

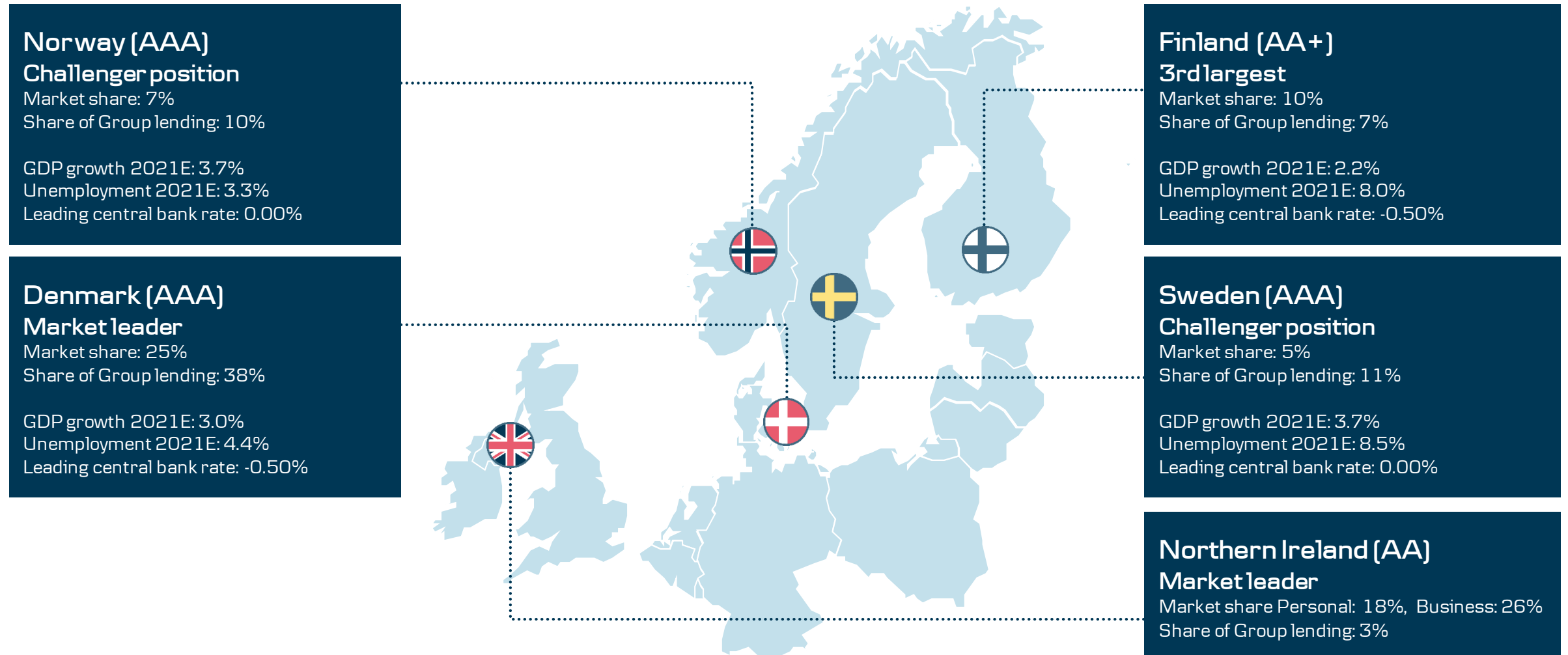
# *Debt investor update – first half 2021*

# Agenda

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## We are a Nordic universal bank with strong regional roots



# Sustainability is an integrated element of our corporate strategy and our corporate targets



## Customers

### What we want to accomplish by 2023

*"On average among the top 2 in customer satisfaction in everything we do"*

### How we measure success

➤ ≤2.0 average CSAT rank



## Employees

*"At least 90% of our employees are engaged"*

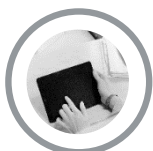
➤ ≥90% engagement index



## Society

*"We operate sustainably, ethically, and transparently – and have positive impact on the societies we are part of"*

➤ Quantified progress across seven specific focus areas



## Investors

*"We continuously improve the profitability level, leveraging our full potential"*

➤ 9-10% return on equity  
CIR in the low 50s  
Dividend policy of 40-60%

### The seven focus areas

Sustainable finance	1	Sustainable investing
	2	Sustainable financing
Sustainable operations	3	Governance
	4	Diversity & inclusion
	5	Environmental footprint
Impact initiatives	6	Entrepreneurship
	7	Financial literacy

## 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

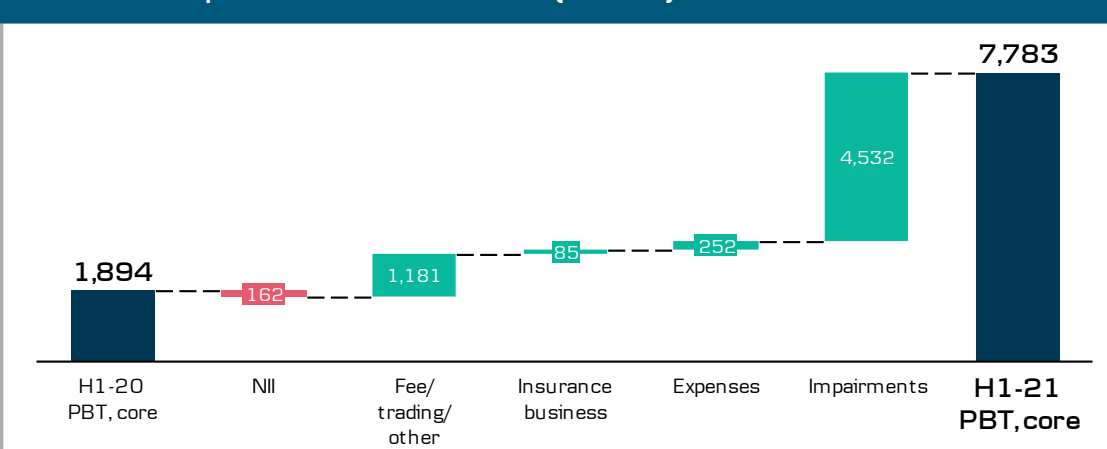
Execution of cost management visible in H1, as total underlying expenses continued to decrease (-7%) from the same period last year

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

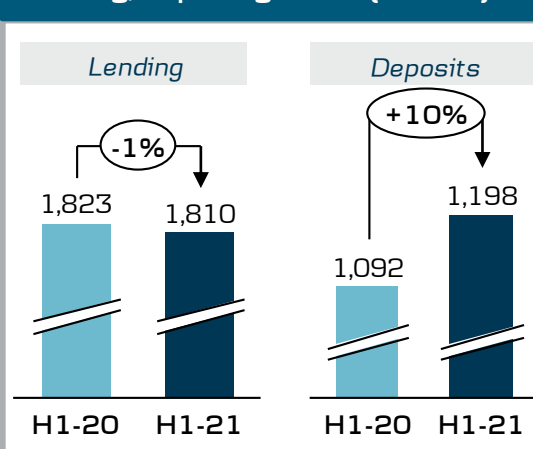
On 8 July, the outlook for 2021 was revised upwards to a net profit of more than DKK 12 billion

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

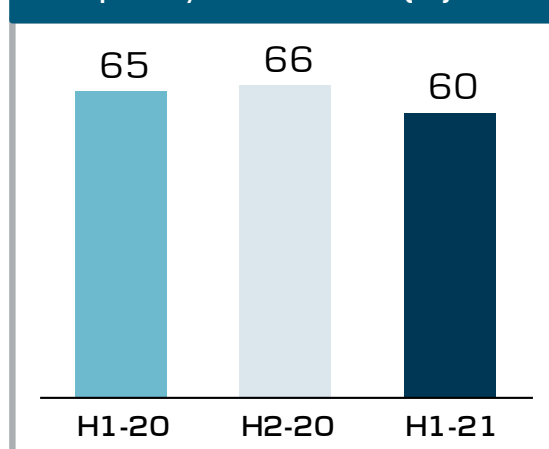
Profit development H1-21 vs H1-20 (DKK m)



Lending, deposit growth (DKK m)



Group cost/income ratio\* (%)



\* Excl. impairment charges on intangible assets

# *First impression from new 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

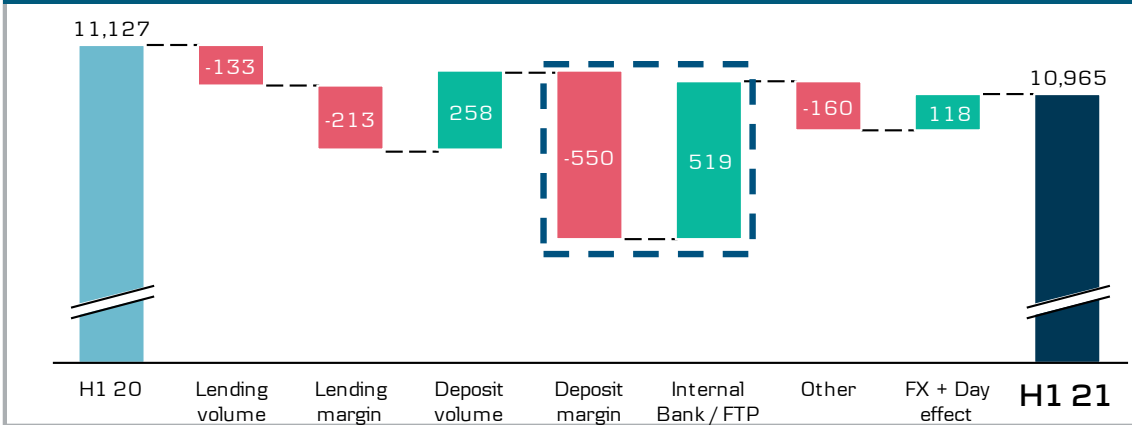
- Total income slightly down, primarily as fee income in Q2 was lower due to lower refinancing activity at Realkredit Danmark and trading income was seasonally high in Q1
- Fee and trading income reflect high customer activity and market conditions. Q1 was impacted by one-off sale of VISA (DKK 0.2 bn) 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 * (%)		CET1 (%)		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

\* Excl. impairment charges on intangible assets

## NII: Stable development as NII underpinned by deposit repricing

Net interest income, H1-21/H1-20 (DKK m)



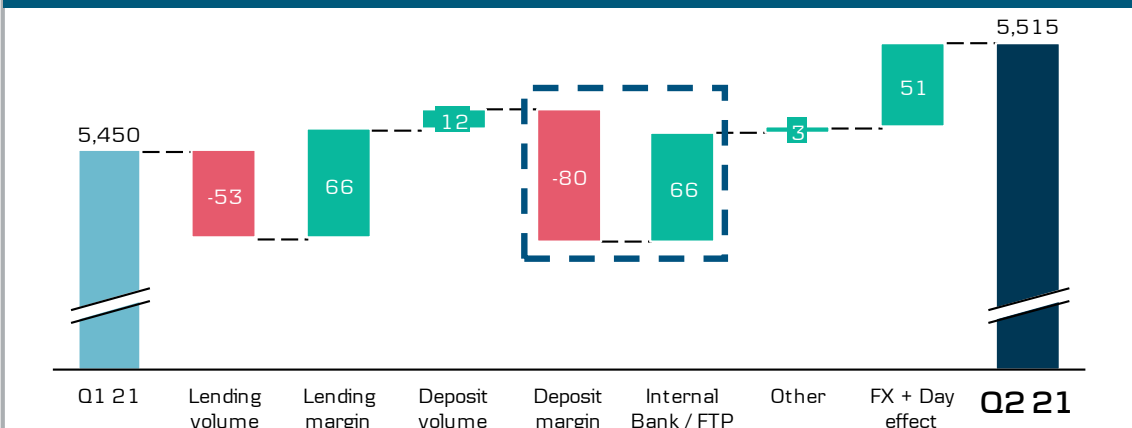
### Highlights

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

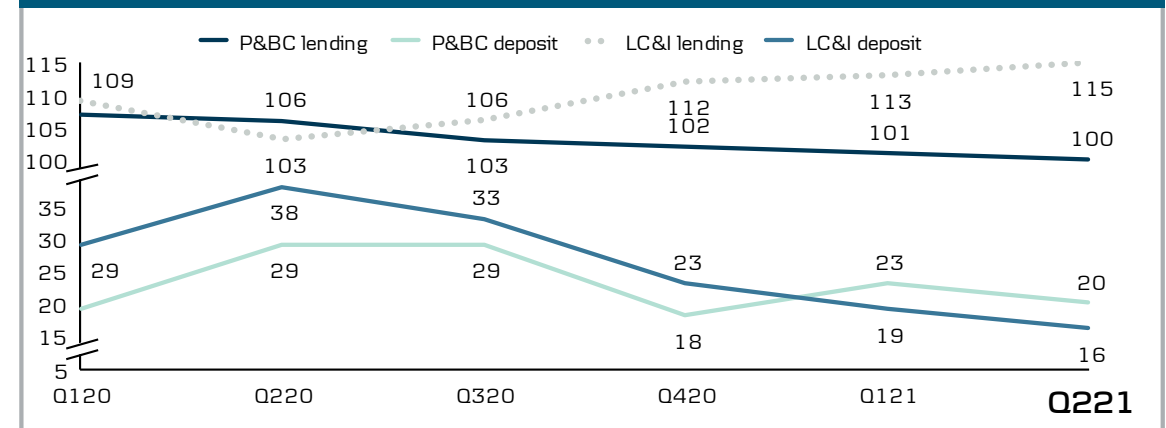
Lower xIBOR levels in H1 2021 reduced deposit compensation to the business units, but had no impact on Group NII. Q2 was impacted by an identical effect

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

Net interest income, Q2-21/Q1-21 (DKK m)



