

Danske Hypotek – investor presentation

Agenda

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2 Danske Bank - Personal Banking SE

3 Danske Hypotek - Structure and expected development

4 Danske Hypotek - Funding

5 Appendix - Nordic macro

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Danske Bank Group
- Covered bond universe

Danske Bank covered bond universe, a transparent pool structure¹



Residential mortgages from

- Denmark, D-pool
- Norway, I-pool
- Sweden, Danske Hypotek AB
- Finland, Danske Mortgage Bank Plc



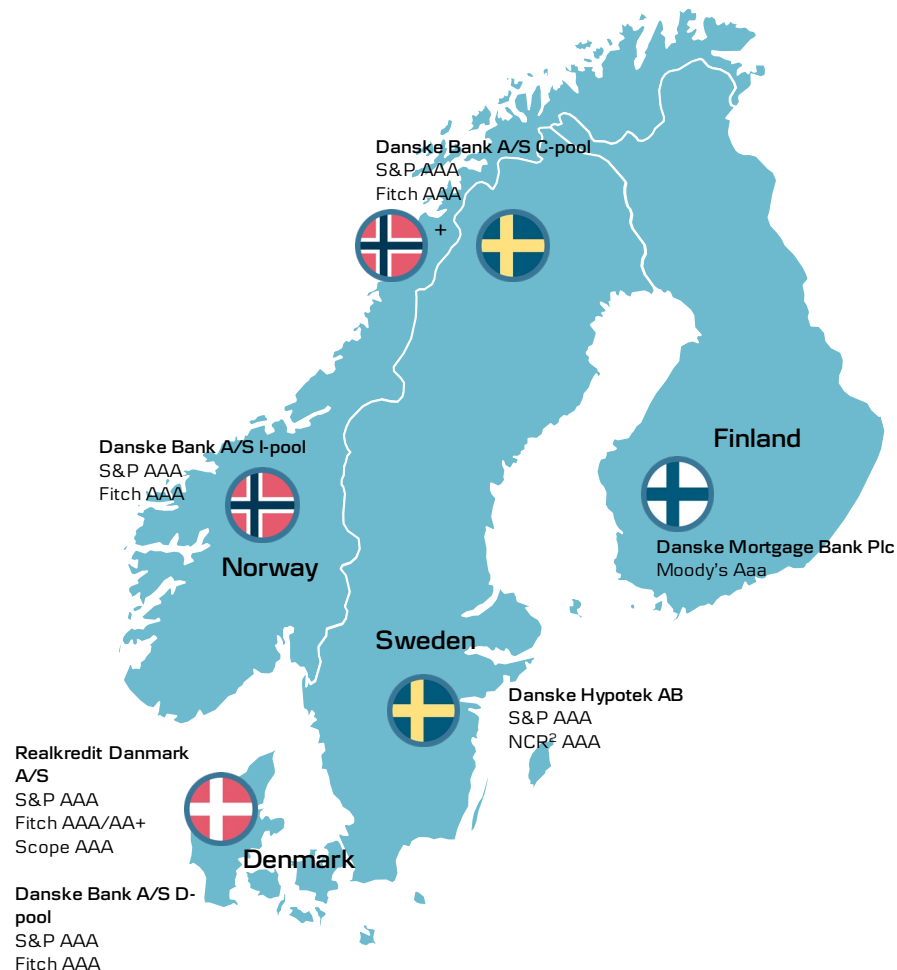
Commercial mortgages from

- Sweden and Norway, C-pool



Pass-through principle based on mortgages from Denmark primarily

- Capital Centre T
 - Adjustable-rate mortgages
- Capital Centre S
 - Fixed-rate callable mortgages



¹ 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

² Nordic Credit Rating (NCR)

