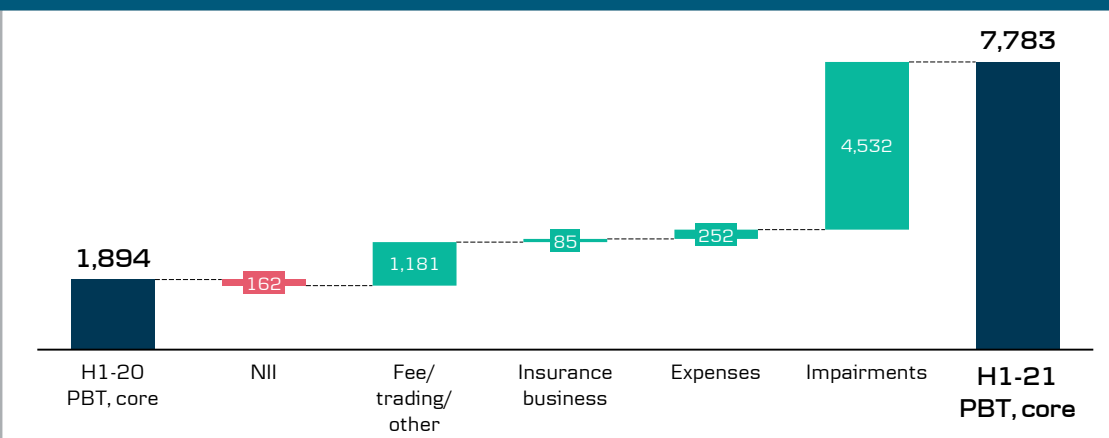
Execution of cost management visible in H1, as total underlying expenses continued to decrease (-7%) from the same period last year

Strong credit quality given improved macro conditions, which support significantly lower loan impairment charges and improved outlook

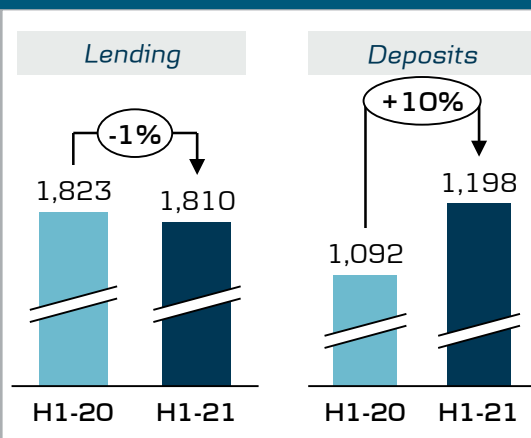
On 8 July, the outlook for 2021 was revised upwards to a net profit of more than DKK 12 billion

We continue to deliver on our Better Bank 2023 ambitions and will continue to execute on our commercial priorities

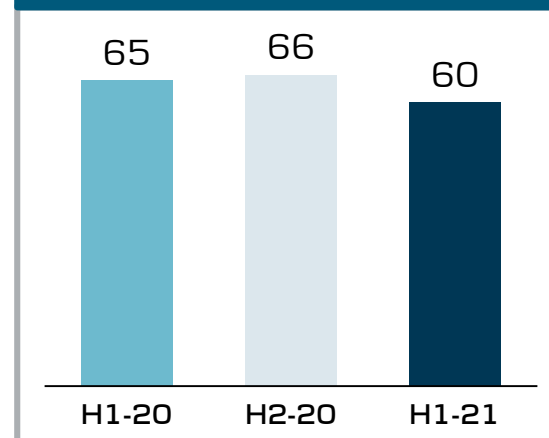
Profit development H1-21 vs H1-20 (DKK m)



Lending, deposit growth (DKK m)



Group cost/income ratio\* (%)



\* Excl. impairment charges on intangible assets

# First impression as incoming CEO: A strong foundation and momentum towards becoming a Better Bank; strong efforts to sharpen the commercial initiatives



## Compliance function taken to the next level

Rebuilt compliance organisation with an operating model built on best practice and led by profiles with extensive and international experience

Launched comprehensive Financial Crime Plan covering all initiatives required by regulation and recommended by best practice

Significantly upgraded IT systems and processes from an E2E perspective, including ODD and transaction monitoring



## Improving and digitising customer journeys

Fundamentally changed the entire Danske Bank development organisation, while maintaining momentum on deliveries

Prioritised all development resources according to E2E journeys with a focus on taking our digital platforms even further by improving the time to market for products

Continuous improvement on digitalisation; 95% of mortgage applications in Sweden run digitally, solid results for new digital car loan process in Norway and widening toolbox for homeowners in Denmark



## On the forefront of supporting customers' commercial and sustainability ambitions

Continuously supporting our customers' sustainability transition through innovative products and our leading position in sustainable finance; good progress towards our 2023 sustainability targets

Strong momentum with corporate customers; leading CSAT position and significant capital raising activity for customers across debt and equity capital markets

Solid offerings within Asset Management resulting in positive net sales for several quarters and above benchmark performance in the majority of our funds

## Group: Higher customer activity, stringent cost focus and strong credit quality drive improved performance

Income statement and key figures (DKK m)						
	H1-21	H1-20	Index	Q2-21	Q1-21	Index
Net interest income	10,965	11,127	99	5,515	5,450	101
Net fee income	6,595	5,956	111	3,193	3,402	94
Net trading income	2,291	1,897	121	1,025	1,266	81
Net income from insurance business	982	897	109	491	491	100
Other income	457	309	148	262	195	134
<b>Total income</b>	<b>21,291</b>	<b>20,185</b>	<b>105</b>	<b>10,486</b>	<b>10,805</b>	<b>97</b>
Expenses	12,770	13,022	98	6,497	6,273	104
<b>Profit before loan impairment charges</b>	<b>8,521</b>	<b>7,163</b>	<b>119</b>	<b>3,989</b>	<b>4,531</b>	<b>88</b>
Loan impairment charges	737	5,269	14	240	497	48
<b>Profit before tax, core</b>	<b>7,783</b>	<b>1,894</b>	<b>-</b>	<b>3,750</b>	<b>4,034</b>	<b>93</b>
Profit before tax, Non-core	17	-446	-	-3	20	-
Profit before tax	7,801	1,449	-	3,747	4,054	92
Tax	1,869	413	-	955	914	104
<b>Net profit</b>	<b>5,932</b>	<b>1,036</b>	<b>-</b>	<b>2,792</b>	<b>3,139</b>	<b>89</b>

### Key points, H1-21 vs H1-20

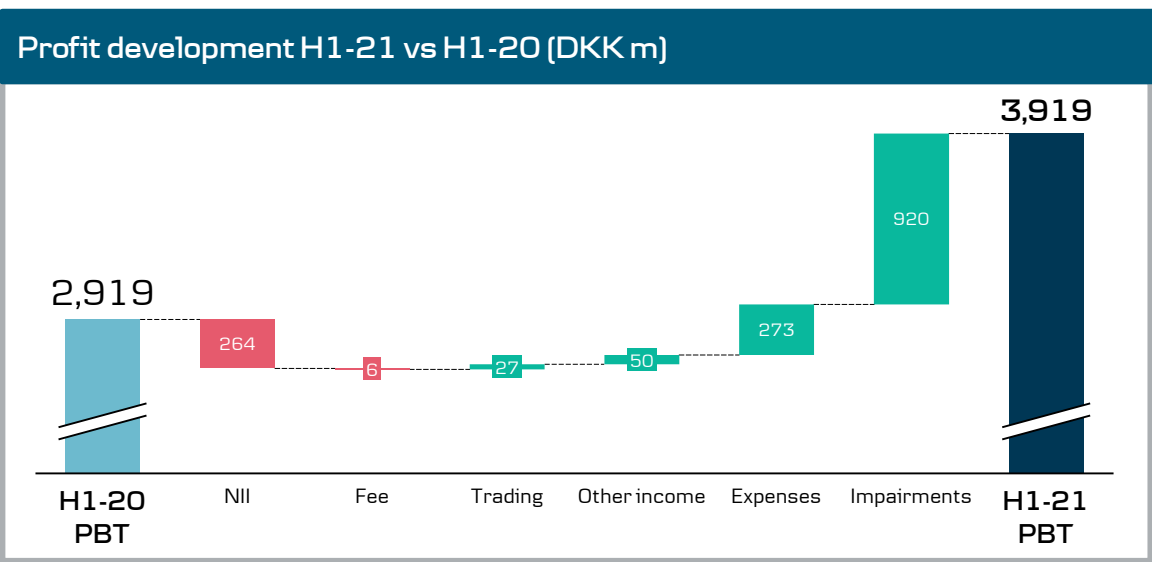
- Total income up 5% driven by higher customer activity and supportive market conditions, which was positive for almost all income lines
- Net interest income benefited from deposit repricing during 2021, however, the positive effect was offset by margin pressure across the Nordic countries
- Other income up, driven by stronger housing market activity in Denmark
- Underlying costs down approx. 7% adjusted for one-offs
- Number of FTEs reduced by around 700 from the peak in Q3-2020, with AML, Estonia costs trending down according to plan

### Key points, Q2-21 vs Q1-21

- Total income slightly down, primarily as fee income in Q2 was lower due to lower refinancing activity at Realkredit Danmark and trading income was seasonally high in Q1
- Fee and trading income reflect high customer activity and market conditions. Q1 was impacted by one-off sale of VISA (DKK 0.2 bn) and larger transactions at LC&I
- Expenses in Q2 were impacted by a one-off of DKK 0.4 bn related to the VAT setup in Sweden and higher performance based compensation
- Strong credit quality and low level of actual credit deterioration

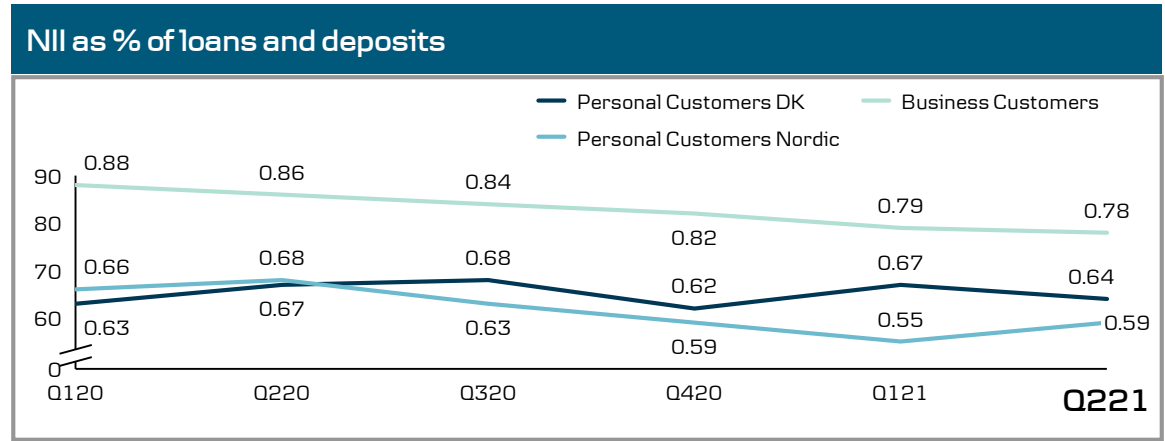
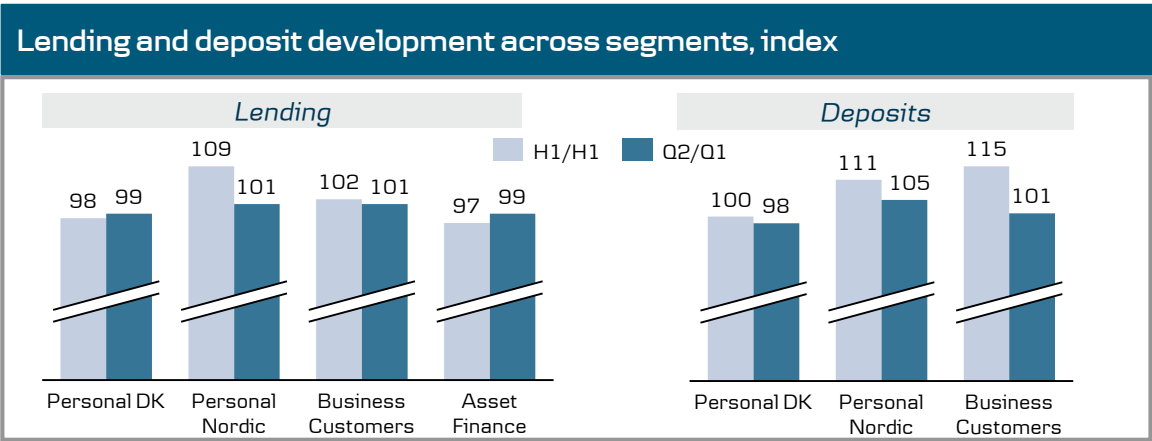
RoE (%)		C/I *(%)		CET 1 (%)		REA (DKK bn)		EPS	
Q2-21	6.6	Q2-21	62	Q2-21	18.0	Q2-21	816	Q2-21	3.1
Q1-21	7.5	Q1-21	58	Q1-21	18.1	Q1-21	798	Q1-21	3.5
Q4-20	3.4	Q4-20	69	Q4-20	18.3	Q4-20	784	Q4-20	1.6

# P&BC: Commercial momentum in Norway and Sweden; profitability remains challenged by sustained margin pressure and lack of growth in Personal Customers Denmark



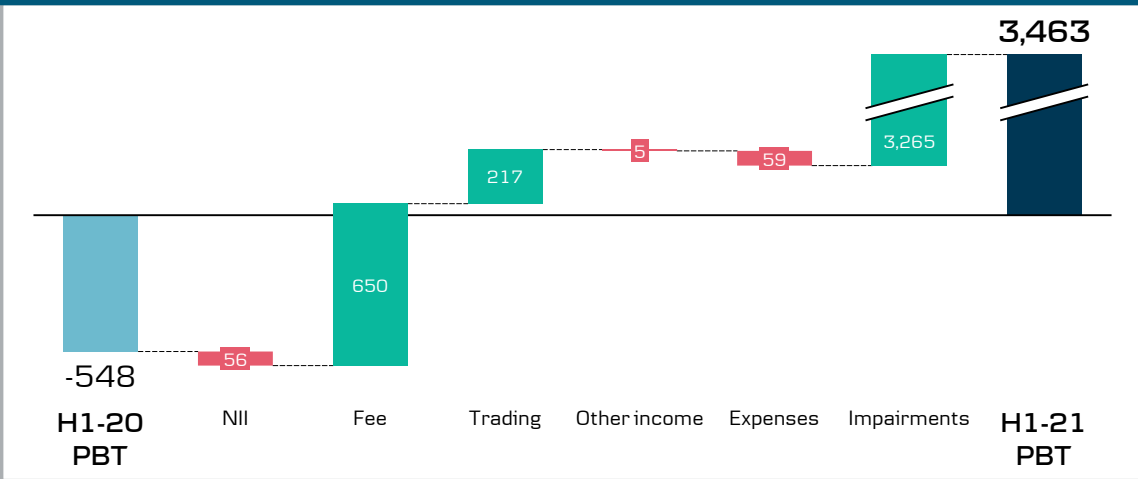
### Highlights

- Profit before tax up DKK 1bn as a result of normalisation of impairments, cost management and lower transformation costs
- In Q-21 NII stabilised due to repricing and NIBOR development, however NII declined YoY due to general margin pressure
- Significant increase in investment activities, especially in Sweden; no. of investment advisory meetings up 13% and almost doubling of AuM for managed accounts
- Good traction at PB Nordic driven by lending growth primarily in Norway and Sweden, whereas PB DK remained challenged by lack of growth



# LC&I: Strong return on our investments in the capital markets offering; record-high activity within capital raising activities for customers

## Profit development H1-21 vs H1-20 (DKK m)



## Highlights

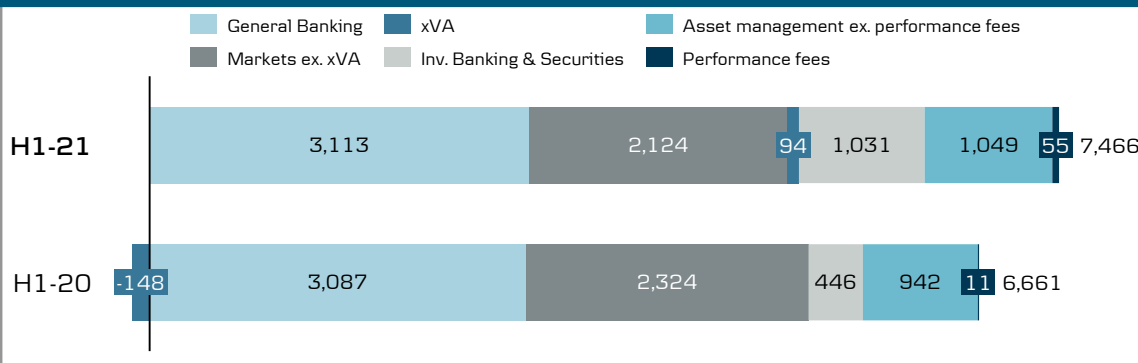
High customer activity and supportive market conditions resulted in high income in Investment Banking & Securities

Strong market position as a leading Nordic bank within sustainable finance, currently ranked no. #1 among Nordic banks and among global top 10 arrangers of green bonds<sup>1)</sup>

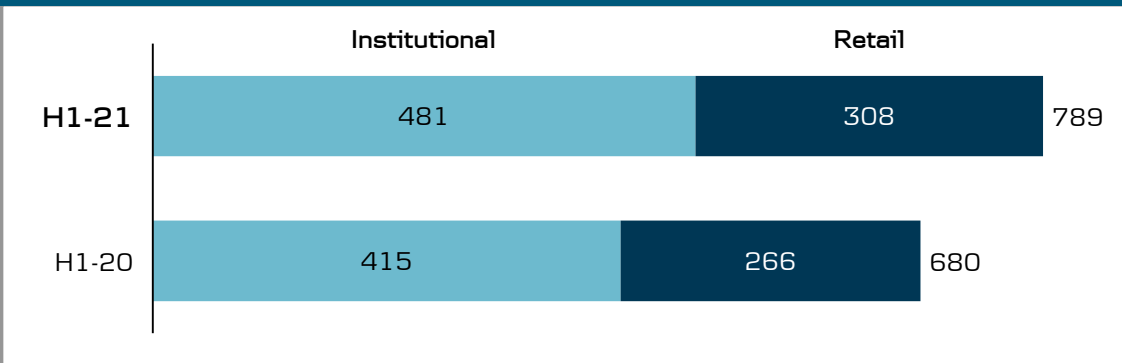
Good momentum in Asset Management; AuM increased 14% from the level in H12020, driven by rising asset prices and positive net sales from retail segment

NII largely stable, as higher NII from e.g. committed lines almost offset lower deposit margins. Initiatives are taken to reprice deposits

## LC&I income breakdown



## Asset Management AuM stock development



1) Source: Nordic bookrunner for all sustainable bond formats, Nordic MLA for sustainability linked loans. Please refer to appendix slide 19 for ECM league table

# Danica: Delivered solid growth and 37% lift in net income excl. Q1 one-off; Northern Ireland PBT significantly up due to lower impairments

Danica Pension, key figures (DKK m)						
	H1-21	H1-20	%	Q2-21	Q1-21	%
Result, life insurance	1,312	1,277	+3	528	784	-33
Result, H&A	-362	-300	-20	-72	-290	+75
<b>Net income*</b>	1,018	892	+14	524	494	+6
AuM	480,802	428,287	+12	480,802	465,520	+3
Premiums, insurance contracts	17,832	14,602	+22	9,233	8,599	+7

## H1-21 vs H1-20

Danica's value proposition of solid investment results, strong advisory services platform and core focus on ESG and green investments resulted in +30% increase in premiums. This drove net income significantly up in combination with solid AuM growth from the favorable trend in the financial markets.