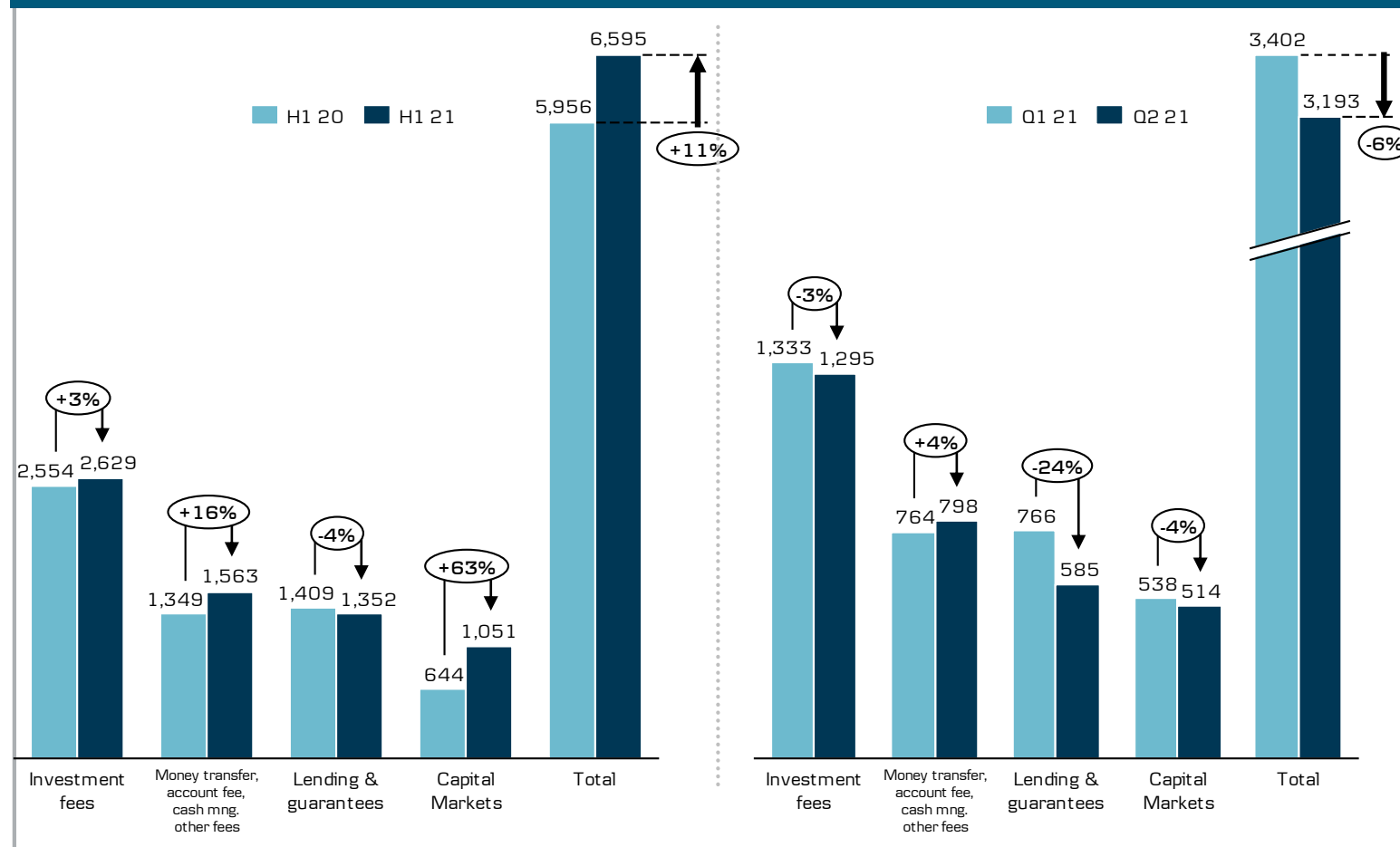
Margin Development (bp)





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

Net fee income, H1-21/H1-20 and Net fee income, Q1-21/Q1-20 (DKK m)



### Highlights

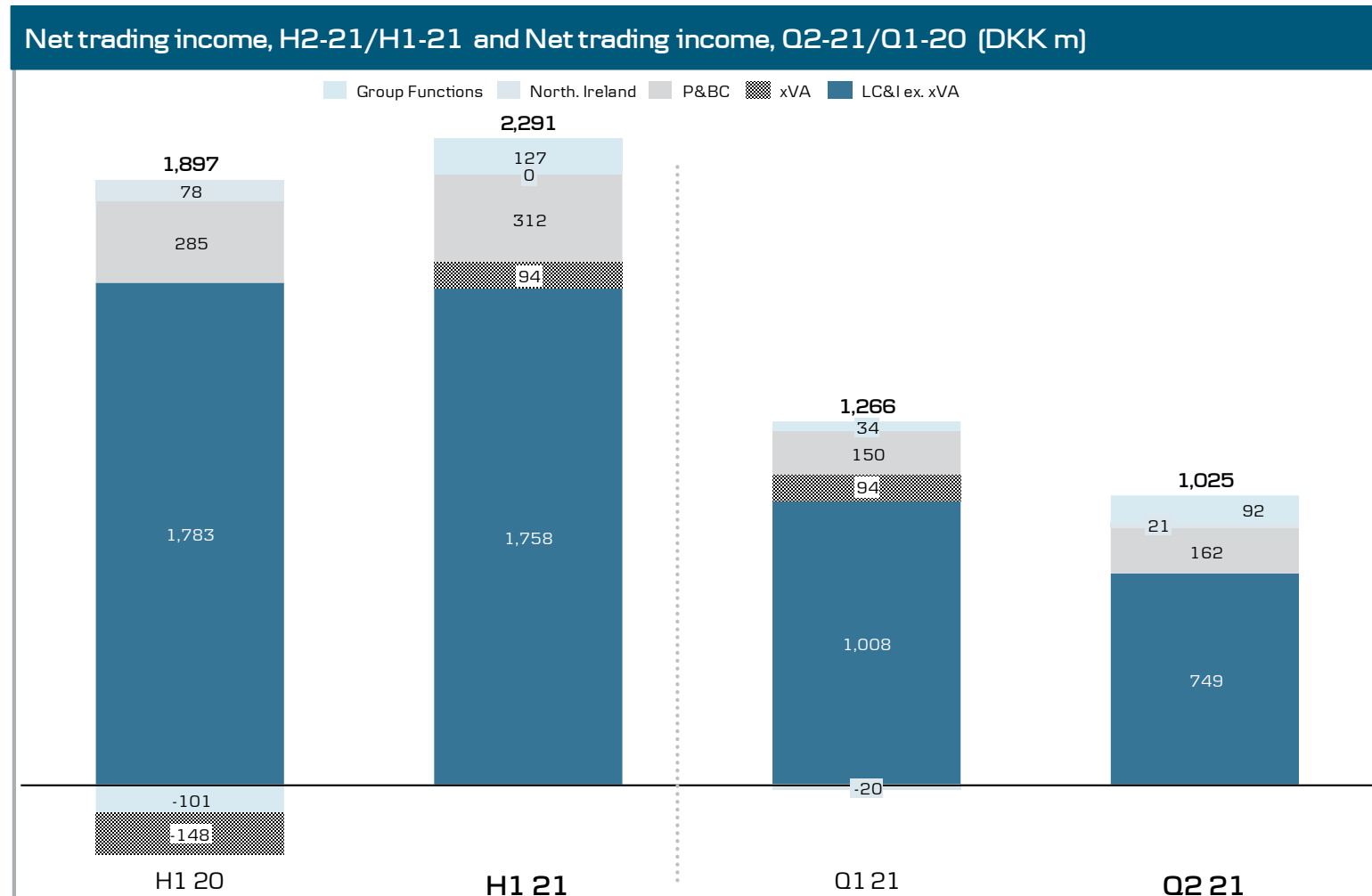
Fee income was up 11% from the same period last year, mainly driven by capital markets-related activities; up 63% from H1-20 and only slightly down from Q1, impacted by some seasonality

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

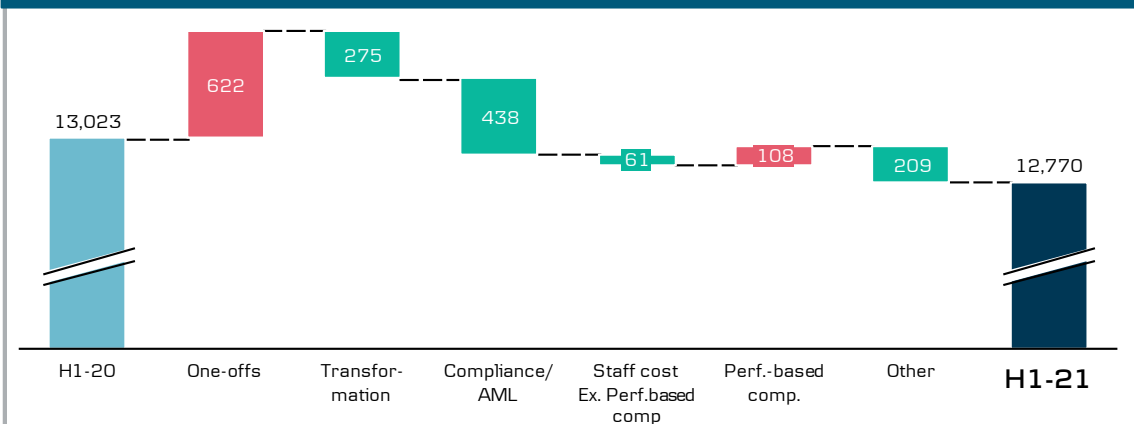
In addition, there were small positive value adjustments of the derivatives portfolio (xVA) in H1-21 against negative adjustments in H1-20

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

Expenses, H1-21/H1-20 (DKK m)



Expenses, Q2-21/Q1-21 (DKK m)



### 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)

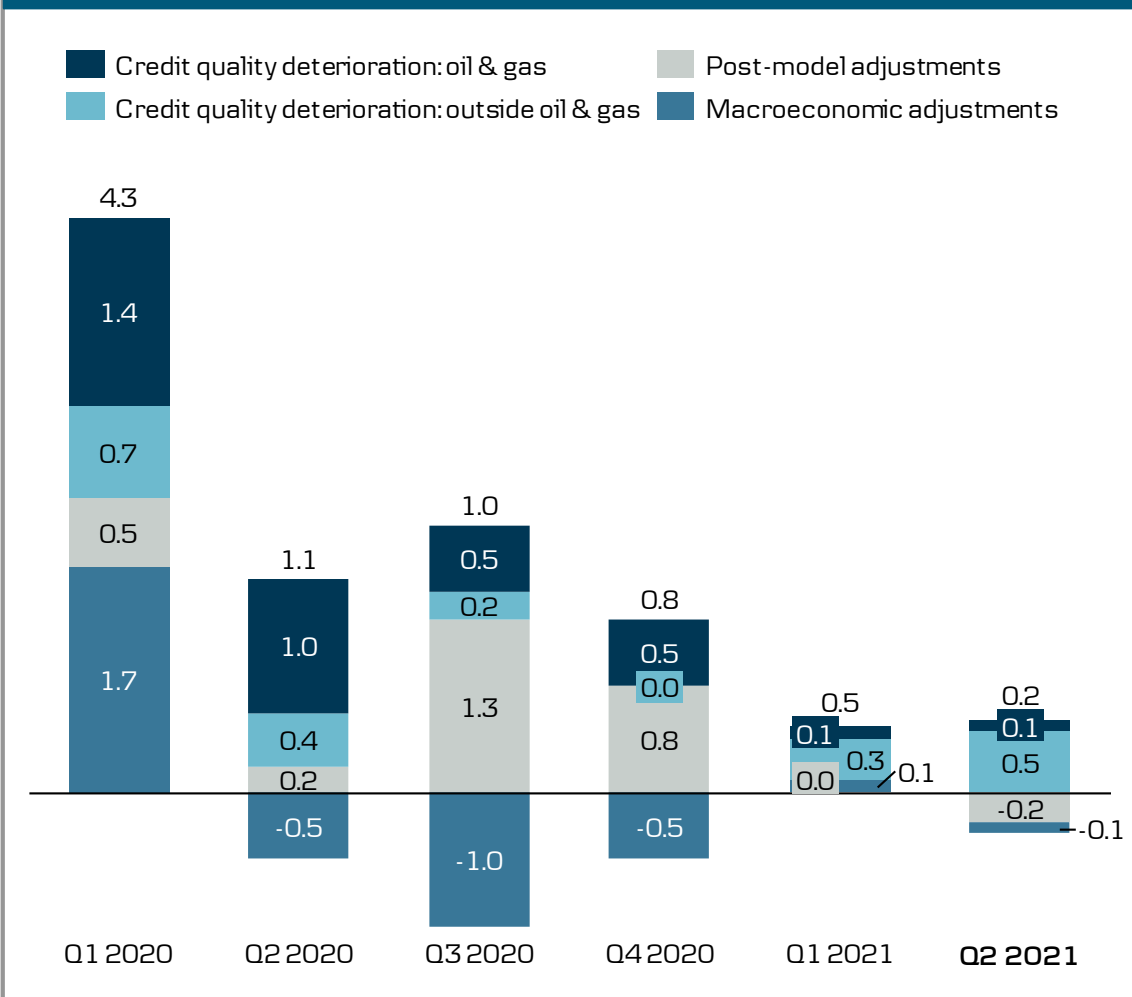
Y/Y: Transformation and compliance/AML costs significantly down from H1-20, when we accelerated our Better Bank transformation and were still conducting our internal Estonia case investigation.

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

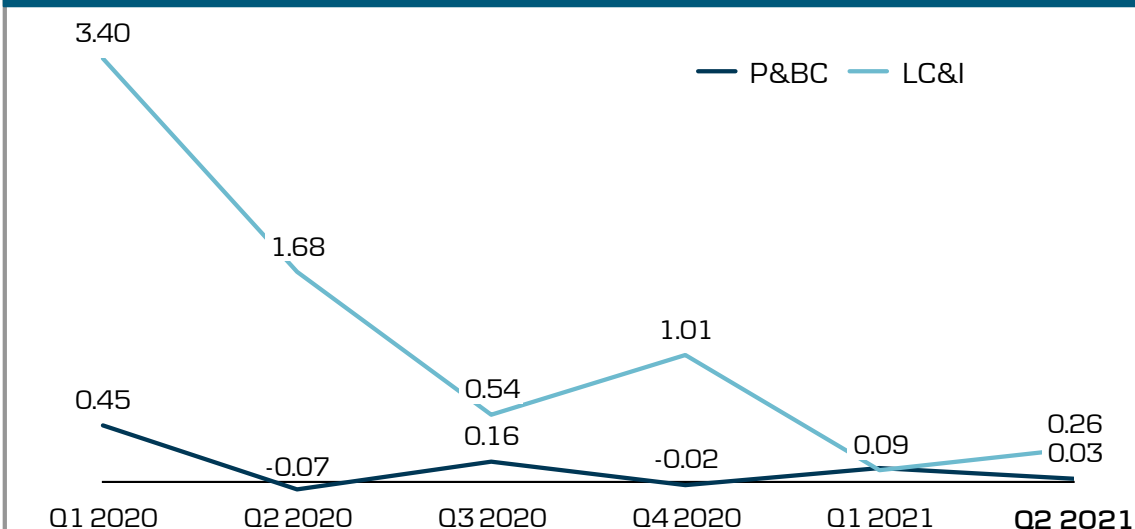
Underlying staff costs down as the layoffs at the end of 2020 continue to gather effect.  
Net FTE reduction of around 700 from the peak in Q3-20

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

Impairment charges by category (DKK bn)



Loan loss ratio by business unit (annualised, %)