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

Danske Bank – Personal Banking SE
- Strategy in Sweden

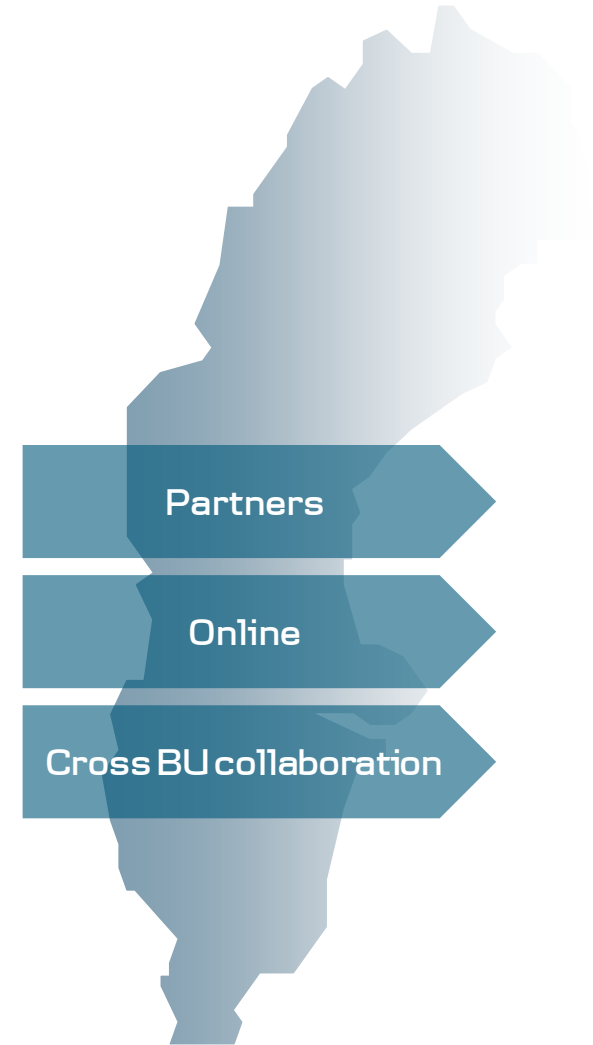


*A challenger
in a dynamic Swedish market*

Balanced organic growth



Strengthening our position in the Swedish market



Growing with controlled risks

☑ Target the right customers



► Strategic partnerships

☑ Early actions to mitigate risks



► Ahead of regulations

SACO & TCO customers

- ✓ Higher credit quality than average
- ✓ Higher use of digital tools and channels than average
- ✓ Faster to broaden their relation than average



650,000 members

23 affiliated associations

Launch February 2016

Strategic partners



1,300,000 members

14 affiliated associations

Launch April 2017



650,000 members

140,000 savers

Launch Jan 2020

Early actions to mitigate risks

- ✓ Debt-to-income (DTI) caps
- ✓ Amortisation requirements
- ✓ LTV cap on high priced properties in Stockholm

Online with customer Holistic Approach

☑ Digital interfaces and processes



▶ Digital on-boarding of new customers

☑ Focus on customer value



▶ Life event based solutions

☑ Simplicity & transparency



▶ Customer Program

☑ Customer relations digital



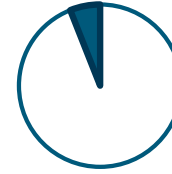
▶ Online meetings

Strong mortgage portfolio



Mortgage portfolio compared to market average ¹

- ✓ Higher resilience in stress tests
- ✓ Higher household income
- ✓ Larger share in urban areas



Share of Swedish mortgage market , 2020

| | |
|------------------------|------|
| Market share | 3.8% |
| Share of market growth | 4.2% |