Underlying result for the H&A portfolio is improving as a result of rebound in investment activities, however, provisions for PAL tax in Q1\*\* drive reported numbers down.

Northern Ireland, key figures (DKK m)						
	H1-21	H1-20	%	Q2-21	Q1-21	%
<b>Total income</b>	798	923	-14	424	374	+13
<b>Operating expenses</b>	570	595	-4	294	275	+7
<b>Loan impairments</b>	-65	252	-125	-57	-7	-614
<b>Profit before tax</b>	293	76	+285	187	106	+76

## H1-21 vs H1-20

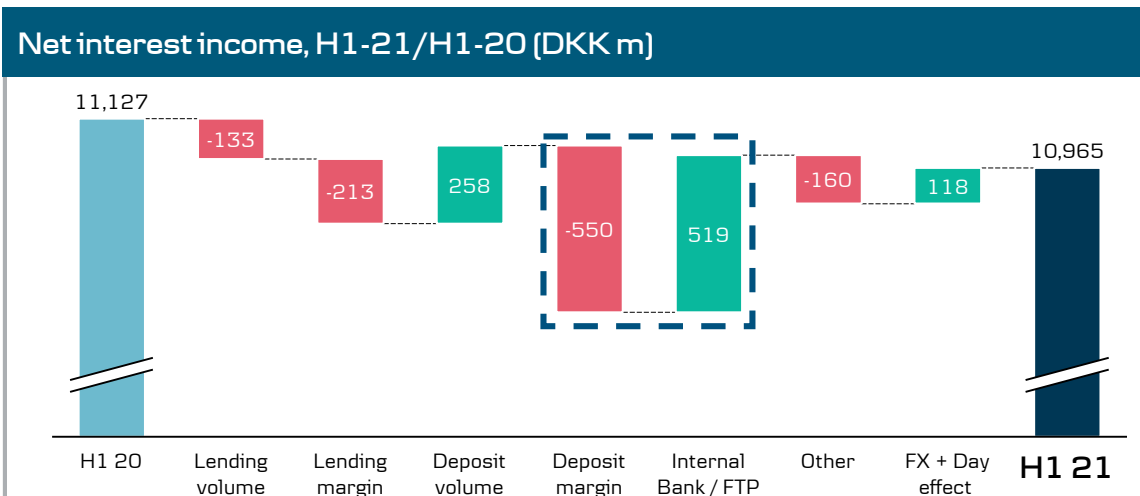
The UK economy remained subdued due to the corona crisis related restrictions. However, the housing market remained robust, and Danske Bank was among the first UK banks to introduce a 95% LTV mortgage product.

H1 saw increasing lending and deposit volumes, but the effect on total income was offset by a sharp decline in UK interest rates and low economic activity. The macro outlook is, however, improving, resulting in loan impairments driving profit before tax significantly up.

\* Incl. return on investments DKK 68 m, \*\* Provision of DKK -200 m related to pension yield tax in Q1. For reference, we also took Q4-20 one-off of -418 m



# NII: Stable development as NII underpinned by deposit repricing

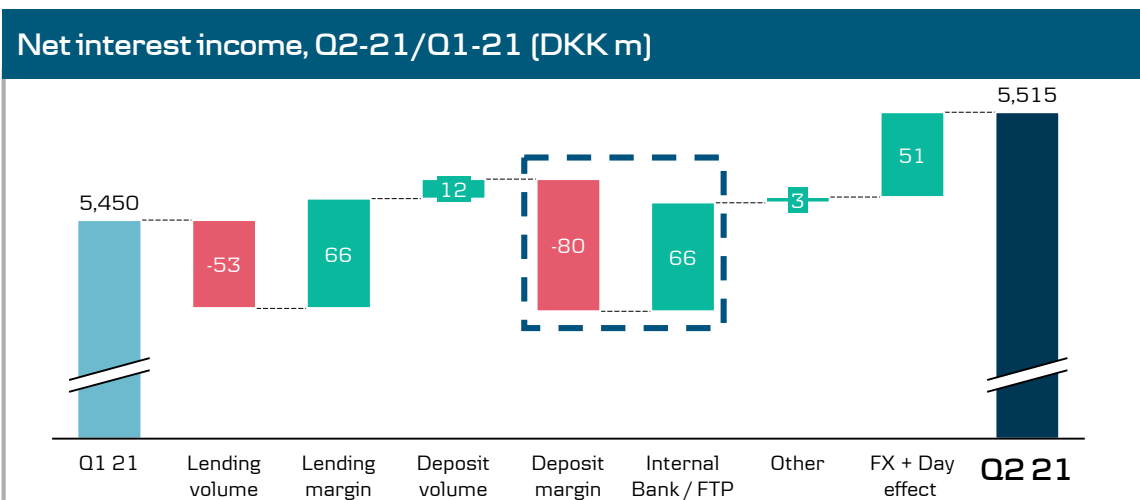


### Highlights

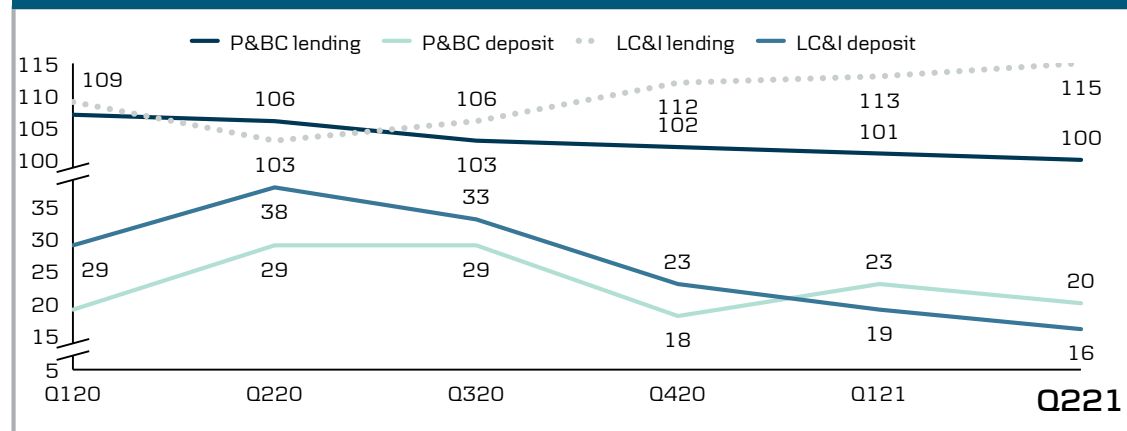
NII came in slightly lower than in the same period last year, as deposit margins in H1 2020 benefited from elevated xIBOR levels

Lower xIBOR levels in H1 2021 reduced deposit compensation to the business units, but had no impact on Group NII. Q2 was impacted by an identical effect

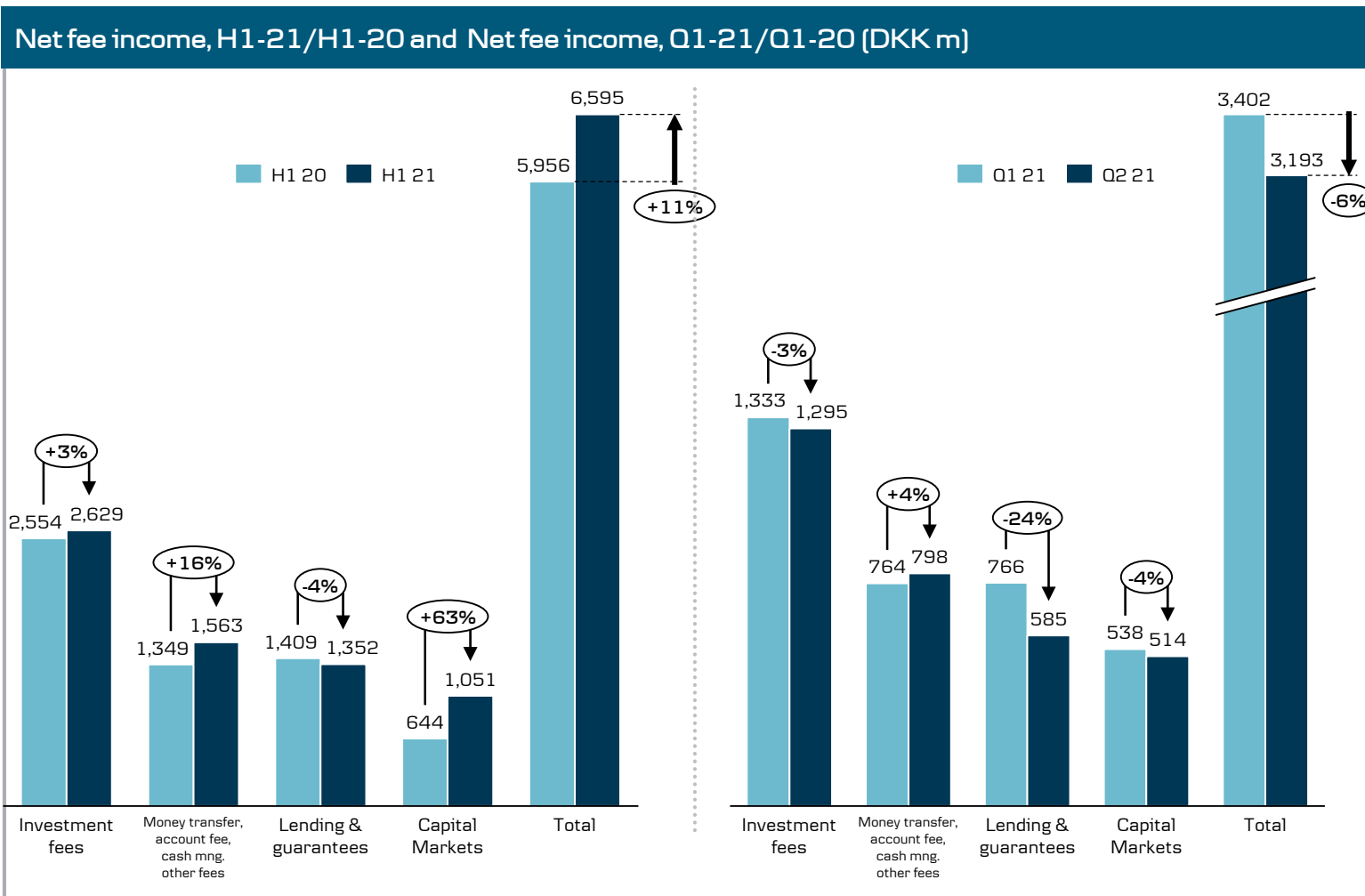
Further initiatives on deposits took effect on 1 July with an estimated effect of DKK 250 m in order to improve profitability



### Margin Development (bp)



# Fee: Increase in fee income driven by capital markets performance and higher activity; Q2 impacted by seasonality and value adjustments



## Highlights

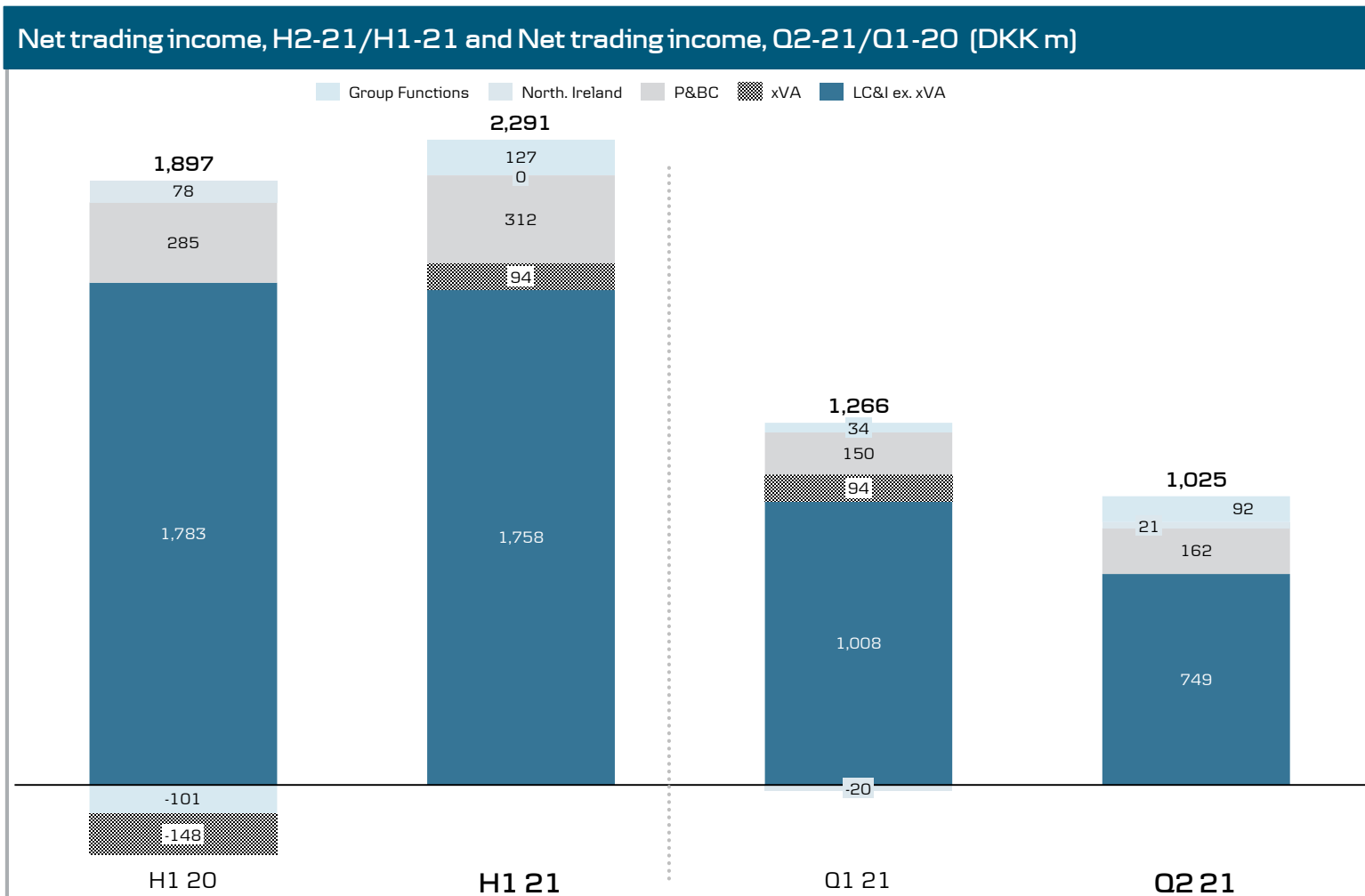
Fee income was up 11% from the same period last year, mainly driven by capital markets-related activities; up 63% from H1-20 and only slightly down from Q1, impacted by some seasonality

Investment activities in H1 benefited from higher customer activity and a positive development in assets under management

As societies reopened, activity-related fees were up 16% and 4% respectively, positively impacted by higher customer activity. But also by a negative value adjustment for a distribution agreement

Lending and guarantee-related income declined due to seasonality in refinancing of variable-rate mortgages

