

Financial results – first half 2017



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Agenda

| | |
|-----------------------------------|-----------|
| Executive summary | 2 |
| Business unit update | 4 |
| Selected topics | 6 |
| Outlook for full-year 2017 | 9 |
| Q&A | 10 |
| Appendix | 11 |

Executive summary: A satisfactory first half of 2017

The Nordic economies saw positive trends in the first half of 2017

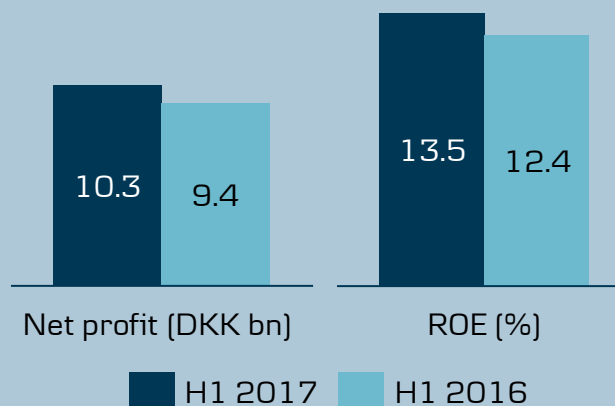
Loan growth of 3% y/y ; stronger footprint in Norway and Sweden as we continue to realise our Nordic potential

Customer activity drove total income up; good traction in Wealth Management and solid progress in C&I

Expenses driven by higher activity, regulatory requirements and digitalisation as we continue to invest for the future

Financial results, H1 2017

- Net profit of DKK 10.3 bn, up 10% from H1 2016, which included property sales
- ROE of 13.5%
- Strong capital position, with a CET1 capital ratio of 16.2% after deduction of full share buy-back in Q1 2017
- Net profit outlook for 2017 revised upwards to DKK 18–20 bn



Net profit: DKK 10.3 bn, up 10% from H1 2016*

Income statement and key figures (DKK millions)

| | H1 2017 | H1 2016 | Index | Q2 2017 | Q1 2017 | Index |
|---|---------|---------|-------|---------|---------|-------|
| Net interest income | 11,431 | 10,747 | 106 | 5,692 | 5,739 | 99 |
| Net fee income | 7,593 | 6,737 | 113 | 3,743 | 3,850 | 97 |
| Net trading income | 4,519 | 3,735 | 121 | 1,814 | 2,705 | 67 |
| Other income | 843 | 1,794 | 47 | 487 | 356 | 137 |
| Total income | 24,385 | 23,012 | 106 | 11,736 | 12,649 | 93 |
| Expenses | 11,484 | 11,115 | 103 | 5,760 | 5,724 | 101 |
| Profit before loan impairment charges | 12,901 | 11,897 | 108 | 5,976 | 6,925 | 86 |
| Loan impairment charges | -466 | -107 | - | -231 | -235 | 98 |
| Profit before tax, core | 13,368 | 12,004 | 111 | 6,208 | 7,160 | 87 |
| Profit before tax, Non-core | -45 | 47 | - | -25 | -19 | 132 |
| Profit before tax | 13,323 | 12,051 | 111 | 6,182 | 7,140 | 87 |
| Tax | 3,002 | 2,688 | 112 | 1,392 | 1,610 | 86 |
| Net profit | 10,321 | 9,363 | 110 | 4,790 | 5,530 | 87 |
| Return on avg. shareholders' equity (%) | 13.5 | 12.4 | | 12.6 | 14.4 | |
| Cost/income ratio (%) | 47.1 | 48.3 | | 49.1 | 45.3 | |
| Common equity tier 1 capital ratio (%) | 16.2 | 15.8 | | 16.2 | 15.5 | |
| EPS (DKK) | 10.8 | 9.4 | | 5.0 | 5.8 | |
| Lending (DKK bn) | 1,707 | 1,664 | 103 | 1,707 | 1,705 | 100 |
| Deposits and RD funding (DKK bn) | 1,691 | 1,611 | 105 | 1,691 | 1,659 | 102 |
| - of which deposits (DKK bn) | 914 | 855 | 107 | 914 | 884 | 103 |
| Risk exposure amount (DKK bn) | 779 | 800 | 97 | 779 | 799 | 97 |

Key points, H1 2017 vs H1 2016

- Return on equity of 13.5%
- Total income up 6%, driven by all major income lines
- In H1 2016, other income included the sale of headquarters, and trading income included the VISA Europe sale
- Expenses up 3%, partly because H1 2016 benefited from one-off items; cost/income ratio of 47.1%.
- Lending volume up 3%

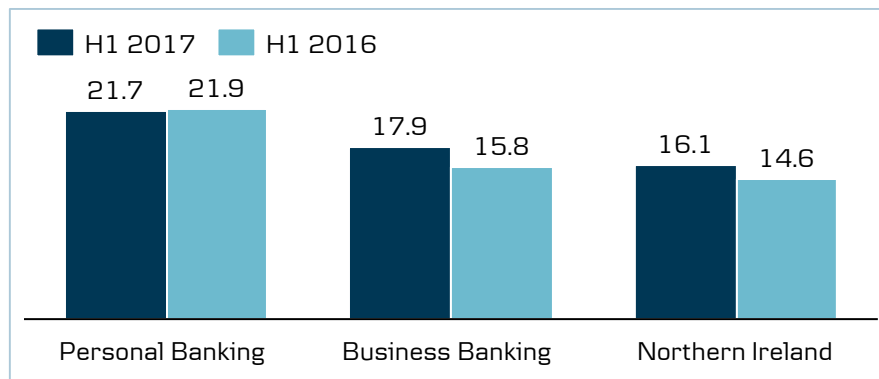
Key points, Q2 2017 vs Q1 2017

- NII down 1% mainly due to tax related one-off, currency effects and USD AT1 expenses
- Fee and trading income down, reflecting strong customer activity in Q1
- Expenses up 1%, mainly due to regulatory compliance
- Reversal of impairments continued
- CET1 capital ratio of 16.2% and REA of DKK 779 bn

* H1 2016 included the sale of headquarters in Q, the sale of VISA Europe in Q2 and negative CVA due to model improvement.

Banking units: Nordic banking units continue to benefit from growth and strong credit quality

Pre-tax return on allocated capital (%)



Financial highlights, H1 2017 vs H1 2016

Personal Banking

- Total income up, driven by all income lines
- Expenses up 2% due to IT development and regulatory compliance
- Lending up 2% driven by growth in Sweden and Norway

Business Banking

- Total income up 3%, reflecting higher NII and fee income
- Expenses down 2% partly as a result of efficiency improvements
- Lending up 3% with growth in all markets

Northern Ireland

- Result affected by GBP/DKK depreciation of 9%, negative impact of lower UK interest rates and reduced reversals of impairment charges

Income statement (DKK millions)

| | Personal Banking | | | Business Banking | | | Northern Ireland | | |
|---------------------------------------|------------------|---------|-------|------------------|---------|-------|------------------|---------|-------|
| | H1 2017 | H1 2016 | Index | H1 2017 | H1 2016 | Index | H1 2017 | H1 2016 | Index |
| Net interest income | 3,926 | 3,823 | 103 | 4,311 | 4,202 | 103 | 692 | 777 | 89 |
| Net fee income | 1,731 | 1,596 | 108 | 906 | 789 | 115 | 228 | 233 | 98 |
| Net trading income | 310 | 264 | 117 | 261 | 292 | 89 | 44 | 47 | 94 |
| Other income | 384 | 312 | 123 | 274 | 288 | 95 | 6 | 12 | 50 |
| Total income | 6,351 | 5,995 | 106 | 5,753 | 5,571 | 103 | 970 | 1,070 | 91 |
| Expenses | 3,796 | 3,735 | 102 | 2,277 | 2,329 | 98 | 613 | 613 | 100 |
| Profit before loan impairment charges | 2,555 | 2,260 | 113 | 3,476 | 3,242 | 107 | 357 | 457 | 78 |
| Loan impairment charges | 3 | -179 | - | -545 | -23 | - | -130 | -151 | 86 |
| Profit before tax | 2,552 | 2,440 | 105 | 4,021 | 3,265 | 123 | 487 | 608 | 80 |
| Lending (DKK bn) | 748 | 731 | 102 | 678 | 657 | 103 | 46 | 46 | 100 |
| Deposits and RD funding (DKK bn) | 680 | 662 | 103 | 564 | 534 | 106 | 59 | 59 | 100 |
| - of which deposits (DKK bn) | 275 | 267 | 103 | 246 | 224 | 110 | 59 | 59 | 100 |

C&I and Wealth Management: Positive development in all major income lines due to stronger customer activity

C&I: Financial highlights, H1 2017 vs H1 2016

- Total income up 27% compared to a challenging environment in the beginning of 2016
- Fee income up 21% owing to increased customer activity in Capital Markets and General Banking
- Trading income reflects strong customer activity at FICC driven by geopolitical events in the first quarter
- Expenses up 4% owing mainly to positive one-offs in Q1 2016 and increased performance-based compensation in Q1 2017
- Impairment charges were made mainly against facilities to the oil sector

Wealth Management: Financial highlights, H1 2017 vs H1 2016

- Assets under management up 12% owing to positive inflow and performance
- Net sales at Asset Management* of DKK 12.9 bn in H1 2017, with inflow from both institutional and retail customers; net premiums of DKK 20.4 bn at Danica Pension in H1 2017
- Fee income up 15% driven by increased AuM and new product launches
- Expenses up 8% due to increased regulatory implementation, especially MIFID II, activity and restructuring costs

C&I: Income statement (DKK millions)

| | H1 2017 | H1 2016 | Index |
|---|---------|---------|-------|
| Net interest income | 1,543 | 1,488 | 104 |
| Net fee income | 1,355 | 1,117 | 121 |
| Net trading income | 3,423 | 2,374 | 144 |
| Other income | 1 | 16 | 6 |
| Total income | 6,322 | 4,996 | 127 |
| Expenses | 2,404 | 2,322 | 104 |
| Profit before loan impairment charges | 3,918 | 2,673 | 147 |
| Loan impairment charges | 248 | 320 | 78 |
| Profit before tax | 3,670 | 2,353 | 156 |
| Pre-tax return on allocated capital (%) | 19.3 | 12.2 | |
| Lending (DKK bn) | 192 | 192 | 100 |
| Deposits (DKK bn) | 265 | 239 | 111 |

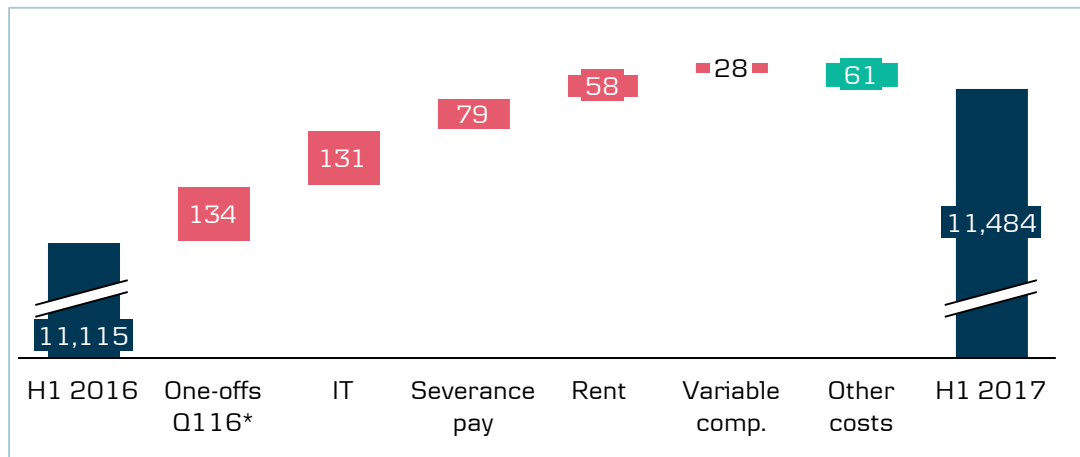
Wealth Management: Income statement (DKK millions)

| | H1 2017 | H1 2016 | Index |
|---|---------|---------|-------|
| Net interest income | 356 | 332 | 107 |
| Net fee income | 3,510 | 3,052 | 115 |
| Net trading income | 204 | 144 | 142 |
| Other income | 97 | 261 | 37 |
| Total income | 4,168 | 3,789 | 110 |
| Expenses | 2,035 | 1,882 | 108 |
| Profit before loan impairment charges | 2,132 | 1,907 | 112 |
| Loan impairment charges | -45 | -74 | 61 |
| Profit before tax | 2,177 | 1,981 | 110 |
| Pre-tax return on allocated capital (%) | 31.2 | 27.0 | |
| Lending (DKK bn) | 74 | 71 | 104 |
| Deposits (DKK bn) | 67 | 63 | 106 |
| Assets under management (DKK bn) | 1,493 | 1,336 | 112 |

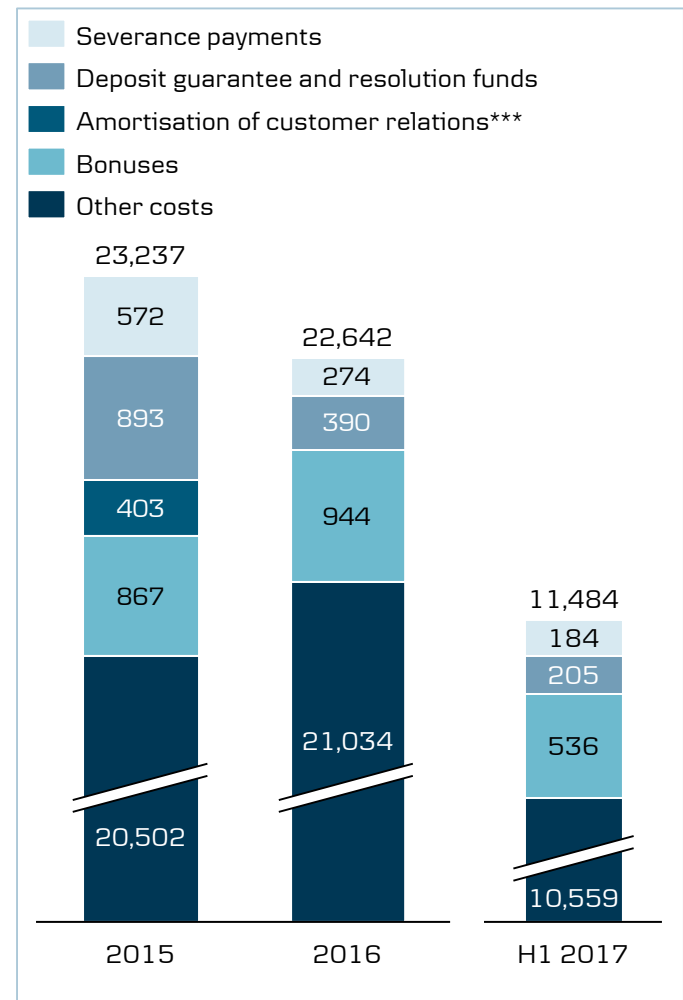
*Includes Danica unit-linked

Expenses: Up 3% from a low level, driven by IT-related regulatory compliance and digitalisation. Underlying costs were stable