1) Finansinspektionen, The Swedish Mortgage Market, 2019

Danske Hypotek

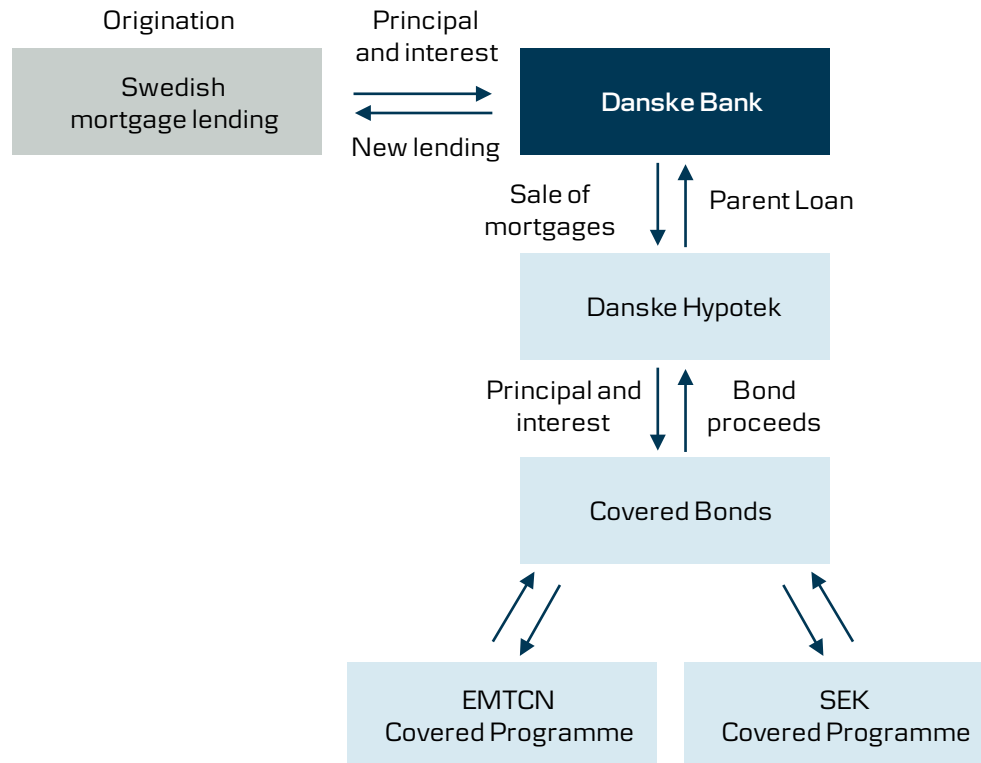
- Structure and expected development

Purpose and Structure

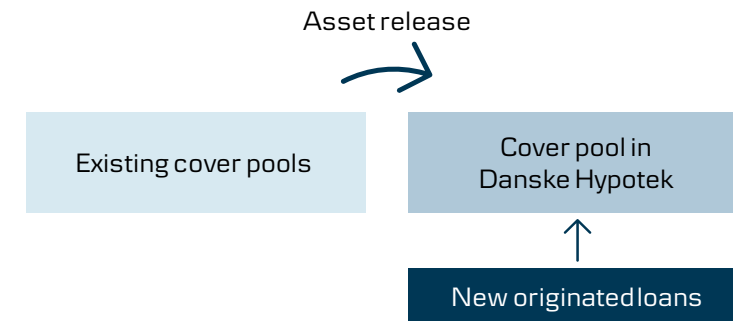
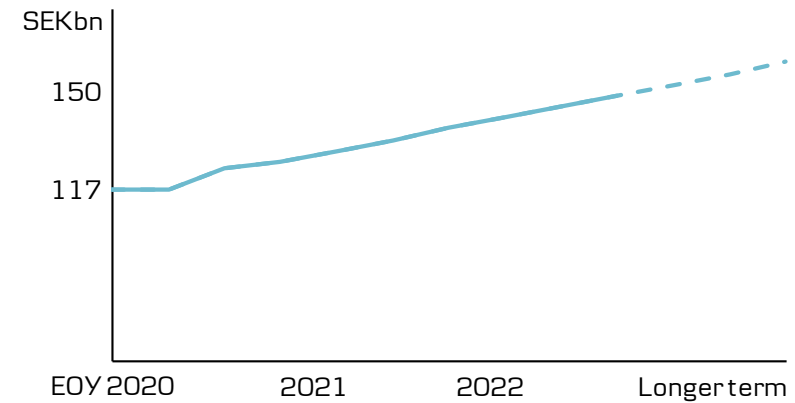
Danske Bank Group has a strong commitment to the Swedish mortgage market