# Trading: Solid underlying trading income driven by customer activity



## Highlights

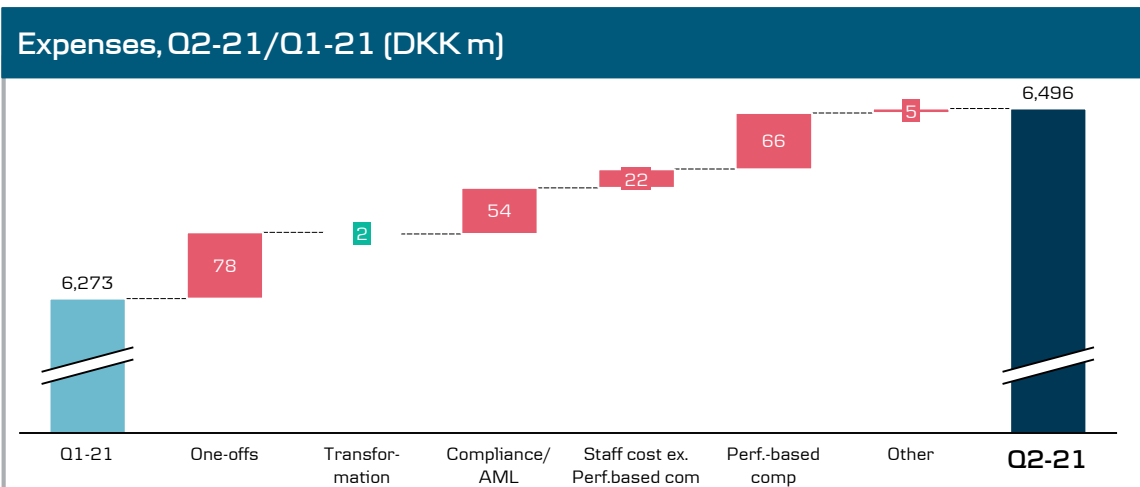
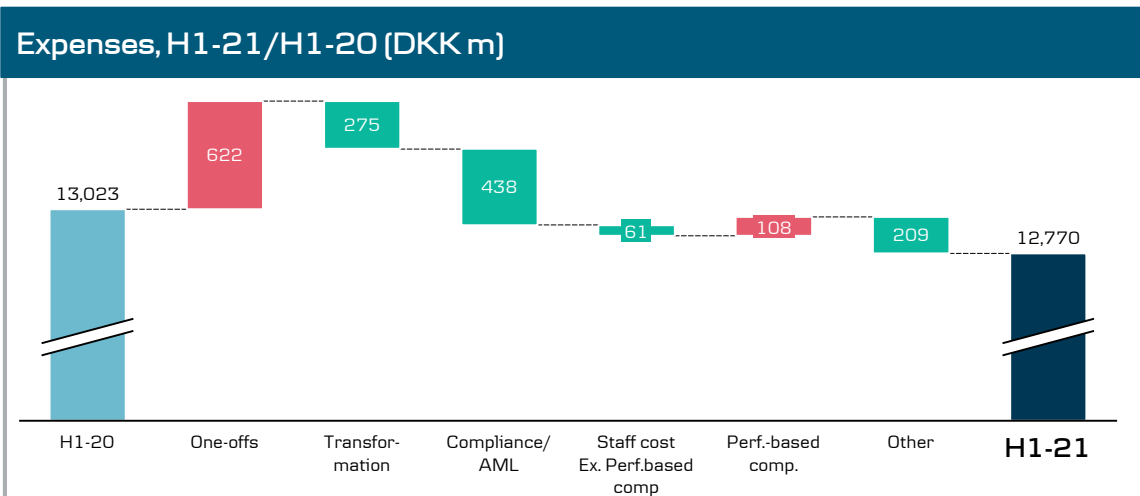
Net trading income increased 21% in H1-21 from H1-20 (including a gain of 0.2 bn related to the sale of shares in VISA) driven by good customer activity at LC&I

In addition, there were small positive value adjustments of the derivatives portfolio (xVA) in H1-21 against negative adjustments in H1-20

Market conditions were favourable as both fiscal as well as monetary policies were supportive for trading income

Trading income in Q2-21 was lower than in Q1-21, due primarily to seasonality in the Equities and Markets area

# Expenses: Downwards trajectory according to plan, including lower costs for AML/Estonia and transformation



## Highlights

Expenses adjusted for one-offs down approx. 7% vs H1-20 and up 2% vs Q1-21

One-offs of DKK 350 m in Q2 and DKK 150 m in Q1-21 related to provisions for upcoming changes to the VAT setup in Sweden (in addition, DKK 122 m in Q1 for home office allowance to staff)

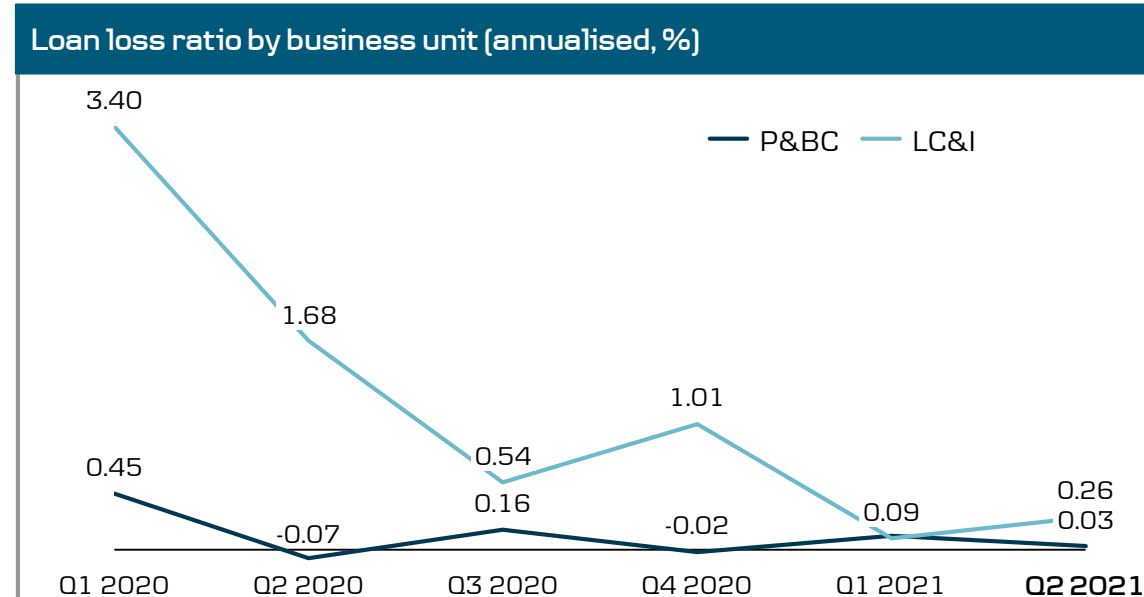
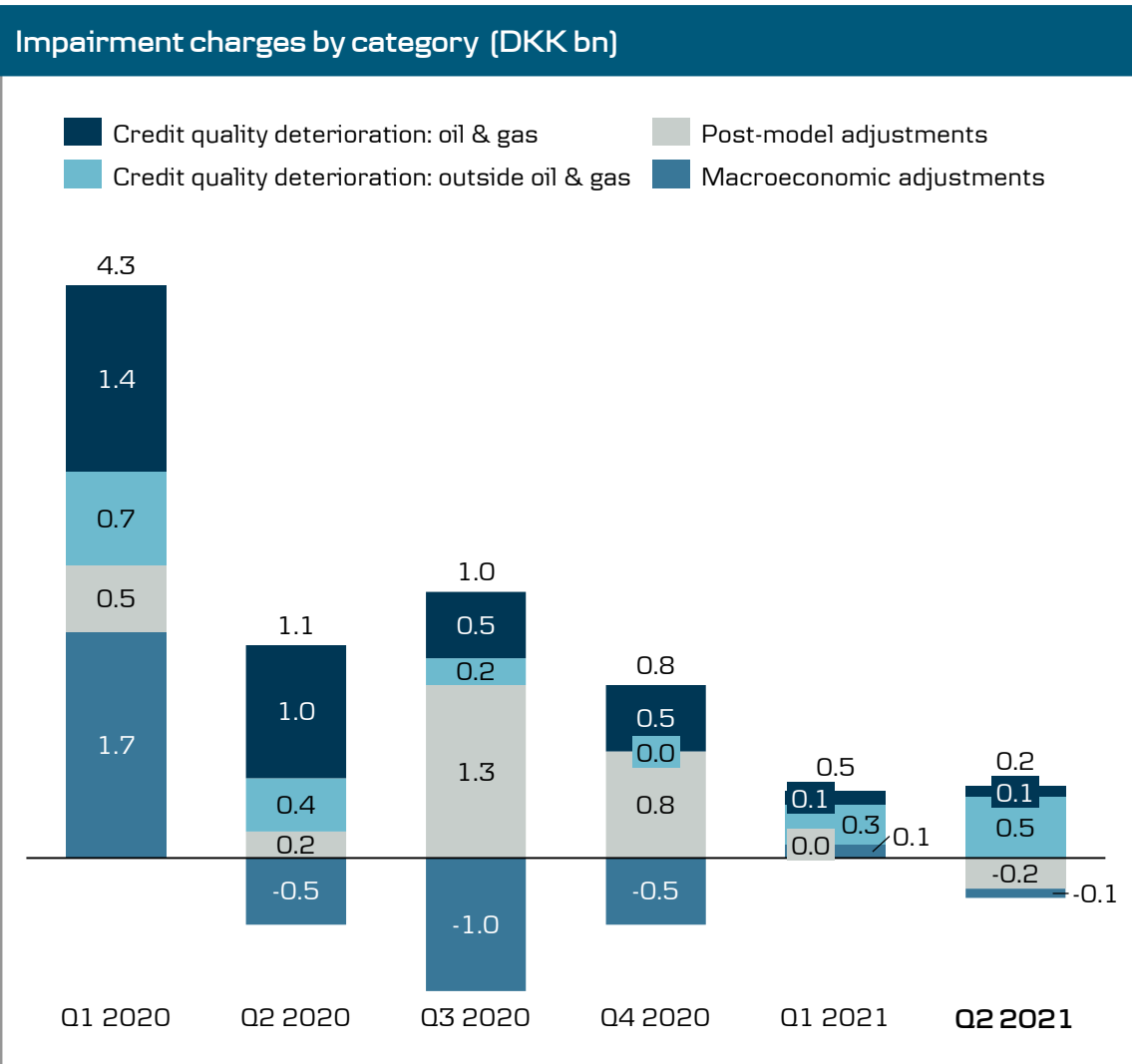
Y/Y: Transformation and compliance/AML costs significantly down from H1-20, when we accelerated our Better Bank transformation and were still conducting our internal Estonia case investigation.

Q/Q: Transformation costs remained flat according to plan, whereas compliance and AML costs were slightly up as a result of planned up-staffing in front-line AML

Underlying staff costs down as the layoffs at the end of 2020 continue to gather effect.

Net FTE reduction of around 700 from the peak in Q3-20

# Impairments: Strong credit quality and low level of actual credit deterioration



### Highlights

- Very few single-name exposures affected by the pandemic were mitigated by the overall macroeconomic improvement
- Impairments against industries outside oil & gas increased slightly due to the implementation of updated credit models
- The post-model adjustments made during 2020 have largely been kept to mitigate any tail risk arising from risks associated with the roll-off of government support packages

# Capital: Strong capital base; CET1 capital ratio of 18.0% (buffer of 4.9%)

## Key points

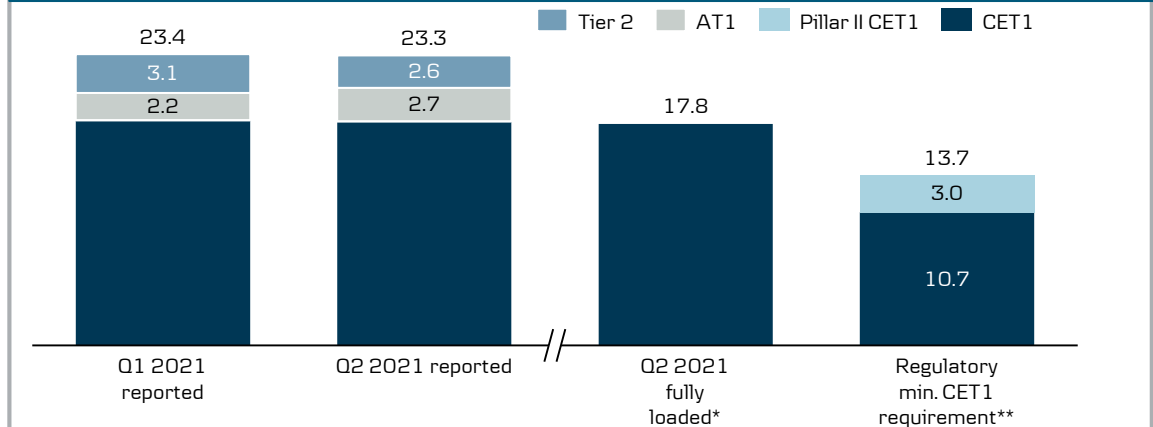
**CET1 capital ratio** decreased 0.1% points to 18.0% in Q2-21 from 18.1% in Q1-21

**Total REA** increased due mainly to higher credit risk related primarily to EBA guidelines. Of the DKK 25-35 bn expected REA<sup>1)</sup> increase for H1-21 related to implementation of EBA guidelines, approx. 12 bn has been implemented in Q1-21 and approx. 23 bn in Q2-21.

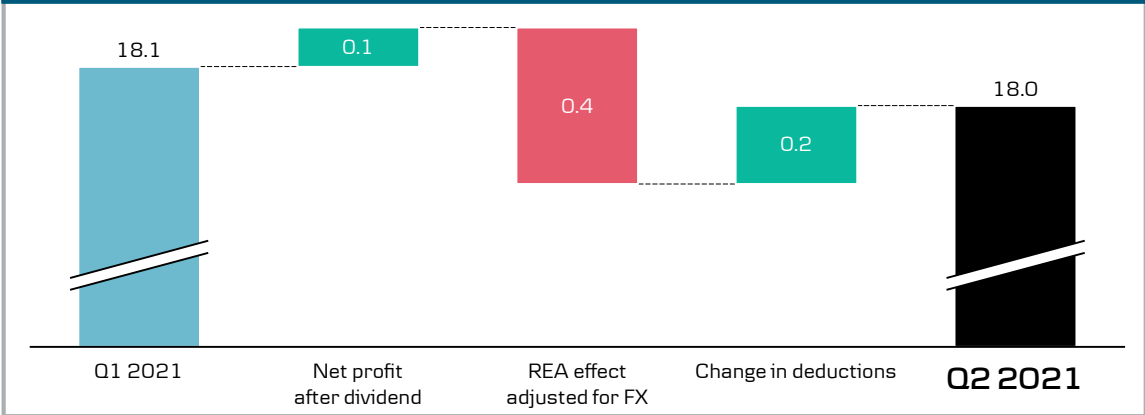
We re-iterate our guidance on implementation of EBA guidelines, expecting REA to increase by DKK 50-70 bn for 2021.

The **leverage ratio** increased 0.3 percentage points to 4.7% according to transitional rules and 4.6% under the fully phased-in rules.

