

# RatingsDirect®

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## Update: Danske Bank A/S

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# Update: Danske Bank A/S

## Ratings Score Snapshot

### Global Scale Ratings

#### Issuer Credit Rating

A+/Stable/A-1

#### Resolution Counterparty Rating

AA-/--/A-1+

*Nordic Regional Scale*

*Issuer Credit Rating*

--/--/K-1

SACP: a



Support: +1



Additional factors: 0

Anchor	bbb+	
Business position	Strong	+1
Capital and earnings	Strong	+1
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment	0	

ALAC support	+1
GRE support	0
Group support	0
Sovereign support	0

Issuer credit rating
<b>A+/Stable/A-1</b>
Resolution counterparty rating
<b>AA-/A-1+</b>

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

## Credit Highlights

### Overview

#### Key strengths

One of Denmark's leading commercial banks, life insurers, and commercial pension providers.

Diversified revenue through the pan-Nordic lines of business.

Robust capitalization and additional loss-absorbing capacity (ALAC).

#### Key risks

High competition and room to further improve its cost base.

Higher dependence on wholesale funding.

*We expect Danske Bank to maintain its leading franchise as dominant domestic player and the second-largest bank in the Nordic region.* We expect that the group will maintain its diverse earnings capacity owing to its solid pan-Nordic franchise, primarily in Denmark (about 25% market share), Finland (11%), Sweden (8%) as a challenger bank, and Norway (7%), where it will strategically exit the retail business. We view Danske Bank as a leader in Denmark in terms of digital solutions, but consider further investments as key to supporting an efficient and sustainable business model across the Nordics, to meeting evolving customer preferences, and to protecting the bank's competitive position in

home markets.

***In our view, Danske Bank's governance, compliance, and risk management have improved to be on a par with those of industry peers.*** Danske Bank completed its multi-year financial crime prevention plan by year-end 2023 and improved its groupwide risk management and governance framework. In our opinion, Danske Bank has now established continuous enhancement processes for its risk management and culture (see "Danske Bank 'A+/A-1' Ratings Affirmed; SACP Revised Upward To 'a' On Improved Risk Management; Outlook Stable," Sept. 20, 2024).

***We anticipate that Danske Bank's asset quality will remain stable and that its risk-adjusted capitalization will remain a rating strength.*** We anticipate that its capitalization will exceed our threshold for a strong assessment by a comfortable margin. We forecast a high risk-adjusted capital (RAC) ratio of 12.2% in 2026, down from 13.3% as of Dec. 31, 2023, as high shareholder distributions offset solid earnings. We expect the bank will achieve its higher financial targets as part of its "Forward '28" strategy on the back of better returns and efficiency at its well-established franchises in domestic and its core Nordic markets. We forecast a sound 11%-12% return on equity between 2024 and 2026, following 13% in June 2024, which compares well with similarly rated peers.

***Support will come from manageable annual credit costs, which we project will be around 8 basis points (bps) of customer loans in 2024-2026, up from 2 bps in 2023.*** We take into account Danske Bank's generally sound asset quality in its diversified loan book, improved risk management, reduction in risk concentrations, and tailwinds from Denmark's robust economy.

***Danske Bank's sizable amount of bail-inable instruments continue to support the senior unsecured debt ratings.*** We expect Danske Bank will maintain a significant amount of ALAC to meet its minimum requirement for own funds and eligible liabilities, which results in a one-notch rating uplift above its 'a' group stand-alone credit profile (group SACP). We forecast that Danske Bank's ALAC will improve to 8.5%-9.5% of its S&P Global Ratings risk-weighted assets (RWA) through to 2026. At an 'a' or 'a+' SACP, the maximum ALAC uplift is one notch under our criteria.

## Outlook

The stable outlook on Danske Bank reflects our expectation that the bank will continue to generate solid earnings, supporting strong capitalization over the next two years. We expect the bank will maintain relatively resilient asset quality in the challenging Nordic market and will continuously improve its risk management, governance, and compliance structures.

### Downside scenario

Downward rating pressure would most likely occur if Danske Bank failed to achieve consistently solid risk-adjusted profitability, or if its asset quality weakened unexpectedly and substantially in difficult markets. This could happen in the event of an unexpected and significant rise in risk costs.

We could also lower our ratings on Danske Bank if we were to see new and unexpected material shortcomings or reputational damage due to failures in risk, governance, and compliance management. In these scenarios, we could revise down Danske Bank's SACP, and in turn, lower the issue ratings on its hybrid instruments and the issuer credit rating on Danica.

However, we would not likely lower the long-term issuer credit rating on Danske Bank over the next two years, or the senior unsecured issue ratings that are linked to this rating. With the SACP at 'a-' or lower, we could include an additional notch of ALAC support if the buffer continued to exceed our threshold for a second notch of uplift.

### Upside scenario

It is unlikely that we would raise the issuer credit ratings on Danske Bank over the next two years because they are high relative to those of peers.

## Key Metrics

### Danske Bank A/S--Key ratios and forecasts\*

	--Fiscal year ended Dec. 31 --				
	2021a	2022a	2023a	2024f	2025f
Growth in operating revenue (%)	1.6	-6.5	25.4-31.1	0.6-0.7	1.2-1.4
Growth in customer loans (%)	-0.3	-1.8	(0.9)-(1.1)	1.5-1.9	1.8-2.2
Growth in total assets	-4.2	-4.4	2.3-2.8	(1.7)-(2.1)	0.9-1.1
Net interest income/average earning assets (NIM) (%)	1.0	1.1	1.1-1.3	1.1-1.2	1.1-1.2
Cost to income ratio (%)	65.3	70.8	54.4-57.1	54.5-57.3	54.4-57.2
Return on average common equity (%)	7.5	-3.1	9.7-10.7	9.4-10.4	9.6-10.6
Return on assets (%)	0.4	-0.2	0.5-0.6	0.5-0.6	0.5-0.6
New loan loss provisions/average customer loans (%)	0.0	0.1	0.1-0.1	0.1-0.1	0.1-0.1
Gross nonperforming assets/customer loans (%)	2.5	1.8	1.8-2.0	1.8-2.0	1.8-2.0
Net charge-offs/average customer loans (%)	0.1	0.1	0.1-0.1	0.1-0.1	0.1-0.1

**Danske Bank A/S--Key ratios and forecasts\* (cont.)**

	--Fiscal year ended Dec. 31 --				
	2021a	2022a	2023a	2024f	2025f
Risk-adjusted capital ratio (%)	13.4	12.6	12.7-13.3	12.5-13.2	12.3-12.9

\*All figures adjusted by S&P Global Ratings. a--Actual. f--Forecast.