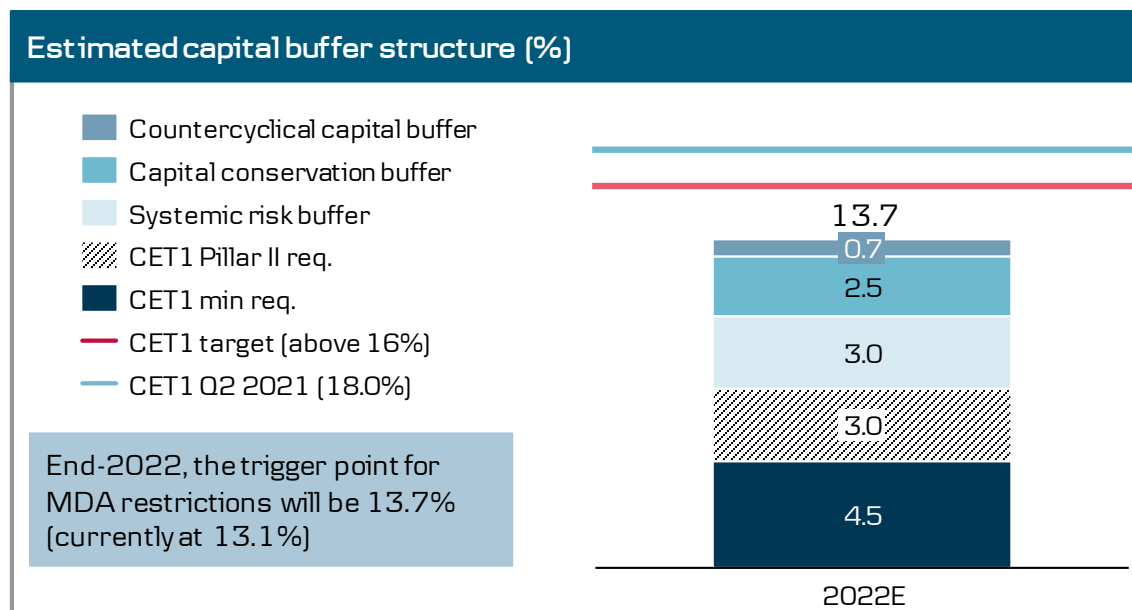
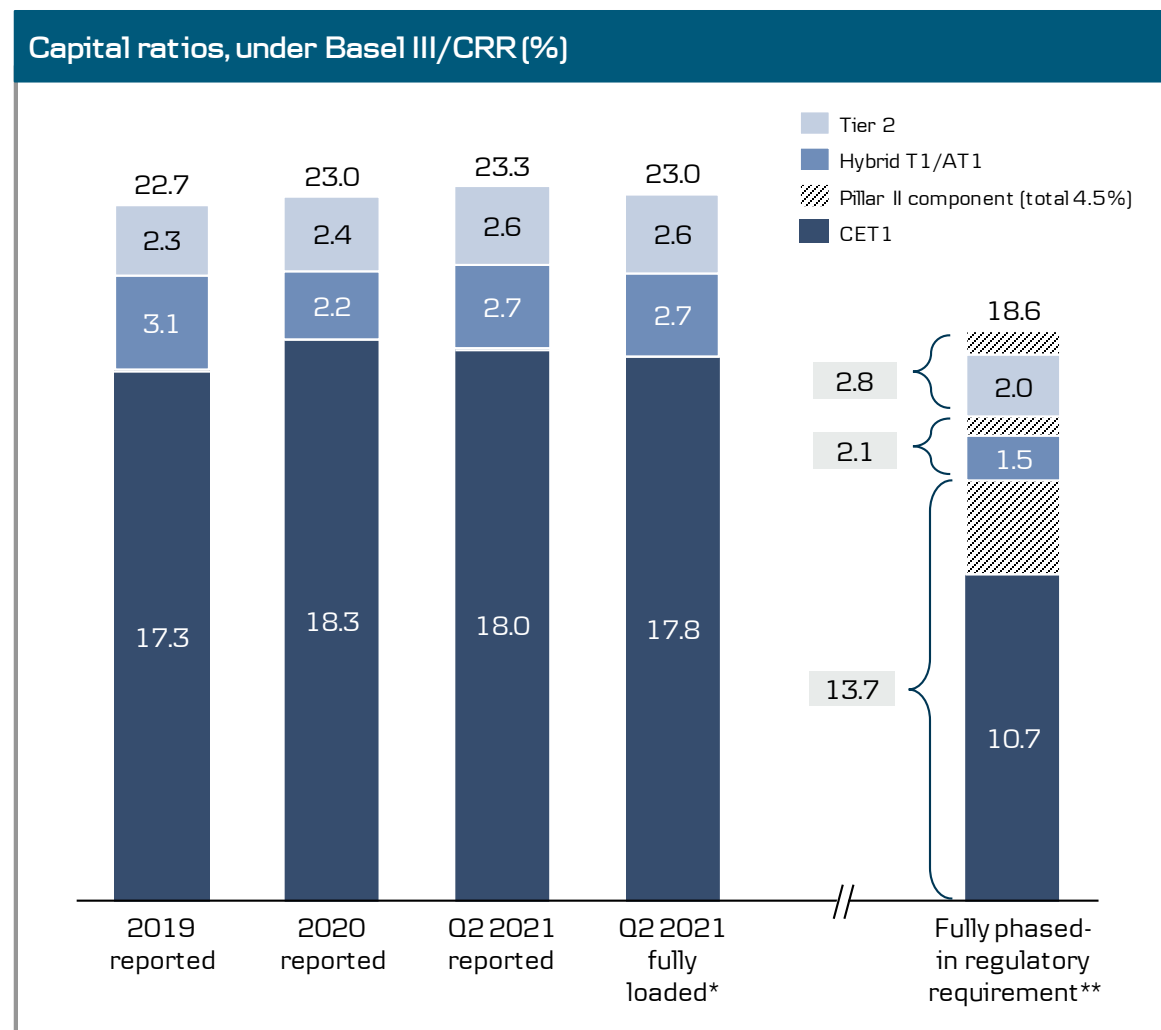
### Highlights

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%)



### Highlights

**CET1 capital ratio** CET1 capital ratio decreased by 0.1% points to 18.0% in Q2 2021 from 18.1% in Q1 2021

**Total REA** increased to DKK 816bn (Q1: 798bn) mainly due to the higher credit risk.

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

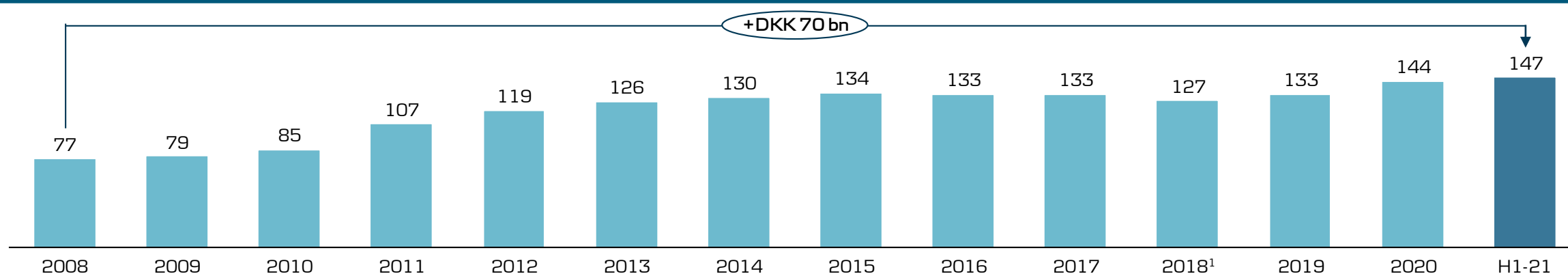
Of the DKK 25-35 bn expected REA <sup>1)</sup> increase for H1-21 related to implementation of EBA guidelines, approx. 12 bn has been implemented in Q1-21 and approx. 23 bn in Q2-21.

The Group's **leverage ratio** under transitional rules and under fully phased-in rules has increased 0.3% point to 4.7% mainly driven by the issuance of a new AT1 instrument.

\* Based on fully phased-in rules including fully phased-in impact of IFRS 9. \*\* Pro forma fully phased-in min. CET1 req. in 2022 of 4.5%, capital conservation buffer of 2.5%, SIFI req. of 3%, countercyclical buffer of 0.7% and CET1 component of P-II requirement

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

Common Equity Tier 1, 2008 - H1-21 (DKK bn)



REA, CET1, profit and distribution (DKK bn; %)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	H1-21
REA	960	834	844	906	819	852	865	834	815	753	748	767	784	816
CET1 ratio	8.1%	9.5%	10.1%	11.8%	14.5%	14.7%	15.1%	16.1%	16.3%	17.6%	17.0%	17.3%	18.3%	18.0%
Net profit	1.0	1.7	3.7	1.7	4.7	7.1	13.0 <sup>2</sup>	17.7 <sup>2</sup>	19.9	20.9	15.0	15.1	4.6	5.9
Distribution to shareholders <sup>3</sup>	0	0	0	0	0	2.0	10.5	17.1	18.9	16.3	7.6	0	1.7	N/A
Total assets	3,544	3,098	3,214	3,424	3,485	3,227	3,453	3,293	3,484	3,540	3,578	3,761	4,109	3,975

<sup>1</sup> The decline in CET1 capital in 2018 is due mainly to Danica Pension's acquisition of SEB Pension Danmark which led to a higher deduction in Group regulatory capital. <sup>2</sup> Before goodwill impairment charges <sup>3</sup> Based on year-end communicated distributions. 2017 is adjusted for cancelled buy-back. 2019 is adjusted for cancelled dividend.

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

### Overview of MREL

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

#### MREL requirement:

- REA based (adjusted for RD):  $2x(P1 + P2) + CBR - CCyB \Rightarrow$  DKK 212 bn
- CBR stacked on top of MREL requirement  $\Rightarrow$  DKK 39 bn
- De facto MREL requirement  $\Rightarrow$  DKK 251 bn
- M-MDA: CBR must be met in addition to MREL  $\Rightarrow$  Substantial headroom to M-MDA.

#### Adding

- RD capital and debt buffer  $\Rightarrow$  DKK 42 bn

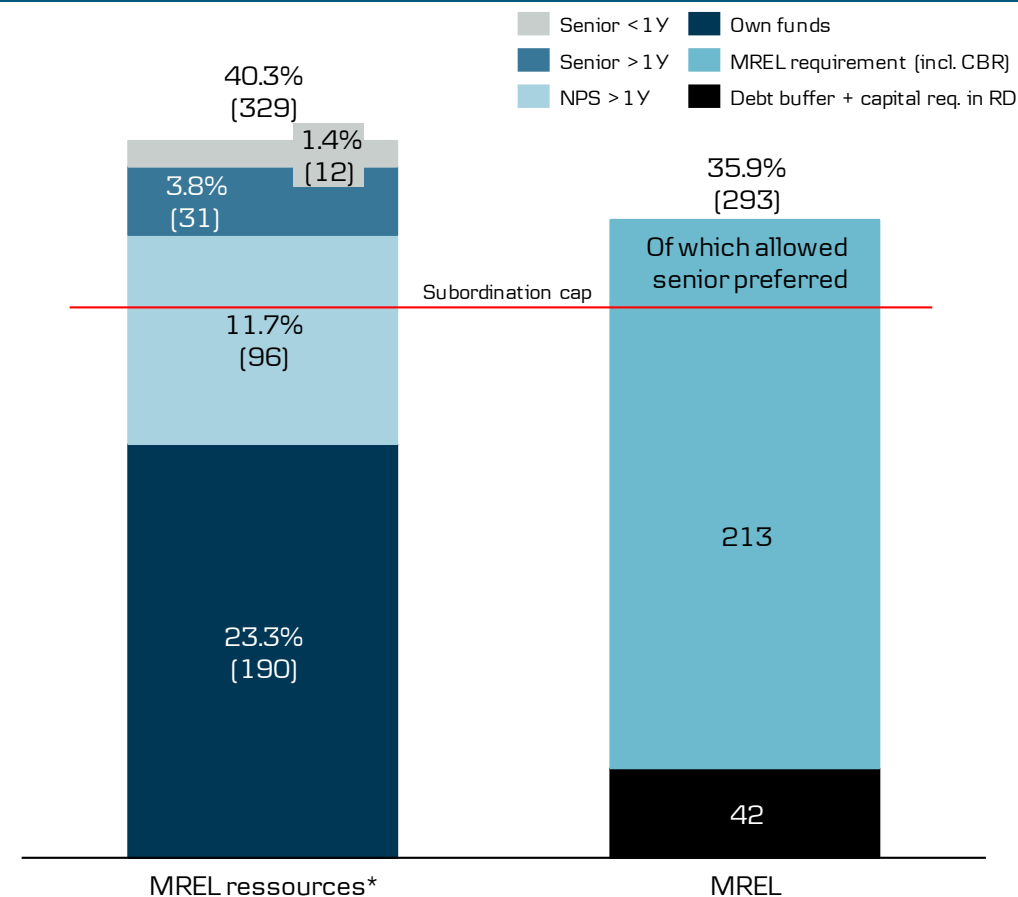
#### $\Rightarrow$ Total resolution requirement:

- Q2 2021 REA based (incl. CBR) + RD  $\Rightarrow$  35.9% of Group REA / DKK 293 bn