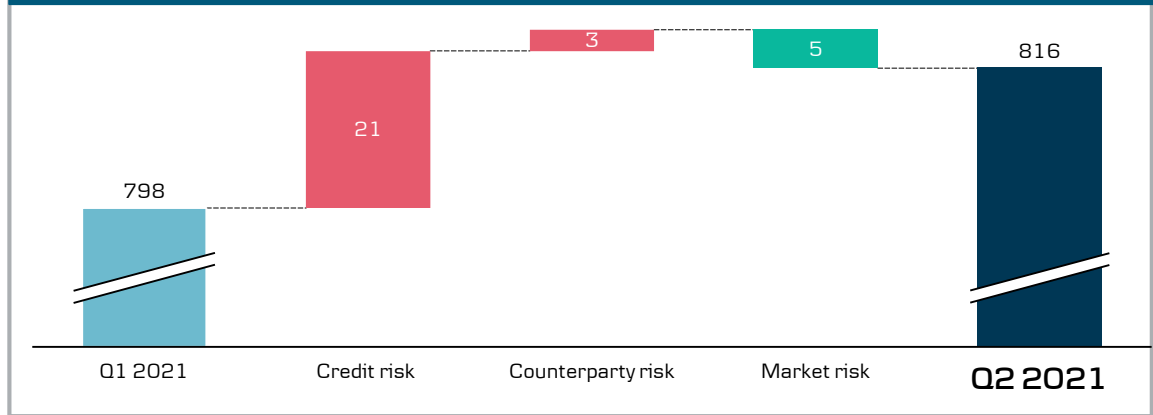
## Capital ratios (%)



## CET1 (%)



## Total REA (DKK bn)



1) See Q1-21 conference call presentation page 14. \* Based on fully phased-in requirement including fully phased-in impact of IFRS 9. \*\* Pro forma fully phased-in min. CET1 requirement of 4.1%, capital conservation buffer of 2.5%, SIFI requirement of 3%, countercyclical buffer of 0.7% and CET1 component of Pillar II requirement

## Net profit outlook upgraded: We expect a net profit of more than DKK 12 billion in 2021



### Total income

Revised  
8 July 2021

We expect total income in 2021 to be higher (than the level in 2020\*), including the gain from the sale of the business activities in Luxembourg and higher customer activity



### Expenses

Revised  
8 July 2021

We expect underlying expenses to be lower than DKK 24.5 billion. Total expenses are expected to be no more than DKK 25 billion, including tax related one-off items of DKK 0.7 billion, of which DKK 0.2 billion will be recognised in the second half of the year



### Impairments

Revised  
8 July 2021

Loan impairments are expected to be no more than DKK 1.5 billion, given a better-than-expected macroeconomic recovery and overall improved credit quality



### Net profit

Revised  
8 July 2021

We expect net profit to be more than DKK 12 billion

## Q&A session



Press 01 to ask a question  
Press 02 to cancel



Press "Ask a question"  
in your webcast player





## Appendix

---

01.	<i>Sustainability</i>	17
02.	<i>Business units</i>	18
03.	<i>Credit quality</i>	23
04.	<i>Macro data</i>	28
05.	<i>Realkredit Danmark overview</i>	30
06.	<i>Funding, liquidity and ratings</i>	31
07.	<i>Tax and one-off items</i>	34
08.	<i>Contact details</i>	36

---

# We have tripled our ambitions from 'well above DKK 100 bn' to 300 bn in sustainable finance

## Sustainable finance

## Sustainable operations

## Impact initiatives



### Sustainable investing

DKK 400 bn invested in funds that promote ESG - and DKK 30 bn invested by Danica Pension in the green transition

**DKK 257 bn** in ESG funds  
**DKK 35 bn** by Danica



### Sustainable financing

DKK 300 bn in sustainable financing - and setting Paris Agreement aligned climate targets for our corporate lending portfolio

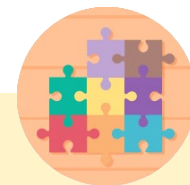
**DKK 155 bn**  
61% of portfolio mapped for climate impact



### Governance & integrity

Over 95% of employees trained annually in risk and compliance with passed tests

**95%**



### Employee well-being & diversity

More than 35% women in senior leadership positions

**31%**



### Environmental footprint

Reducing our CO<sub>2</sub> emissions by 10% vs 2019 and 75% vs 2010

**48% vs 2019**  
**86% vs 2010** <sup>1)</sup>



### Entrepreneurship

10,000 start-ups & scale-ups supported with growth and impact tools, services and expertise (since 2016)

**5,766**



### Financial confidence

2 m people supported with financial literacy tools and expertise (since 2018)

**1.30 m**

**Target 2023**

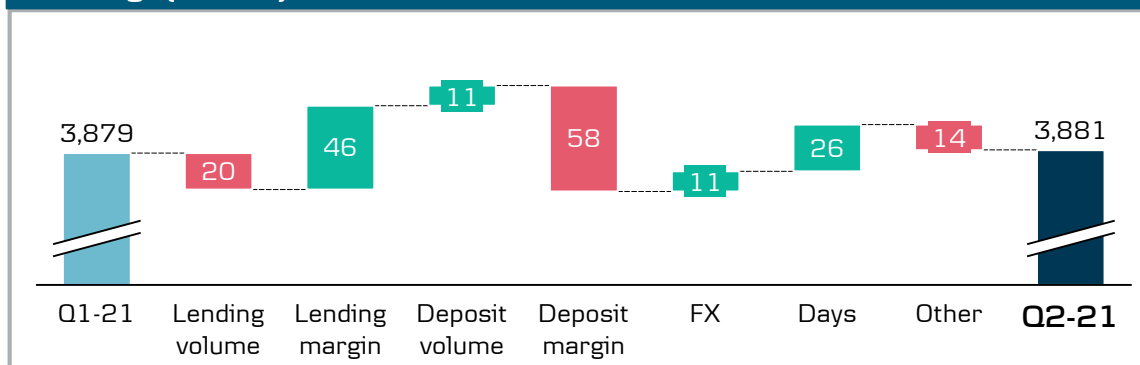
**Status Q2-2021**

1) Reductions in 2020 were largely driven by reduced travel activity due to COVID-19. As a result of change in working patterns, we see a decrease in CO2 emissions to maintain the decreasing tendency in the long run.

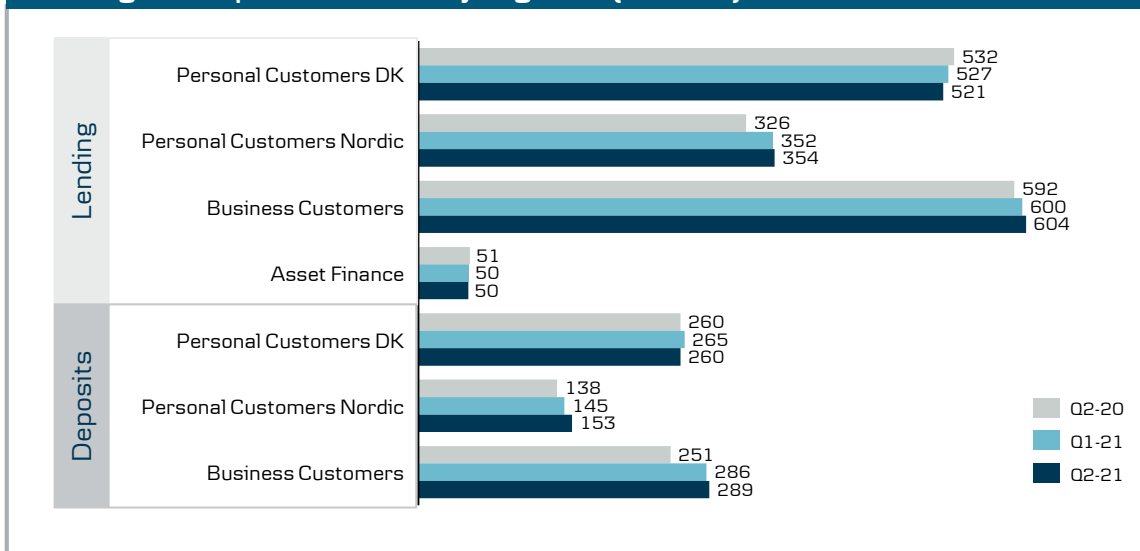
# Personal & Business Customers

Income statement (DKK m)						
	H1-21	H1-20	Index	Q2-21	Q1-21	Index
Net interest income	7,766	8,029	97	3,887	3,879	100
Net fee income	3,267	3,273	100	1,516	1,750	87
Net trading income	312	285	109	162	150	108
Other income	412	362	114	216	196	110
<b>Total income</b>	<b>11,757</b>	<b>11,949</b>	<b>98</b>	<b>5,782</b>	<b>5,975</b>	<b>97</b>
Expenses	7,288	7,561	96	3,650	3,638	100
<b>Profit before loan impairment charges</b>	<b>4,469</b>	<b>4,388</b>	<b>102</b>	<b>2,132</b>	<b>2,337</b>	<b>91</b>
Loan impairment charges	551	1,470	37	116	435	27
<b>Profit before tax</b>	<b>3,919</b>	<b>2,919</b>	<b>134</b>	<b>2,016</b>	<b>1,903</b>	<b>106</b>

## NII bridge (DKK m)



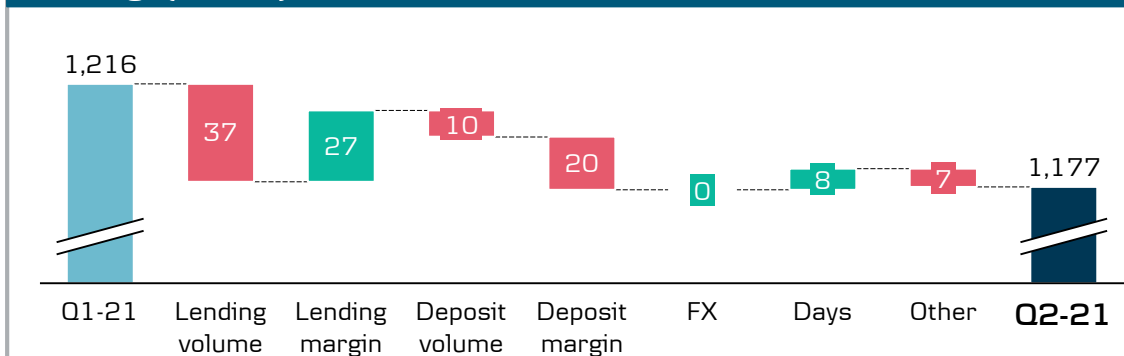
## Lending and deposit volumes by segment (DKK bn)



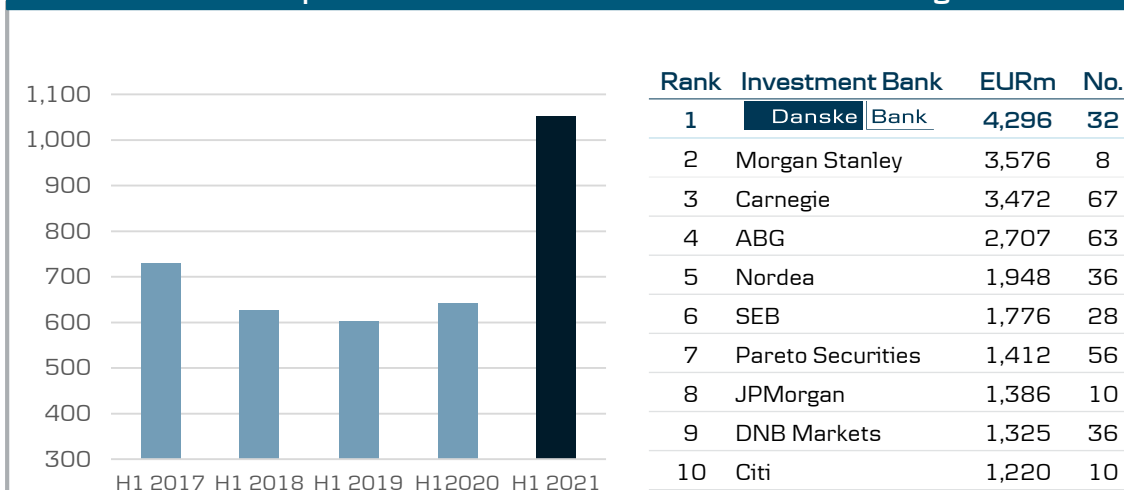
# Large Corporates and Institutions

Income statement (DKK m)						
	H1-21	H1-20	Index	Q2-21	Q1-21	Index
Net interest income	2,392	2,448	98	1,177	1,216	97
Net fee income	3,220	2,570	125	1,621	1,599	101
Net trading income	1,852	1,635	113	749	1,102	68
Other income	2	7	29	1	1	100
<b>Total income</b>	<b>7,466</b>	<b>6,661</b>	<b>112</b>	<b>3,548</b>	<b>3,918</b>	<b>91</b>
Expenses	3,751	3,692	102	1,900	1,851	103
Impairment charges on goodwill						
<b>Profit before loan impairment charges</b>	<b>3,715</b>	<b>2,969</b>	<b>125</b>	<b>1,648</b>	<b>2,067</b>	<b>80</b>
Loan impairment charges	252	3,517	7	183	69	265
<b>Profit before tax</b>	<b>3,463</b>	<b>-548</b>	<b>-</b>	<b>1,465</b>	<b>1,998</b>	<b>73</b>

## NII bridge (DKK m)



## Fee income from capital markets activities and Nordic ECM League Table<sup>1</sup>



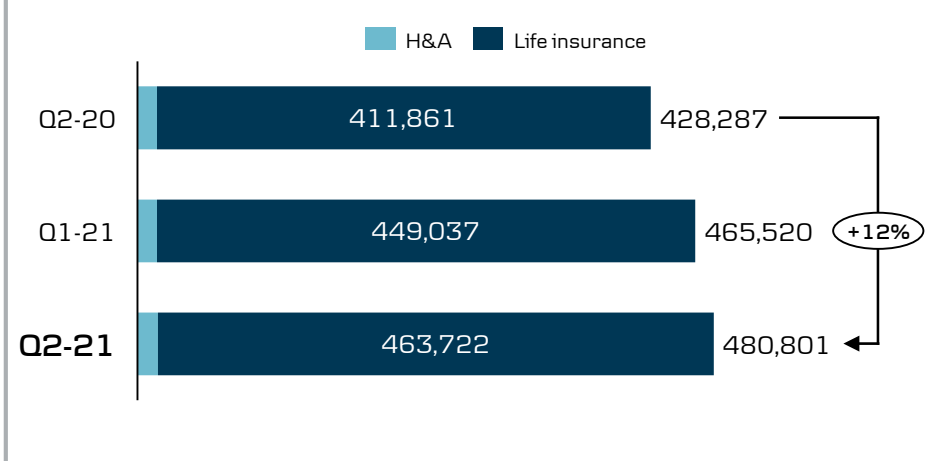
1) Source: Dealogic 5 July 2021. Priced deals as Global Coordinator or Bookrunner, deal value is apportioned value among syndicate banks

# Danica Pension

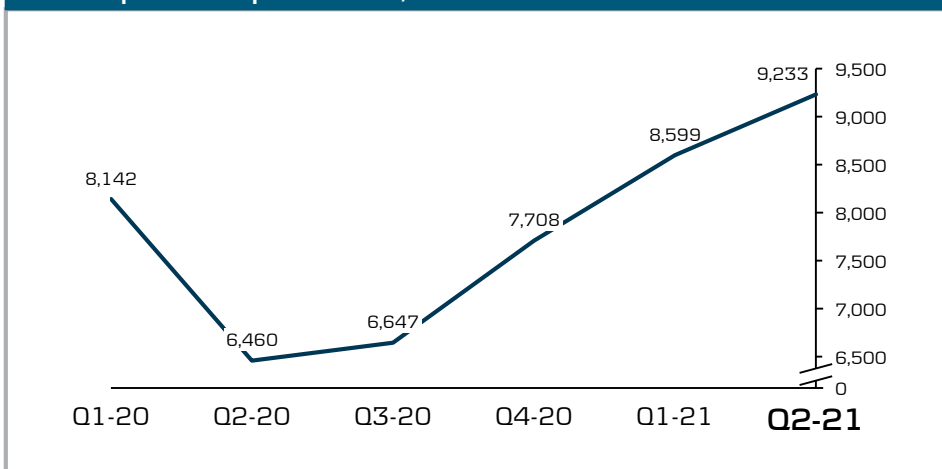
## Income statement and key figures (DKK m)

	H1-21	H1-20	Index	Q2-20	Q1-21	Index
Result, life insurance	1312	1277	103	528	784	67
Result, health and accident insurance	-362	-300	121	-72	-290	
Return on investments, shareholders' equity, etc.	68	-85	-	68	-	-
<b>Net income before tax at Danica Pension<sup>1</sup></b>	1018	892	114	524	494	106
Included within Group Treasury	-36	5	-	-33	-3	-
<b>Net income from insurance business</b>	982	897	109	491	491	100
Premiums, insurance contracts	17,832	14,602	122	9,233	8,599	107
Premiums, investment contracts	2045	666	307	1396	649	215
Provisions, insurance contracts	437,847	403,828	108	437,847	427,885	102
Provisions, investment contracts	34,731	25,195	138	34,731	32,317	102

## Assets under management (DKK m)



## Development in premiums, insurance contracts

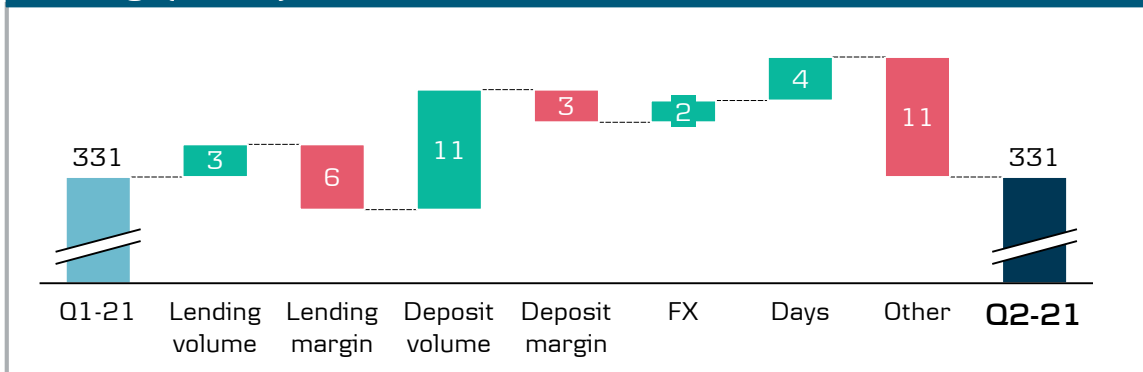


1) Figures for Danica Group

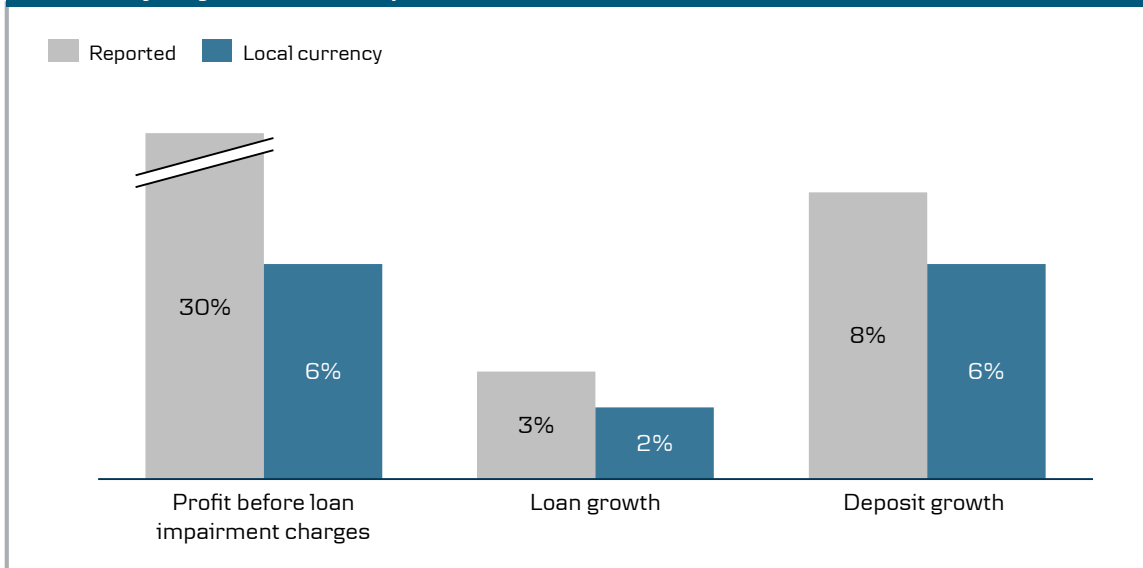
# Northern Bank

Income statement (DKK m)						
	H1-21	H1-20	Index	Q2-21	Q1-21	Index
Net interest income	662	703	94	331	331	100
Net fee income	129	133	97	69	60	115
Net trading income	-	78	-	21	-20	-
Other income	6	8	75	3	3	100
<b>Total income</b>	<b>798</b>	<b>923</b>	<b>86</b>	<b>424</b>	<b>374</b>	<b>113</b>
Expenses	570	595	96	294	275	107
<b>Profit before loan impairment charges</b>	<b>228</b>	<b>327</b>	<b>70</b>	<b>129</b>	<b>99</b>	<b>130</b>
Loan impairment charges	-65	252	-	-57	-7	-
<b>Profit before tax</b>	<b>293</b>	<b>76</b>	<b>386</b>	<b>187</b>	<b>106</b>	<b>176</b>