## Anchor: 'bbb+' Because The Main Operations Are In Denmark

Danske Bank's 'bbb+' anchor is in line with those of pure Danish commercial banks, reflecting Danske Bank's weighted-average economic risk score of '2', based on the geographic breakdown of its loan portfolio by year-end 2023, and an industry risk score of '4' for Denmark. Our economic and industry risk trends for the Danish banking sector remain stable. Besides Denmark (50% of group exposure), Danske Bank has diversified exposures in Sweden (18% of group exposure), Norway (14%), Finland (10%), the U.K. (4%), and other European countries as of year-end 2023, and we believe its decision to divest the Norwegian retail business will not material affect the anchor.

Our assessment of low economic risk reflects our view that Danish banks benefit from operating in a high-income, open economy with mature political and institutional settings that promote fiscal discipline and growth-stimulating policies. We forecast real GDP growth in Denmark of 2.2% in 2024 and 2.0% in 2025, spurred by the pharmaceutical sector, which offsets weaker performance and consumer sentiment in other sectors. We anticipate that the challenging operating environment will continue to put some pressure on weaker players, albeit manageable. Small and midsize enterprises with nonmortgage credit exposures will be the most affected.

We believe Danish banks' improved profitability supports their robust capitalization, while the covered bond market provides a stable funding source. Higher interest rates, cost-efficient, stable funding through covered bonds, and relatively low credit costs have boosted Danish banks' profitability and facilitated further capital build-ups from earnings retention and the funding of typically moderate shareholder dividends. We forecast that Danish banks' sound return on equity (ROE) will improve to 9.0% in 2025, from 7.9% in 2022. Danish banks' ROE still lags Nordic peers' because muted growth prospects, intense competition for retail mortgages and corporate lending, and higher investments in compliance and digitalization continue to weigh on Danish banks' earnings. Even though banks rely substantially on wholesale funding, system stability is bolstered by market depth and the stable domestic covered bond market (operating under Denmark's balance principle). We have seen this in the covered bond market's solid track record in times of stress.

We view the regulatory environment in Denmark as well aligned with EU countries overall. It features a generally robust track record of macroprudential policies and conservative bank supervision.

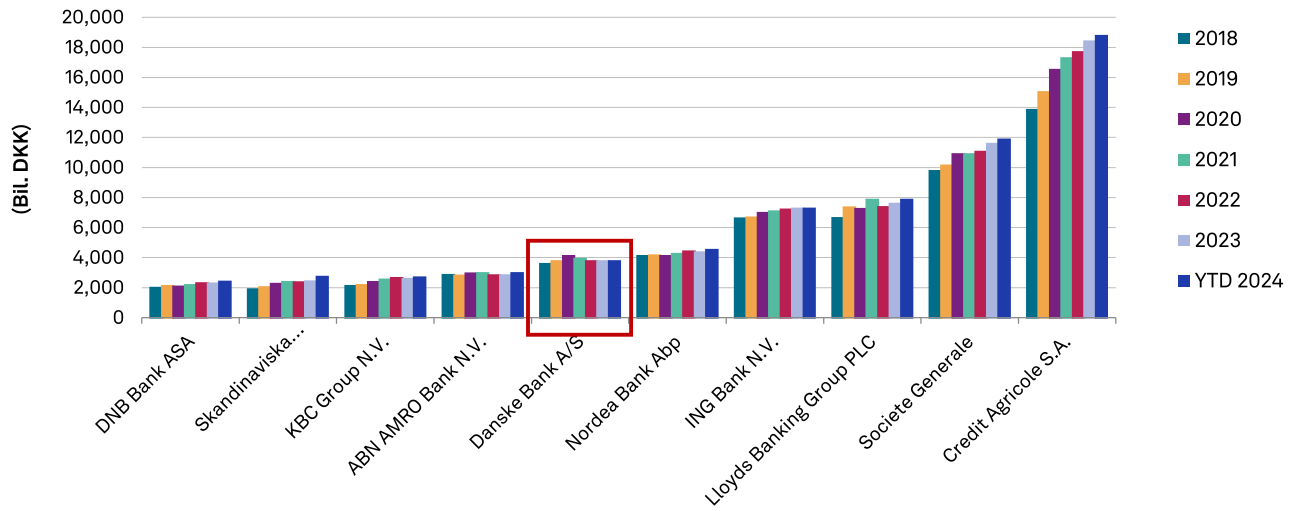
## Business Position: Leading Danish Commercial Bank With A Good Market Position In Other Nordic Countries

We expect that Danske Bank will maintain its diverse earnings capacity based on its strong franchise as a domestic leader and the second-largest bank in the Nordic market.