#### Subordination requirement:

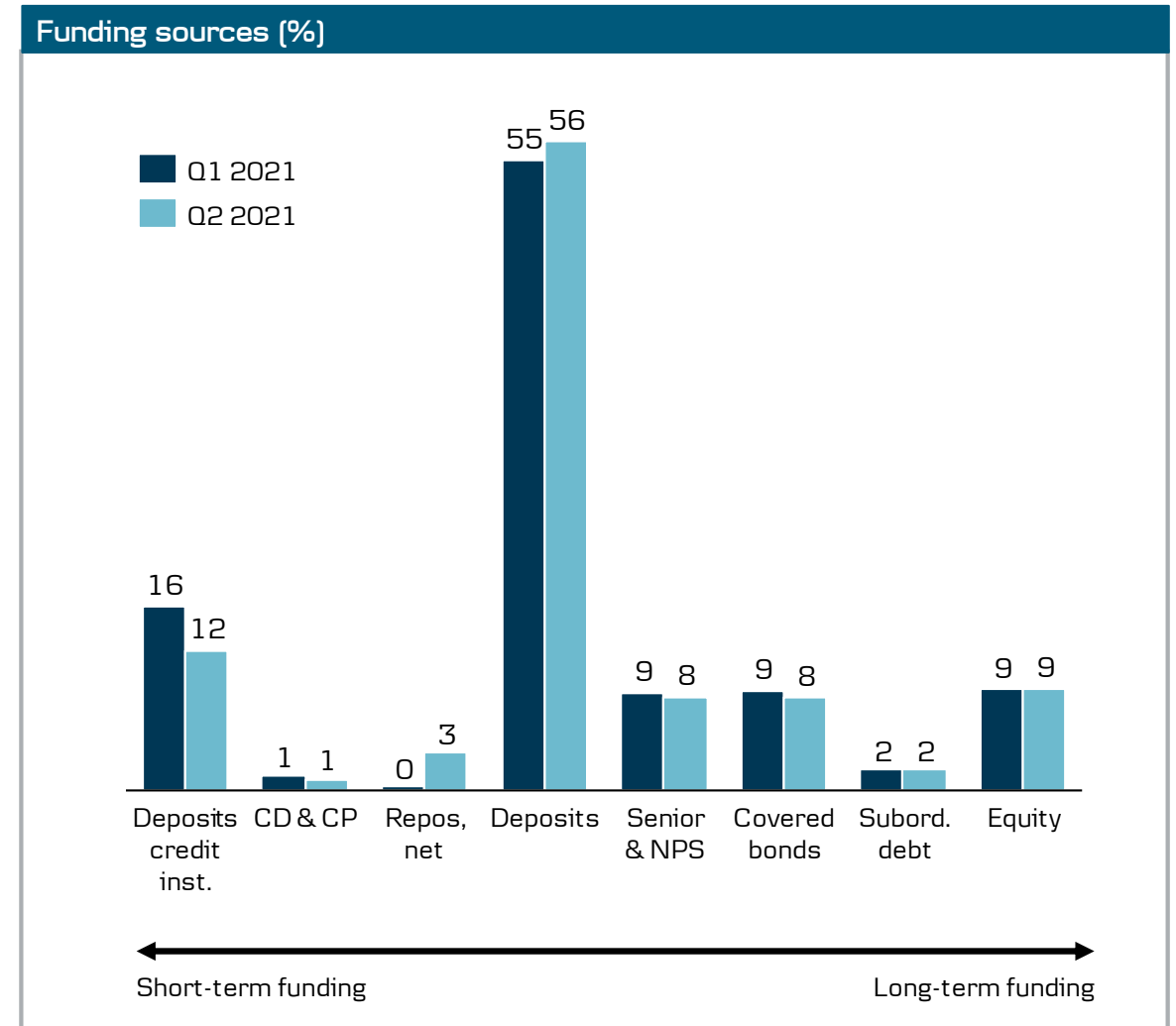
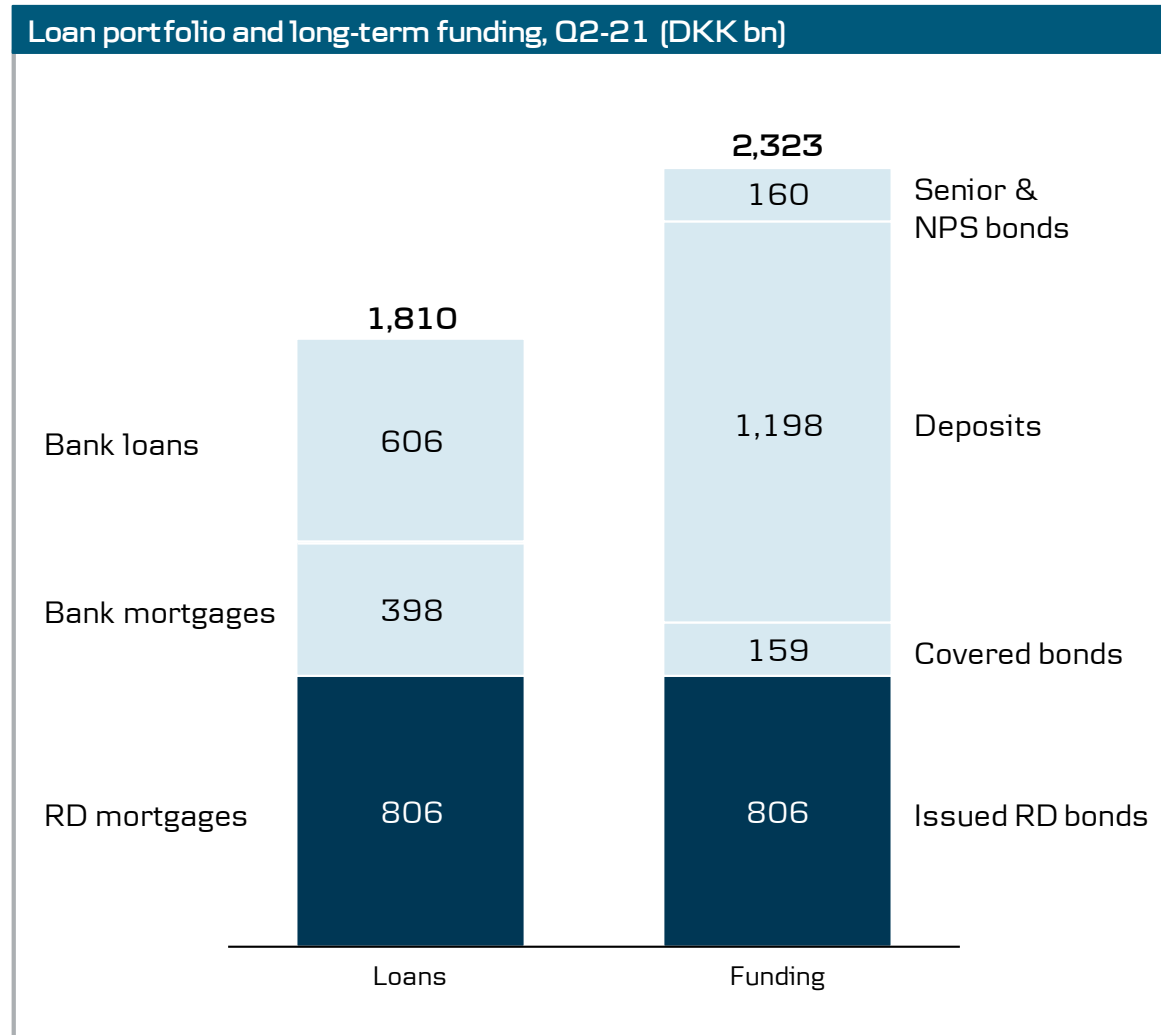
- As the higher of  $2x(P1 + P2) + CBR$  or 8% TLOF  $\Rightarrow$  MREL subordination requirement 30.6% of adjusted REA (DKK 213 bn)
- Total subordination requirement including RD  $\Rightarrow$  31.2 % (DKK 254 bn)
- $\Rightarrow$  We expect to cover MREL need with new issues of both preferred senior and non-preferred senior

### MREL resources and requirements; Q2 2021; % of Group REA



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

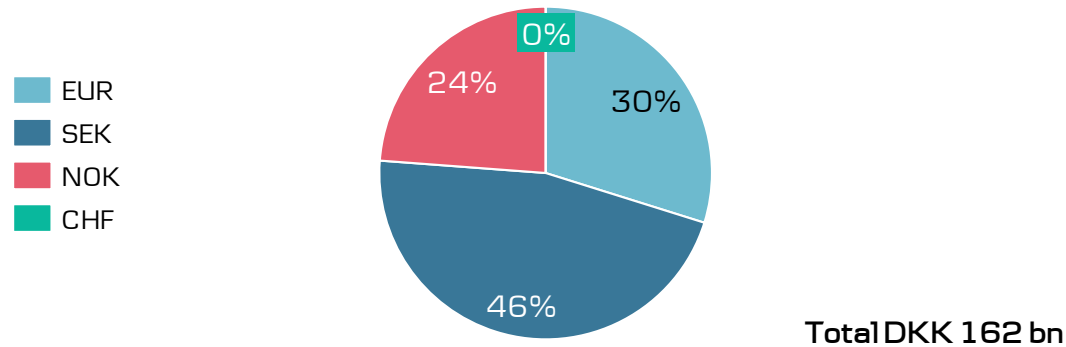
## Funding structure and sources: Danish mortgage system is fully pass-through



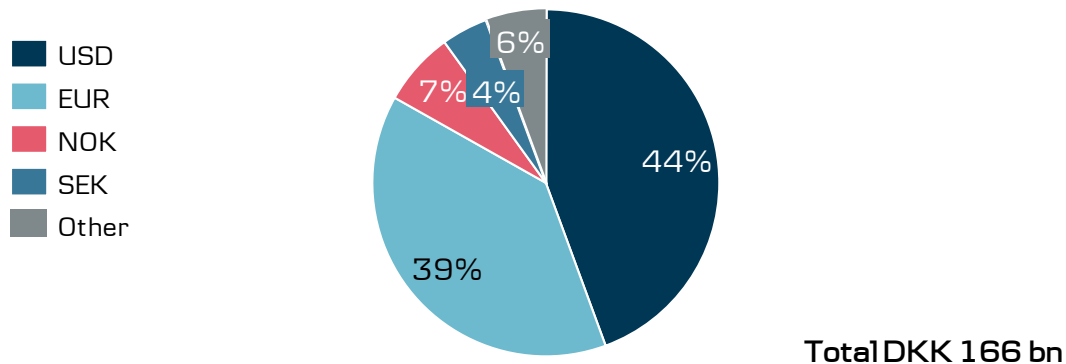


## Funding programmes and currencies








Covered bonds by currency, end-Q2 2021



Senior debt<sup>1</sup> by currency, end-Q2 2021



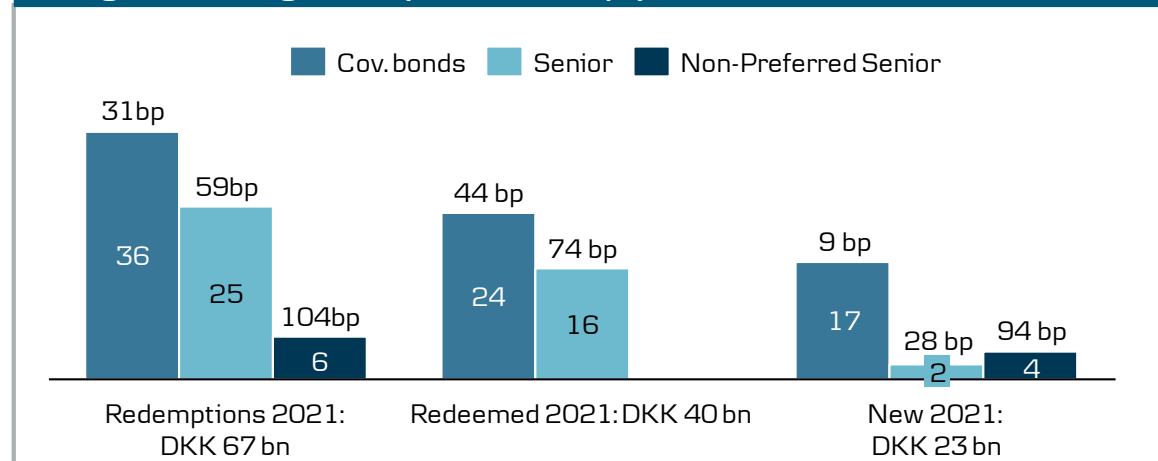
Largest funding programmes, end-Q2 2021

	Utilisation
 <b>EMTN Programme</b> Limit - EUR 35bn	43%
 <b>Global Covered Bond</b> Limit - EUR 30bn	75%
 <b>ECP Programme</b> Limit - EUR 13bn	5%
 <b>US MTN (144A)</b> Limit - USD 20 bn	57%
 <b>US Commercial Paper</b> Limit - USD 6bn	13%
 <b>UK Certificate of Deposit</b> Limit - USD 15bn	5%
 <b>NEU Commercial Paper</b> Limit - EUR 10bn	3%

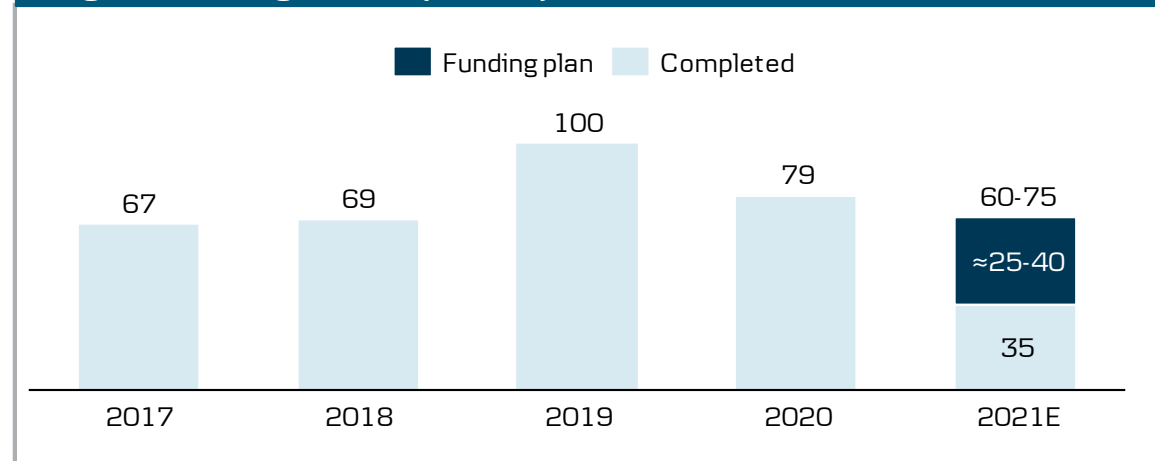
<sup>1</sup> Including senior preferred and non-preferred debt

## Funding and liquidity: LCR compliant at 155%

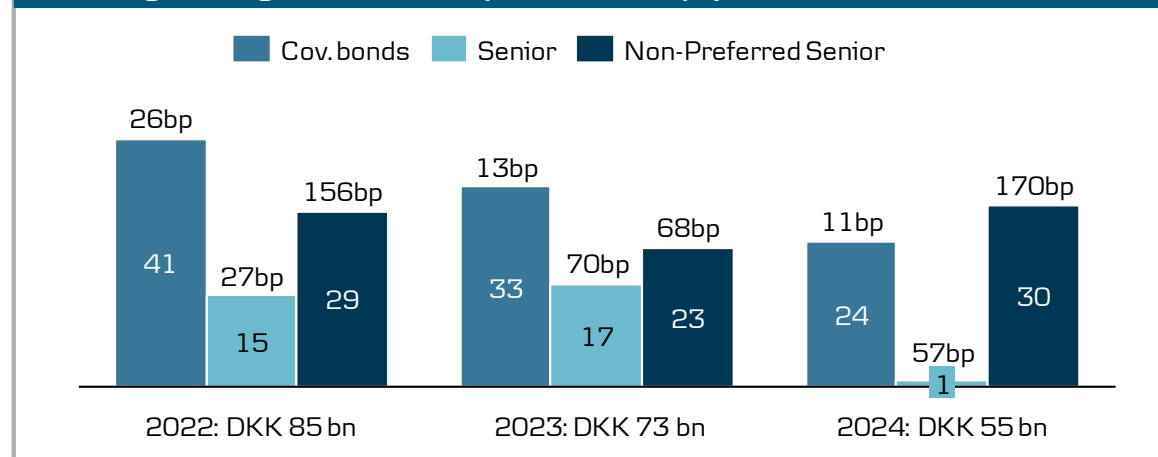
### Changes in funding, 2021 (DKK bn and bp\*)