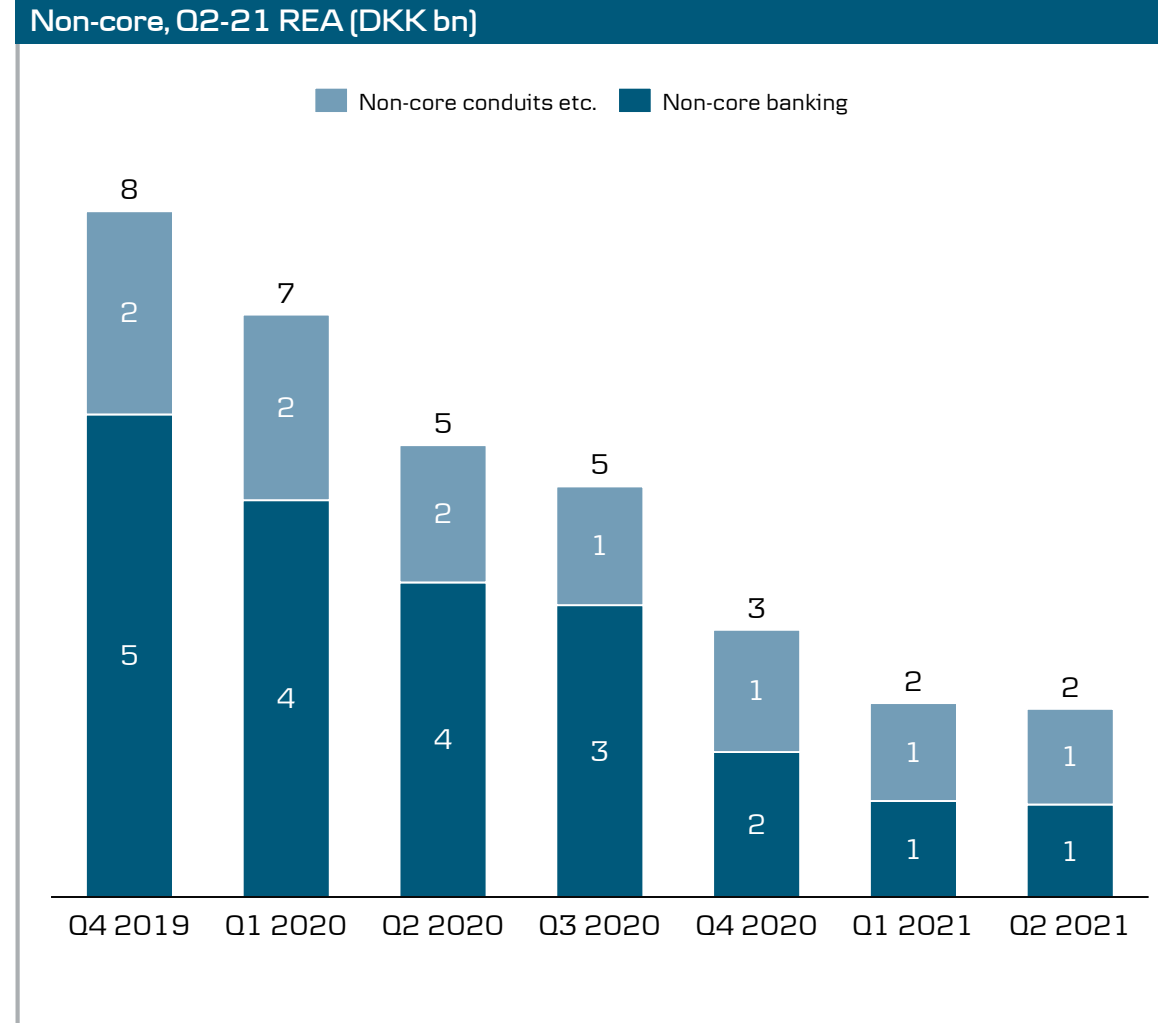
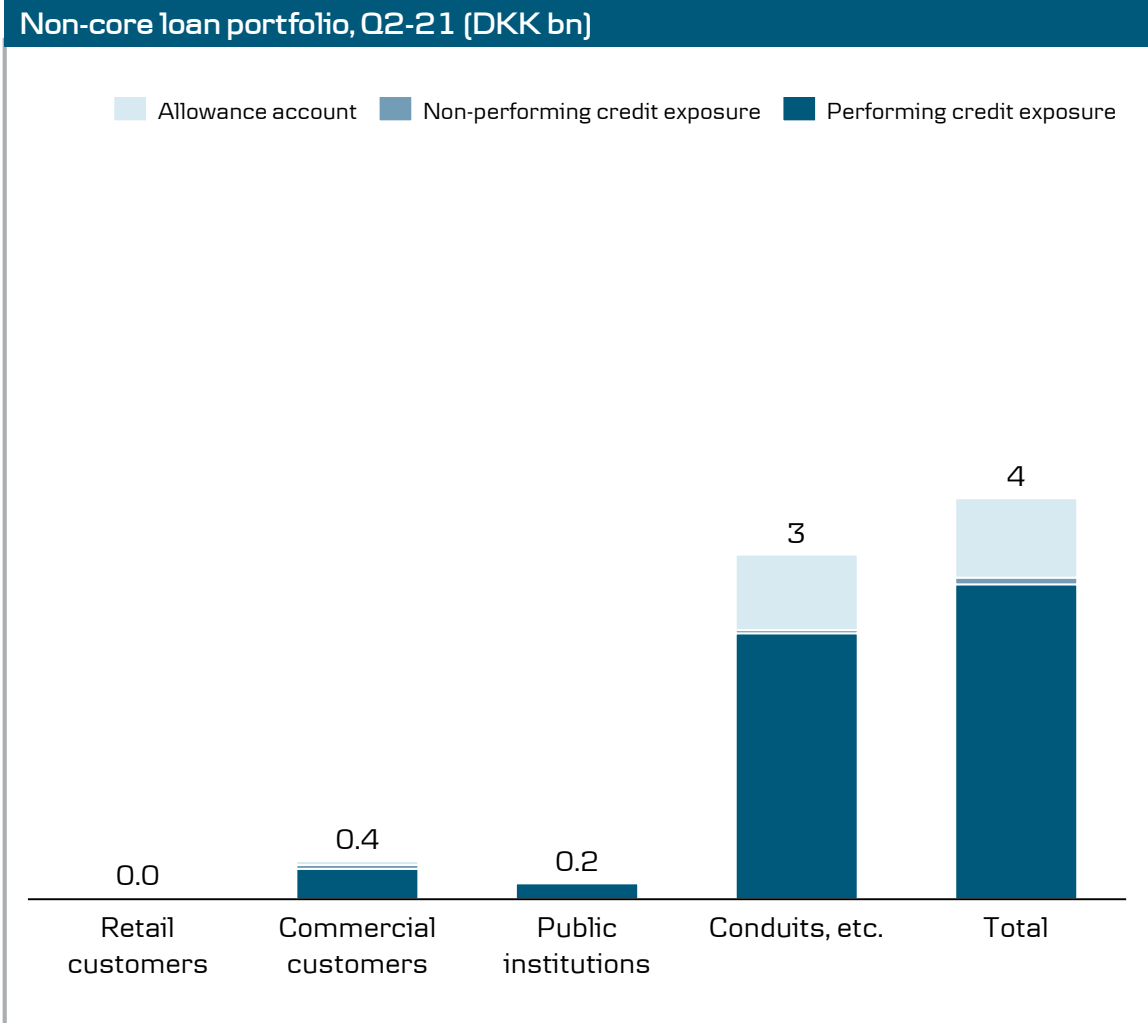
## NII bridge (DKK m)



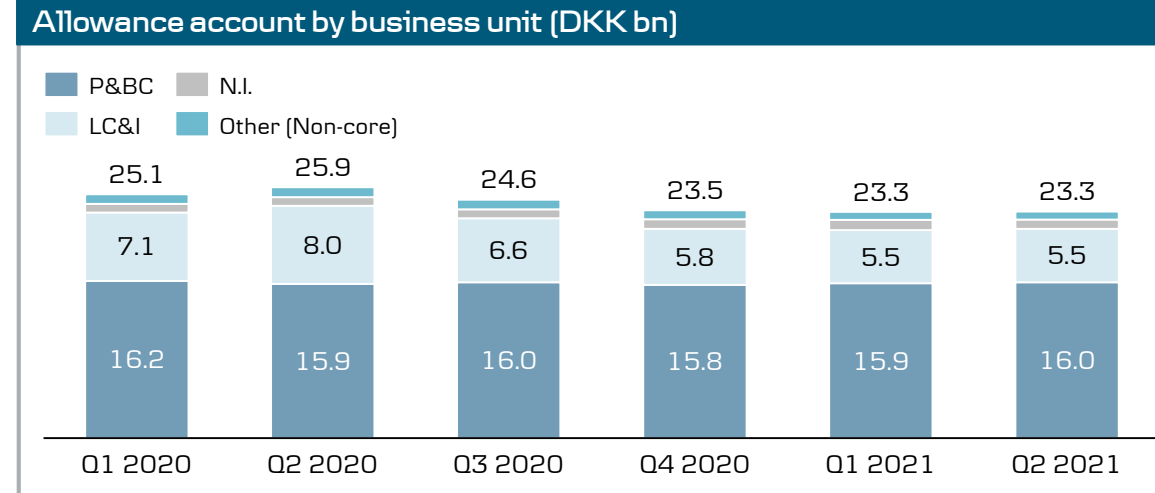
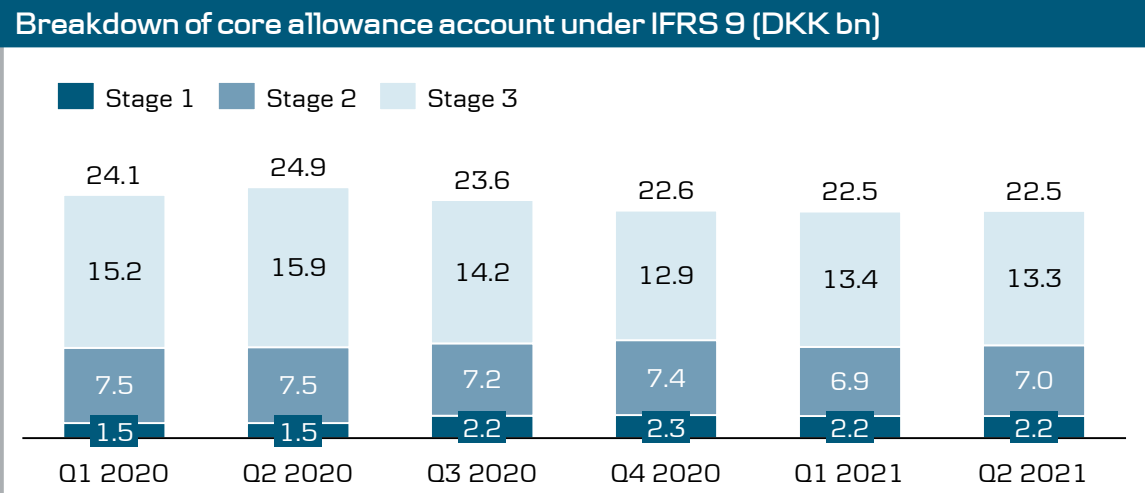
## Currency-adjusted development Q2-21 vs Q1-21



# Non-core

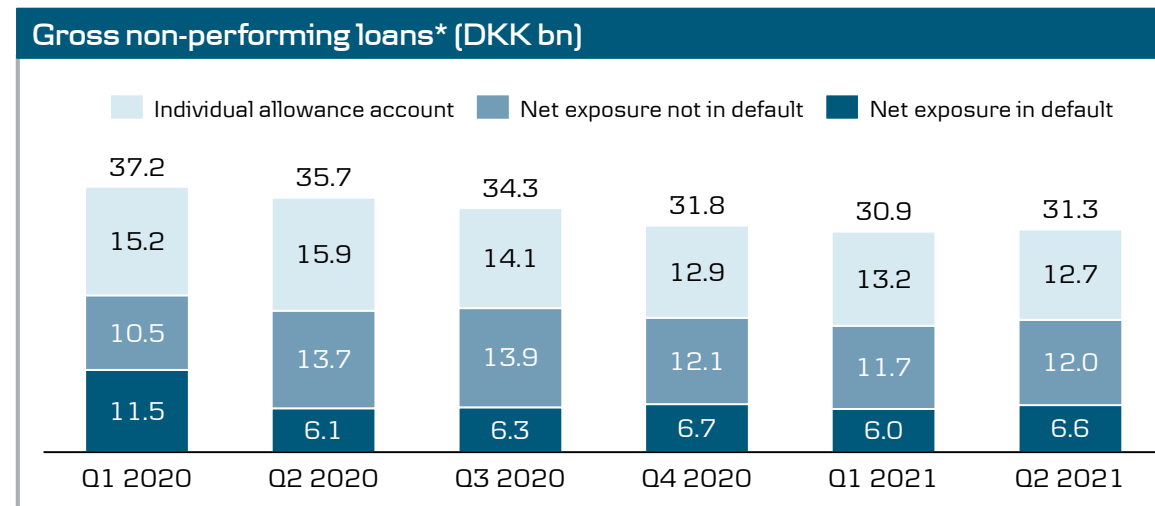


# Credit quality: Low level of actual credit deterioration



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

	Allowance account	Gross credit exposure	Allowance as % of gross exposure
Personal customers	2.1	1025.7	0.21%
Agriculture	0.7	68.9	1.08%
Commercial property	1.6	317.2	0.50%
Shipping, oil and gas	0.2	40.9	0.60%
Services	0.2	63.8	0.29%
Other	2.2	1197.4	0.18%
<b>Total</b>	<b>7.0</b>	<b>2713.9</b>	<b>0.26%</b>



