

Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of Danske Bank A/S

14 Sep 2021

Stockholm, September 14, 2021 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of Danske Bank A/S and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review discussion held on 8 September 2021 in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

Danske Bank A/S' (Danske) baa2 Baseline Credit Assessment (BCA) reflects its good asset quality, which remains weaker than peers, as well as its solid capital. These strengths are counterbalanced by the profitability pressures the bank faces as a result of moderately higher funding costs and operational costs related to ongoing anti-money laundering (AML) investigations and higher compliance spending along with the low interest rate environment, strong competition and the fallout from the coronavirus pandemic. The bank's high dependence on market funding is mitigated by more stable covered bonds and adequate liquidity. Danske's BCA also reflects its past governance failures that continue to expose the bank to reputational, operational and financial risks.

Danske's A2 long-term deposit and A3 senior unsecured debt ratings reflect its baa2 BCA; two notches of rating uplift for deposits and one notch of uplift for senior unsecured debt from the application of Moody's forward-looking advanced loss given failure (LGF) analysis, and one notch of government support.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Banks Methodology published in July 2021. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non EU rated, non UK rated, non EU endorsed and non UK endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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