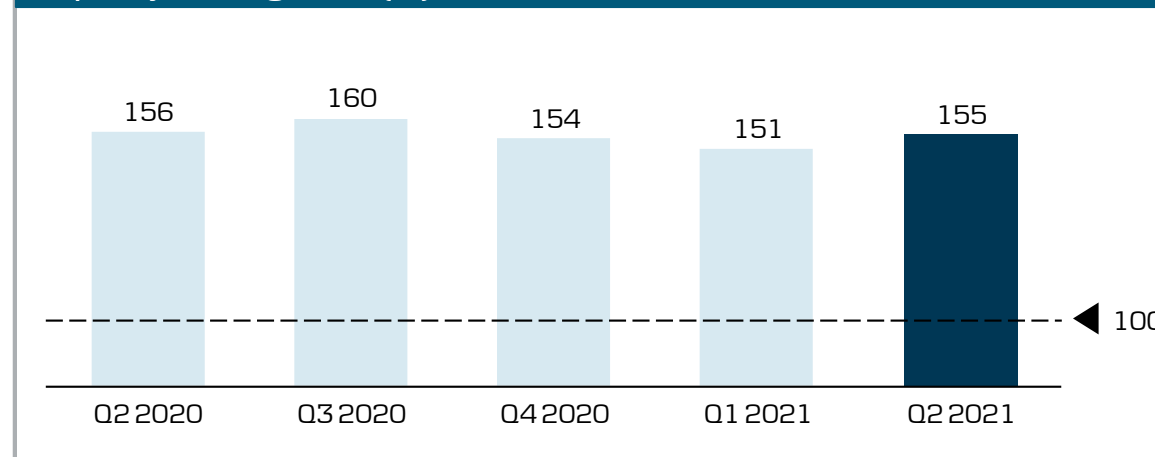
### Long-term funding excl. RD (DKK bn)\*\*



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



### Liquidity coverage ratio (%)

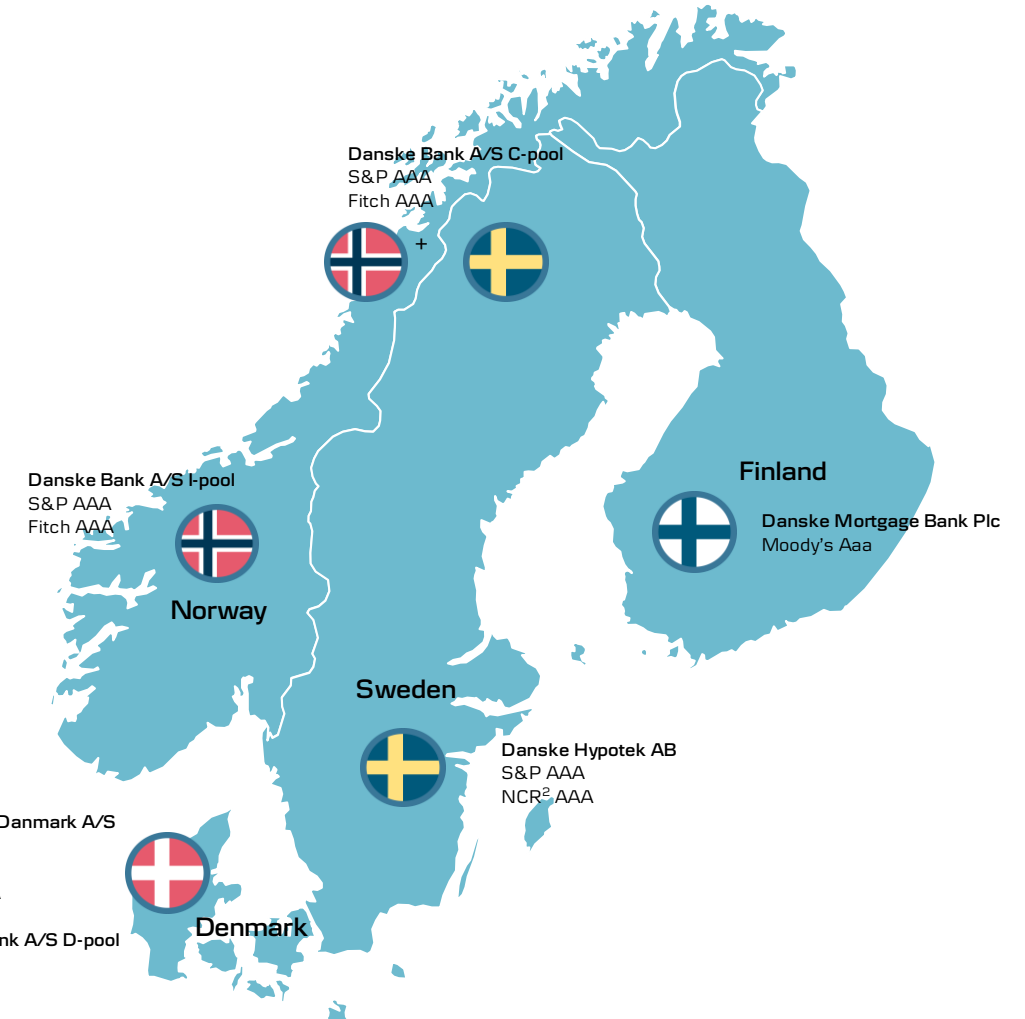


\* Spread over 3M EURIBOR.

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

# Danske Bank covered bond universe, a transparent pool structure<sup>1</sup>

  	<div data-bbox="708 411 919 449">  </div> <p><b>Residential mortgages from</b></p> <ul style="list-style-type: none"> <li>• Denmark, D-pool</li> <li>• Norway, I-pool</li> <li>• Sweden, Danske Hypotek AB</li> <li>• Finland, Danske Mortgage Bank Plc</li> </ul> <p><b>Commercial mortgages from</b></p> <ul style="list-style-type: none"> <li>• Sweden and Norway, C-pool</li> </ul>
  	<div data-bbox="772 932 924 975">  </div> <p><b>Pass-through principle based on mortgages from primarily Denmark</b></p> <ul style="list-style-type: none"> <li>• Capital Centre T, Adjustable-rate mortgages</li> <li>• Capital Centre S, Fixed-rate callable mortgages</li> </ul>



<sup>1</sup> The migration to Danske Hypotek of Swedish residential loans from Danske Bank's I-pool and Swedish residential-like loans from Danske Bank's C-pool is ongoing

<sup>2</sup> Nordic Credit Rating (NCR)

Details of the composition of individual cover pools can be found on the respective issuers' website

# Danske Bank's credit ratings

## Long-term instrument ratings

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

Investment grade

Speculative grade

	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 2021

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

On the 11 June 2021, Fitch revised the outlook on Danske Bank A/S's long-term issuer rating to Stable from Negative, while affirming the Bank's 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 the 13 July 2021, Moody's revised the outlook on Danske Bank's deposit rating to Stable from Negative, while affirming the Bank's 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.

## Danske Bank's ESG ratings

We have chosen to focus on five providers based on their importance to our investors

	Q2 2021		Q1 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	Range
 <sup>1</sup>	B	277 companies, out of the 9,600+ analysed, made the climate change A List in 2020	B	B	C	C	D- to A+ (A+ highest rating)
	C Prime	Decile rank: 1  Of the 291 banks rated, C+ is the highest rating assigned	C+ Prime	C+ Prime	C Prime	C Prime	D- to A+ (A+ highest rating) A decile rank of 1 indicates a higher ESG performance, while a decile rank of 10 indicates a lower ESG performance
	BB	MSCI rates 191 banks: AAA 2% AA 25% A 25% BBB 26% BB 16% B 6% CCC 1%	BB	BB	B	B	CCC to AAA (AAA highest rating)
	Medium Risk (27.1)	Rank in Diversified Banks 125/417 Rank in Banks 346/1064	High Risk (30.2)	High Risk (30.2)	Medium Risk (29.4)	N/A	Negligible to Severe risk (1 = lowest risk)
	64	Rank in Sector 6/31 Rank in Region 82/1619 Rank in Universe 87/4839	64	64	59	55	0 to 100 (100 highest rating)

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

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

# Three distinct methods for rating banks

Danske Bank's rating

## Rating methodology

S&P Global Ratings	Anchor SACP <sup>1</sup>	+	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 <sup>2</sup>	+	Affiliate support	+	LGF <sup>3</sup>	+	Gov. support	=	Issuer rating
	Strong Plus		a3		a1		ba2		baa3		baa2		-1		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 <sup>4</sup>
	aa-		a+		a		a+		a		a-		a		a+		a		No Floor		A (Stable)
	1=Company Profile, 2=Management/Strategy, 3=Risk Appetite, 4=Asset Quality, 5=Profitability, 6=Capitalisation, 7=Funding/Liquidity																				

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

# Appendix

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*Our 2023 Sustainability Strategy defines the key dimensions for our efforts to create lasting value for our customers, employees, society and investors*

## Danske Bank's 2023 Sustainability Strategy



### SUSTAINABLE FINANCE

We help our customers achieve their sustainability ambitions through financing and investing



### ENTREPRENEURSHIP

We support new businesses in creating sustainable growth



### FINANCIAL CONFIDENCE

We help people become financially confident



### GOVERNANCE AND INTEGRITY

We operate in a responsible and transparent manner



### EMPLOYEE WELL-BEING & DIVERSITY

We foster well-being, diversity and inclusion in our workplace



### ENVIRONMENTAL FOOTPRINT

We minimise our own environmental footprint





## *Danske Bank aims to be a leading bank in the Nordics on Sustainable Finance*

### Fully committed to the Paris Climate Agreement

- Net Zero Asset Owners' Alliance
- Net Zero Asset Managers' Initiative
- Committed to set PCA aligned targets for corporate lending
- Own operations have been Net Zero since 2009; continued reduction of absolute emissions

### Execution delivering results

- # 1 Nordic bookrunner for green, social and sust. bonds<sup>1)</sup>
- # 1 Nordic mandated lead arranger of sust.-linked loans<sup>1)</sup>
- 155 bn DKK in sustainable financing
- 257 bn DKK in funds that promote ESG; 35 bn DKK in sustainable pensions
- New products being launched, e.g. Global Sustainable Future and Danica Green Balance

### Firm focus on ESG integration

- Data and analytics
- Advisory
- Products & Solutions
- Risk Management
- Pricing
- Reporting & transparency

### Partnering for excellence

- UNEP FI TCFD scenario modelling
- Partnership for Carbon Accounting Financials
- Principles for Responsible Banking
- European and National sector associations
- Banking for Impact

1) Bloomberg Global Green Capital Markets League Table

# 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

**Target 2023**

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

**Status Q2-2021**

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

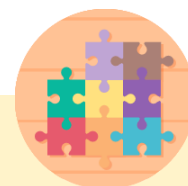
DKK 155 bn  
61% of portfolio mapped for climate impact



### 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

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 CO<sub>2</sub> emissions to maintain the decreasing tendency in the long run.

*Our position statements are a key tool for aligning with societal goals and communicating our approach to selected themes and sectors with elevated ESG risks*

### *Thematic statements*



Climate change

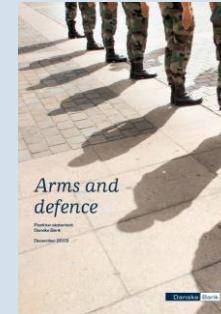


Human rights

### *Sector specific statements*



Agriculture



Arms & defence



Forestry



Fossil fuels



Mining & metals

## *Danske Bank supports a range of international agreements, goals, partnerships and standards relating to sustainability – some of these are listed below*



### Principles for Responsible Banking

Provide the framework for a sustainable banking system. They embed sustainability at the strategic, portfolio and transactional levels, and across all business areas.



### Net-Zero Asset Owner Alliance

Danica Pension joined the global UN-convened investor alliance in 2020, thus committing to transitioning its investment portfolio to net-zero greenhouse gas emissions by 2050.



### Net-Zero Asset Managers Initiative

An international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius



### UN Guiding Principles on Business and Human Rights

Guidelines for states and companies to prevent, address and remedy human rights abuses committed in business operations



### Principles for Responsible Investment

An international investor network that supports the implementation of ESG factors into investment and ownership decisions



### Task force on Climate-related Financial Disclosures

Has developed recommendations for more effective climate-related disclosures to promote more informed investment, credit, and insurance underwriting decisions



### UN Global Compact

A multi-stakeholder initiative focusing on aligning business operations with ten principles in the areas of human rights, labor, environment and anti-corruption



### Partnership for Carbon Accounting Financials

Provides carbon accounting instructions for financial institutions. Danske Bank joined in 2020 as the first major Nordic bank.