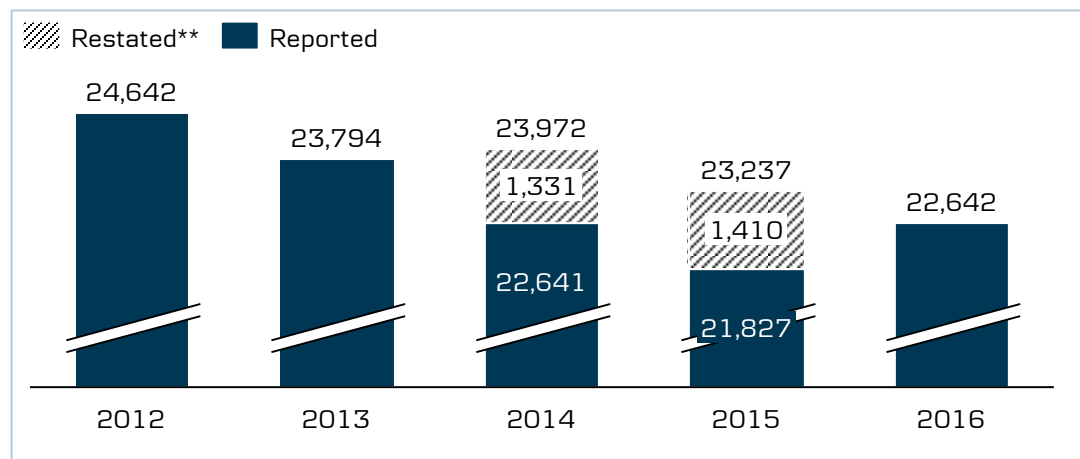
Change in expenses (DKK millions)



Total expenses ex goodwill charge (DKK millions)



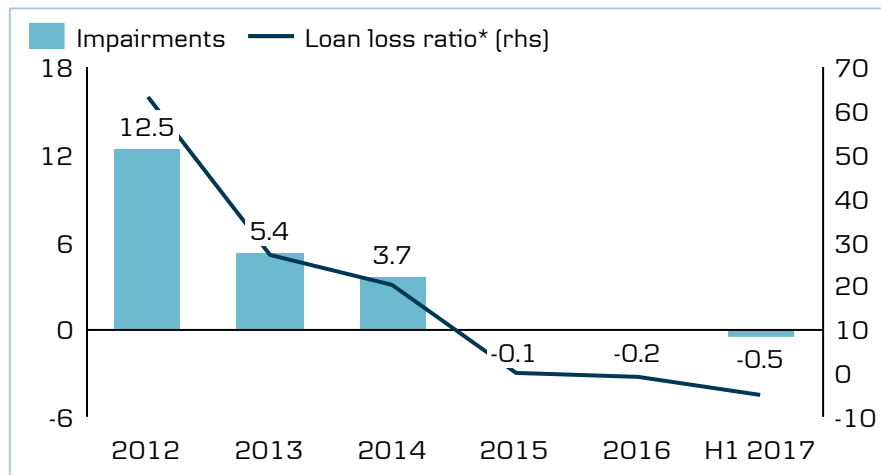
Total expenses ex goodwill charge, 2012-2016 (DKK millions)



* Includes a VAT reversal and the reversal of a provision for operational risk ** Expenses for 2014 and 2015 are restated to reflect the new Wealth Management unit. *** 2015 charge represents 11 months of amortisation because of a write-down in December 2015.

Impairments: Loan loss ratio of -5 bp in core activities in H1 2017

Group impairments,* 2012 to H1 2017 (DKK billions/bp)



Impairment drivers, Q2 2017 vs Q1 2017

- Net reversals continued, supported by benign macroeconomic conditions in all countries
- At Personal Banking, credit quality improved as property prices increased and household finances improved
- Reversals at Business Banking driven by positive outcome of work-out cases and improvements in the agriculture industry
- Impairments at C&I driven by oil-related exposure where restructuring has led to increased individual charges
- Improved credit quality and higher collateral values drove net reversals at Wealth Management and Northern Ireland

Impairments (DKK millions)

| | H1 2017 | H1 2016 | Q2 2017 | Q1 2017 |
|-------------------|-------------|-------------|-------------|-------------|
| Personal Banking | 3 | -179 | -53 | 56 |
| Business Banking | -545 | -23 | -261 | -285 |
| C&I | 248 | 320 | 168 | 80 |
| Wealth Management | -45 | -74 | -20 | -25 |
| Northern Ireland | -130 | -151 | -69 | -61 |
| Other activities | 3 | 1 | 3 | - |
| Total core | -466 | -107 | -231 | -235 |
| Non-core | -7 | -80 | -9 | 1 |
| Group | -474 | -188 | -240 | -234 |

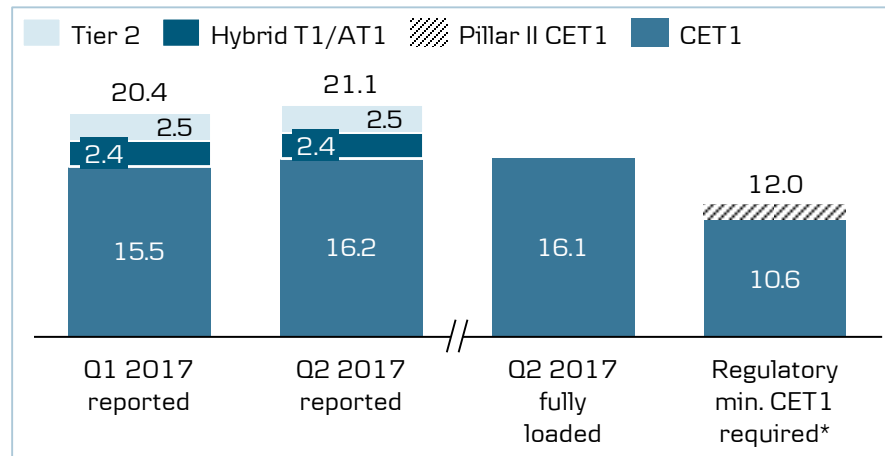
Loan loss ratio,** annualised (bp)

| | H1 2017 | H1 2016 | Q2 2017 | Q1 2017 |
|-------------------|-----------|-----------|-----------|-----------|
| Personal Banking | 0 | -5 | -3 | 3 |
| Business Banking | -16 | -1 | -15 | -17 |
| C&I | 12 | 16 | 16 | 7 |
| Wealth Management | -12 | -21 | -10 | -13 |
| Northern Ireland | -58 | -60 | -59 | -54 |
| Other activities | 18 | 0 | 24 | 5 |
| Total core | -5 | -1 | -5 | -5 |
| Non-core | -8 | -67 | -19 | 3 |
| Group | -5 | -2 | -5 | -5 |

* Includes Non-core **The loan loss ratio is defined as annualised quarterly impairment charges as a percentage of loans and guarantees.

Capital: Strong capital base; CET1 capital ratio of 16.2%, mainly due to lower REA

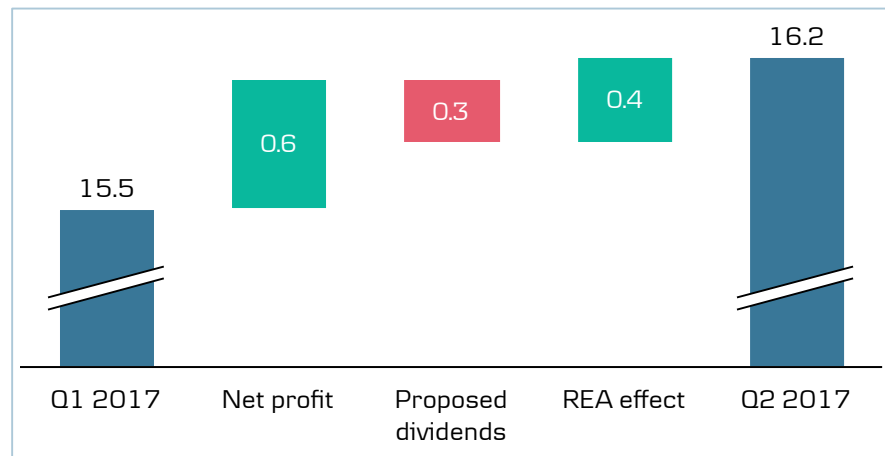
Capital ratios, under Basel III/CRR (%)



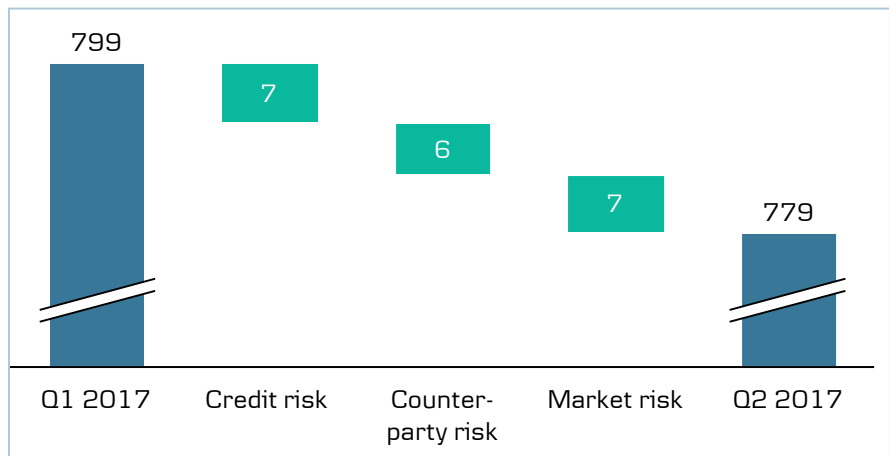
Capital highlights, Q2 2017

- REA down as portfolio changes lower credit risk. Counterparty risk decreased due to lower derivatives exposure and market risk was down due to a lower risk level
- Implementation of IFRS9 is now expected to increase the allowance account by DKK 2-3 bn, on the basis of more clarity around final guidelines and improved credit quality**
- Leverage ratio of 4.1% on traditional rules and fully phased-in
- Capital targets unchanged: CET1 in the range of 14-15% in the short to medium term in light of regulatory uncertainty, and total capital ratio target of around 19%

CET1 capital ratio, Q1 2017 to Q2 2017 (%)



Total REA, Q1 2017 to Q2 2017 (DKK billions)



*Pro forma fully phased-in min. CET1 requirement in 2019 of 4.5%, capital conservation buffer of 2.5%, SIFI requirement of 3%, countercyclical buffers of 0.6% and CET1 component of Pillar II requirement. NB: Pillar II requirement is not relevant for the purpose of MDA. **The effect on CET1 is expected to be phased-in according to transitional rules (expected to be clarified in 2017)

*Upgraded outlook for full-year 2017: We now expect net profit in the range of DKK 18-20 bn**

Net interest income

We expect net interest income to be higher than in 2016, as we will benefit from volume growth and lower funding costs

Net fee income

Revised: Net fee income is expected to be higher than in 2016, subject to customer activity

Previously: Net fee income is expected to be somewhat higher than in 2016, subject to customer activity

Net trading & Other income

Net trading income and Other income are expected to be less impacted by positive special items compared to 2016

Expenses

Revised: Expenses are expected to be around the level in 2016

Previously: Expenses are expected to decline somewhat from the level in 2016

Impairments

Revised: Loan impairments are expected to remain low

Previously : Loan impairments are expected to remain low, although higher than in 2016

Net profit

Revised: We expect net profit in the range of DKK 18-20 bn

Previously : We expect net profit to be in the range of DKK 17-19 bn

*Previously: We expect net profit to be in the range of DKK 17-19 bn

Note: This guidance is subject to uncertainty and depends on economic conditions, including developments in monetary policy at central banks.

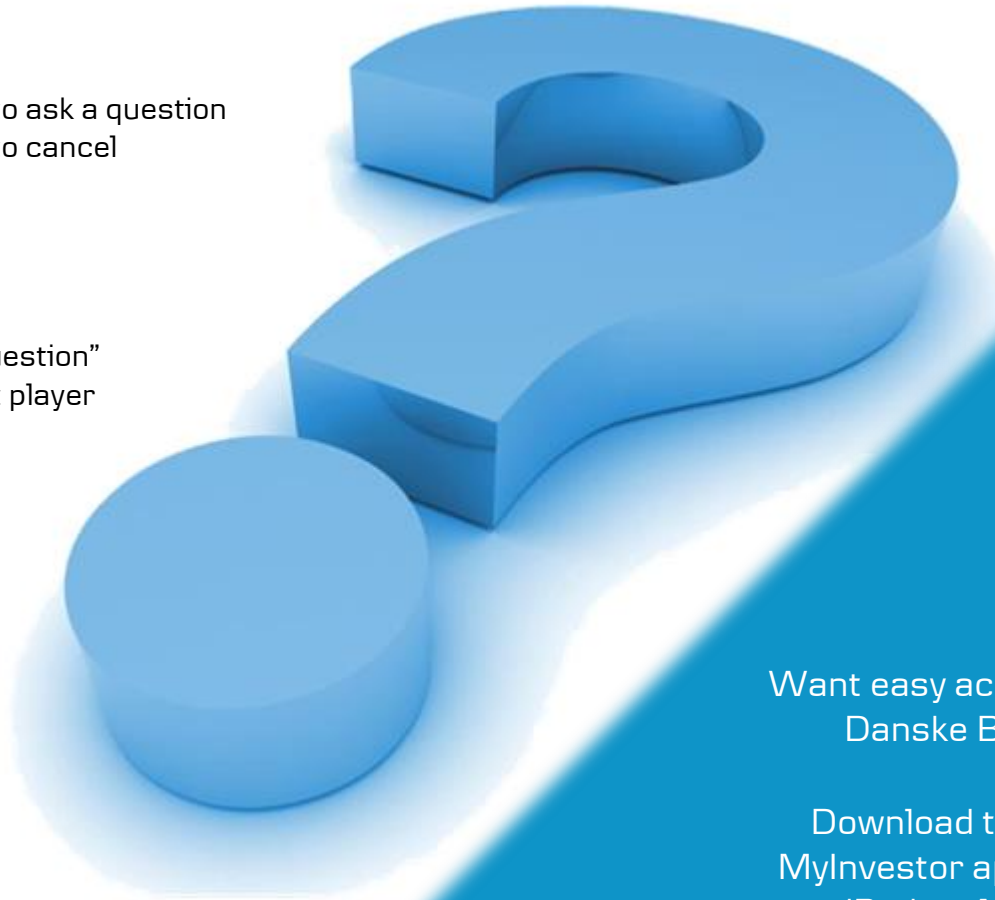
Q&A session



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Press * then 2 to cancel



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Appendix

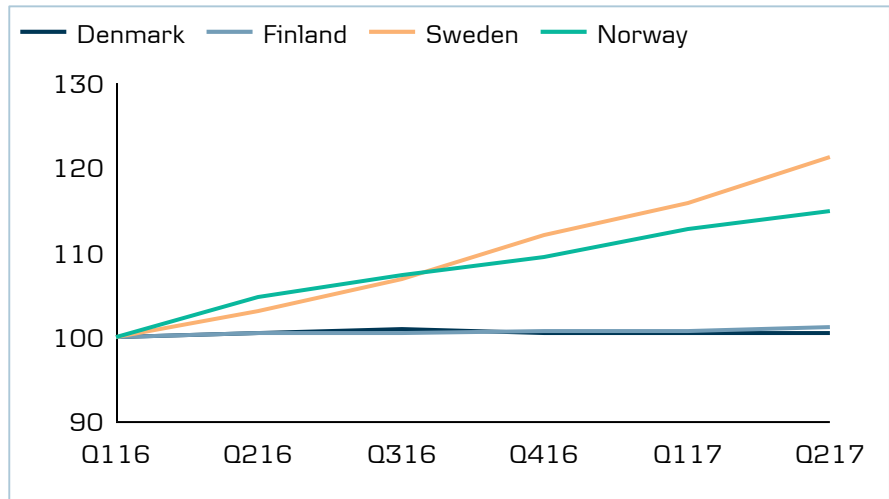
| | |
|---|-----------|
| Business units | 12 |
| Special topics | 17 |
| Macro and portfolio reviews | 23 |
| Funding, liquidity, ROE bridge and ratings | 27 |
| Tax | 31 |
| Contact details | 32 |