**Chart 1**

**Danske Bank is the second-largest bank in the Nordics**

Danske's asset size versus other global peers

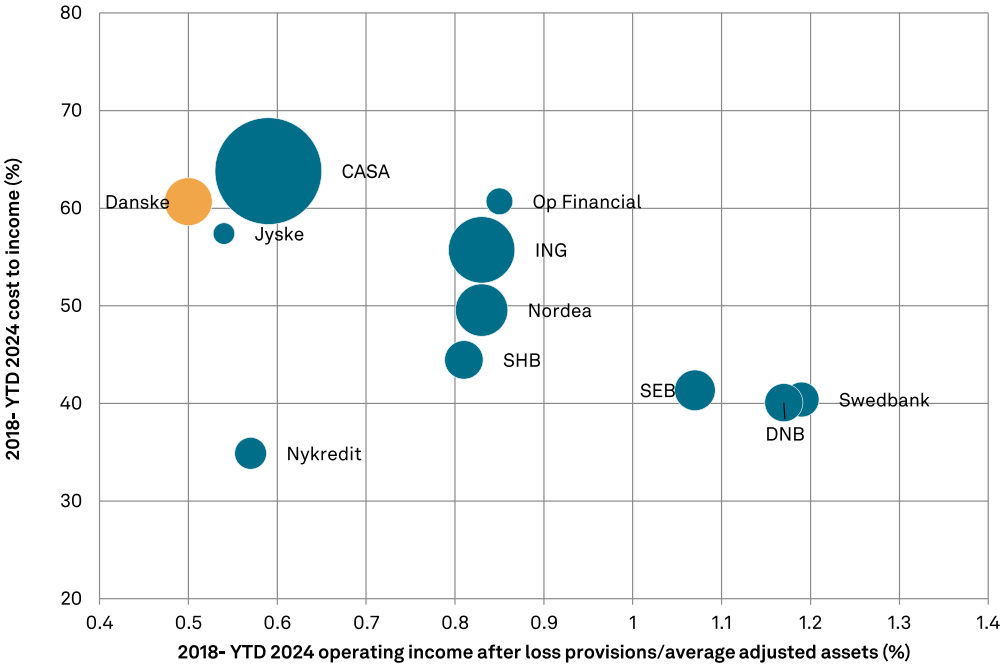


DKK--Danish krone. Source: S&P Global Ratings.

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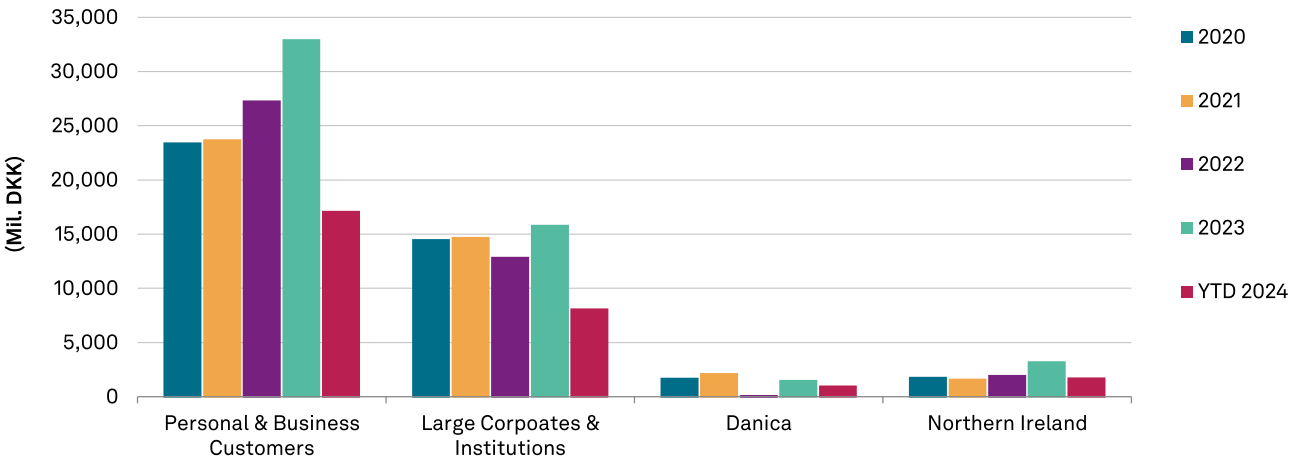
Danske recorded robust results in the first half of 2024 underpinned by strong net interest income, higher fees driven by increased customer activity, and strong credit quality. On June 7, 2023, the bank introduced its new financial targets for 2026, which it revised upward to achieve an ROE of 13% and cost-to-income ratio of around 45% by 2026, while maintaining a common equity tier 1 (CET1) ratio above 16%. To achieve these higher targets, the bank plans to invest its resources in more profitable businesses, and further cement its strong franchises in the Nordics. Accordingly, Danske Bank will exit its Personal Customers (PC) business in Norway and relocate resources to expand its Business Customers (BC) and Large Corporates & Institutions (LC&I) segments in the country. Following regulatory approvals, Nordea Bank Abp will acquire the retail operations. The parties remain committed to making the transition as smooth as possible for both customers and employees. The transaction is expected to be completed by the end of 2024.

**Chart 2**  
**Efficiency weighs on profitability when compared with peers**



Bubble size represents total assets. Operating income after loss provisions/average adjusted assets and Cost to Income ratios are average of that for the periods 2018- YTD 2024. Source: S&P Global Ratings. Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

**Chart 3**  
**The group is fairly diversified across business segments\***



\*Excludes Group Functions, Eliminations and Reclassifications. DKK--Danish Krone. Source: S&P Global Ratings. Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.



Danske Bank completed its multi-year financial crime plan at end-2023. The bank has now put in place a financial crime framework that meets the relevant regulatory requirements. It has made significant investments in strengthening its compliance management framework and governance, increasing its compliance staff, and improving its processes and risk culture in recent years after significant negative attention since 2018 in connection with the Estonian AML case, the misselling of its Flexinvest Fri product, and errors in its debt collection systems.