### UN Environment Programme - Finance Initiative

A partnership between UN and the global financial sector with the aim of understanding societal challenges, why they matter to finance, and how to address them



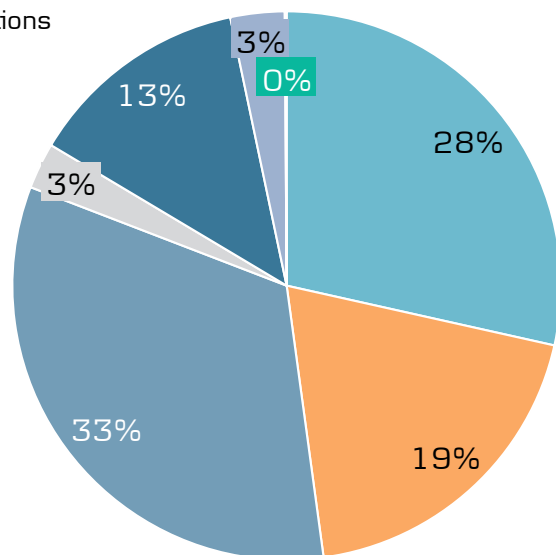
### The Paris Pledge

A pledge to support and act accordingly in regards to the objectives of the Paris Agreement to limit global temperature rise to less than 2 degrees Celsius

## Strong footprint within retail lending

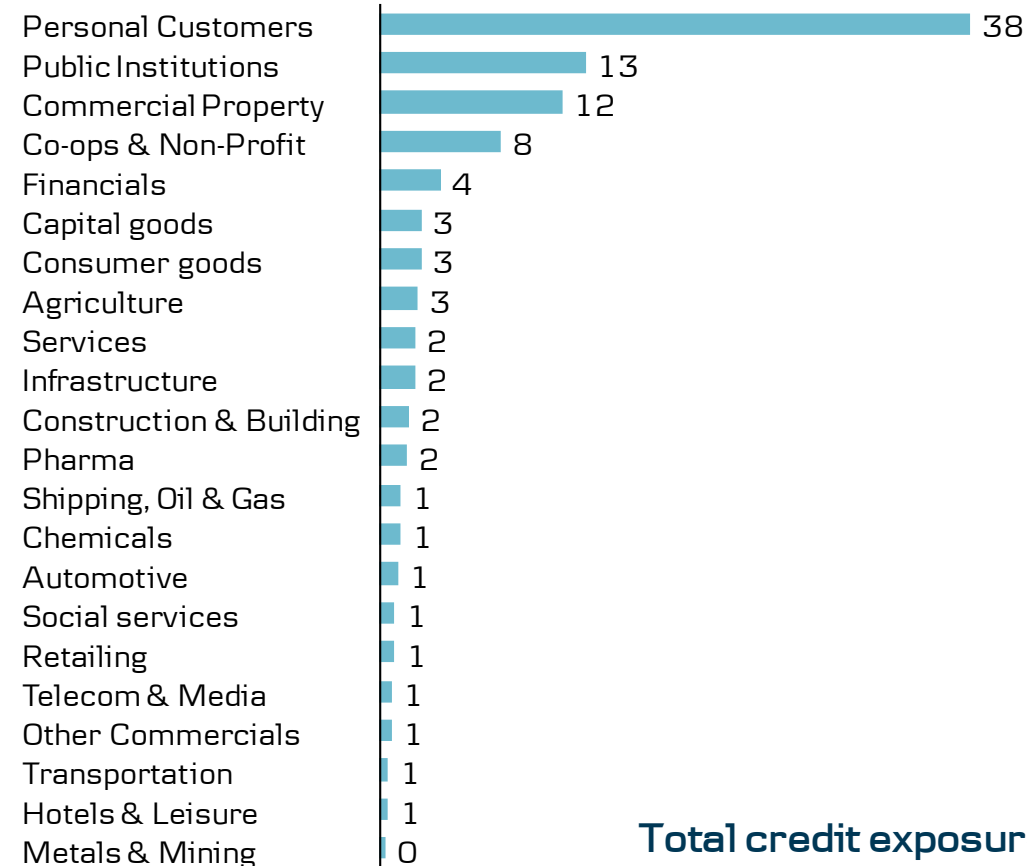
Lending by segment<sup>1</sup> Q2-21 (%)

- Personal Customers DK
- Personal Customer Nordic
- Business Customers
- Asset Finance
- Large Corporates & Institutions
- Northern Ireland
- Group Functions



Total lending  
of DKK 1,810 bn

Credit exposure by industry Q2-21 (%)



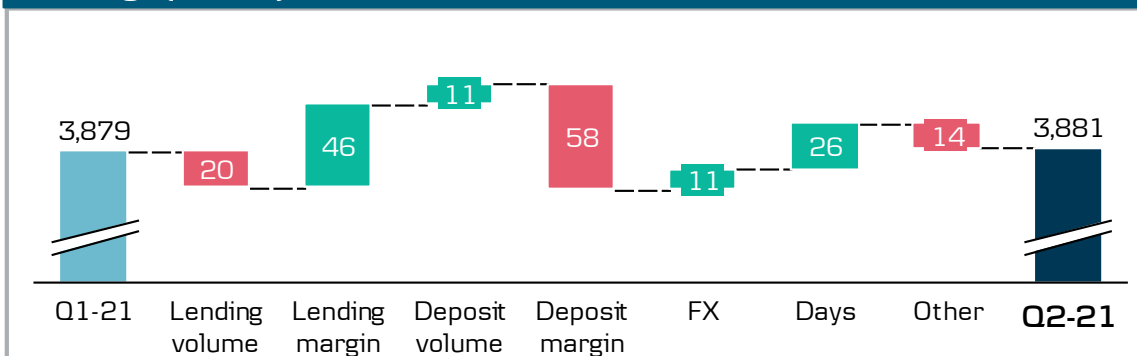
Total credit exposure  
of DKK 2,691 bn

<sup>1</sup> Total lending before loan impairment charges.

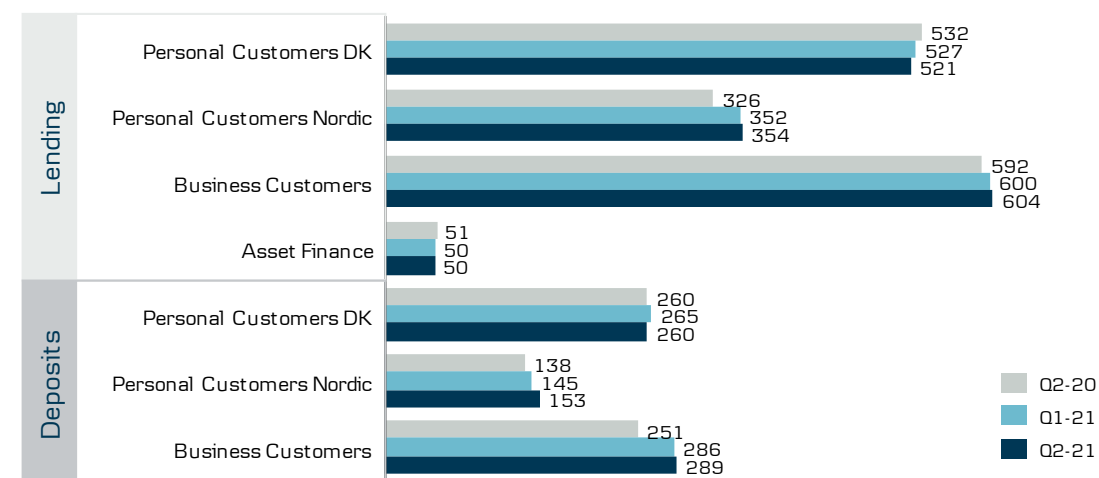
## Personal & Business Customers

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)



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

## Highlights

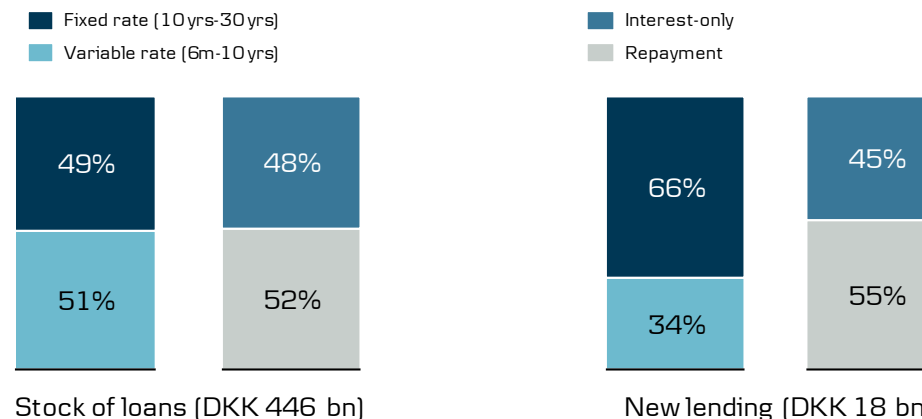
### Portfolio facts, Realkredit Danmark, Q2-21

- 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

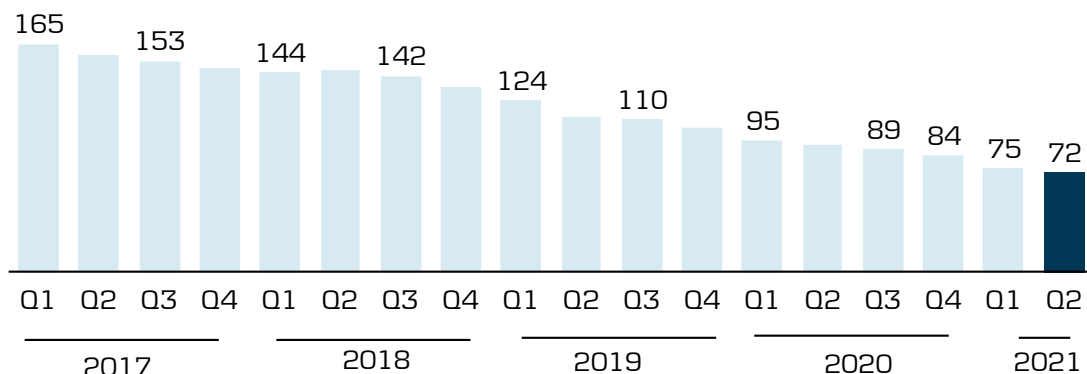
### LTV ratio limit at origination (legal requirement)

- Residential: 80%
- Commercial: 60%

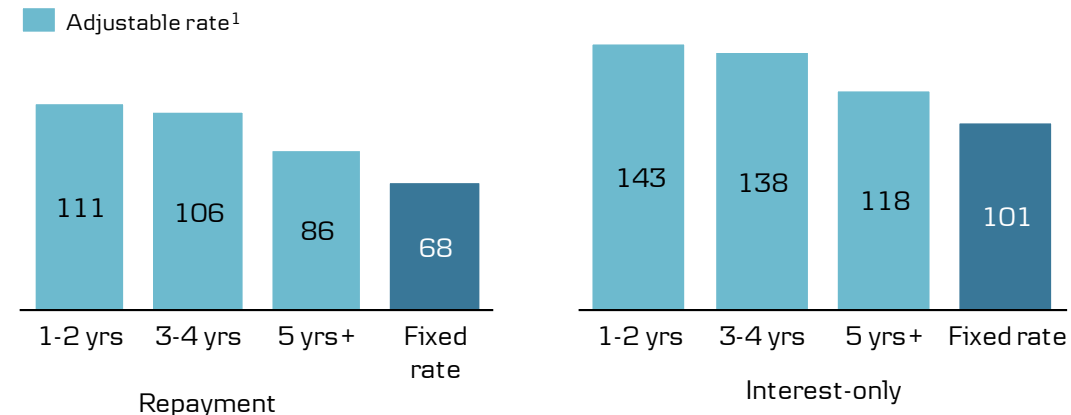
## Retail loans, Realkredit Danmark, Q2-21 (%)



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



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

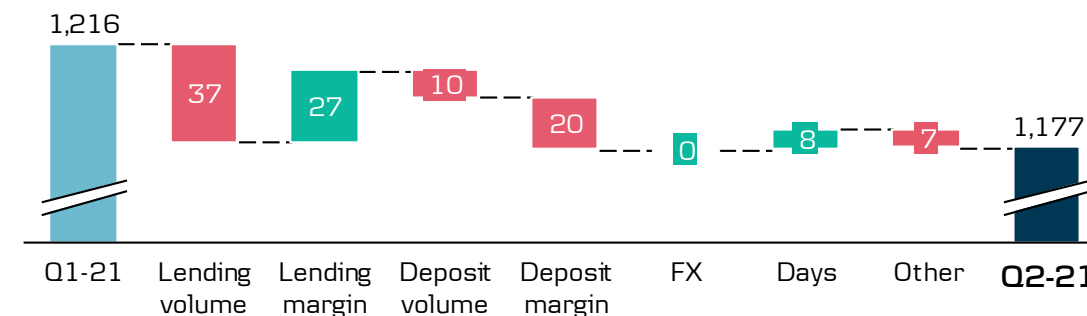


<sup>1</sup> In addition, we charge 30 bp of the bond price for refinancing of 1- and 2-year floaters and 20 bp for floaters of 3 or more years (booked as net fee income).

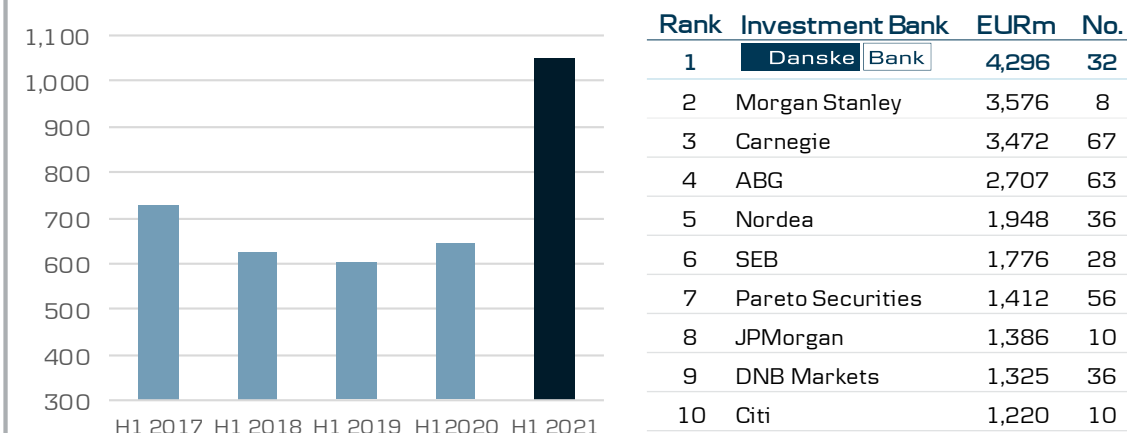
# Large Corporates and Institutions

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

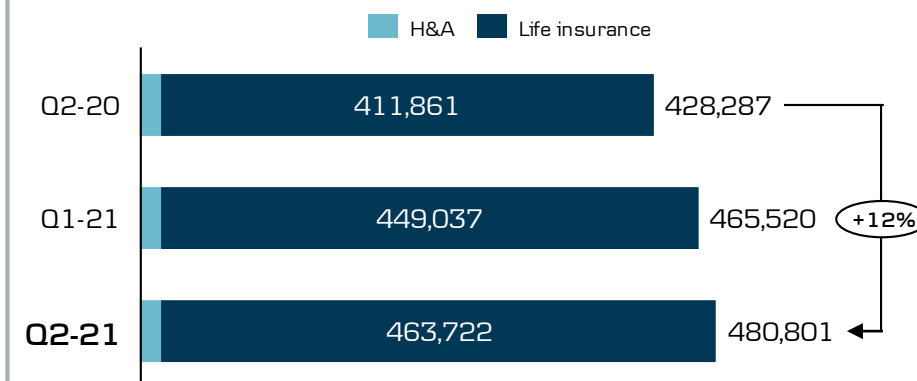


# Danica Pension

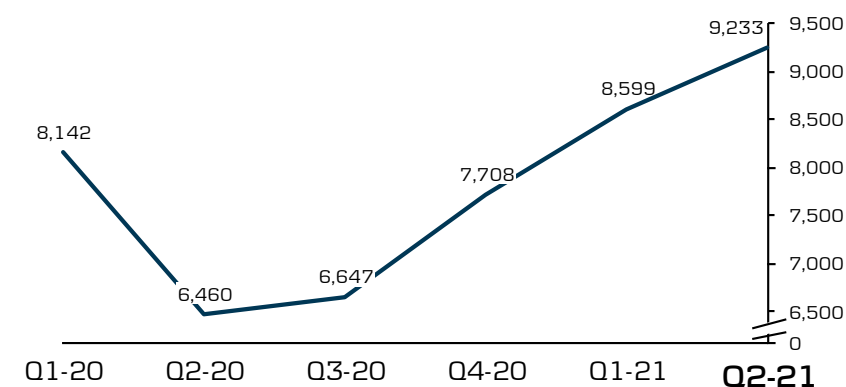
## Income statement and key figures (DKK m)