Personal Banking: Profit before tax up 7%; growth in Sweden and Norway continues

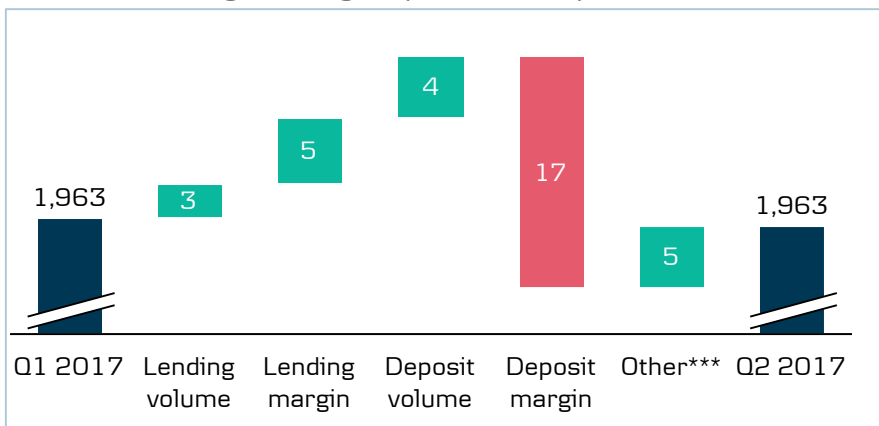
Income statement and key figures (DKK millions)

| | Q2 2017 | Q1 2017 | Index |
|---------------------------------------|---------|---------|-------|
| Net interest income | 1,963 | 1,963 | 100 |
| Net fee income | 891 | 841 | 106 |
| Net trading income | 110 | 200 | 55 |
| Other income | 205 | 178 | 115 |
| Total income | 3,169 | 3,182 | 100 |
| Expenses | 1,900 | 1,896 | 100 |
| Profit before loan impairment charges | 1,269 | 1,286 | 99 |
| Loan impairment charges | -53 | 56 | - |
| Profit before tax | 1,322 | 1,230 | 107 |
| Lending (DKK bn) | 748 | 746 | 100 |
| Deposits and RD funding (DKK bn) | 680 | 668 | 102 |
| Deposits (DKK bn) | 275 | 267 | 103 |

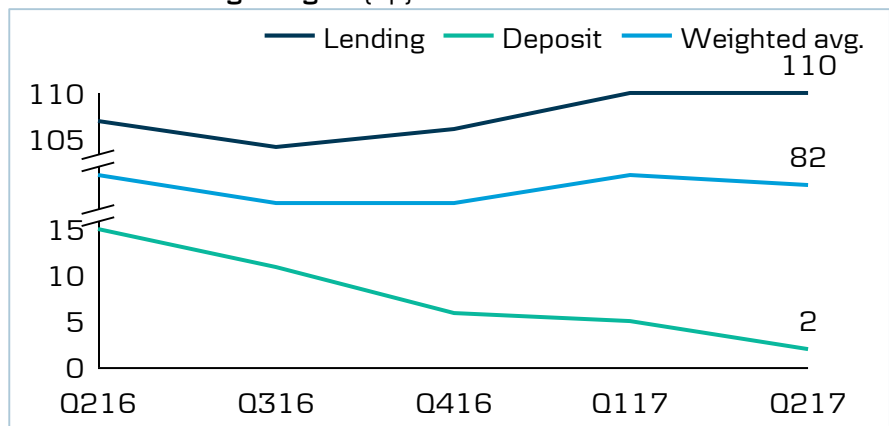
Lending volume by country* (Q1 2016 = Index 100)



Personal Banking NII bridge** (DKK millions)



Personal Banking margins (bp)



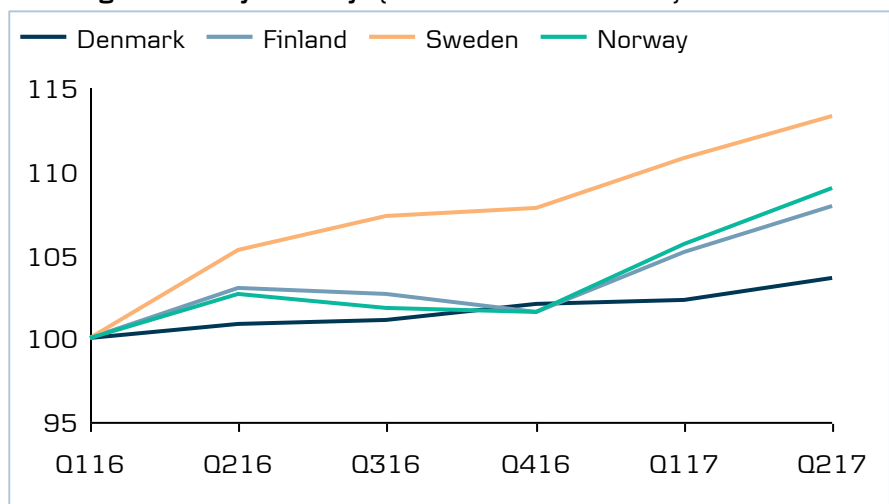
* Based on local currency lending volumes. ** Based on average volumes. *** Includes capital costs and off-balance-sheet items.

Business Banking: Profit before tax down 4% on lower mortgage refinancing activity and higher regulatory costs

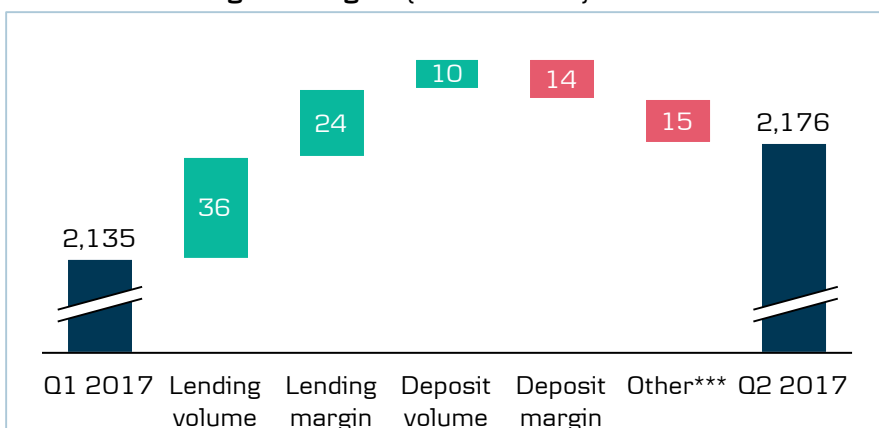
Income statement and key figures (DKK millions)

| | Q2 2017 | Q1 2017 | Index |
|---------------------------------------|--------------|--------------|------------|
| Net interest income | 2,176 | 2,135 | 102 |
| Net fee income | 451 | 455 | 99 |
| Net trading income | 115 | 146 | 79 |
| Other income | 134 | 141 | 95 |
| Total income | 2,876 | 2,877 | 100 |
| Expenses | 1,164 | 1,112 | 105 |
| Profit before loan impairment charges | 1,711 | 1,765 | 97 |
| Loan impairment charges | -261 | -285 | 92 |
| Profit before tax | 1,972 | 2,049 | 96 |
| Lending (DKK bn) | 678 | 672 | 101 |
| Deposits and RD funding (DKK bn) | 564 | 556 | 101 |
| Deposits (DKK bn) | 246 | 232 | 106 |

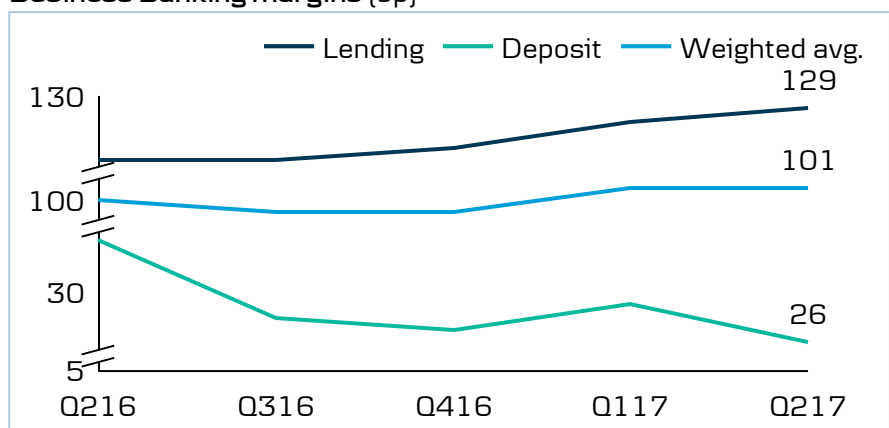
Lending volume by country* (Q1 2016 = Index 100)



Business Banking NII bridge** (DKK millions)



Business Banking margins (bp)



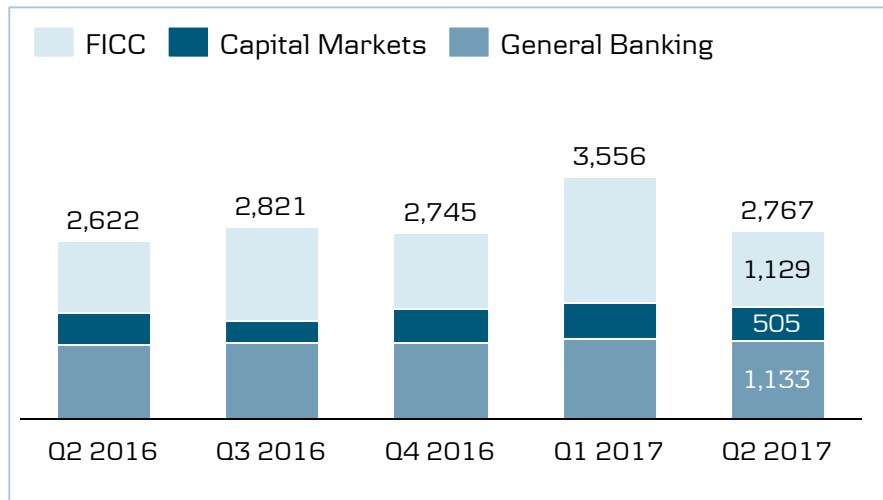
* Based on local currency lending volumes. ** Based on average volumes. *** Includes capital costs and off-balance-sheet items.

Corporates & Institutions: PBT decreased after strong customer activity in Q1 2017

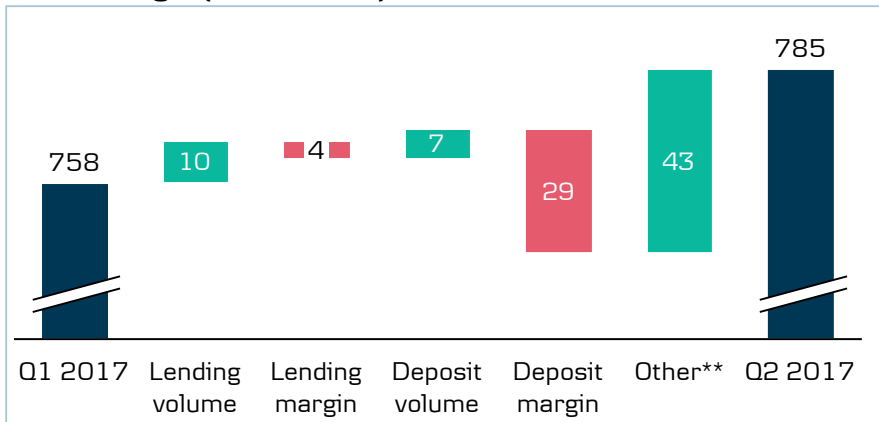
Income statement and key figures (DKK millions)

| | Q2 2017 | Q1 2017 | Index |
|---------------------------------------|--------------|--------------|-----------|
| Net interest income | 785 | 758 | 104 |
| Net fee income | 632 | 722 | 88 |
| Net trading income | 1,349 | 2,075 | 65 |
| Other income | 1 | - | - |
| Total income | 2,767 | 3,556 | 78 |
| Expenses | 1,187 | 1,217 | 98 |
| Profit before loan impairment charges | 1,580 | 2,338 | 68 |
| Loan impairment charges | 168 | 80 | 210 |
| Profit before tax | 1,411 | 2,259 | 62 |
| Lending (DKK bn) | 192 | 199 | 97 |
| Deposits (DKK bn) | 265 | 257 | 103 |

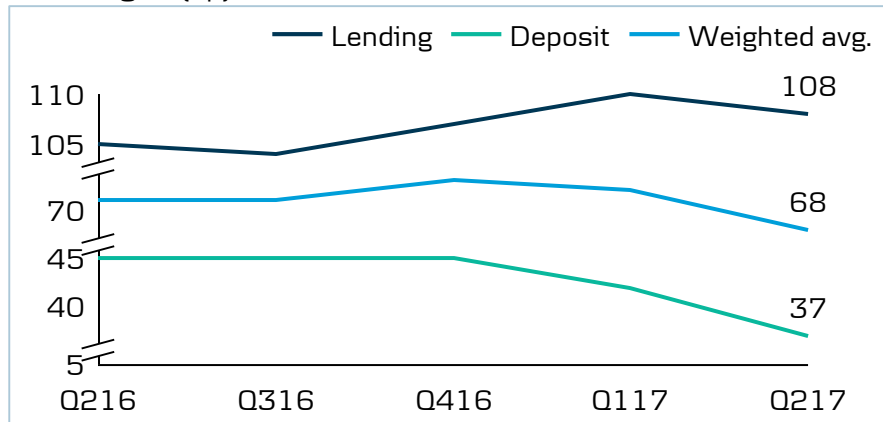
Income breakdown (DKK millions)



C&I NII bridge* (DKK millions)



C&I margins (bp)