## **Capital And Earnings: Strong Capitalization By Balancing High Shareholder Distributions With Improved Earnings**

We expect Danske Bank will continue to demonstrate a strong capital position with a projected RAC ratio of 12%-13% in 2024-2026 (13.3% as of year-end 2023). Our main forecast assumptions for 2024-2026 are:

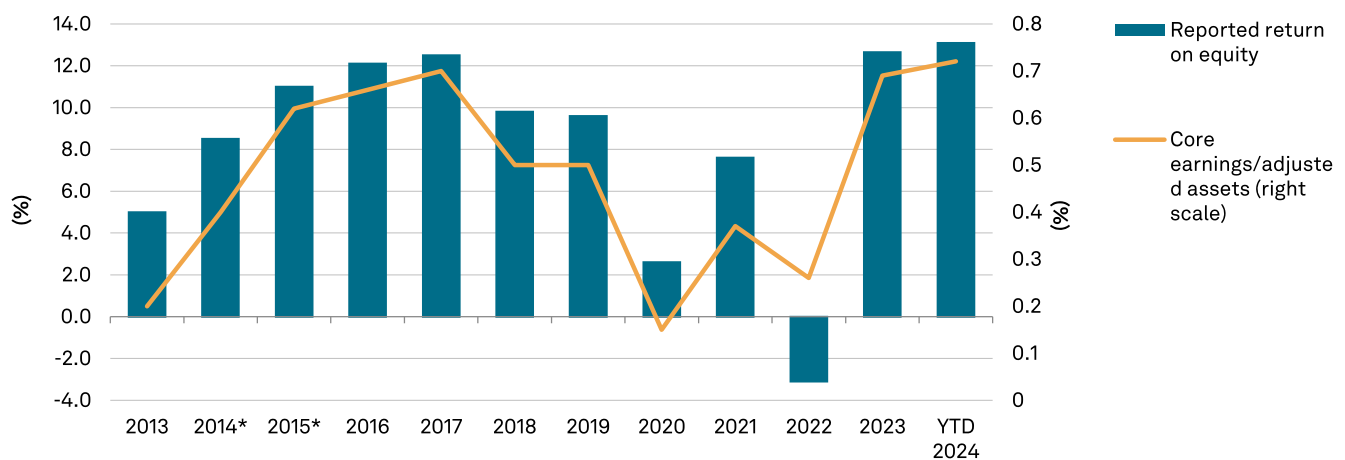
- Gradually improving revenues driven by relatively resilient net interest income, and modest business growth helped by improving fee and market-sensitive income.
- Modest cost increases as efficiency measures partially compensate wage inflation, digital investments, and compliance costs resulting in a cost-to-income ratio of about 50%.
- Shareholder distributions of up to 90%, including a dividend payout at the upper end of the 40%-60% guidance, share buybacks of DKK5.5 billion in 2024, and distribution of capital gains from the sale of the Norwegian operations.

At the end of June 2024, the total regulatory capital ratio was 22.5%, and the CET1 capital ratio was a comfortable 18.5%, against 19.2% and 14.5% regulatory requirements, respectively. The moderate improvement in capital ratios during 2023 and the first half of 2024 stemmed from stronger profits and lower credit growth impacting the RWA, partly compensated by an increase in the deduction for Danica Pension and a decline in the International Financial Reporting Standard 9 add-back.

We consider the quality of Danske Bank's capital to be adequate, reflecting high quality core capital of about 93.4% of total adjusted capital as of June 2024.

Chart 4

## Danske Bank A/S return on equity after tax



\*Excluding goodwill impairment. Source: S&P Global Ratings.

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## Risk Position: Resilient Asset Quality And Adequate Risk Management In Line With Industry Peers

In our view, Danske Bank has an adequate risk profile underpinned by strengthened compliance, governance, and risk management, and has established a continuous enhancement process for its risk management and culture. The bank completed its multi-year financial crime prevention plan in 2023. We note its significant focus on, large investments in, and quadrupling of compliance staff in these areas in the past five years.

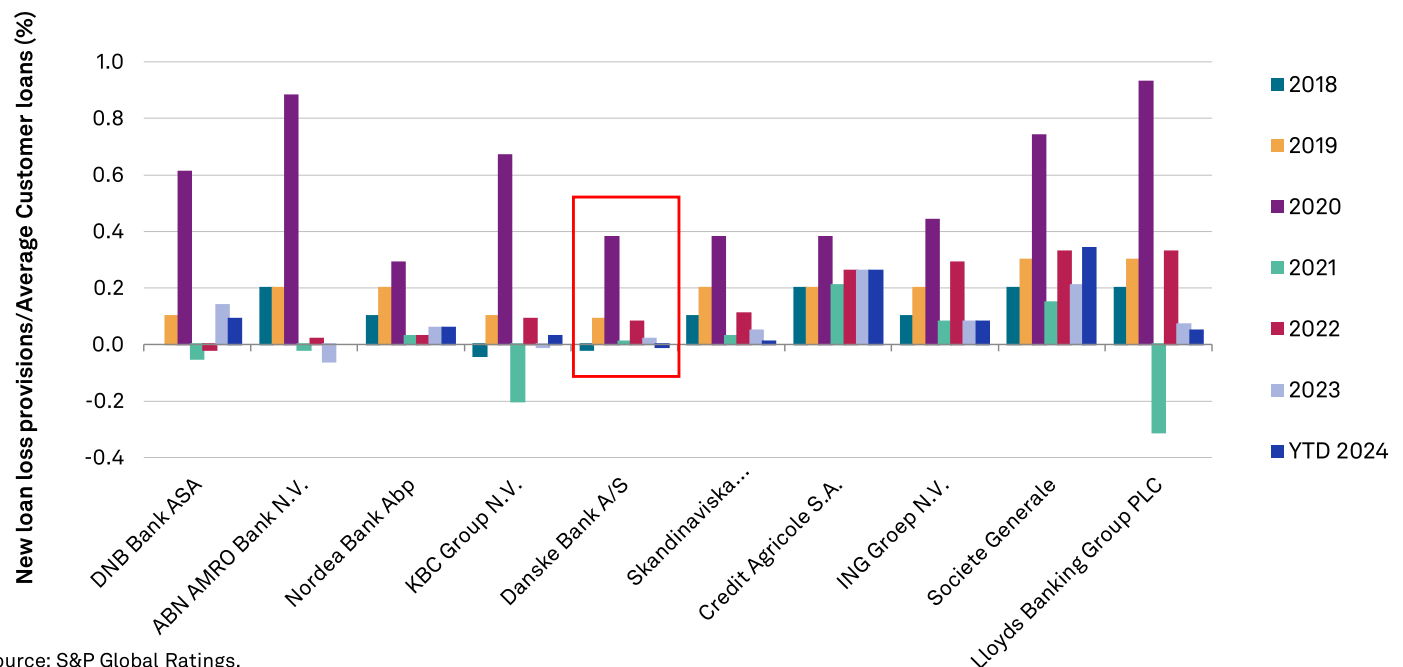
We anticipate that Danske Bank will manage ongoing economic pressures on its core Nordic markets. We believe it will benefit from its diversified and generally sound asset quality; improved risk management; reduced risk concentrations such as commercial real estate; and tailwinds from Denmark's robust economy.