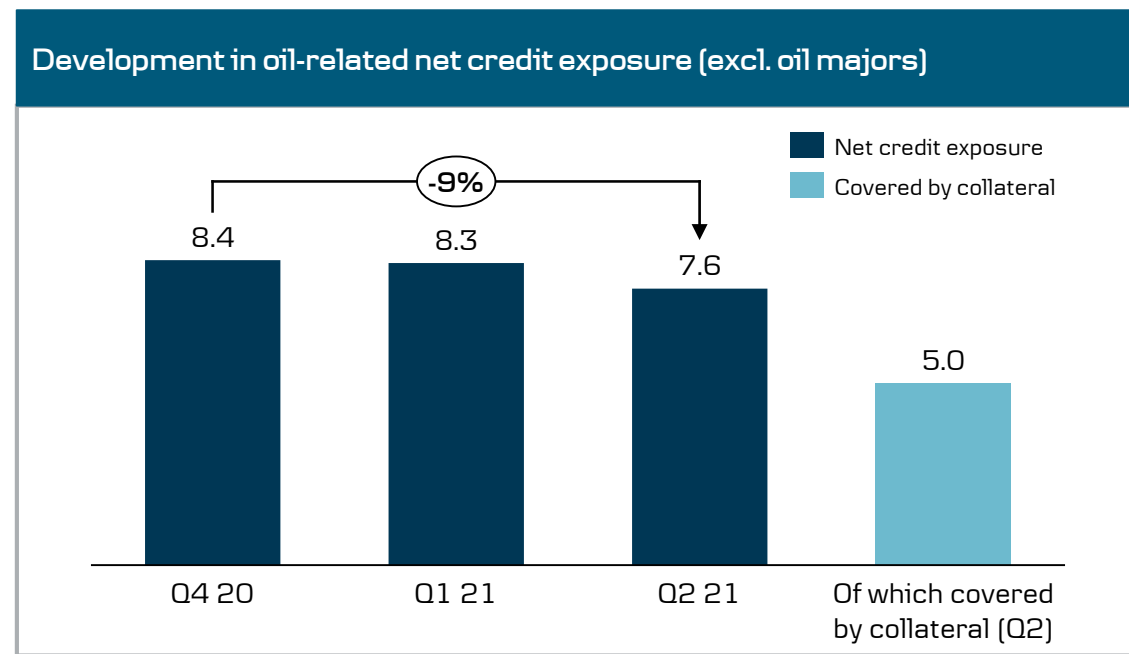
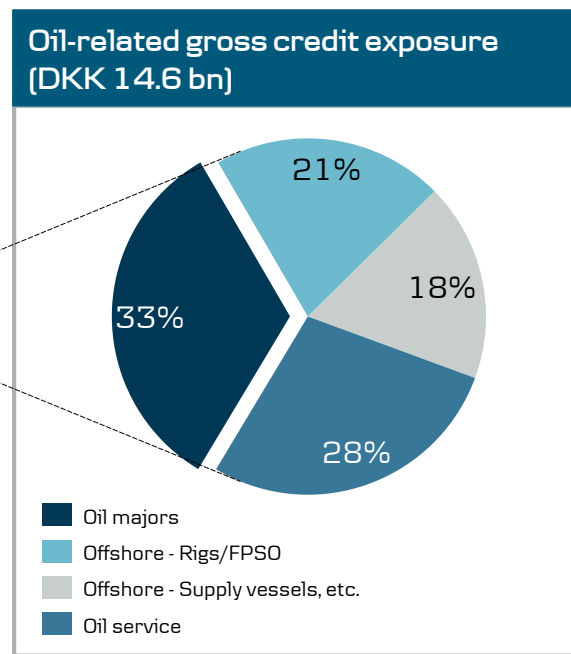
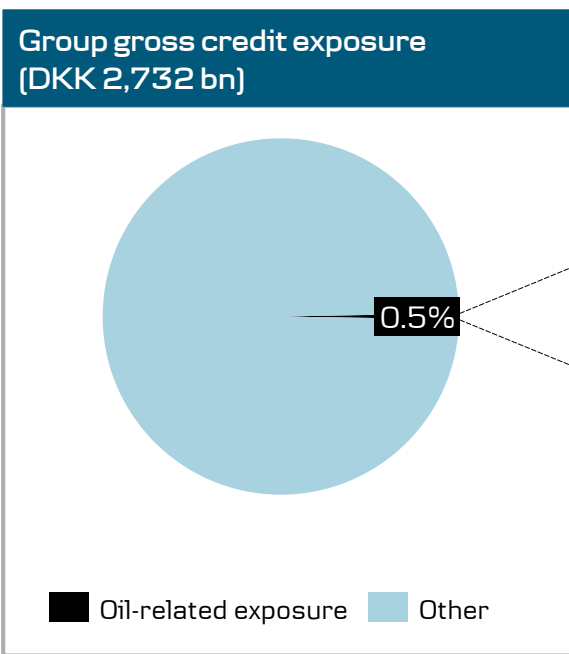
\* Non-performing loans are loans in stage 3 against which significant impairments have been made.



# Oil-related exposure: Limited downside risks underpinned by reduced exposure to offshore segment coupled with solid collateral coverage

## Key points, Q2-21

- The offshore segment, in which we have seen credit deterioration, makes up 39% of the exposure and accounts for 76% of expected credit losses. Uncertainty continues in the oil & gas industry
- Looking at oil-related exposures, the main risk lies with exposures other than oil majors. Since the end of 2019, these net exposures have been actively brought down 50%
- Furthermore, of the remaining net credit exposure of DKK 7.6 billion, 66% is covered by collateral



# Credit exposure: Limited agriculture and directly oil-related exposure

## Agriculture exposure

- African Swine Fever (ASF), which spread to Germany in Q3 2020, continues to cause uncertainty for the industry. Therefore, the post-model adjustments applied remain in place. Milk and pork prices increased slightly from the levels in the preceding quarter
- Total accumulated impairments amounted to DKK 2.4 bn at the end of Q2-21 against DKK 2.5 bn in Q1-21

## Oil-related exposure

- Total oil-related exposure\* decreased by DKK 3.3 bn from the preceding quarter driven mainly by oil majors. Danske Bank has actively reduced its net oil-related exposure (excluding oil majors) by 50% since Q4-19
- Accumulated impairments at LC&I decreased slightly from the preceding quarter
- Most of the oil-related exposure is managed by specialist teams for customer relationship and credit management at LC&I

## Agriculture by segment, Q2-21 (DKK m)

	Gross credit exposure	Portion from RD	Expected credit loss	Net credit exposure	NPL coverage ratio
P&BC	56,661	36,197	2,261	54,400	95%
Growing of crops, cereals, etc.	23,286	18,459	621	22,665	99%
Dairy	9,769	6,449	857	8,911	94%
Pig breeding	10,464	8,424	532	9,932	96%
Mixed operations etc.	13,143	2,864	250	12,892	74%
LC&I	7,405	1,623	38	7,367	27%
Northern Ireland	4,817	-	94	4,724	58%
Others	0	-	0	0	-
<b>Total</b>	<b>68,884</b>	<b>37,820</b>	<b>2,392</b>	<b>66,492</b>	<b>89%</b>

Share of Group net exposure 2021Q2	Share of Group net NPL 2021Q2	Expected credit loss 2021Q1
2.5%	7.9%	2,502

## Oil-related exposure, Q2-21 (DKK m)

	Gross credit exposure	Expected credit loss	Net credit exposure
LC&I	14,426	2,164	12,262
Oil majors	4,846	8	4,838
Oil service	3,910	495	3,415
Offshore	5,669	1,660	4,009
P&BC	194	9	185
Oil majors	15	0	15
Oil service	176	9	167
Offshore	3	0	3
Others	2	0	2
<b>Total</b>	<b>14,623</b>	<b>2,173</b>	<b>12,450</b>

Share of Group net exposure 2021Q2	Share of Group net NPL 2021Q2	Expected credit loss 2021Q1
0.5%	12.3%	2,216

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

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

### Transportation exposure

- Total gross exposure\* increased DKK 0.6 bn to DKK 17.2 bn from the Q1-21 level due mainly to increased exposure to a A-rated customers in passenger transport
- Demand for cross-border passenger transport remains dramatically reduced. At DKK 0.8 bn, our exposure to passenger air transport remains limited
- Accumulated impairments amounted to DKK 338 million in Q2, which is a slight increase from Q1-21. Post-model adjustments for corona crisis high-risk industries remains in place

### Hotels, restaurant and leisure exposure

- Total gross exposure decreased slightly from the preceding quarter. While exposure to leisure and hotels decreased DKK 0.2 bn, exposure to restaurants increased slightly DKK 0.1 bn
- Impairments increased further from 629 m in Q1-21 to DKK 686 m in Q2-21

### Transportation by segment, Q2-21 (DKK m)

	Gross credit exposure	Expected credit loss	Net credit exposure
Freight transport	8,905	110	8,794
Passenger transport	7,306	224	7,082
- of which air transport	779	36	744
Postal services	988	4	983
<b>Total</b>	<b>17,198</b>	<b>338</b>	<b>16,860</b>

### Hotels, restaurants and leisure by segment, Q2-21 (DKK m)

	Gross credit exposure	Expected credit loss	Net credit exposure
Hotels	6,686	277	6,409
Restaurants	4,894	195	4,699
Leisure	4,196	213	3,982
<b>Total</b>	<b>15,776</b>	<b>686</b>	<b>15,090</b>

Share of Group net exposure 2021Q2	Share of Group net NPL 2021Q2	Expected credit loss 2021Q1
0.6%	1.8%	310

Share of Group net exposure 2021Q2	Share of Group net NPL 2021Q2	Expected credit loss 2021Q1
0.6%	5.7%	629

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

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

## Retailing

- Total gross exposure increased DKK 1.2 bn to DKK 28.3 bn while the share of Group net exposure remained at 1.0%.
- In recent years, we have had a selective approach to this segment and have generally decreased exposure.
- Accumulated impairments has decreased further from the preceding quarter and is now 34% lower than at the end of 2020

## Commercial real estate

- Gross exposure remains in line with preceding quarter
- Overall, credit quality remained stable
- Accumulated impairments increased DKK 0.4 bn from the preceding quarter, and now correspond to 1% of gross exposure to the industry.
- Exposure is managed through the Group's credit risk appetite and includes a selective approach to sub-segments and markets
- Commercial property exposure is managed by a specialist team

## Retailing by segment, Q2-21 (DKK m)

	Gross credit exposure	Expected credit loss	Net credit exposure
Consumer discretionary	12,948	866	12,081
Consumer staples	15,352	77	15,275
<b>Total</b>	<b>28,301</b>	<b>943</b>	<b>27,356</b>

Share of Group net exposure 2021Q2	Share of Group net NPL 2021Q2	Expected credit loss 2021Q1
1.0%	6.1%	1,077

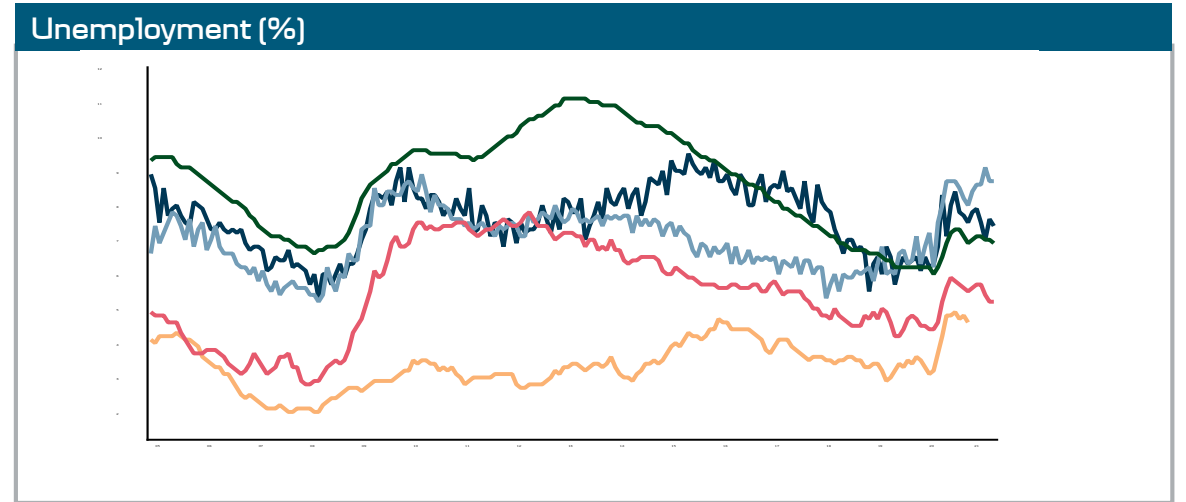
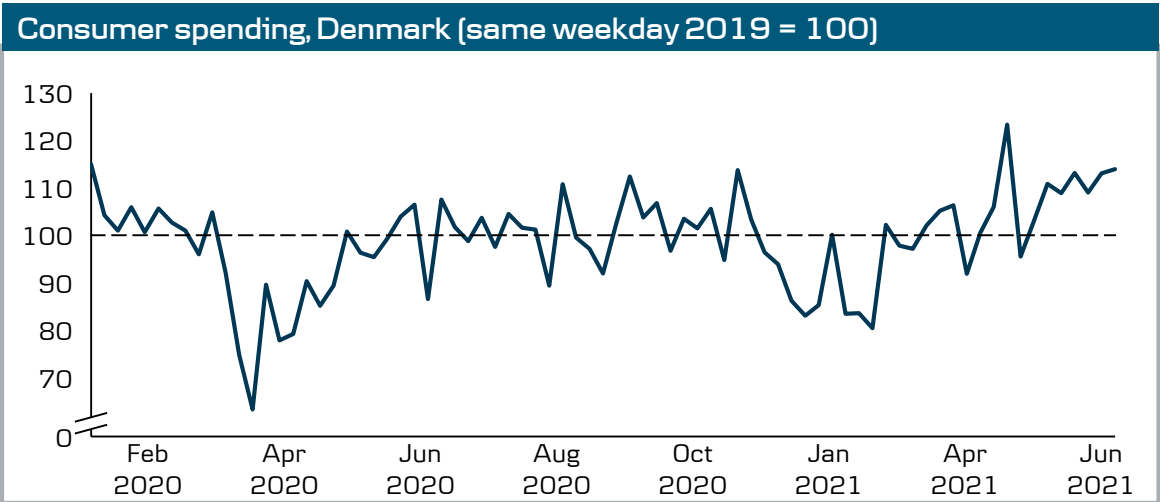
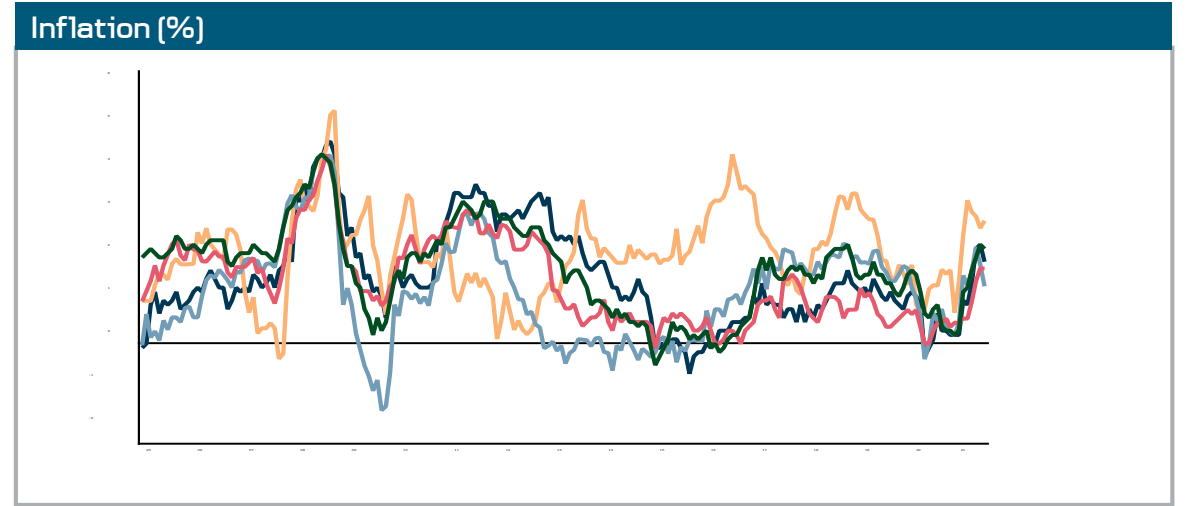
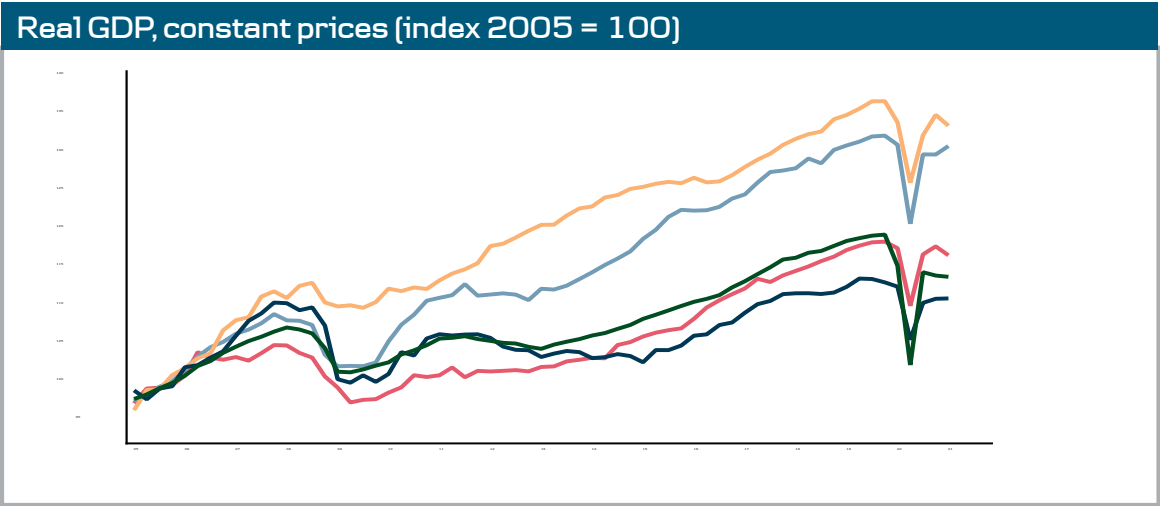
## Commercial real estate by segment, Q2-21 (DKK m)

	Gross credit exposure	Expected credit loss	Net credit exposure
Non-residential	167,885	2,208	165,677
Residential	137,416	879	136,537
Property developers	11,505	198	11,307
Buying/selling own property, etc	391	-	391
<b>Total</b>	<b>317,197</b>	<b>3,284</b>	<b>313,912</b>

Share of Group net exposure 2021Q2	Share of Group net NPL 2021Q2	Expected credit loss 2021Q1
11.7%	12.6%	2,861