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

Wealth Management: AUM and total income up 2%; expenses flat since Q1 2017

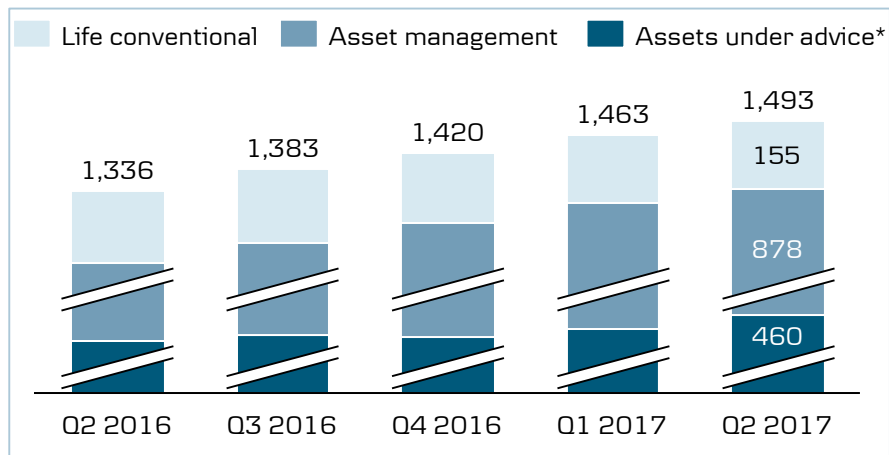
Income statement and key figures (DKK millions)

| | Q2 2017 | Q1 2017 | Index |
|---|--------------|--------------|------------|
| Net interest income | 174 | 182 | 96 |
| Net fee income | 1,761 | 1,749 | 101 |
| Net trading income | 101 | 103 | 98 |
| Other income | 69 | 28 | 246 |
| Total income | 2,106 | 2,062 | 102 |
| Expenses | 1,019 | 1,016 | 100 |
| Profit before loan impairment charges | 1,087 | 1,046 | 104 |
| Loan impairment charges | -20 | -25 | 80 |
| Profit before tax | 1,107 | 1,070 | 103 |
| Lending (DKK bn) | 74 | 73 | 100 |
| Deposits (DKK bn) | 67 | 62 | 108 |
| Allocated capital (average, DKK bn) | 14.4 | 13.5 | 106 |
| Pre-tax return on allocated capital (%) | 30.7 | 31.6 | |
| AuM (DKK bn) | 1,493 | 1,463 | 102 |
| - Life conventional (Traditionel) | 155 | 158 | 98 |
| - Asset management (unit-linked) | 878 | 875 | 100 |
| - Assets under advice* | 460 | 429 | 107 |

Key points, Q2 2017 vs Q1 2017

- Assets under management up 2% on performance, net sales (DKK 3 bn) and net premiums (DKK 9 bn) at Danica, resulting in higher fee income
- Operating expenses flat from the level in Q1 2017
- Impairments remain at a low level supported by improved macroeconomic conditions

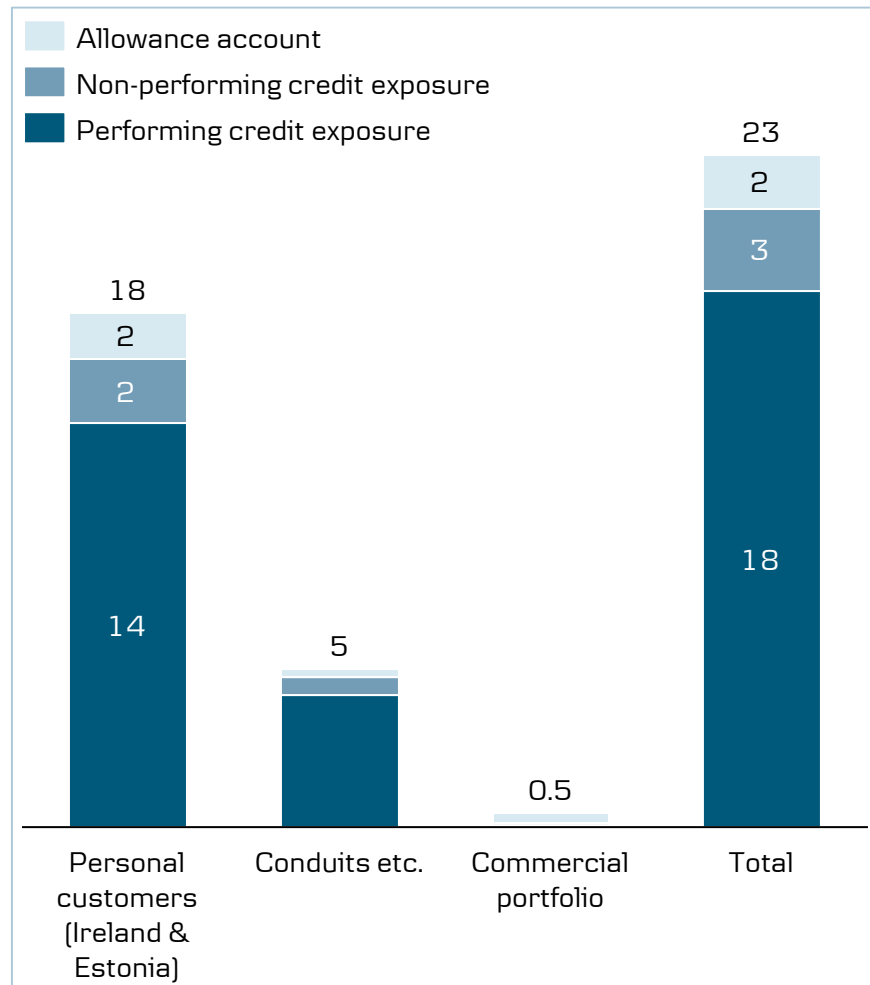
AuM breakdown (DKK billions)



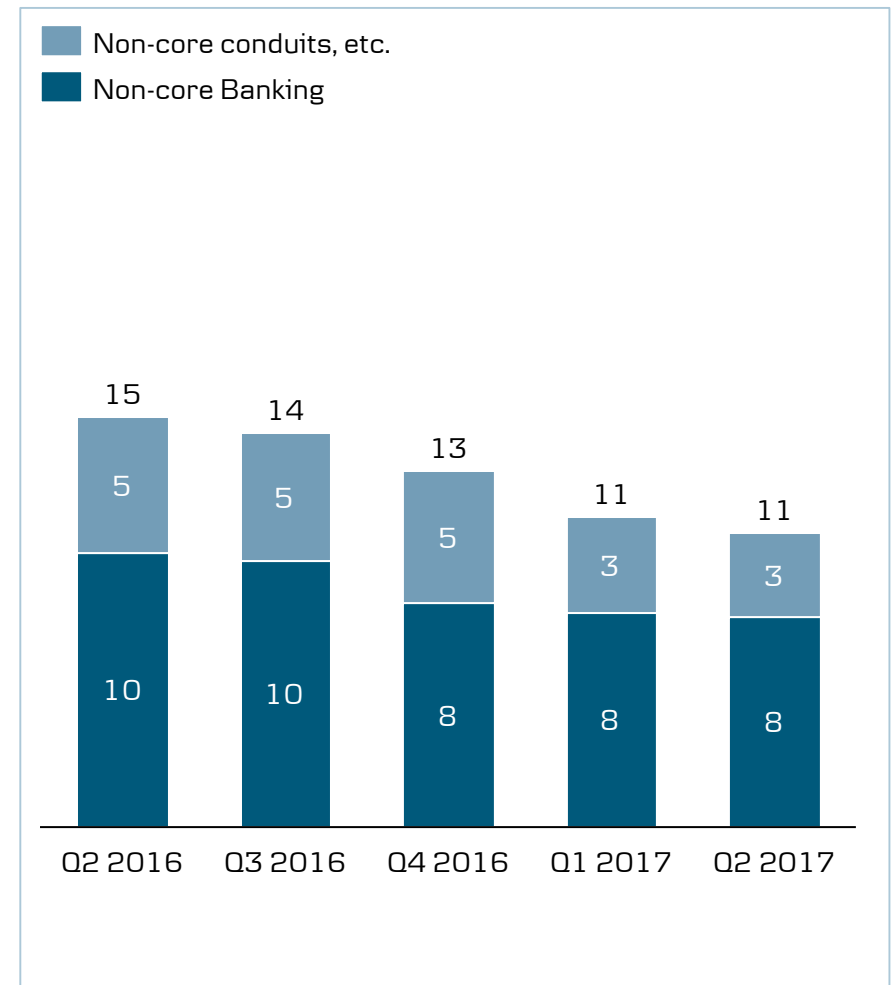
* Assets under advice from personal, business and private banking customers, where the investment decisions is taken by the customer.

Non-core: Deleveraging progressed according to plan; REA of DKK 11 bn at Q2 2017

Non-core loan portfolio, Q2 2017 (DKK billions)

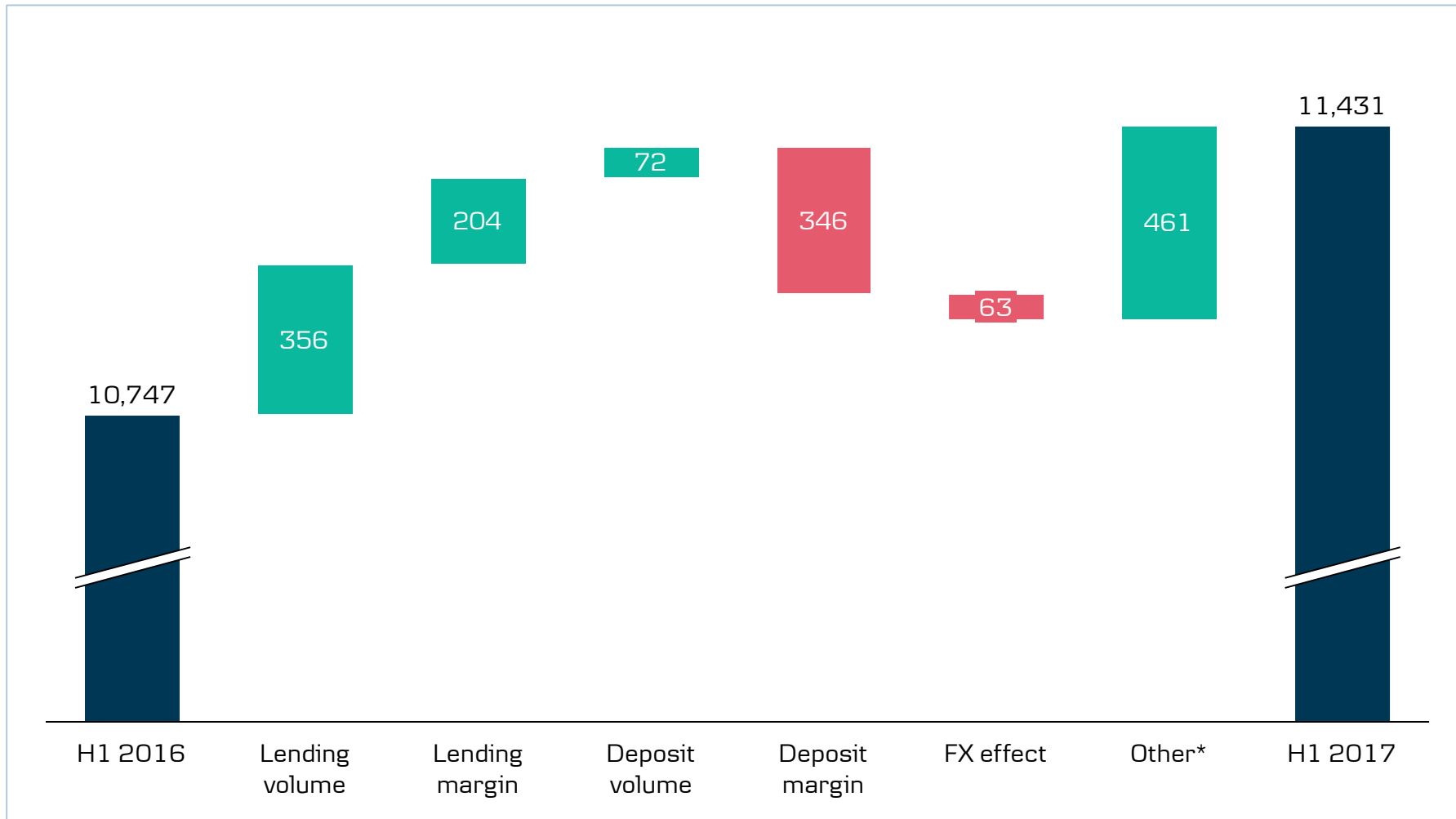


Non-core REA (DKK billions)



Net interest income: Up 7% adjusted for FX

Change in net interest income (DKK millions)



* Other includes income from the Group's liquidity portfolio as well as FTP adjustments.

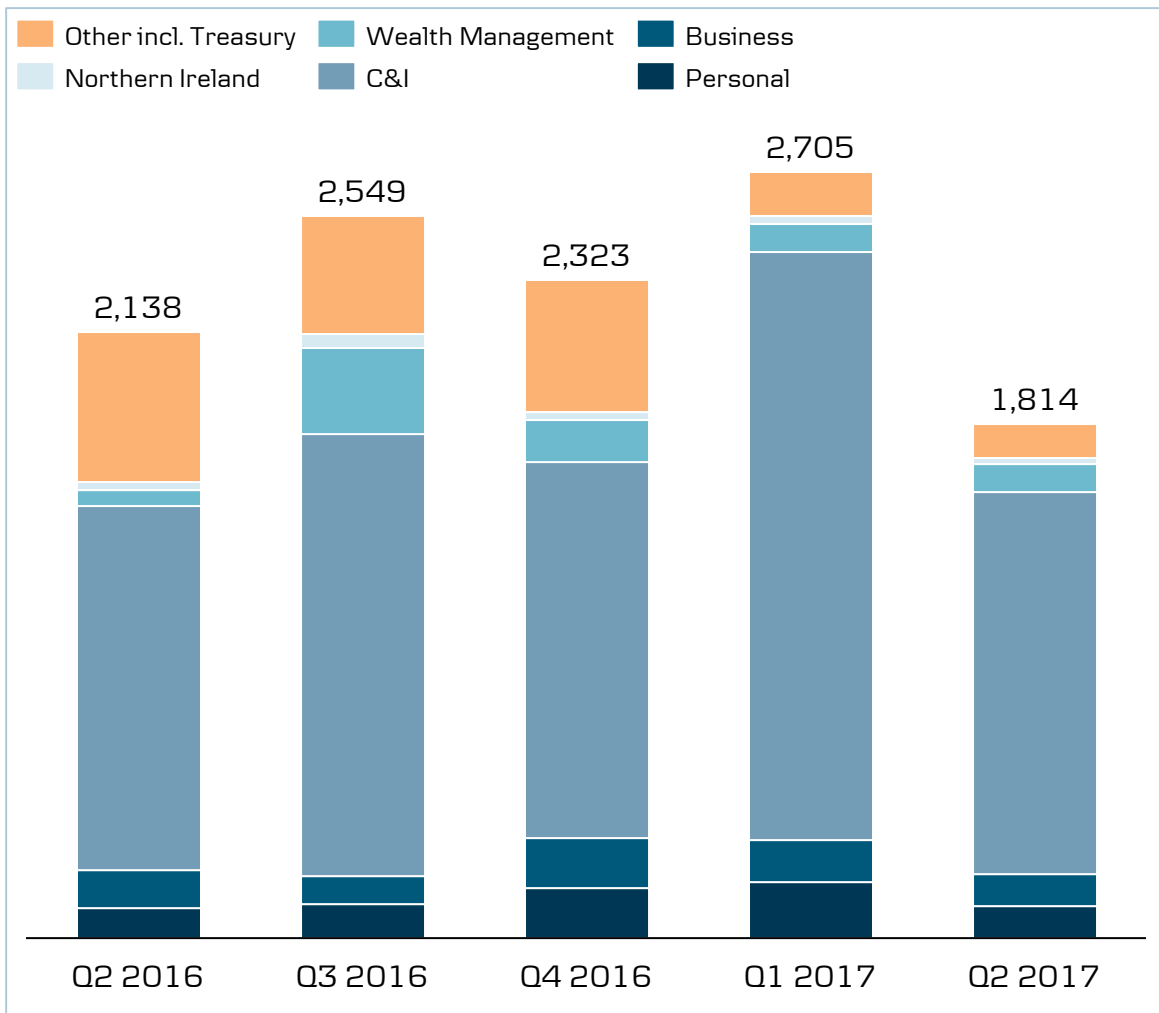
Contents of the new fee lines

Contents of the individual lines in the new Group fee breakdown

| | | |
|---|--|--|
| Investment | Brokerage from bonds, shares, RD Portfolio Management fees Subscription fees | Danske Invest Custody fees |
| Pension & insurance | Fees from Life and Pension (Danica) within Wealth Management, this includes management fees and risk allowance fees (incl. shadow account) from Danica | |
| Money transfers, account fees, cash management | FX fees Money transfer fees Nets Business Online | Internet banking Cash management Account fees Card fees |
| Lending & guarantees | Loan establishment fees Guarantee commissions Deferral fees Leasing | Credit/audit reports RD remortgaging fees Trade finance |
| Capital Markets | Corporate Finance ECM DCM | |