Accordingly, we forecast credit costs of 8-9 bps of customer loans in 2024-2026 (after a meagre 2 bps in 2023), relatively low compared globally. We believe this is helped by Danske Bank's ongoing sound underwriting and its de-risking measures undertaken including the sale of its non-core portfolio. Moreover, the bank has built up a stock of reserves of DKK6.7 billion (or 40 bps of customer loans) in the form of management overlay buffers--that is, higher buffers than the bank's model-based credit-loss expectations.

That said, we anticipate asset quality pressures, particularly related to the bank's exposure to somewhat riskier sectors such as commercial real estate (CRE; 12% of customer loans as of second-quarter 2024); shipping, oil, and gas (2%); and volatile agriculture segments (2%). In our view, the bank benefits from a non-material share of typically very high risk CRE development loans. Similarly, we forecast a resilient 1.9%-2.1% nonperforming asset (NPA) ratio in 2024-2026, after 1.9% as of end-June 2024, and well below the bank's average 2.5% NPA ratio in 2018-2022.

Chart 5

## Danske Bank's new loan losses are in line with peer banks



Source: S&amp;P Global Ratings.

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## Funding And Liquidity: Leading Deposit-Taker In Denmark, Benefiting From Resilient Covered Bonds Markets

We anticipate Danske Bank's funding and liquidity will be in line with domestic peers' and remain neutral to the ratings because we view the bank as benefiting from solid access to broad capital markets and liquidity. Danske Bank has a leading position as a deposit-taker in Denmark and plays a significant role in the well-functioning Danish mortgage market. While the bank has a higher share of covered bond financing than many of its international peers (38% of its total funding base as of June 2024), we see the stability of the Danish covered bond market and its unique features as supporting the average funding assessment.

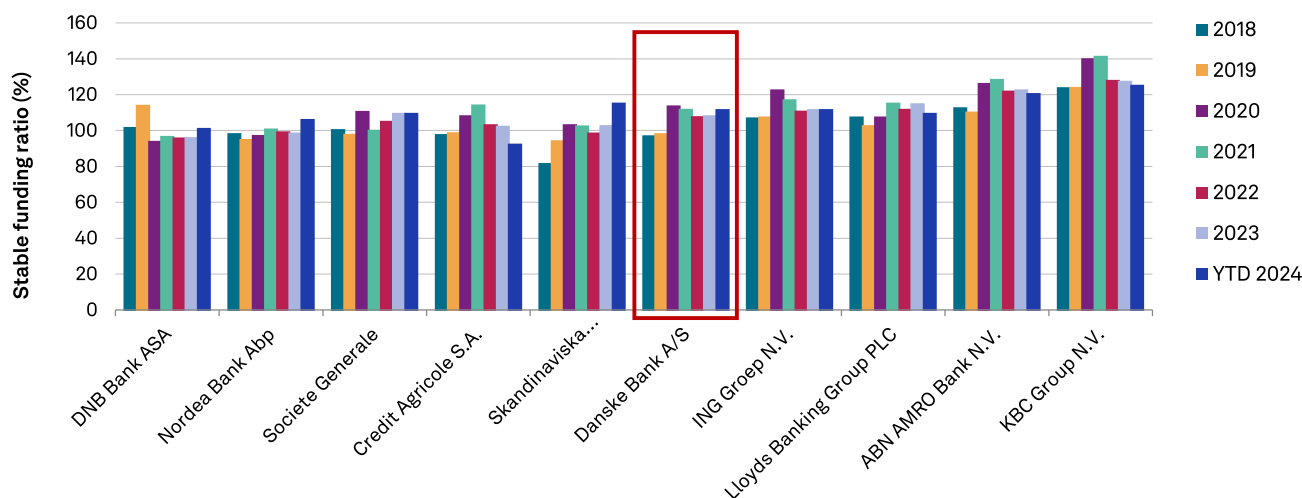
We anticipate that the Danish covered bond market, a key investment target for Danish pension funds, will continue to perform well. Its stress resilience was demonstrated, for example, during the COVID-19 pandemic in 2020 and the financial turbulence at the start of 2022 and 2023, when the covered bond markets remained open. The 2014 Danish covered bond legislation that extends bond maturities by 12 months in the event of a failed auction is another supporting factor because it effectively passes refinancing risks on to investors and repricing risks on to borrowers.

We expect Danske Bank will continue benefitting from granular core deposit franchises in each of its primary markets. The bank's deposit volumes have increased materially (7% since 2019). Core deposits represented about 45% of the funding base as of mid-2024, a significant increase from the 37% average recorded in 2017-2020, and roughly 50% of

deposits are covered by the Danish deposit protection scheme, which provides additional stability. The group's stable funding ratio is comparable with peers', at 111.4% at end-June 2024, and we expect it will improve marginally as the bank continues to refinance debt with long-term notes and covered bonds.

### Chart 6

#### Danske stable funding ratio has potential to gradually improve



Source: S&P Global Ratings.