# Nordic macroeconomics

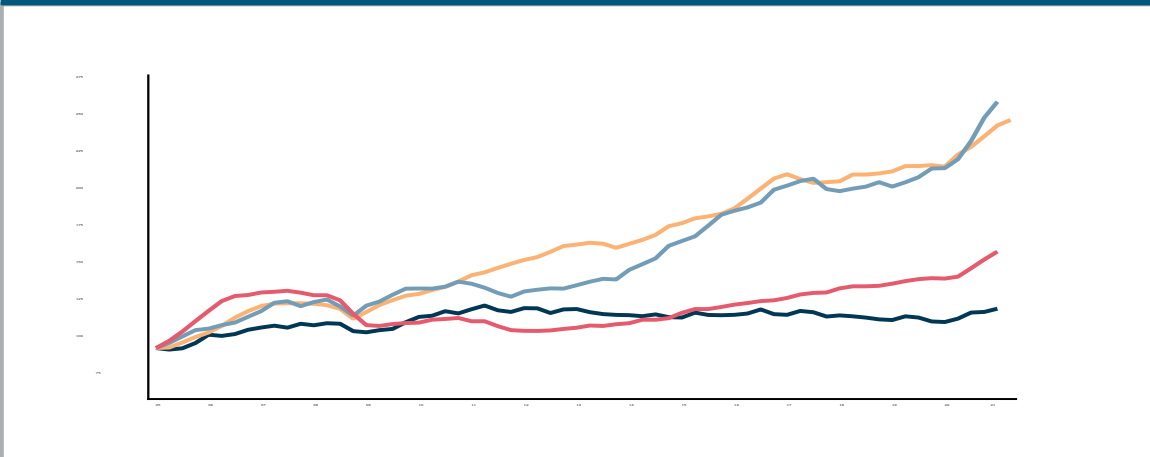
— Denmark — Sweden — Norway — Finland — EU



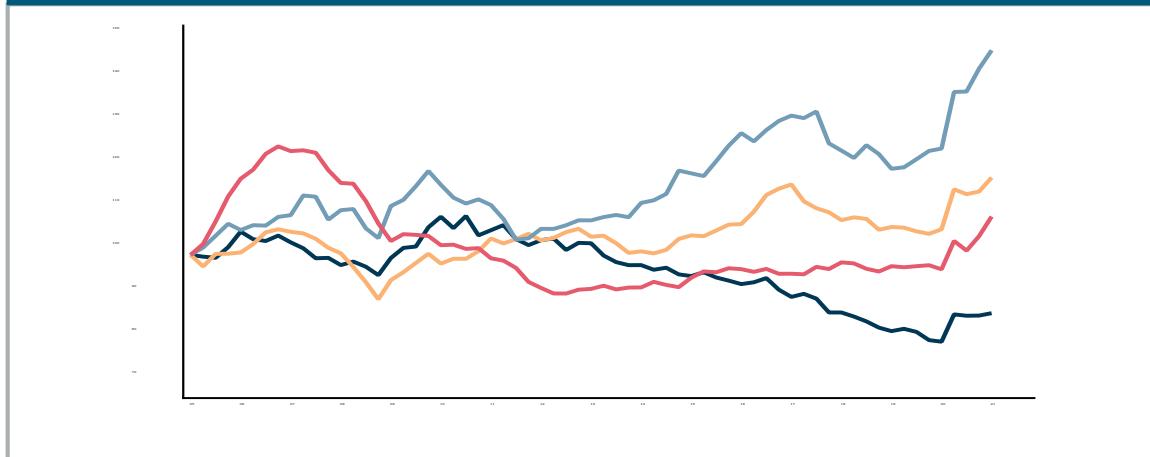
# Nordic housing markets

— Denmark — Sweden — Norway — Finland

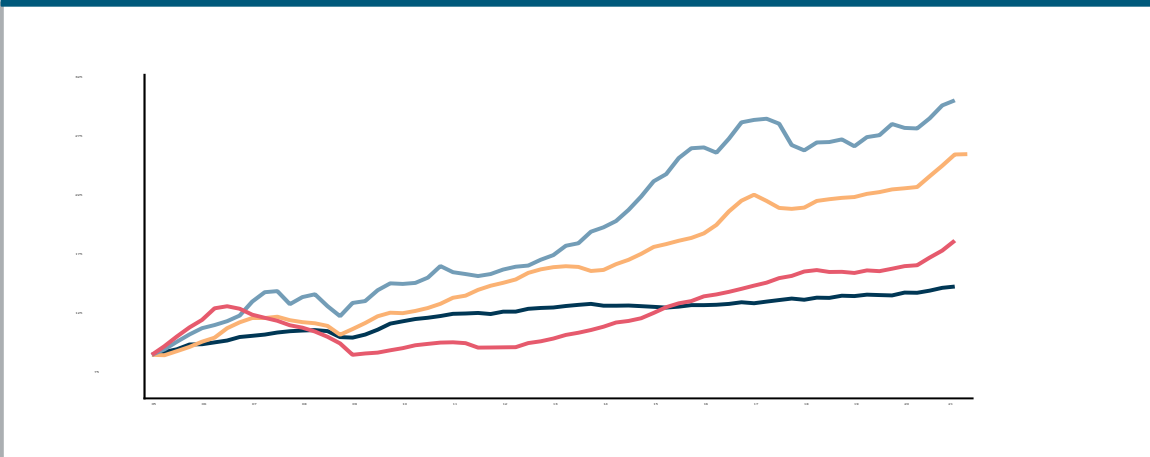
Property prices (index 2005 = 100)



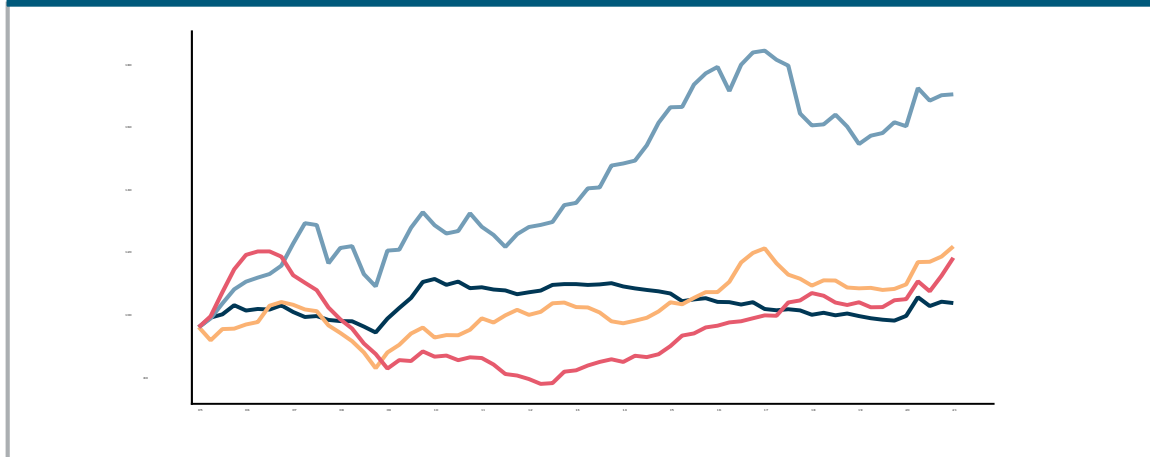
House prices/nom. GDP (index 2005 = 100)



Apartment prices (index 2005 = 100)



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



# Realkredit Danmark portfolio overview: 66% of new retail lending in Q2 was fixed-rate vs 49% of stock

## Highlights

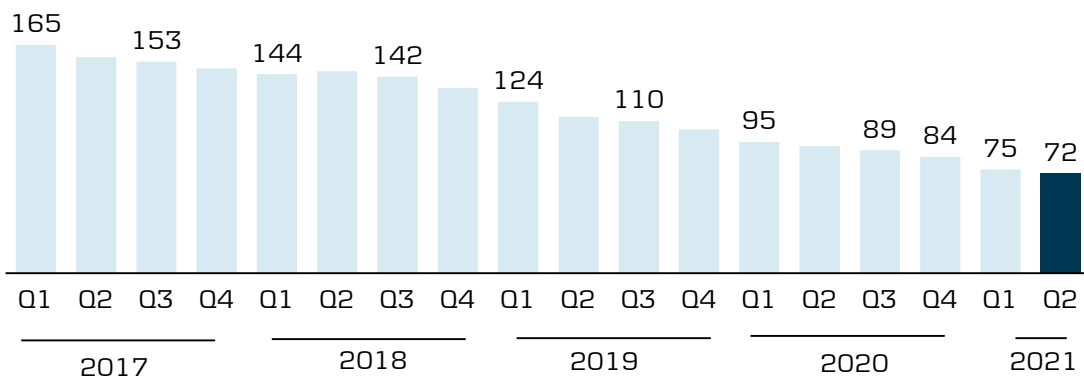
### Portfolio facts, Realkredit Danmark, Q2-21

- Approx. 332,700 loans (residential and commercial)
- 764 loans in 3- and 6-month arrears (-10% since Q1-21)
- 7 repossessed properties (-6 since Q1-21)
- DKK 9 bn in loans with an LTV ratio >100%, including DKK 6 bn covered by a public guarantee
- Average LTV ratio of 56%
- We comply with all five requirements of the supervisory diamond for Danish mortgage credit institutions

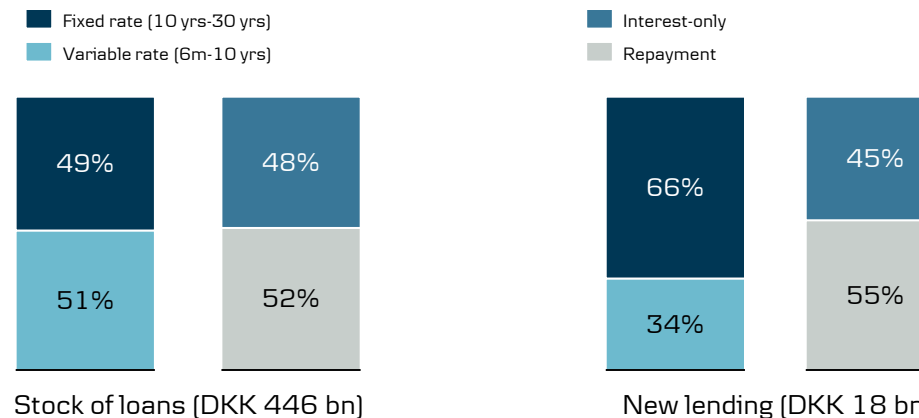
### LTV ratio limit at origination (legal requirement)

- Residential: 80%
- Commercial: 60%

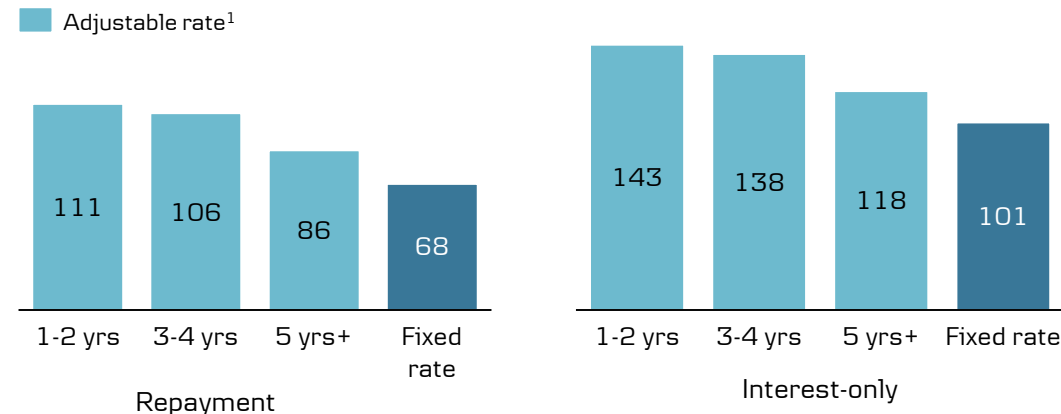
## Total RD loan portfolio of FlexLån® F1-F4 (DKK bn)



## Retail loans, Realkredit Danmark, Q2-21 (%)



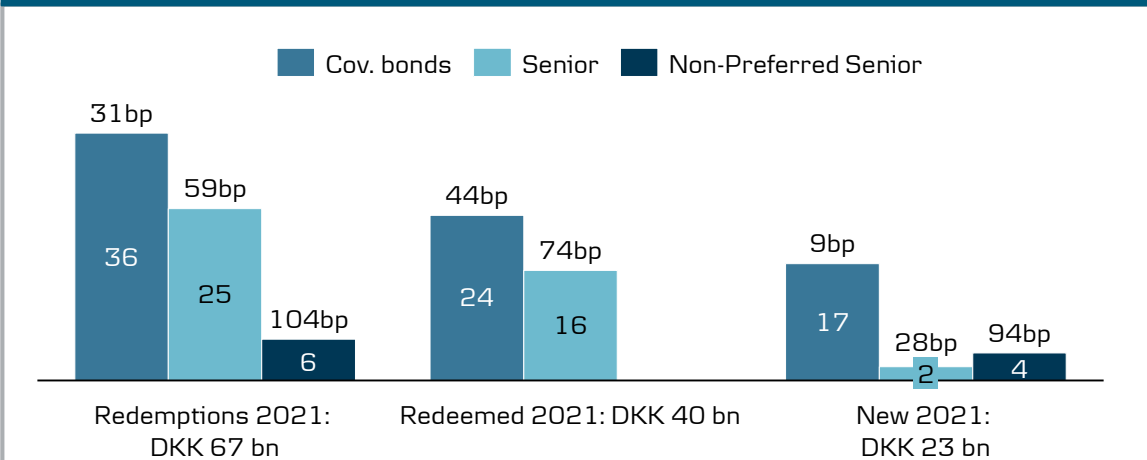
## Retail mortgage margins, LTV of 80%, owner-occupied (bp)



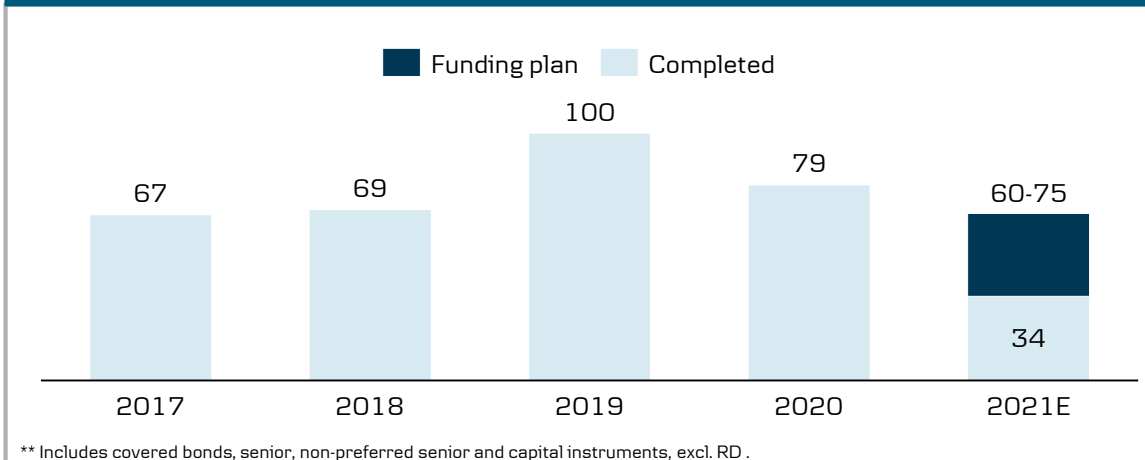
<sup>1</sup> In addition, we charge 30 bp of the bond price for refinancing of 1- and 2-year floaters and 20 bp for floaters of 3 or more years (booked as net fee income).

# Funding and liquidity: LCR compliant at 155%

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

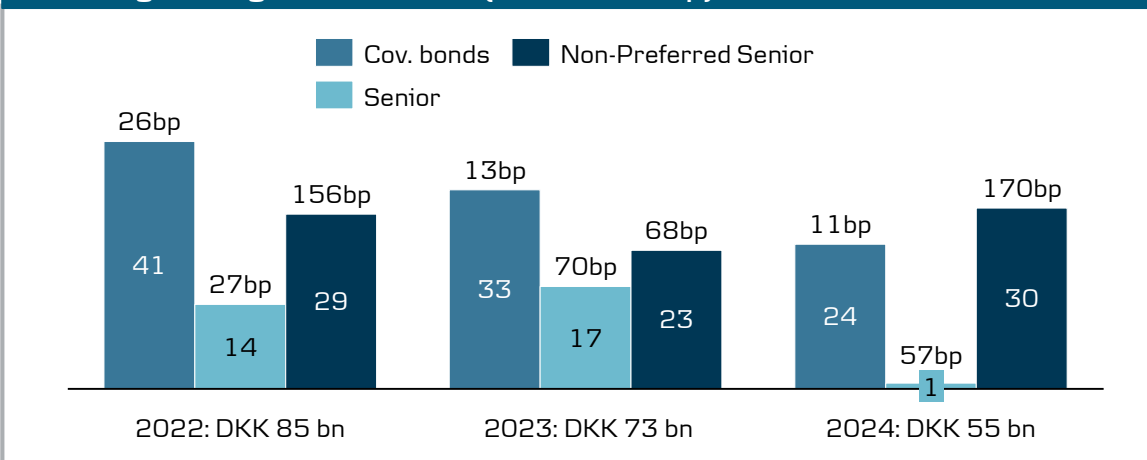


Long-term funding excl. RD (DKK bn)\*\*

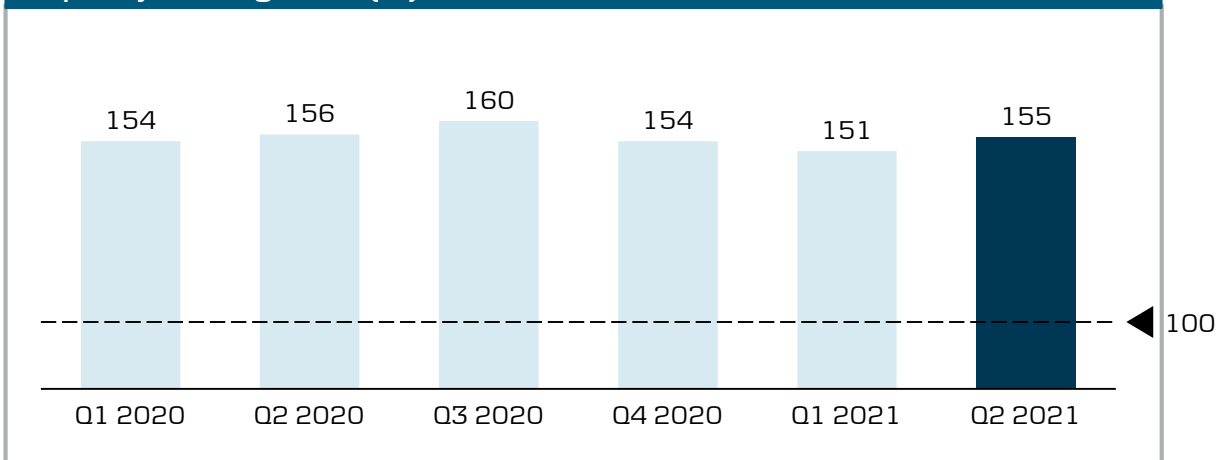


\*\* Includes covered bonds, senior, non-preferred senior and capital instruments, excl. RD.