Trading income: Down because of exceptionally strong customer activity in Q1

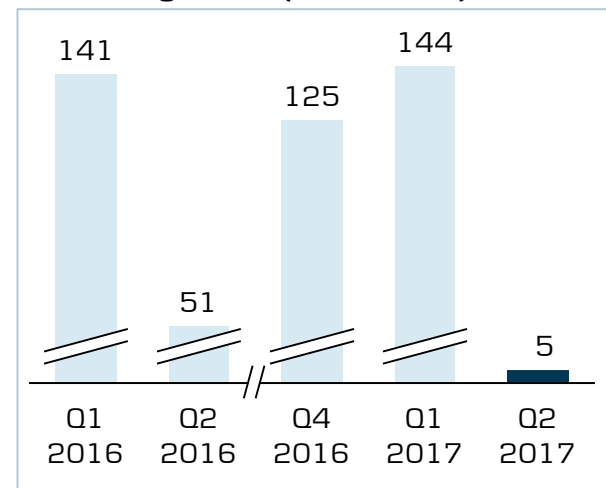
Trading income by business unit (DKK millions)



Key points, Q2 2017 vs Q1 2017

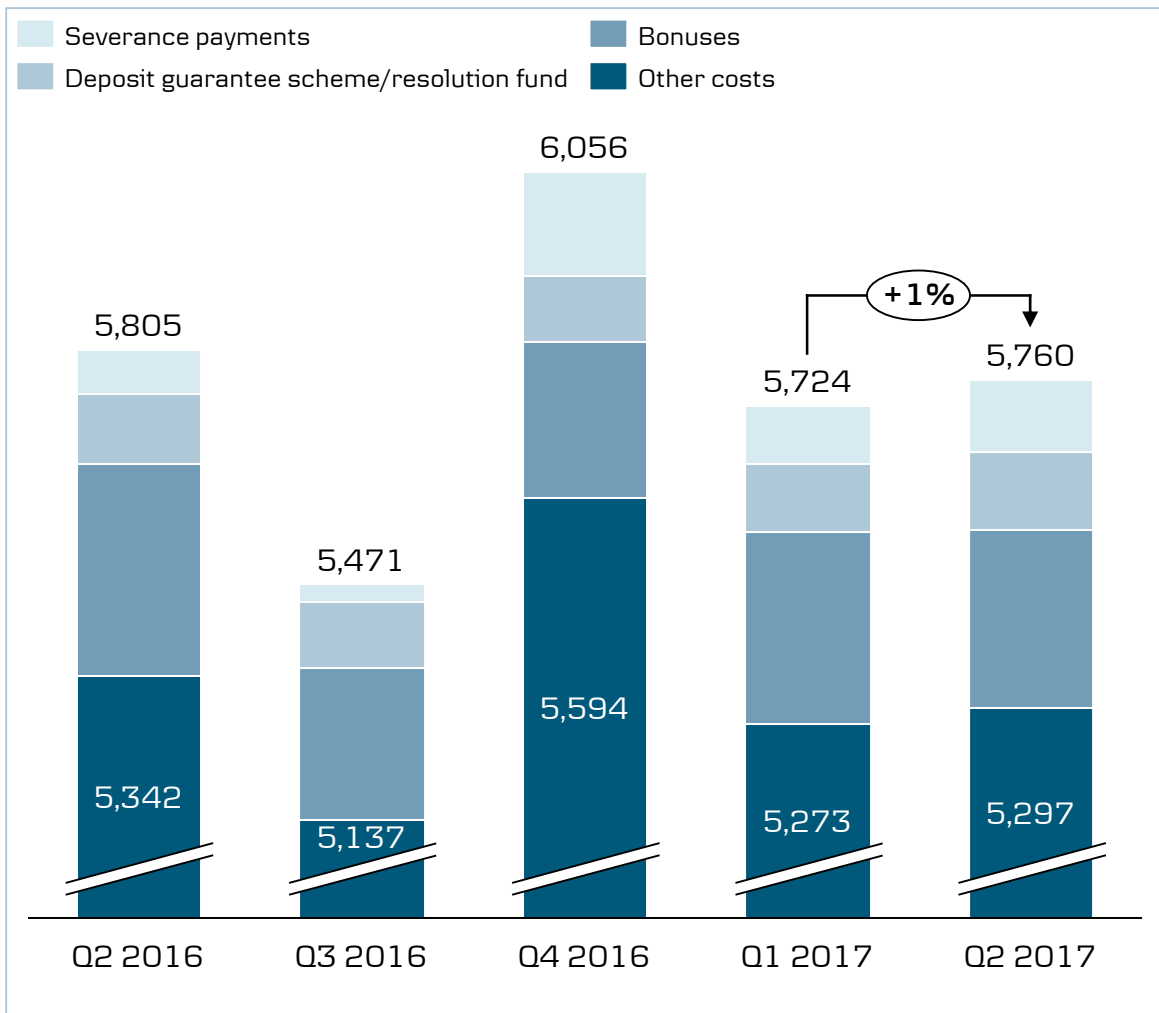
- Trading income down 33%
- In Q1, C&I benefited from strong customer activity, especially in FICC, fuelled by geopolitical events
- Group Treasury benefited from positive fair value adjustments in Q1 2017
- Refinancing income of DKK 5 m compared to DKK 144 m in Q1 2017

Refinancing income (DKK millions)

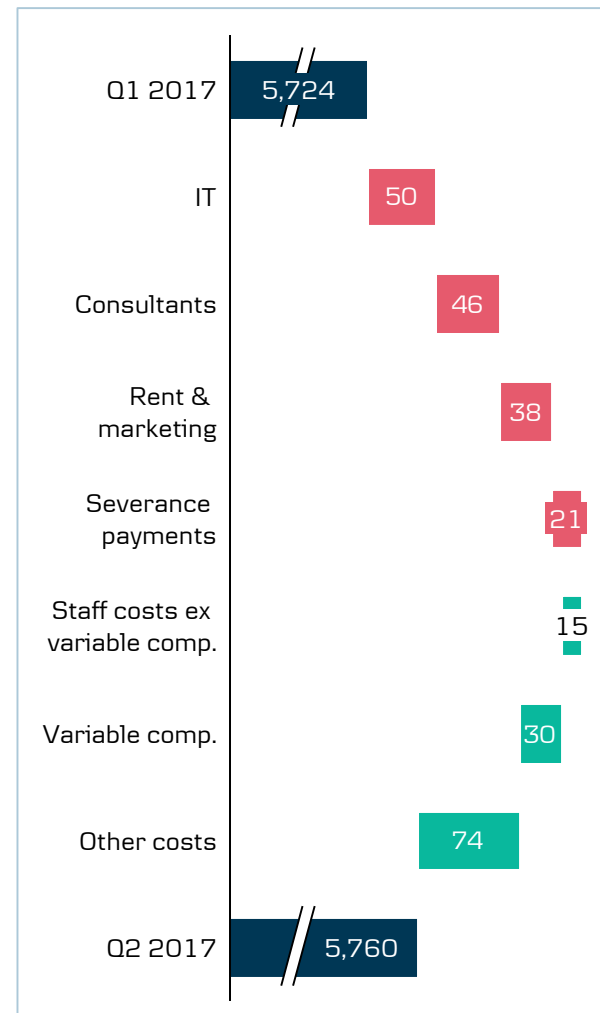


Expenses: Up 1% on regulatory compliance; underlying costs stable

Total expenses ex goodwill charge (DKK millions)

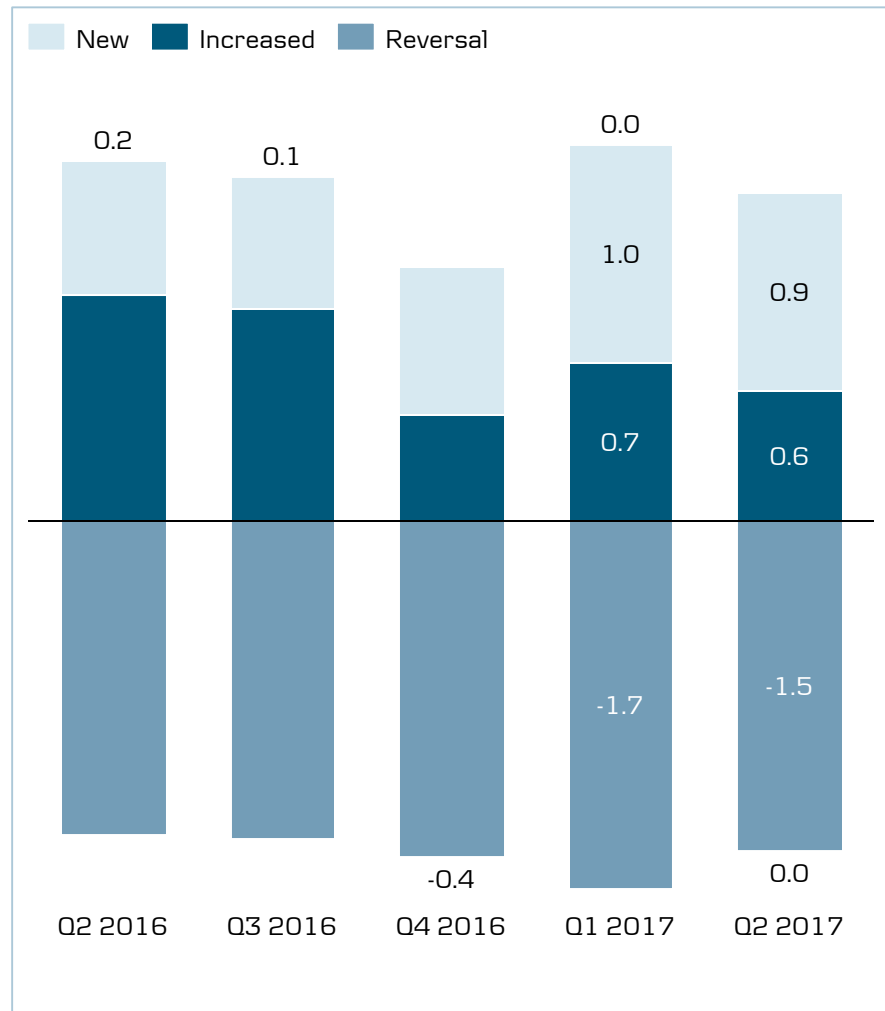


Change in expenses ex goodwill (DKK millions)

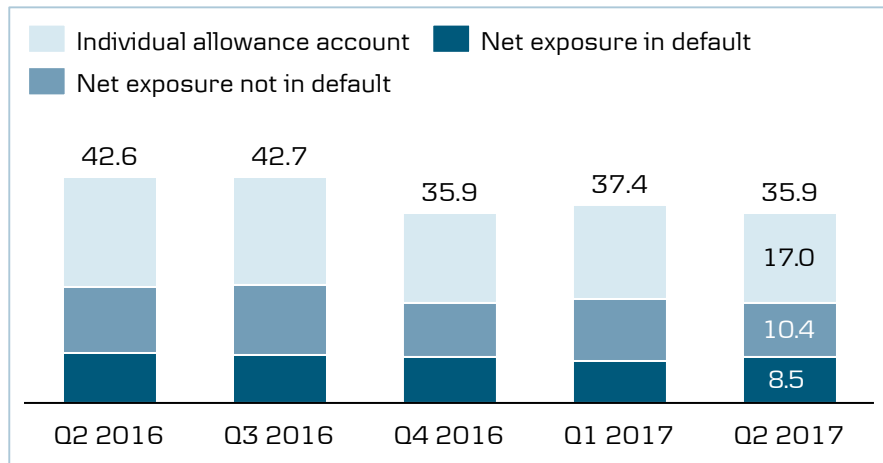


Credit quality: Positive trend in credit quality continues; NPLs decreased 16% y/y

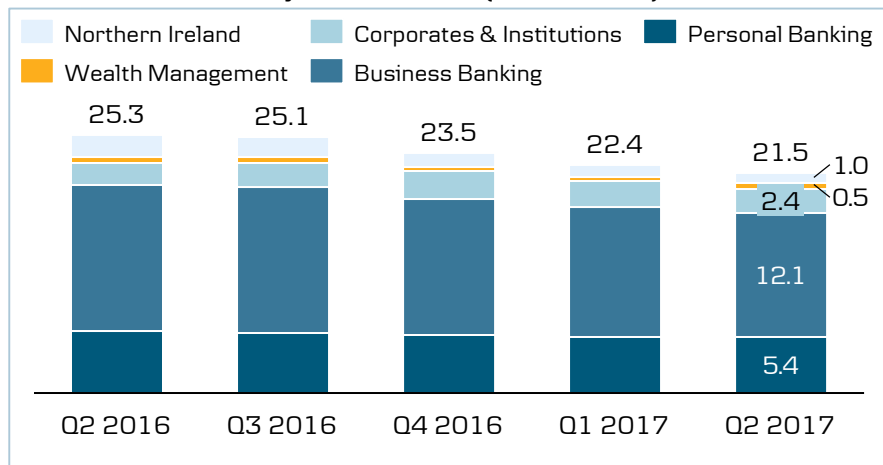
Individual loan impairment charges* (DKK billions)



Gross non-performing loans (DKK billions)



Allowance account by business unit (DKK billions)



* Ex Baltics. Note: Non-performing loans are loans in rating categories 10 and 11 against which individual impairments have been made.