	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>	<b>1018</b>	<b>892</b>	<b>114</b>	<b>524</b>	<b>494</b>	<b>106</b>
Included within Group Treasury	-36	5	-	-33	-3	-
<b>Net income from insurance business</b>	<b>982</b>	<b>897</b>	<b>109</b>	<b>491</b>	<b>491</b>	<b>100</b>
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)



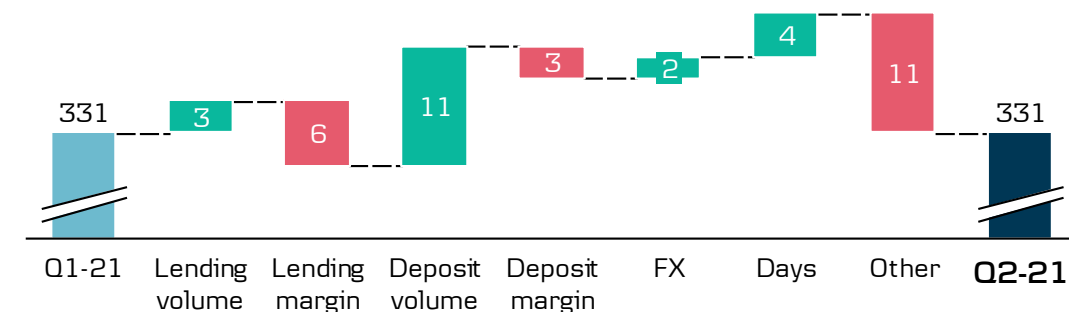
## Development in premiums, insurance contracts



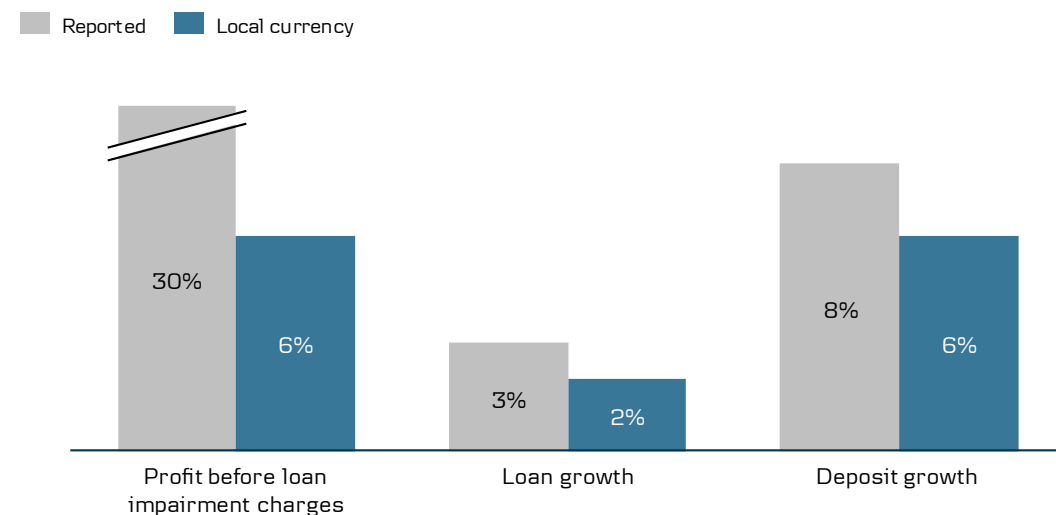
# Northern Bank

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)

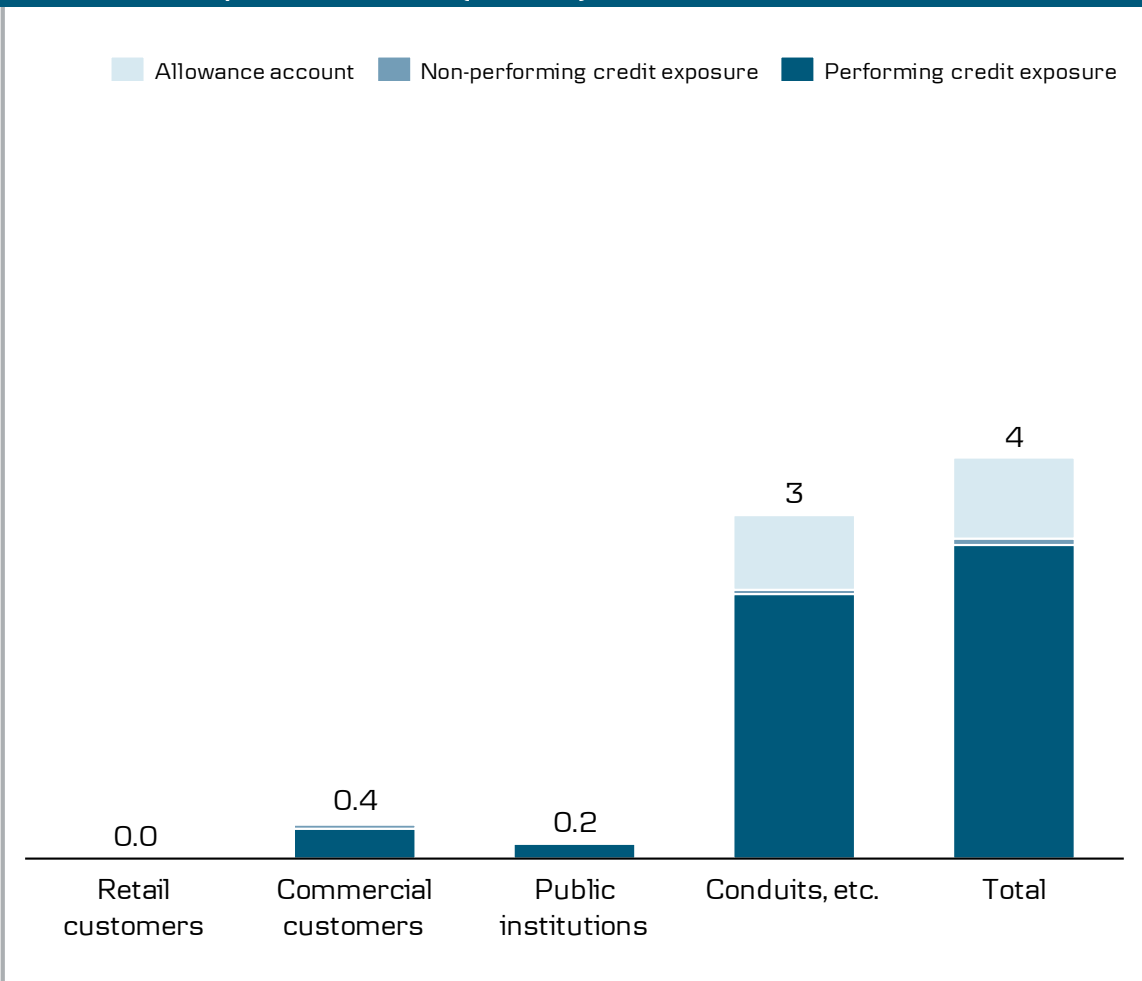


## Currency-adjusted development Q2-21 vs Q1-21

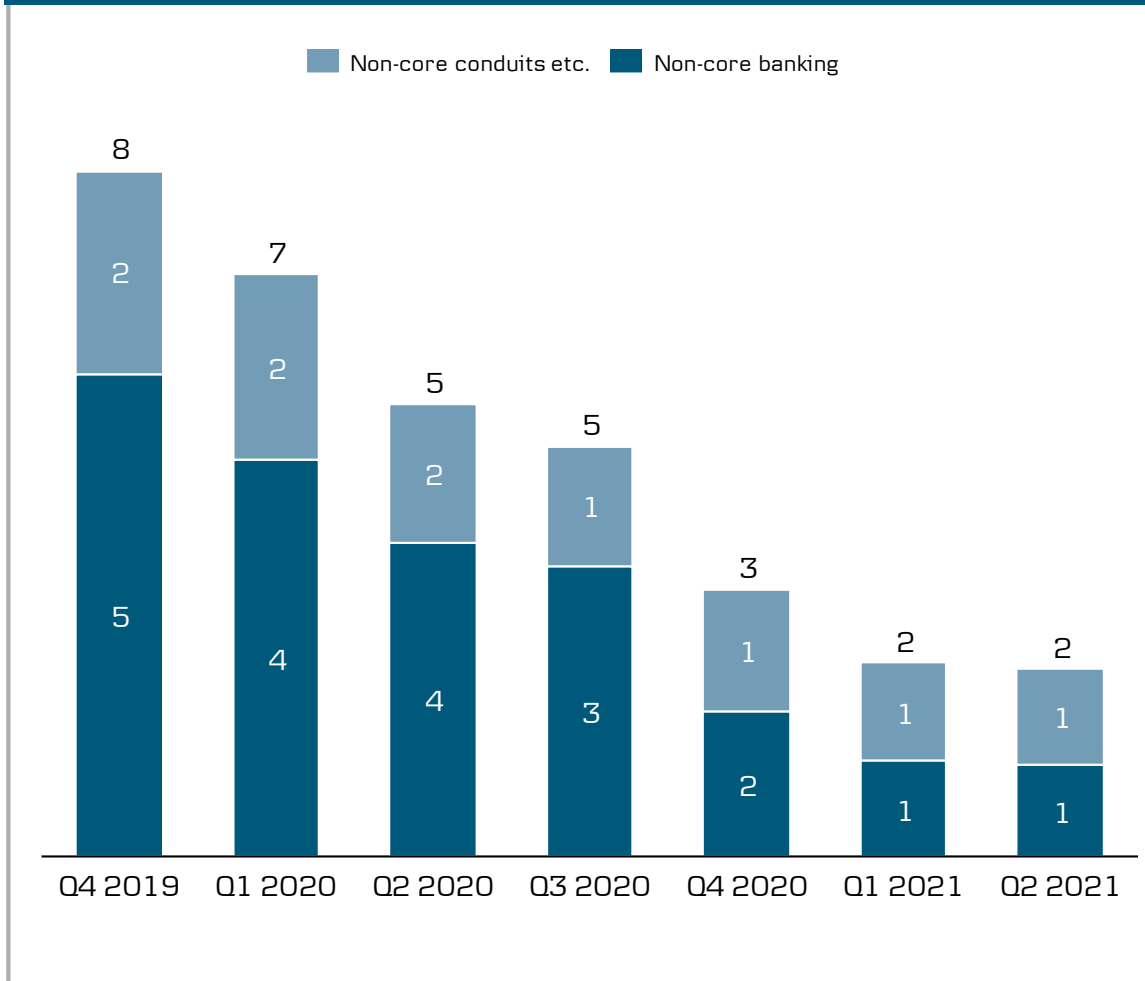


# Non-core

## Non-core loan portfolio, Q2-21 (DKK bn)

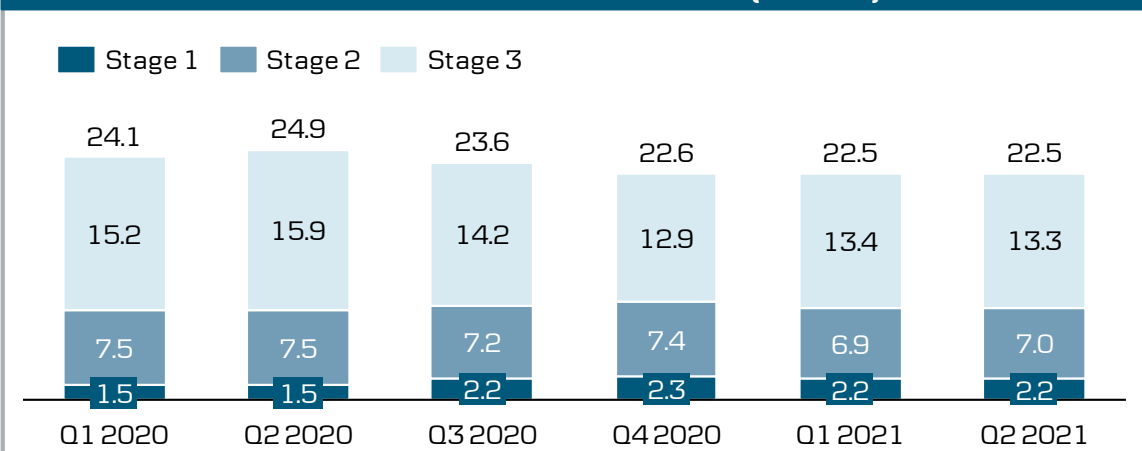


## Non-core, Q2-21 REA (DKK bn)

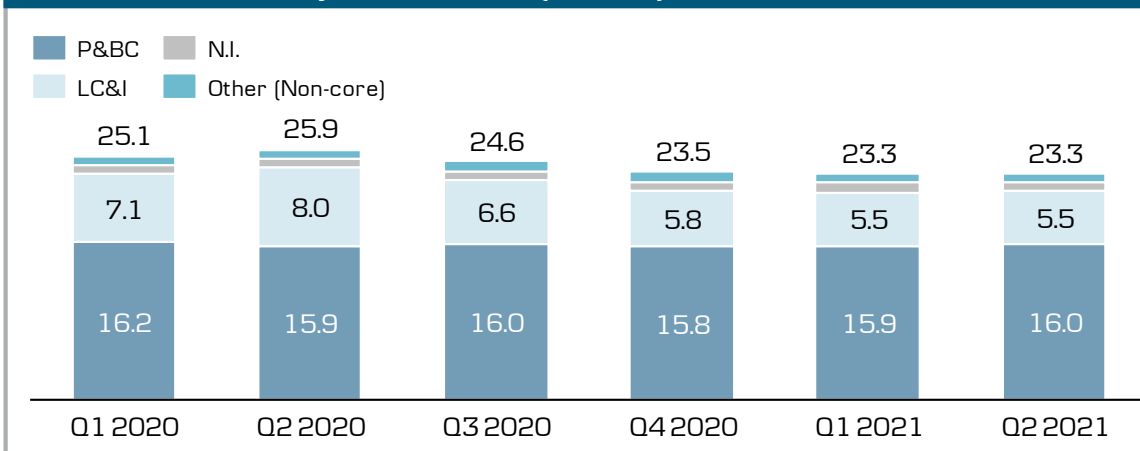


## Credit quality: Low level of actual credit deterioration

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



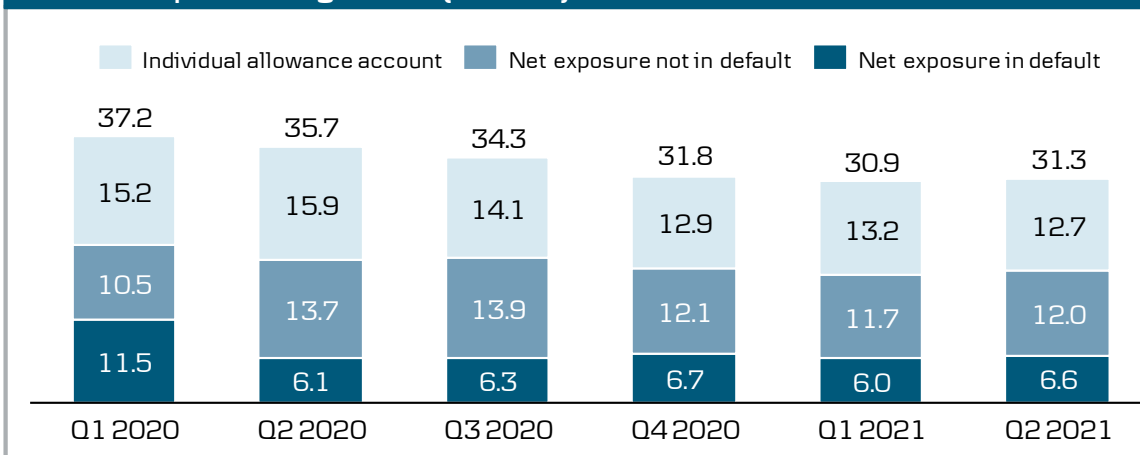
Allowance account by business unit (DKK bn)