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We consider that Danske Bank's liquidity portfolio of DKK589 billion (16% of assets)--cash, central bank reserves, and liquid securities--provides an adequate buffer to cover the maturing short-term wholesale funding, as indicated by our liquidity ratio, above many of its Nordic peers. The bank's broad liquid assets represented 1.55x its short-term wholesale funding at end-June 2024, indicating a sound profile. Danske Bank's liquidity is helped by high deposit volumes. Although we expect this to normalize, we continue to foresee a gradual improvement from historical levels as a result of reduced short-term covered bond issuance in Denmark.

Furthermore, Danske Bank's liquidity remains comfortably above all regulatory minimums, with a liquidity coverage ratio of 187% on June 30, 2024. We understand that the bank established stringent liquidity and stress tests; Danske Bank expects to continue operating without additional external funding for more than six months in stressed conditions. In our view, sound monitoring provides management with adequate and timely information, in line with Nordic peers.

### Support: One Notch Of ALAC Support On Long-Term Issuer Credit Rating

We include one notch of support above Danske Bank's 'a' stand-alone credit profile because we expect the bank will maintain a high ALAC buffer through 2026, protecting senior bondholders. We forecast the bank will improve its ALAC ratio to 9.7% by 2026, comfortably surpassing our 3% threshold for one notch uplift above its group SACP of 'a'.

Danske Bank has built up a significant buffer of bail-in-able instruments to meet its MREL of 35% of risk exposure amounts. Similarly, we include about DKK89 billion of MREL-eligible senior nonpreferred liabilities and tier 2 instruments in our ALAC metrics, representing 6.8% of its S&P Global Ratings RWA at year-end 2023.

We view Denmark's resolution regime as effective under our ALAC criteria. This is because we think it contains a well-defined bail-in process under which authorities would permit nonviable systemically important banks to continue critical functions as going concerns, following a bail-in of eligible liabilities.

## Environmental, Social, And Governance

Governance factors are now a neutral consideration in our credit rating analysis of Danske Bank. When analyzing the bank's risk profile, we take into account that it has largely remediated remaining identified shortcomings in the past and has improved its overall compliance and governance management framework, to be on par with industry peers.

Social and environmental credit factors are in line with those of industry peers.

## Group Structure, Rated Subsidiaries, And Hybrids

### Core subsidiaries: Danica Pension Livsforsikringsaktieselskab

We rate Danske Bank's life insurance subsidiary Danica Pension at the level of the group SACP because we view Danica as a core group entity that would receive support under all foreseeable circumstances, if needed, but we do not believe it would benefit from the bank's ALAC in resolution.

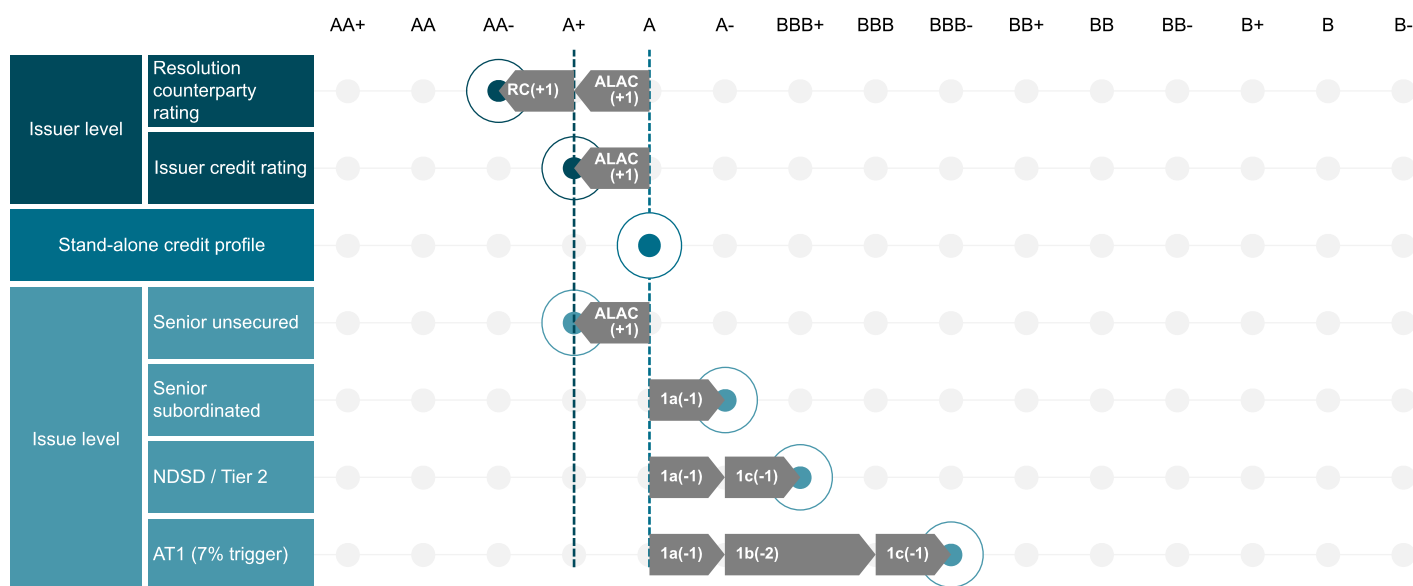
## Resolution Counterparty Ratings (RCRs)

We assigned 'AA-/A-1+' RCRs, one notch above the long-term issuer credit ratings, to Danske Bank, relating to certain senior liabilities that are explicitly protected from default in an effective bail-in resolution process.

## Issue Ratings

We notch down our ratings on regulatory capital instruments and senior nonpreferred debt from the bank's 'a' SACP.

## Danske Bank A/S: Notching



## Key to notching

---- Issuer credit rating

----- Stand-alone credit profile

RC Resolution counterparty liabilities (senior secured debt)

ALAC Additional loss-absorbing capacity buffer

1a Contractual subordination

1b Discretionary or mandatory nonpayment clause and whether the regulator classifies it as regulatory capital

1c Mandatory contingent capital clause or equivalent

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 2 of our "Hybrid Capital: Methodology And Assumptions" criteria, published on March 2, 2022.

AT1--Additional Tier 1. NDS--Non-deferrable subordinated debt. NVCC--nonviability contingent capital.