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



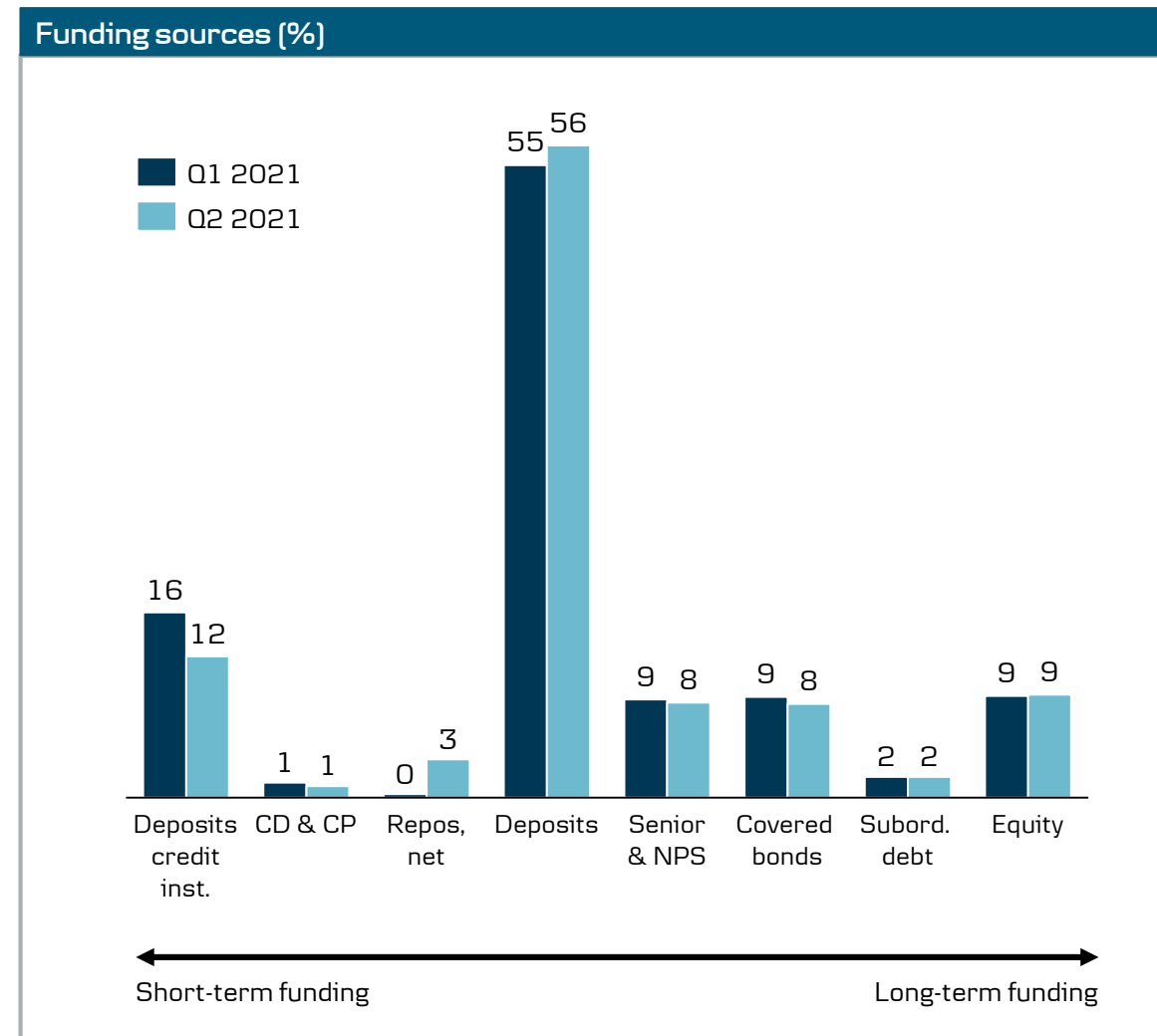
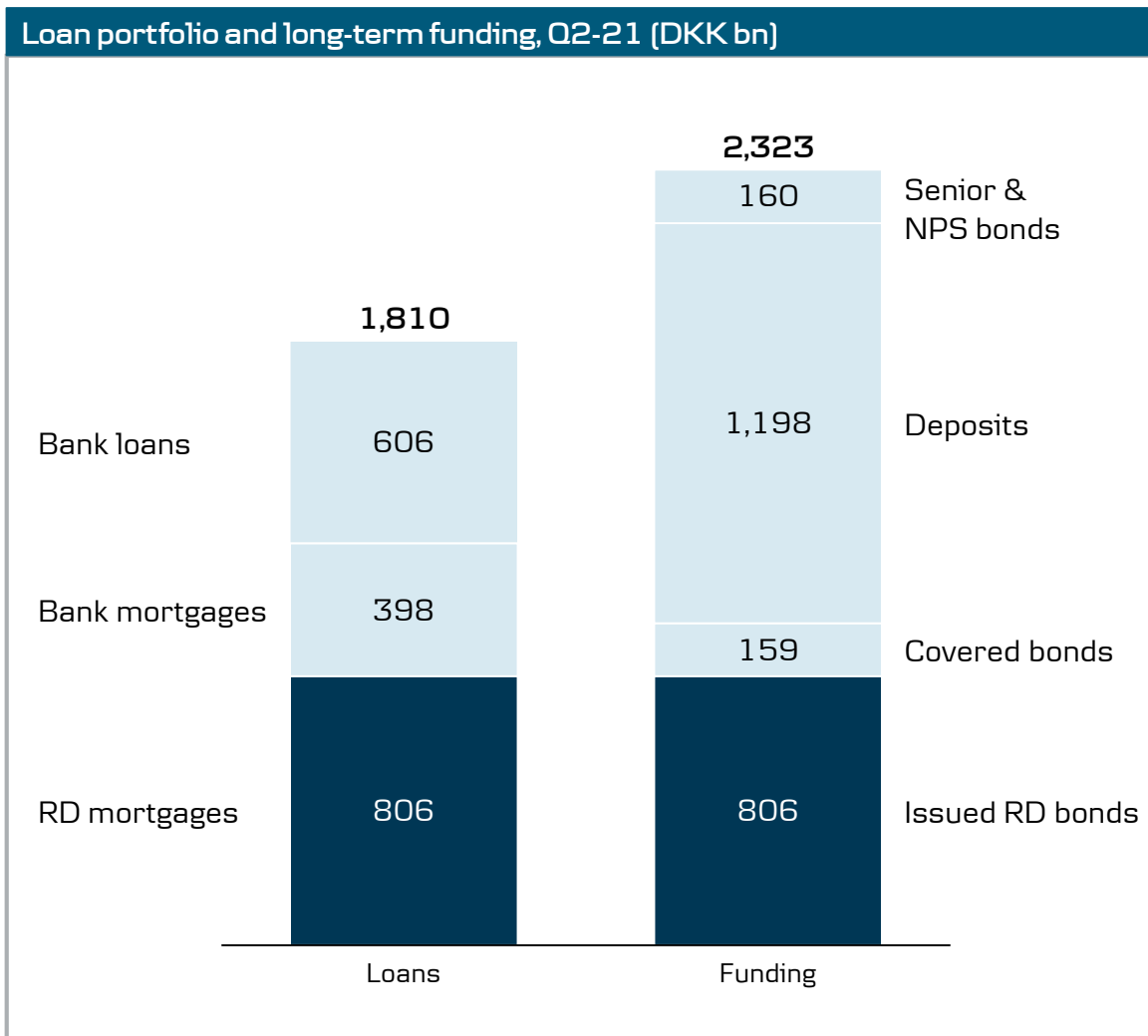
Liquidity coverage ratio (%)



\* Spread over 3M EURIBOR.












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



# Danske Bank's credit ratings

Long-term instrument ratings				
	Fitch	Moody's	Scope	S&P
	AAA	Aaa	AAA	AAA
	AA+	Aa1	AA+	AA+
	AA	Aa2	AA	AA
	AA-	Aa3	AA-	AA-
Investment grade	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 and Moody's take rating action on Danske Bank in Q2-21

### Fitch revises its outlook on Danske Bank to Stable and affirms 'A' issuer rating

On 11 June 2021, Fitch revised the outlook on Danske Bank A/S's long-term issuer rating to Stable from Negative, while affirming the long-term issuer rating at 'A' and short-term issuer rating at 'F1'.

The outlook revision reflects Danske Bank's resilient asset quality and profitability, and solid capital ratios, which provide a sizeable buffer to absorb any potential fines from ongoing regulatory investigations.

Fitch, Moody's and S&P now all have Stable outlooks on Danske Bank's issuer rating. The Stable outlooks incorporate the economic uncertainties relating to the fallout from the corona crisis and the financial uncertainties relating to the Estonia case.

### Moody's revises its outlook on Danske Bank's deposit rating to Stable and affirms 'A2' deposit rating

On 13 July 2021, Moody's revised the outlook on Danske Bank's deposit rating to Stable from Negative, while affirming the long-term deposit rating at 'A2' and the short-term deposit rating at 'P-1'.

At the same time Moody's upgraded its rating of Danske Bank's non-preferred senior debt to 'Baa2' from 'Baa3' to better capture the risk characteristics of the debt class, and is the result of the implementation of revised Moody's bank rating methodology.

# Tax

## Actual and adjusted tax rates (DKK m)

	Q2-21	Q1 2021	Q42020	Q32020	Q22020
Profit before tax	3,747	4,054	2,059	2,796	3,112
Permanent non-taxable difference	108	164	1,409	295	365
<b>Adjusted pre-tax profit, Group</b>	<b>3,855</b>	<b>4,217</b>	<b>3,468</b>	<b>3,091</b>	<b>3,477</b>
Tax according to P&L	955	914	609	693	787
Taxes from previous years	-97	10	120	-32	-16
<b>Adjusted tax</b>	<b>858</b>	<b>924</b>	<b>729</b>	<b>661</b>	<b>771</b>
Adjusted tax rate	22.2%	21.9%	21.0%	21.4%	22.2%
Actual/Effective tax rate	25.5%	21.7%	29.6%	24.8%	25.3%
Actual/Effective tax rate excl. one- offs & prior year reg.	22.9%	22.8%	35.4%	23.6%	24.8%






## Tax drivers, Q2-21

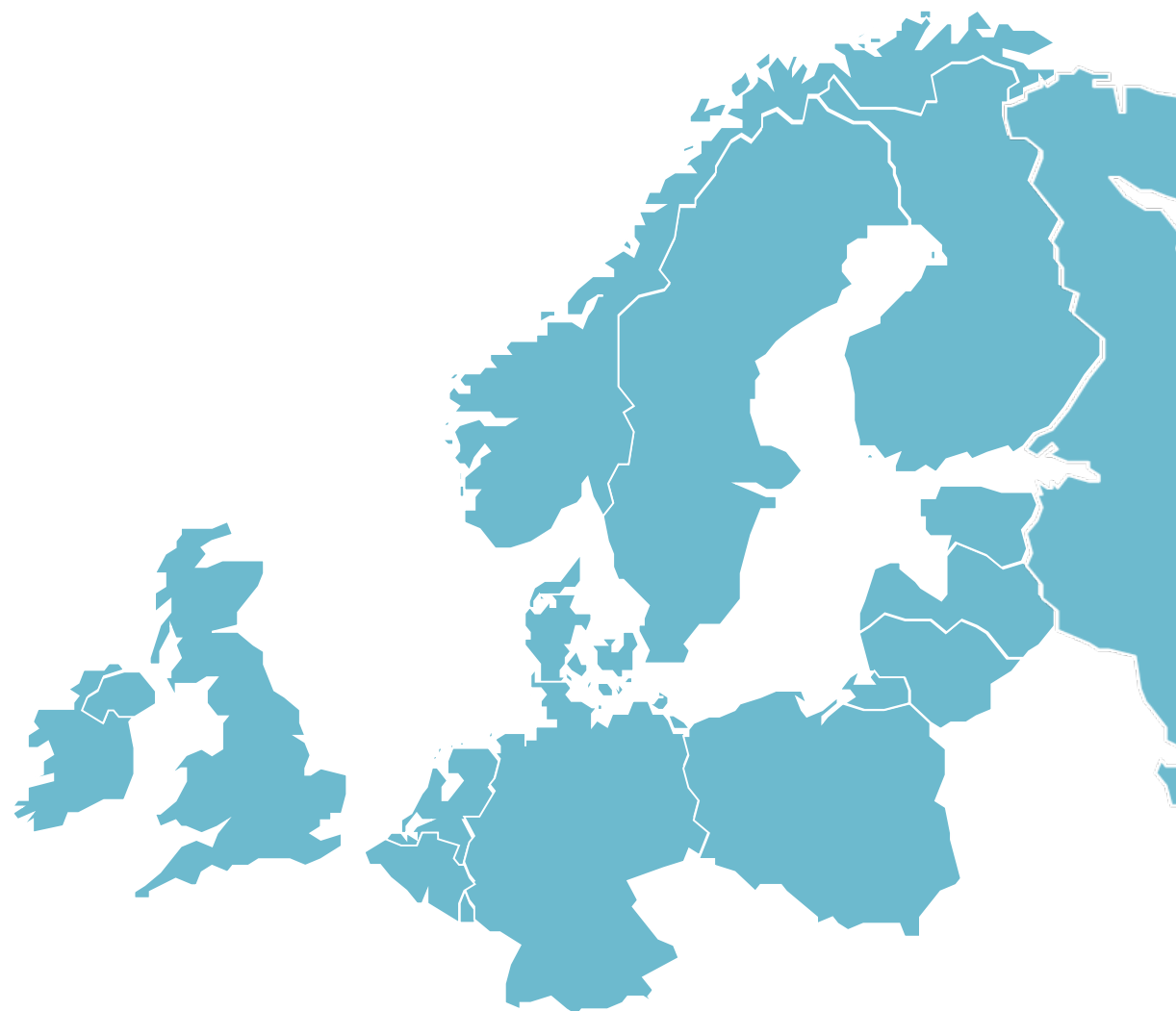
- The actual tax rate of 22.9% (exclusive prior year regulations and one-offs) is higher than the Danish rate of 22% - due primarily to the tax effect from non-deductible expenses.
- The permanent non-taxable difference derives from tax-exempt income/expenses, such as value adjustments on shares
- Adjusted tax rate of 22.2% is on level with the Danish rate of 22% as the higher tax rate in Norway is being offset by lower tax rates in Sweden and Finland

## Material extraordinary items in H1 2021

One-off items in H1 2021	Effect (DKK m)	P&L line affected
Gain on sale of Visa C shares	227	Trading
Provision for home office allowance	-122	Expenses
<b>Q1</b> Provision for upcoming changes in the VAT setup following ruling from ECJ	-150	Expenses
Provision for changed method for PAL tax in Danica H&A	-200	Net income from insurance business
<hr/>		
<b>Q2</b> Provision for upcoming changes in the VAT setup following ruling from ECJ	-350	Expenses

# Contacts

	<p><i>Claus Ingar Jensen</i> Head of IR</p>	<p>Mobile – +45 25 42 43 70 clauj@danskebank.dk</p>
	<p><i>Nicolai Brun Tverno</i> Chief IR Officer</p>	<p>Mobile – +45 31 33 35 47 nitv@danskebank.dk</p>
	<p><i>Olav Jørgensen</i> Chief IR Officer</p>	<p>Mobile – +45 52 15 02 94 ojr@danskebank.dk</p>
	<p><i>Patrick Laii Skydsgaard</i> Senior IR Officer</p>	<p>Mobile – +45 24 20 89 05 pats@danskebank.dk</p>
	<p><i>Sofie Heerup Friis</i> Senior IR Officer</p>	<p>Mobile – +45 20 60 51 15 sofri@danskebank.dk</p>



## Disclaimer

### Important Notice

This presentation does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of Danske Bank A/S in any jurisdiction, including the United States, or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. The securities referred to herein have not been, and will not be, registered under the Securities Act of 1933, as amended (“Securities Act”), and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act.

This presentation contains forward-looking statements that reflect management’s current views with respect to certain future events and potential financial performance. Although Danske Bank believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors many of which are beyond Danske Bank’s control.

This presentation does not imply that Danske Bank has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