Credit exposure: Limited agriculture and directly oil-related exposure

Agriculture exposure [2.3 % of Group net exposure]

- The pressure on the Danish agricultural industry continued to ease off
- Pig prices continued to increase while milk prices decreased slightly
- Net reversals of DKK 0.2 bn in Q2
- Total accumulated impairments amounted to DKK 3.5 bn of which DKK 0.8 bn were collective impairments
- Realkredit Danmark represented 69% of total gross exposure and 15% of total accumulated impairment charges

Oil-related exposure [0.8 % of Group net exposure]

- Net exposure decreased to DKK 21 bn* from DKK 23.6 bn in Q1 due to reclassification and lower utilisation of credit facilities in oil majors
- The vast majority of the oil-related exposure is managed by specialist teams for customer relationship and credit management at C&I
- Collective impairment charges unchanged at DKK 1.1 bn and charges against second-round effects stand at DKK 0.2 bn
- Individual impairments of DKK 0.1 bn booked in Q2 owing mainly to impairment on derivatives that according to accounting treatment are recognised not in the allowance account but as part of the fair value of derivatives

Agriculture by segment, Q2 2017, DKK millions

| | Gross credit exposure | Portion from RD | Acc. Individual impairment charges | Net credit exposure | NPL coverage ratio |
|-------------------------------------|-----------------------|-----------------|------------------------------------|---------------------|--------------------|
| Business Banking | 55,442 | 43,067 | 2,626 | 52,816 | 87% |
| Growing of crops, cereals, etc. | 18,324 | 15,176 | 308 | 18,016 | 87% |
| Dairy | 9,166 | 7,001 | 989 | 8,178 | 85% |
| Pig breeding | 12,794 | 10,324 | 1,139 | 11,655 | 90% |
| Mixed operations etc. | 15,158 | 10,566 | 190 | 14,968 | 82% |
| Northern Ireland | 4,561 | - | 49 | 4,513 | 83% |
| C&I | 4,703 | 2,365 | - | 4,703 | - |
| Others | 283 | 0 | 3 | 281 | - |
| Total before collective impairments | 64,989 | 45,431 | 2,677 | 62,312 | 87% |
| Collective impairment charges | 838 | 244 | | | |
| Total gross exposure | 65,827 | | | | |

Oil-related exposure, Q2 2017, DKK millions

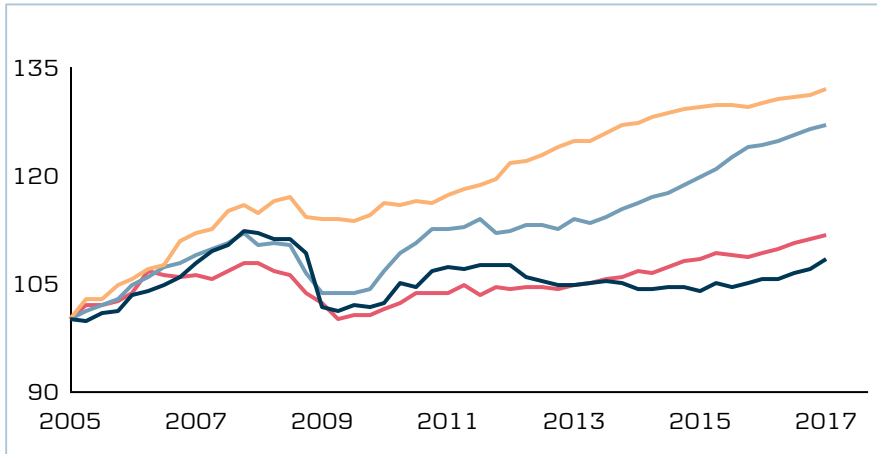
| | Gross credit exposure | Acc. Individual impairment charges | Net credit exposure |
|-------------------------------------|-----------------------|------------------------------------|---------------------|
| C&I | 19,175 | 128 | 19,047 |
| Oil majors | 3,439 | - | 3,439 |
| Oil service | 8,368 | 32 | 8,336 |
| Offshore | 7,367 | 96 | 7,272 |
| Business Banking | 2,017 | 36 | 1,981 |
| Oil majors | 1 | - | 1 |
| Oil service | 1,916 | 36 | 1,881 |
| Offshore | 99 | - | 99 |
| Others | 5 | 0 | 5 |
| Total before collective impairments | 21,197 | 164 | 21,033 |
| Collective impairment charges | 1,149 | | |
| Total gross exposure | 22,345 | | |

* The oil-related net credit exposure of DKK 21 bn is part of the energy and utilities industry (DKK 14 bn) and shipping industry (DKK 7 bn).

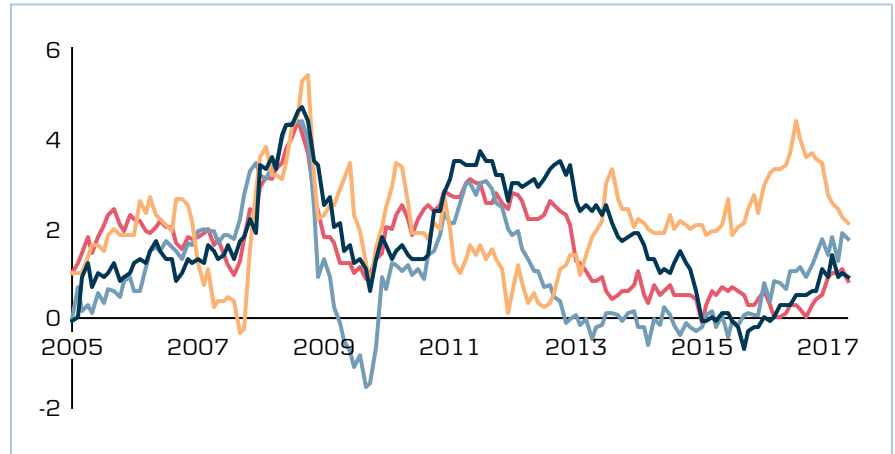
Nordic macroeconomics

Denmark Sweden Norway Finland

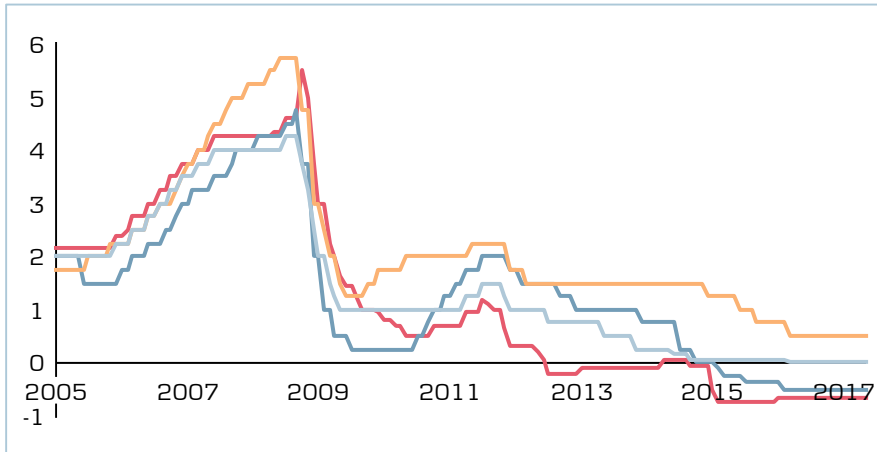
Real GDP, constant prices (index 2005 = 100)



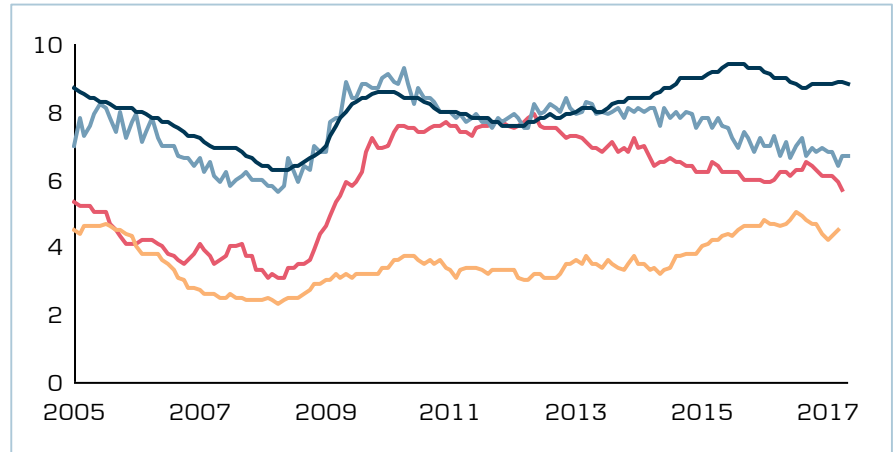
Inflation (%)



Interest rates, leading (%)



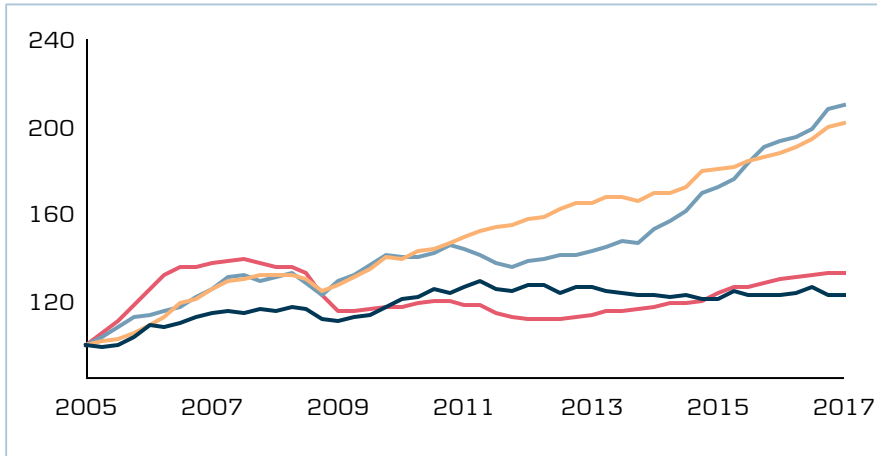
Unemployment (%)



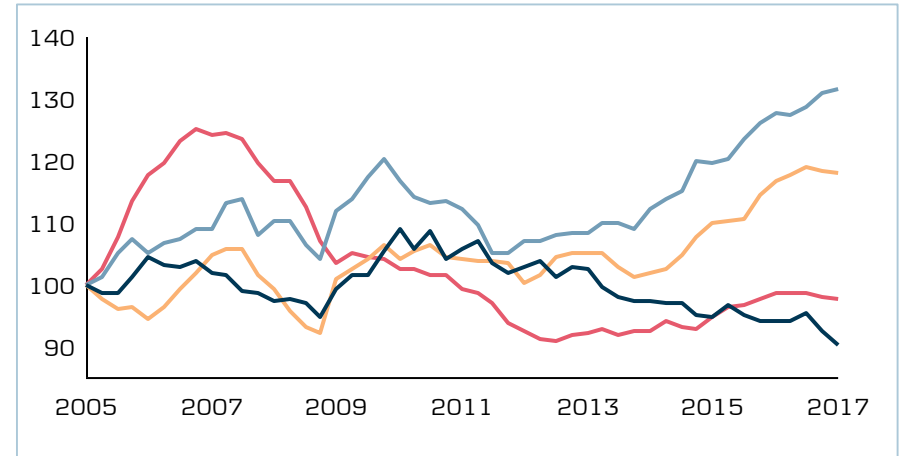
Nordic housing markets

Denmark Sweden Norway Finland

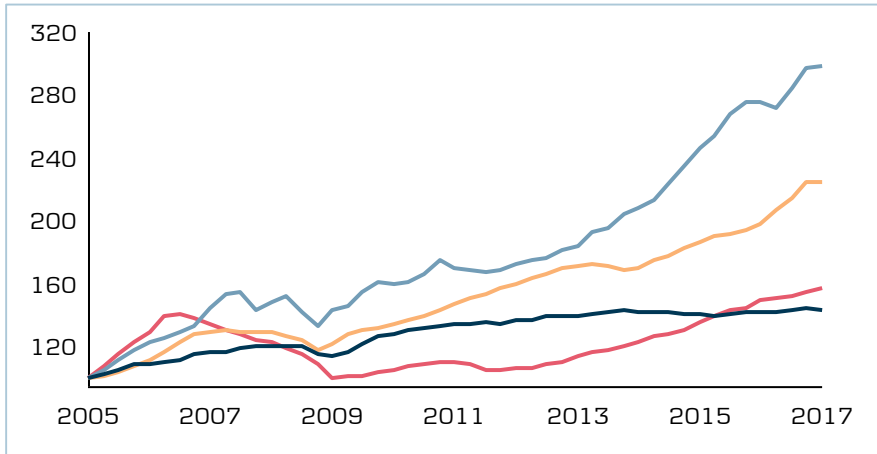
Property prices (index 2005 = 100)



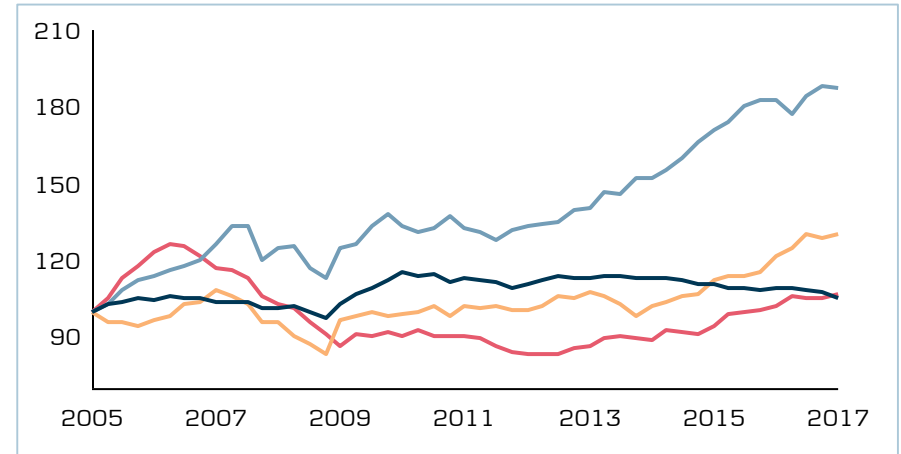
House prices/nom. GDP (index 2005 = 100)



Apartment prices (index 2005 = 100)



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



Realkredit Danmark and the Danish housing market: Portfolio overview

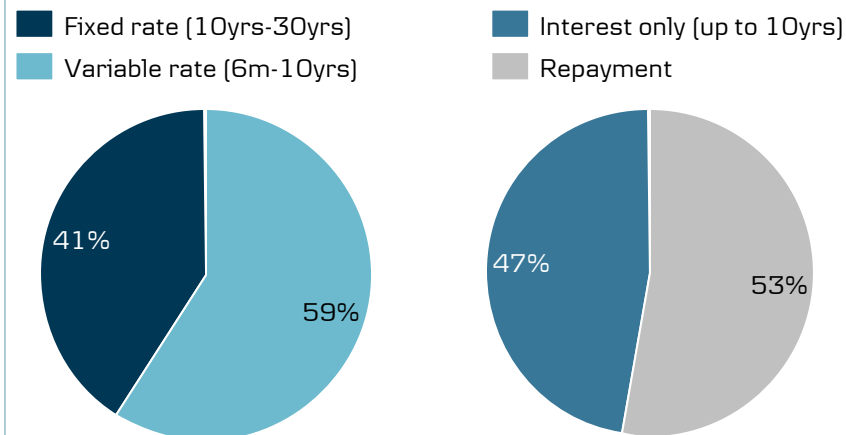
Portfolio facts, Realkredit Danmark, Q2 2017