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## Key Statistics

Table 1

## Danske Bank A/S--Key figures

	--Year-ended June 30--						
(Mil. DKK)	YTD June 2024	2023	2022	2021	2020	2019	2018
Adjusted assets	3,160,368.0	3,197,986.0	3,234,282.0	3,302,555.0	3,471,943.0	3,176,980.0	3,036,985.0
Customer loans (gross)	1,672,813.0	1,690,281.0	1,824,767.0	1,858,429.0	1,863,364.0	1,848,298.0	1,803,311.0
Adjusted common equity	144,643.0	142,446.1	133,775.1	134,601.0	124,863.0	124,456.0	109,693.0
Operating revenues	27,995.0	56,866.0	44,054.0	47,127.0	46,370.0	46,236.0	46,956.0
Noninterest expenses	12,818.0	28,882.0	31,184.0	30,786.0	32,443.0	29,613.0	27,204.0
Core earnings	11,456.0	22,096.0	8,583.0	12,638.7	5,080.8	16,518.8	15,505.0

DKK--Danish krone

**Table 2**

<b>Danske Bank A/S--Business position</b>							
	<b>--Year-ended June 30--</b>						
(%)	<b>YTD June 2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Loan market share in country of domicile	N/A	24.0	24.6	24.8	25.5	26.2	26.6
Deposit market share in country of domicile	N/A	27.0	28.4	29.1	30.5	29.0	27.8
Total revenues from business line (currency in millions)	28,011.0	57,193.0	45,895.0	47,534.0	46,370.0	48,115.0	46,956.0
Commercial banking/total revenues from business line	24.1	37.6	45.6	40.1	38.5	37.3	37.0
Retail banking/total revenues from business line	5.7	39.3	33.1	29.1	29.1	29.6	32.6
Commercial & retail banking/total revenues from business line	N/A	77.0	78.7	69.2	67.6	67.0	69.6
Trading and sales income/total revenues from business line	N/A	10.4	9.2	13.5	15.9	11.4	12.2
Insurance activities/total revenues from business line	N/A	2.6	2.3	0.0	0.0	0.0	-
Asset management/total revenues from business line	N/A	7.7	9.8	10.5	10.4	14.5	12.5
Other revenues/total revenues from business line	9.5	2.3	N/A	6.9	6.2	7.2	5.7
Investment banking/total revenues from business line	N/A	10.4	9.2	13.5	15.9	11.4	12.2
Return on average common equity	13.0	12.7	(3.1)	7.5	2.6	9.4	9.2

N/A--Not applicable.

**Table 3**

<b>Danske Bank A/S--Capital and earnings</b>							
	<b>--Year-ended June 30--</b>						
(%)	<b>YTD June2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Tier 1 capital ratio	19.7	20.5	19.6	20.0	20.5	20.4	20.1
S&P Global Ratings' RAC ratio before diversification	N/A	13.3	12.6	13.4	11.9	12.0	10.4
S&P Global Ratings' RAC ratio after diversification	N/A	14.3	13.4	14.2	12.6	12.8	16.6
Adjusted common equity/total adjusted capital	93.4	90.6	89.7	87.1	87.8	83.9	82.2
Double leverage	50.3	49.9	55.4	55.0	57.6	58.1	60.3
Net interest income/operating revenues	65.3	56.7	63.6	56.8	60.6	60.3	61.8
Fee income/operating revenues	25.3	20.5	25.7	25.7	23.0	22.4	22.1
Market-sensitive income/operating revenues	4.9	11.6	(84.9)	69.7	48.6	74.7	(21.8)
Cost to income ratio	45.8	50.8	70.8	65.3	70.0	64.0	57.9
Provision operating income/average assets	0.8	0.7	0.3	0.4	0.4	0.5	0.6
Core earnings/average managed assets	0.6	0.6	0.2	0.3	0.1	0.5	0.4

N/A--Not applicable. RAC--Risk-adjusted capital.

Table 4

Danske Bank A/S--S&P Global risk-adjusted capital framework detailed results						
	EAD(1)	Basel III RWA (2)	Average Basel III RW (%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)	
Government and central banks	542,409,586,179.8	387,297,934.3	0.1	8,675,976,344.6	1.6	
Of which regional governments and local authorities	55,217,502,380.5	87,590,696.0	0.2	1,987,830,085.7	3.6	
Institutions and CCPs	270,071,193,643.5	33,010,376,488.9	12.2	44,168,310,874.5	16.4	
Corporate	990,983,934,060.1	338,824,219,398.0	34.2	680,804,359,645.6	68.7	
Retail	947,292,717,896.5	184,891,384,953.5	19.5	258,409,818,875.4	27.3	
Of which mortgage	874,318,970,807.7	158,326,396,014.0	18.1	207,914,263,892.9	23.8	
Securitization (3)	2,469,759,048.2	885,574,270.1	35.9	835,447,424.8	33.8	
Other assets(4)	40,103,019,760.8	55,884,813,512.0	139.4	11,219,540,744.8	28.0	
Of which deferred tax assets	513,000,000.0	--	--	1,282,500,000.0	2.5	
Of which amount of over (-) or under (+) capitalization of insurance subsidiaries	8,300,000,000.0	--	--	(31,125,000,000.0)	0.0	
Total credit risk	2,793,330,210,588.9	613,883,666,556.8	22.0	1,004,113,453,909.7	35.9	
Total credit valuation adjustment	--	2,994,251,714.4	--	11,694,881,807.1	--	
Equity in the banking book	602,605,440.2	1,587,019,723.4	263.4	5,217,538,666.6	865.8	
Trading book market risk	--	38,394,955,990.6	--	50,014,748,966.2	--	
Total market risk	--	39,981,975,714.0	--	55,232,287,632.8	--	
Total operational risk	--	81,046,442,473.9	--	114,011,958,104.5	--	
RWA before diversification	--	827,882,000,000.0	--	1,185,052,581,454.1	100.0	
Single name(On Corporate Portfolio) (5)	--	--	--	4,349,134,898.3	0.6	
Sector(On Corporate Portfolio)	--	--	--	(30,828,495,731.6)	(4.5)	
Geographic	--	--	--	31,282,502,742.2	3.2	
Business and Risk Type	--	--	--	(90,081,120,144.3)	(7.6)	
Total Diversification/ Concentration Adjustments	--	--	--	(85,277,978,235.4)	(7.2)	
RWA after diversification	--	827,882,000,000.0	--	1,099,774,603,218.7	92.8	
		<b>Tier 1 capital</b>	<b>Tier 1 ratio (%)</b>	<b>Total adjusted capital</b>	<b>Standard &amp; Poor's RAC ratio (%)</b>	
Capital ratio before adjustments		170,113,000,000.0	20.5	157,251,055,849.8	13.3	
Capital ratio after adjustments (6)		170,113,000,000.0	20.5	157,251,055,849.8	14.3	