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>

Gross non-performing loans\* (DKK bn)

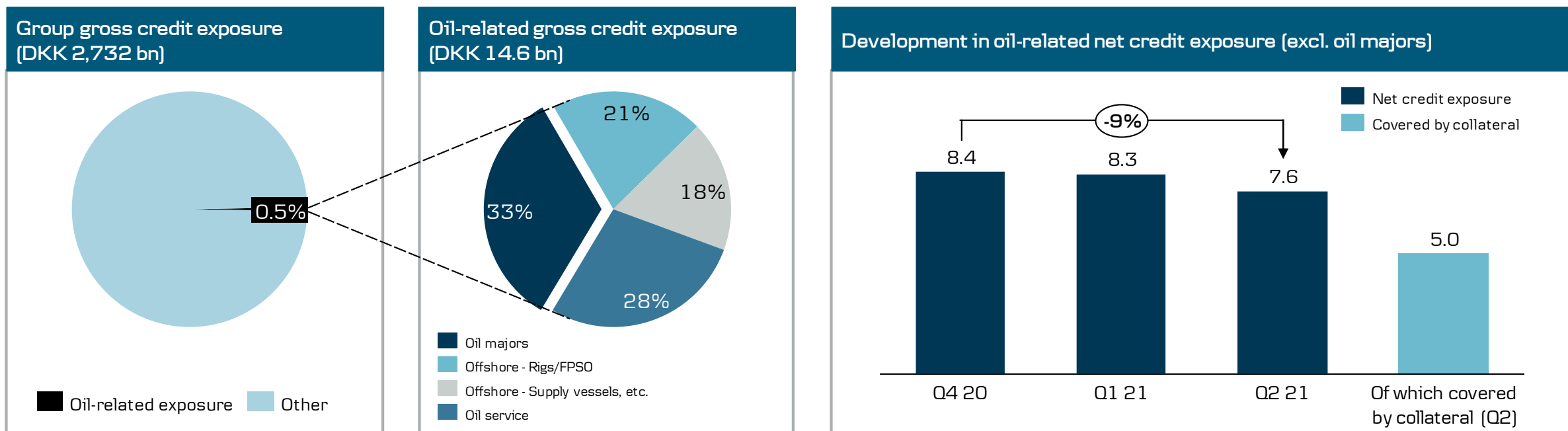


\* Non-performing loans are loans in stage 3 against which significant impairments have been made.

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

### Keypoints, 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-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>

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

### 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%	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

### 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

- 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

### 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>

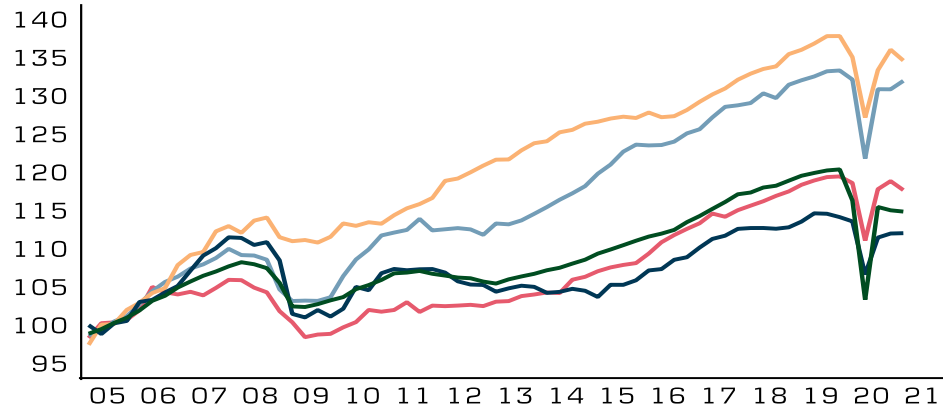
Share of Group net exposure 2021Q2	Share of Group net NPL 2021Q2	Expected credit loss 2021Q1
11.7%	12.6%	2,861



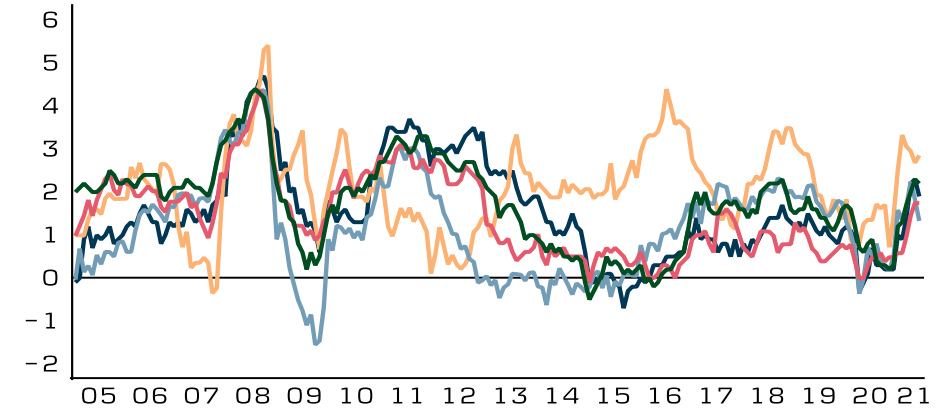
# Nordic macroeconomics

Denmark Sweden Norway Finland EU

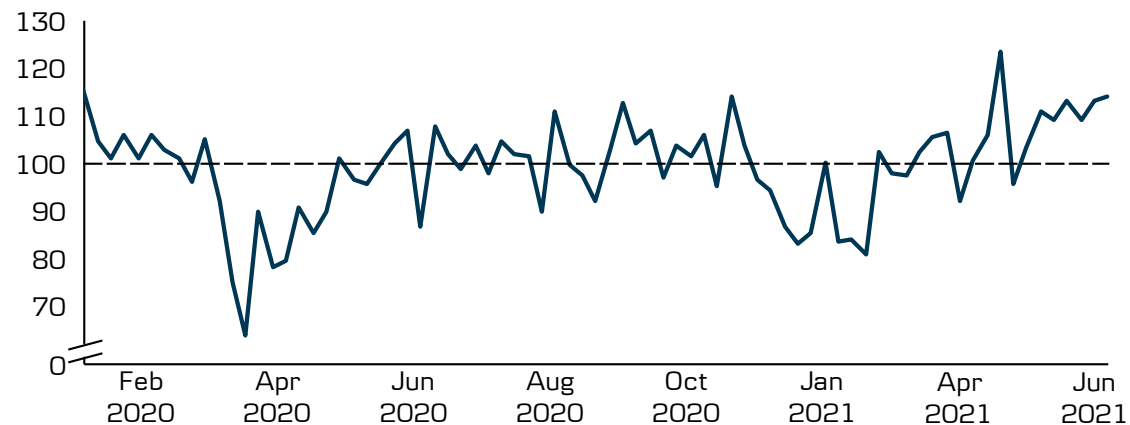
## Real GDP, constant prices (index 2005 = 100)



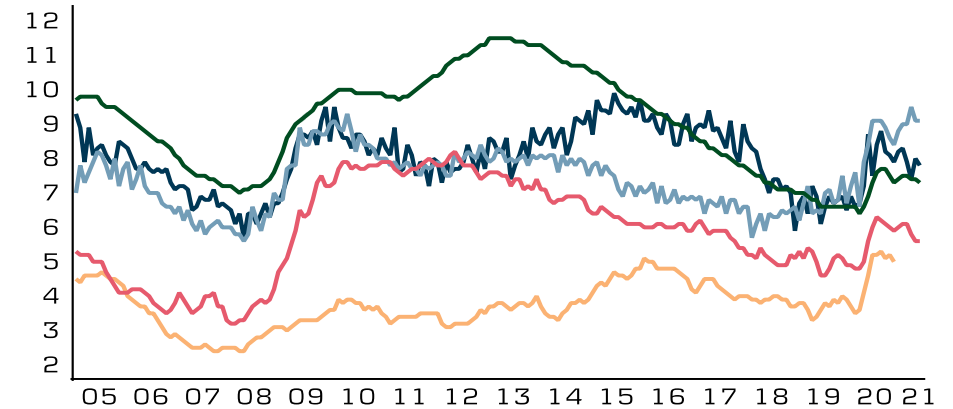
## Inflation (%)



## Consumer spending, Denmark (same weekday 2019 = 100)

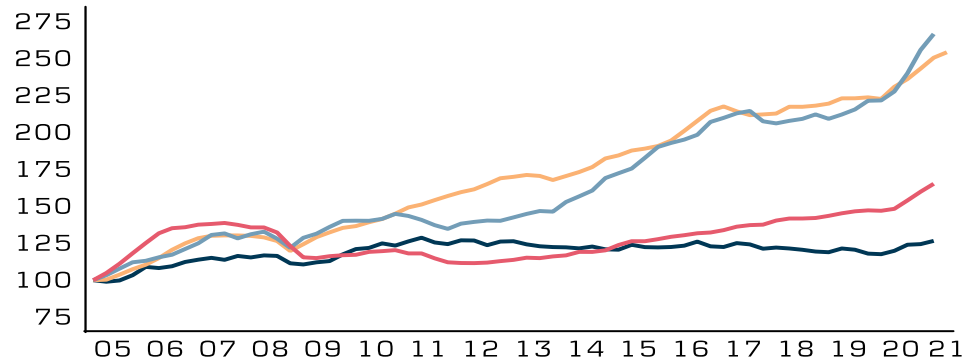
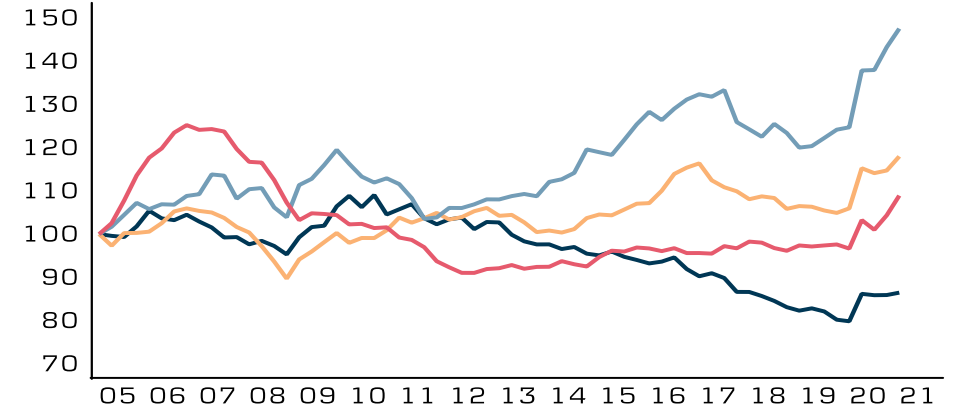
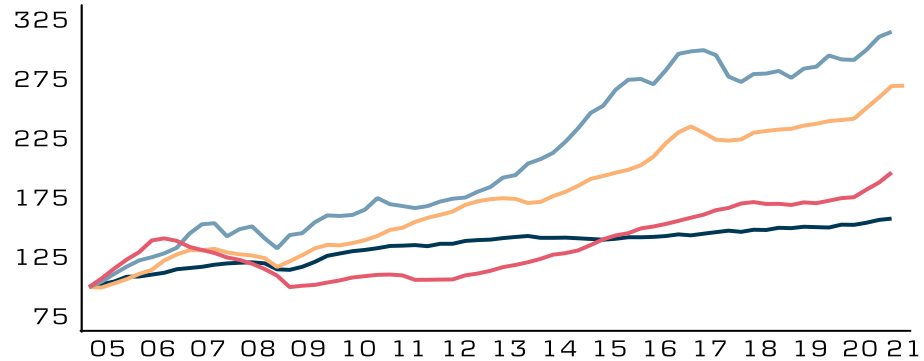
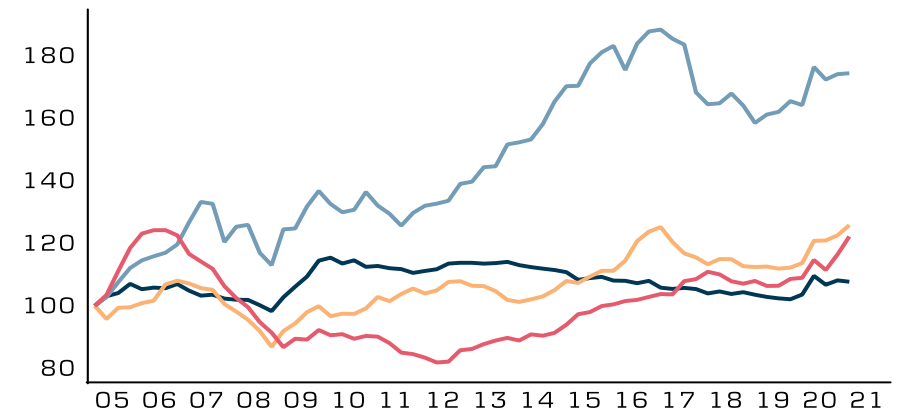


## Unemployment (%)



# 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)**

## 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

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