- Approx. 370,000 loans (residential and commercial)
- 1,637 loans in 3- and 6-month arrears
- 45 repossessed properties
- DKK 10 bn of loans with LTV ratio > 100%, including DKK 4 bn with public guarantee
- Average LTV ratio of 64%

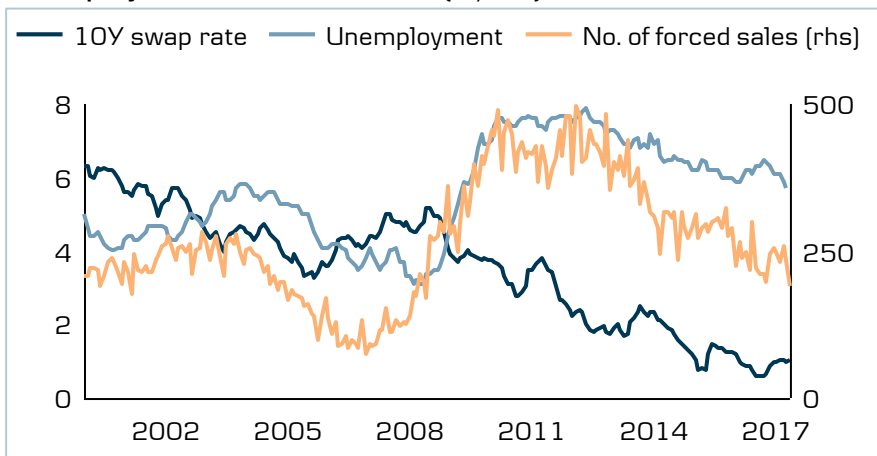
LTV ratio at origination (legal requirement)

- Residential: max. 80%
- Commercial: max. 60%

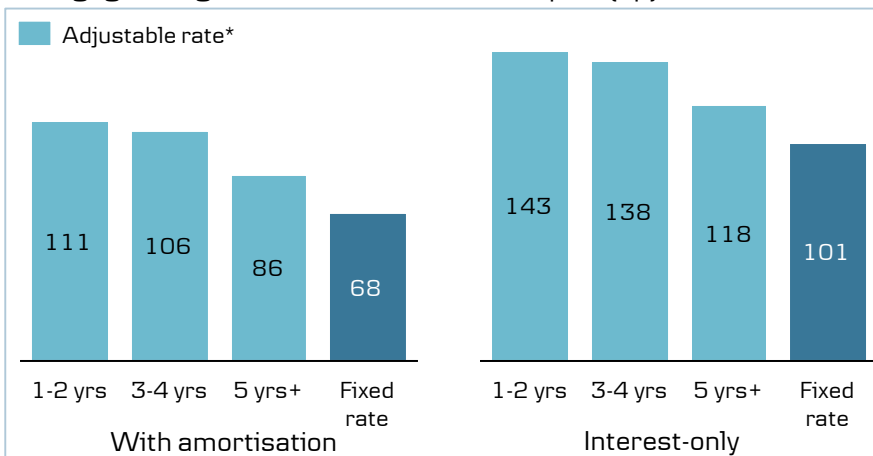
Stock of retail loans (DKK 436 bn), Realkredit Danmark, Q2 17 (%)



Unemployment and foreclosures (%/No.)



Mortgage margins, 80% LTV, owner-occupied (bp)



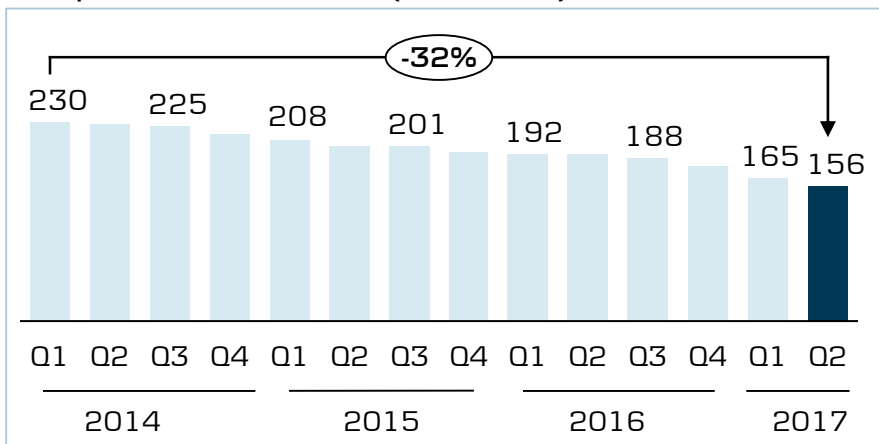
* In addition, we charge a fee of 30 bp of the bond price for refinancing of 1- and 2-year floaters and a fee of 20 bp for floaters of 3 or more years.

Realkredit Danmark: 51% of new retail loans are fixed rate loans; compliant with all regulatory requirements

Key points

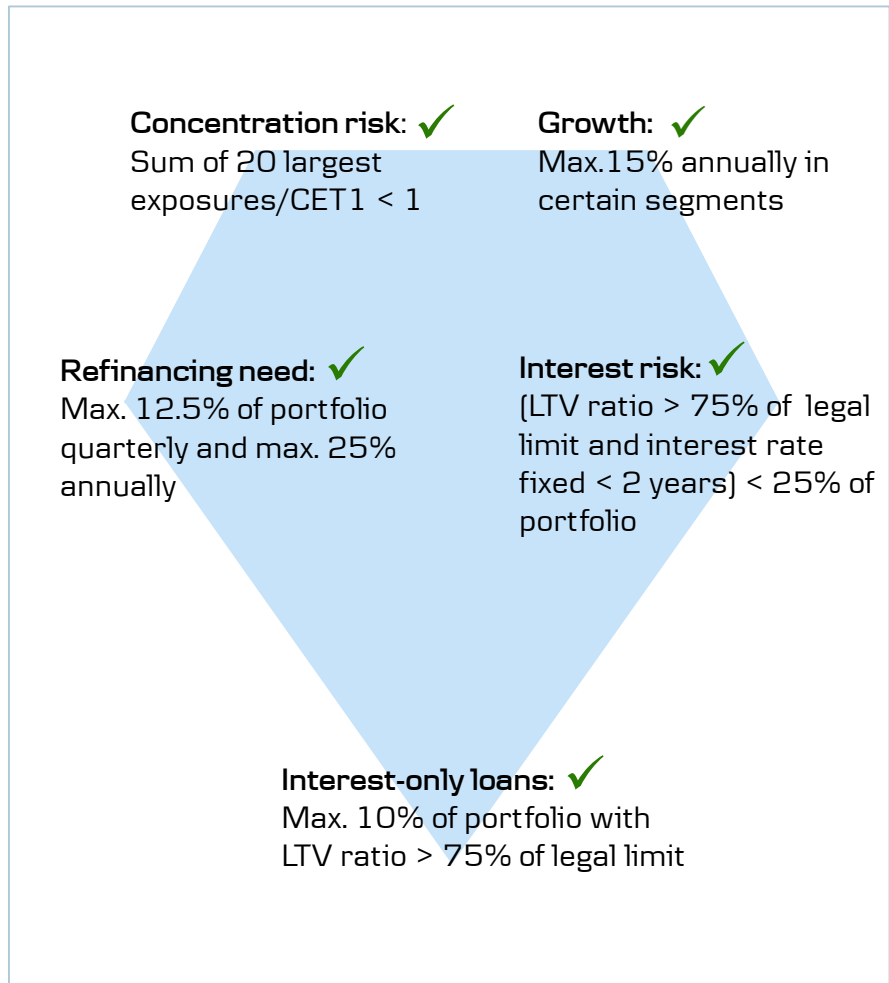
- 51% of new retail loans in Q2 were fixed-rate loans and 32% were 5- to 10-year variable rate loans
- Total stock of loans amounted to DKK 758 bn:*
 - 58% to retail
 - 20% to residential rental
 - 16% to commercial property
 - 6% to agriculture
- 54% of total stock are repayment loans

Loan portfolio, FlexLån F1-F4 (DKK billions)



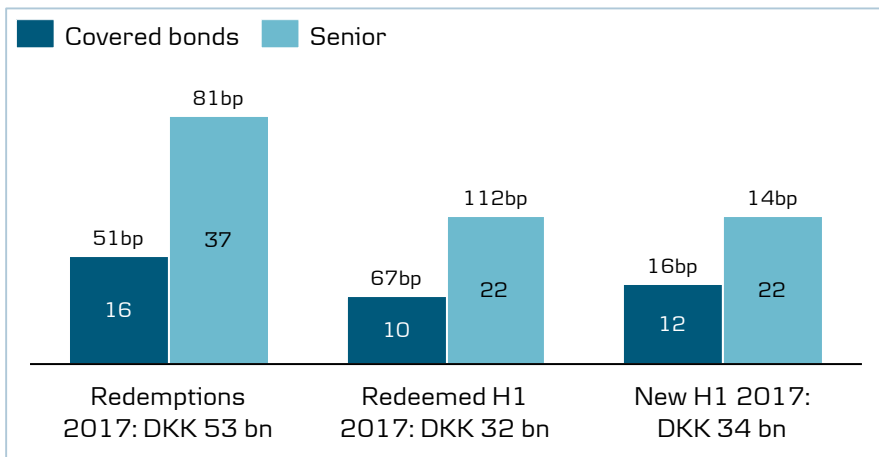
* Nominal value.

Supervisory diamond for Danish mortgage institutions

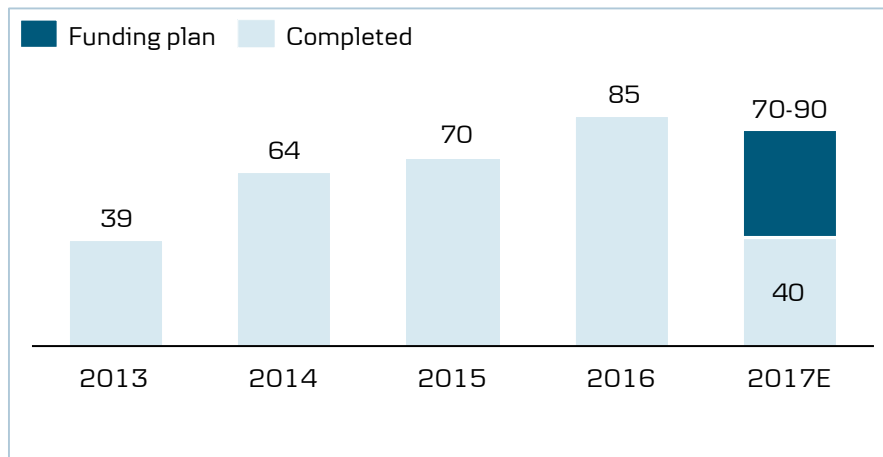


Funding and liquidity: DKK 40 bn of long-term funding issued in H1 2017**; LCR compliant at 163%

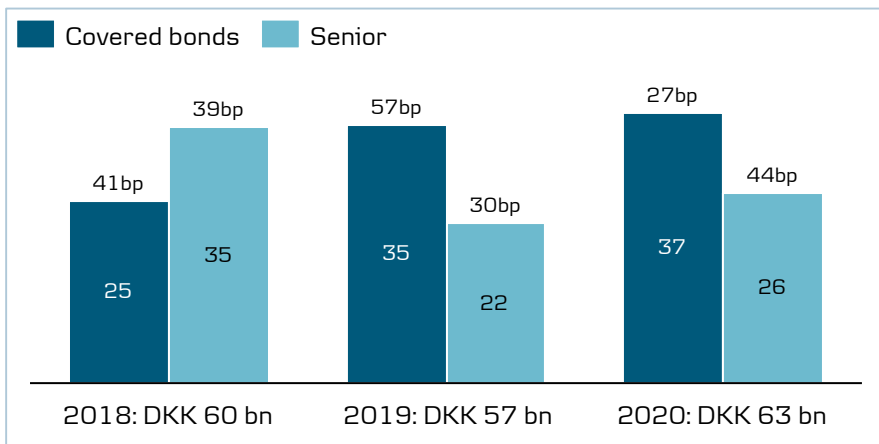
Changes in funding,* H1 2017 (DKK billions and bp)



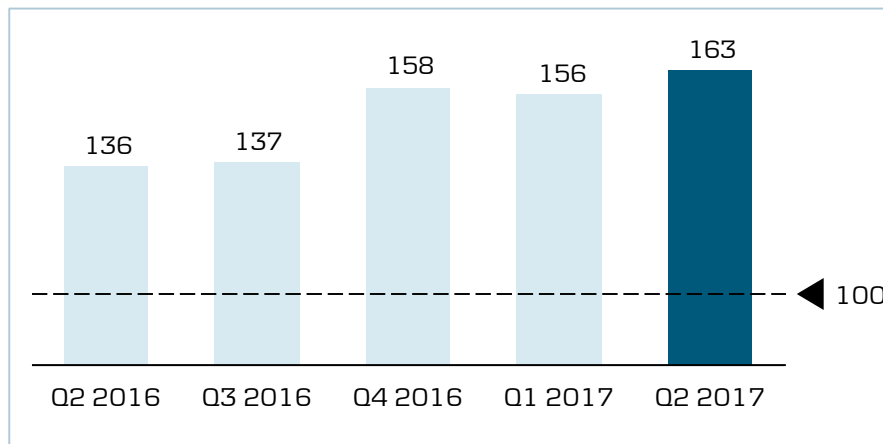
Long-term funding excl. RD (DKK billions)**



Maturing funding,* 2018-2020 (DKK billions and bp)