Table 5

Danske Bank A/S--Risk position							
--Year-ended June 30--							
(%)	YTD June 2024	2023	2022	2021	2020	2019	2018
Growth in customer loans	(2.1)	(7.4)	(1.8)	(0.3)	0.8	2.5	3.1
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	(7.2)	(5.8)	(5.5)	(5.8)	(6.3)	(37.5)
Total managed assets/adjusted common equity (x)	26.0	26.5	28.1	29.2	32.9	30.2	32.6



Table 5

Danske Bank A/S--Risk position (cont.)							
	--Year-ended June 30--						
(%)	YTD June 2024	2023	2022	2021	2020	2019	2018
New loan loss provisions/average customer loans	(0.0)	0.0	0.1	0.0	0.4	0.1	(0.0)
Net charge-offs/average customer loans	(0.1)	(0.0)	0.1	0.1	0.2	0.1	(0.0)
Gross nonperforming assets/customer loans + other real estate owned	1.9	1.9	1.8	2.5	2.6	2.3	2.4
Loan loss reserves/gross nonperforming assets	63.4	61.6	61.2	49.5	47.8	49.8	48.5

N/A--Not applicable. RWA--Risk-weighted assets.

Table 6

Danske Bank A/S--Funding and liquidity							
	--Year-ended June 30--						
(%)	YTD June 2024	2023	2022	2021	2020	2019	2018
Core deposits/funding base	45.0	43.1	46.3	42.5	42.1	36.8	35.3
Customer loans (net)/customer deposits	140.0	150.6	154.0	156.9	153.9	189.4	198.7
Long-term funding ratio	78.6	76.5	79.8	78.7	77.0	72.9	71.2
Stable funding ratio	111.4	108.0	107.5	111.6	113.5	98.0	96.9
Short-term wholesale funding/funding base	22.9	25.2	21.6	22.7	24.3	28.9	30.7
Broad liquid assets/short-term wholesale funding (x)	1.5	1.4	1.5	1.6	1.6	1.1	1.1
Net broad liquid assets/short-term customer deposits	24.9	21.7	22.7	29.6	29.4	6.4	4.7
Short-term wholesale funding/total wholesale funding	41.4	43.8	39.7	39.0	41.6	45.1	46.7

### Danske Bank A/S--Rating component scores

Issuer Credit Rating	A+ / Stable / A-1
SACP	a
Anchor	bbb+
Economic risk	2
Industry risk	4
Business position	Strong
Capital and earnings	Strong
Risk position	Adequate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	0
Support	+1
ALAC support	+1
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

## Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- General Criteria: National And Regional Scale Credit Ratings Methodology, June 8, 2023
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Related Research

- Danske Bank 'A+/A-1' Ratings Affirmed; SACP Revised Upward To 'a' On Improved Risk Management; Outlook Stable, Sept. 20, 2024
- Banking Industry Country Risk Assessment Update: September, Sept. 27, 2024
- Denmark 'AAA/A-1+' Ratings Affirmed; Outlook Stable, Feb. 09, 2024
- Banking Industry Country Risk Assessment: Denmark, Dec. 07, 2023
- Full Analysis: Danske Bank A/S, Aug. 02, 2023
- Danske Bank Outlook Revised To Stable As Estonia Money Laundering Case Resolved; 'A+/A-1' Ratings Affirmed, Dec. 16, 2022

### Ratings Detail (As Of October 10, 2024)\*

#### Danske Bank A/S

Issuer Credit Rating	A+/Stable/A-1
<i>Nordic Regional Scale</i>	--/--/K-1
Resolution Counterparty Rating	AA-/--/A-1+
Certificate Of Deposit	
<i>Foreign Currency</i>	A+/A-1
Commercial Paper	
<i>Foreign Currency</i>	A+/A-1
<i>Local Currency</i>	A-1
Junior Subordinated	BBB-
Senior Secured	AAA/Stable
Senior Subordinated	A-
Senior Unsecured	A+

**Ratings Detail (As Of October 10, 2024)\*(cont.)**

Senior Unsecured	A+ / A-1
Short-Term Debt	A-1
Subordinated	BBB+
<b>Issuer Credit Ratings History</b>	
16-Dec-2022	A+ / Stable / A-1
16-Dec-2021	A+ / Negative / A-1
23-Oct-2019	A / Stable / A-1
05-Feb-2004 <i>Nordic Regional Scale</i>	-- / -- / K-1
<b>Sovereign Rating</b>	
Denmark	AAA / Stable / A-1+
<b>Related Entities</b>	
<b>Danica Pension Livsforsikringsaktieselskab</b>	
Issuer Credit Rating	A / Stable / --
Subordinated	BBB+
<b>Danske Bank A/S, Swedish Branch</b>	
Issuer Credit Rating	A+ / Stable / A-1
<b>Danske Hypotek AB (publ)</b>	
Senior Secured	AAA / Stable
<b>Realkredit Danmark A/S</b>	
Senior Secured	AA / Stable
Senior Secured	AAA / Stable
Short-Term Secured Debt	A-1+

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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