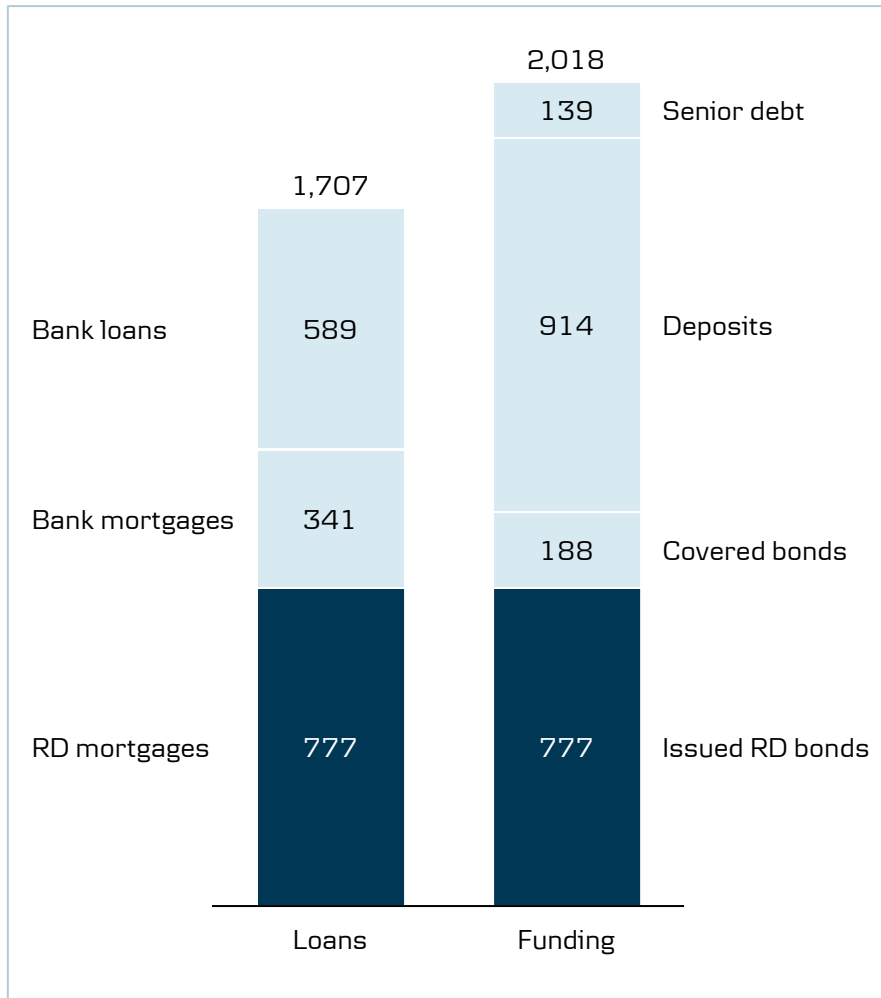
Liquidity coverage ratio (%)



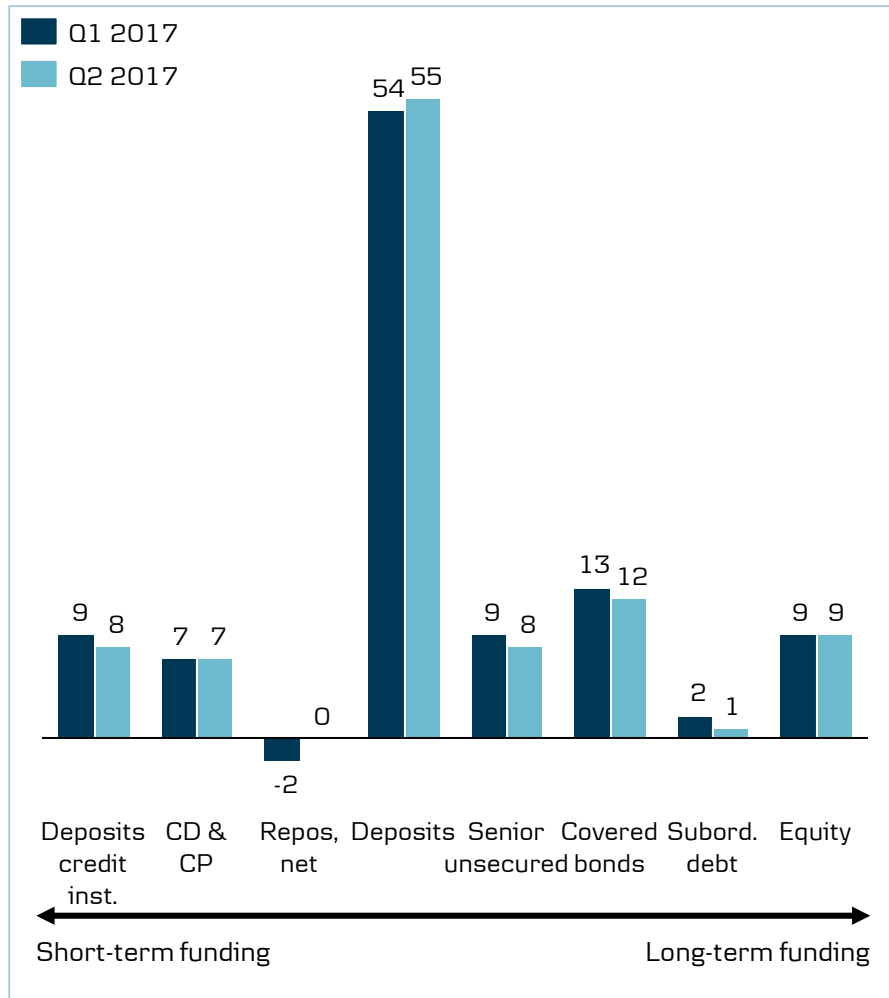
* Spread over 3M EURIBOR. **Includes covered bonds excl. RD, senior and capital instruments

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

Loan portfolio and long-term funding, Q2 2017 (DKK billions)

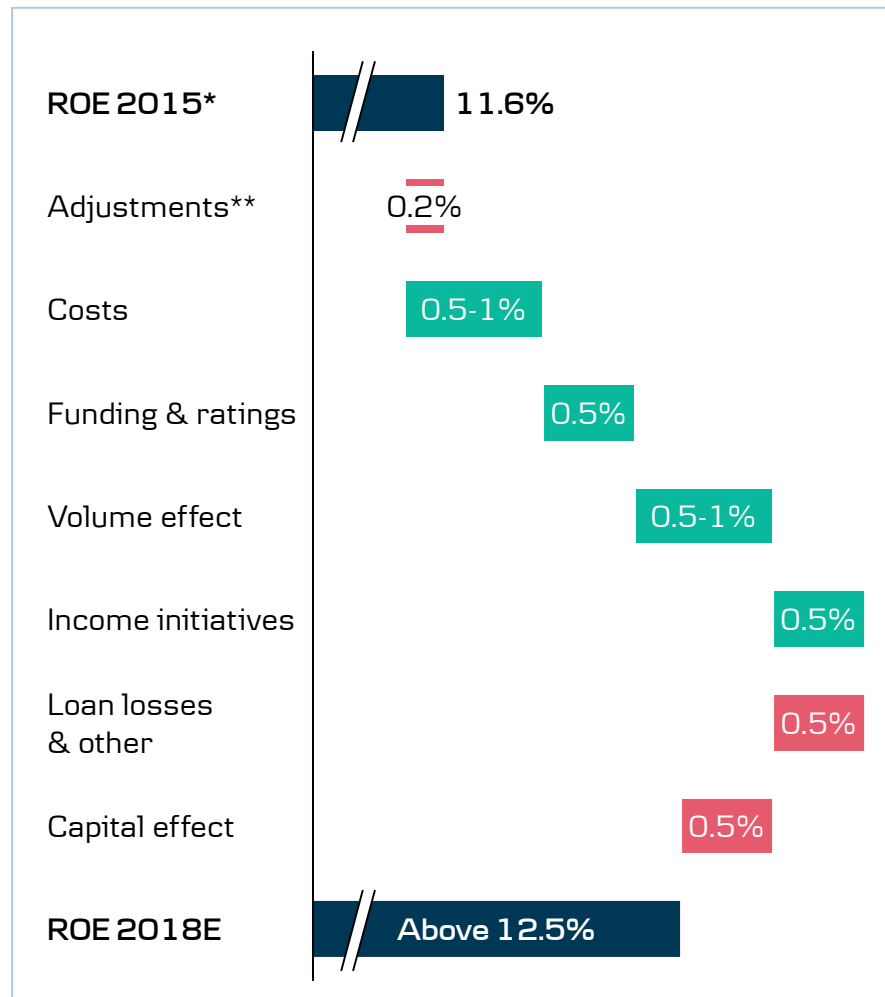


Funding sources (%)



ROE of 13.1% in 2016; longer-term ambition maintained with unchanged assumptions

ROE 2015-18E, after tax [%]



Status at year-end 2016

Overall status of ROE bridge to 2018

- On track
- Underlying assumptions are unchanged

Costs

- In line

Funding & ratings

- In line

Volume effect

- Ahead of plan with 5% volume growth in 2016, however partly offset by margin pressure

Income initiatives

- Behind plan, owing mainly to lower fees at Wealth Management, partly mitigated by higher income in C&I

Loan losses

- Ahead of plan with zero bps loan loss ratio for 2016

Capital effect

- In line, however higher CET1 target range reflects regulatory uncertainty

* Excluding goodwill impairment charges.

** Adjustments for equity effect of goodwill impairment charges, remortgaging fees, payroll tax refund, one-off gain on property sales, resolution fund payment and tax.

Three distinct methods for rating banks

Rating methodology

S&P Global Ratings

| | | | | | | | | | | | | | | | | | | |
|--------------------------|---|----|---|----|---|---|---|---|---|------|---|-------------------|---|------|---|--------------|---|---------------|
| Anchor SACP ¹ | + | 1 | + | 2 | + | 3 | + | 4 | = | SACP | = | Extraord. support | + | ALAC | + | Add. factors | = | Issuer rating |
| bbb+ | | +1 | | +1 | | 0 | | 0 | | a | | 0 | | 0 | | 0 | | A (Stable) |

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

MOODY'S

| | | | | | | | | | | | | | | | | | | | | | | |
|---------------|---|----|---|----|---|------|---|------|---|----|---|---------------------|---|------------------|---|-------------------|---|------------------|---|--------------|---|---------------|
| Macro profile | + | 1 | + | 2 | + | 3 | + | 4 | + | 5 | + | Qualitative factors | = | BCA ² | + | Affiliate support | + | LGF ³ | + | Gov. support | = | Issuer rating |
| Strong Plus | | a2 | | a2 | | baa2 | | baa2 | | a3 | | 0 | | Baa1 | | 0 | | +1 | | +1 | | A2 (Positive) |

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

Fitch Ratings
KNOW YOUR RISK

| | | | | | | | | | | | | | | | | | | | | |
|-----------------------|---|----|---|---|---|---|---|---|---|---|---|---|---|---|---|------------------|----------------------|-----------------|----------------------------|------------|
| Operating environment | + | 1 | + | 2 | + | 3 | + | 4 | + | 5 | + | 6 | + | 7 | = | Viability Rating | Support Rating Floor | = | Issuer rating ⁵ | |
| aa- | | a+ | | a | | a | | a | | a | | a | | a | | a | | NF ⁴ | | A (Stable) |

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

¹ Stand-Alone Credit Profile. ² Baseline Credit Assessment. ³ Loss Given Failure. ⁴ No Floor. ⁵ Issuer rating is the higher of the Viability Rating and Support Rating Floor.

Tax





Actual and adjusted tax rates (DKK millions)

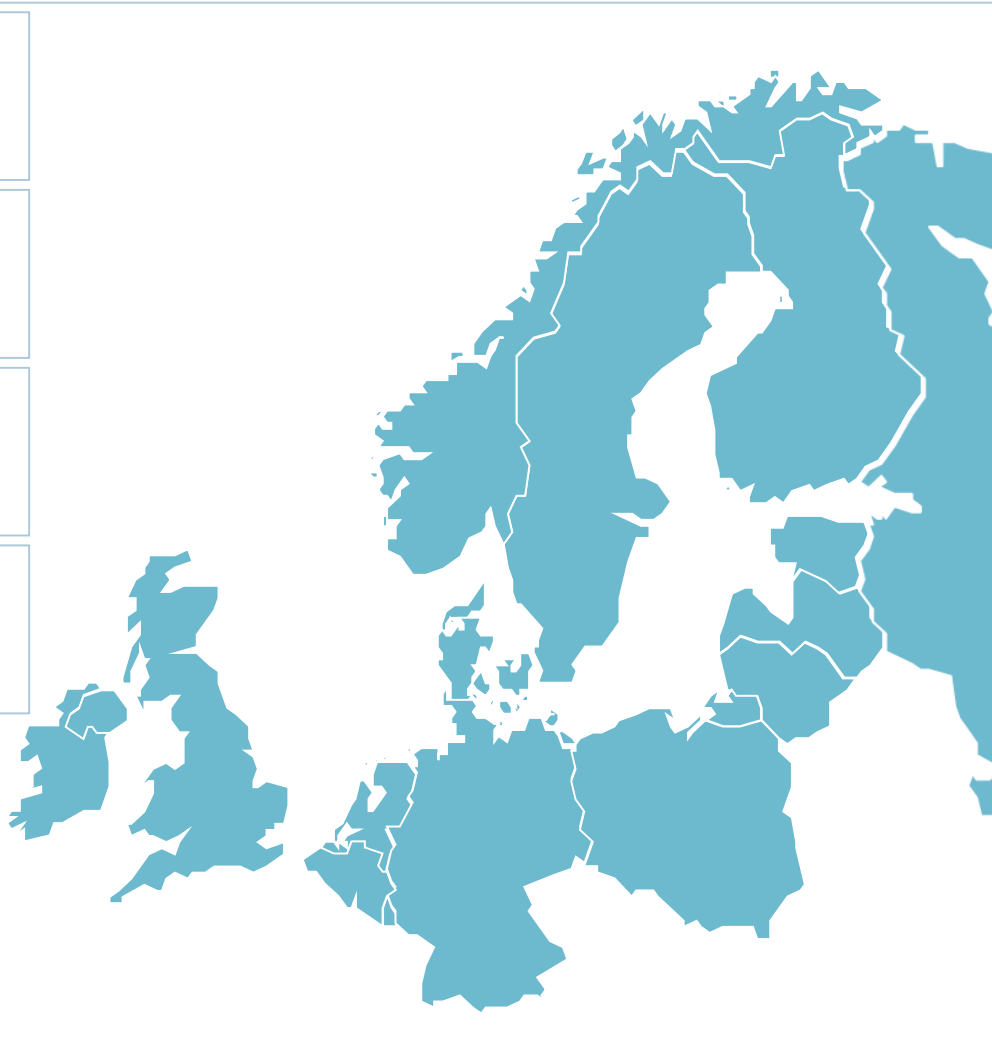
| | Q22017 | Q12017 | Q42016 | Q32016 | Q22016 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Profit before tax | 6,183 | 7,140 | 7,039 | 6,267 | 5,780 |
| Ireland core and non-core | 0 | 0 | -96 | -68 | -23 |
| Permanent non-taxable difference | -136 | -33 | 96 | -203 | 224 |
| Adjusted pre-tax profit, Group | 6,047 | 7,107 | 7,038 | 5,997 | 5,981 |
| Tax according to P&L | 1,392 | 1,610 | 1,449 | 1,362 | 1,362 |
| Taxes from previous years | -39 | -8 | 96 | -6 | -7 |
| Adjusted tax | 1,353 | 1,602 | 1,546 | 1,356 | 1,354 |
| Adjusted tax rate | 22.4% | 22.5% | 22.0% | 22.6% | 22.6% |
| Actual tax rate | 22.5% | 22.5% | 20.6% | 21.7% | 23.6% |

Tax drivers, Q2 2017

- The actual tax rate 22.5 % is higher than the Danish rate of 22% - due to higher corporate tax rates primarily in Norway and the UK
- The permanent non-taxable difference derives mainly from tax-exempt value adjustments on shares

Contacts

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