- Ensure stable funding for our customers through the cycle
- Long term funding solution for continued growth of Swedish retail mortgage business
- Market communication; strong commitment to the Swedish Market

Danske Hypotek - Structure

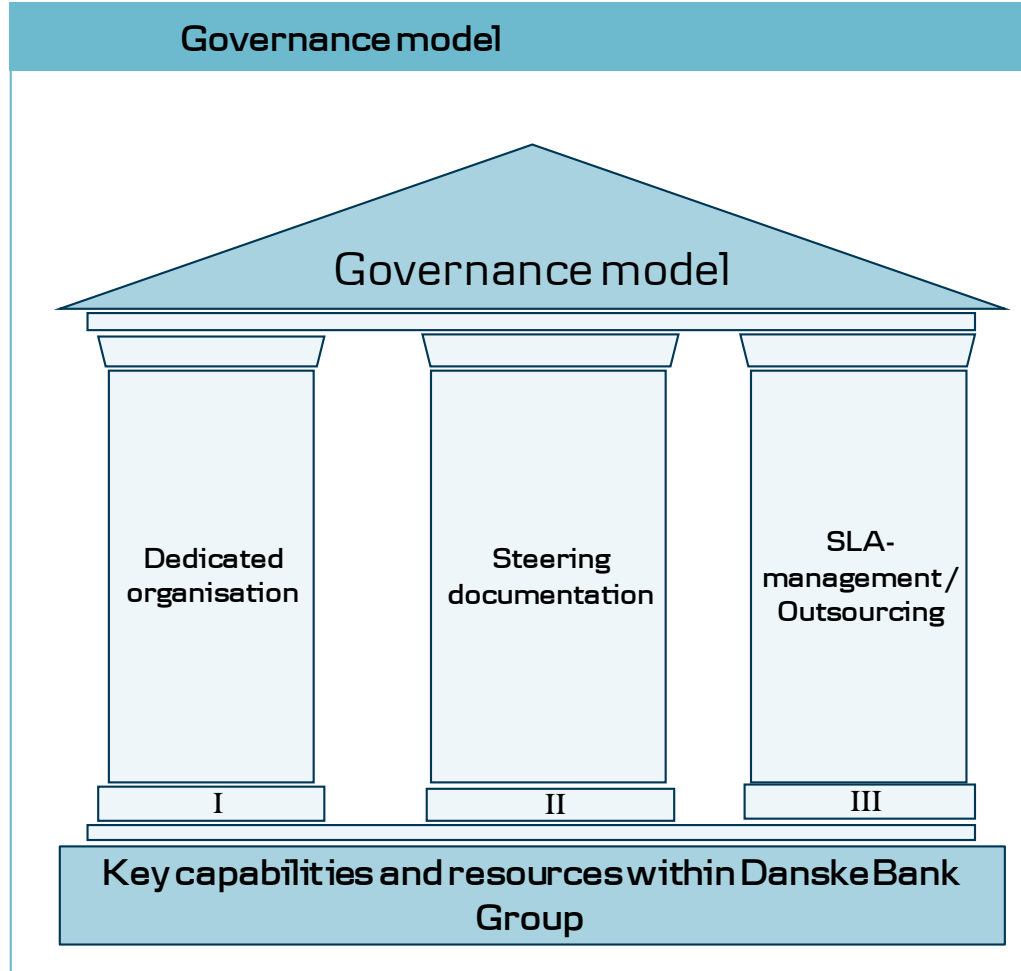


Danske Hypotek pool (incl. indicative future transfer capacity)



Governance model

Funding, Hedging, Liquidity and Capitalisation



Funding

- Danske Hypotek primarily funds itself in the Swedish Covered Benchmark market
- EMTCN programme mainly for complementary capacity purposes
- Danske Hypotek's primary interim source of liquidity is through a parent loan

Hedging

- Danske Bank A/S is Danske Hypotek's primary swap counterpart
- On the liability side, all cash flows from issued bonds are swapped to 3m Stibor based flows
- On the asset side, all cash flows from the mortgages are swapped to 3m Stibor based flows

Liquidity and capitalisation

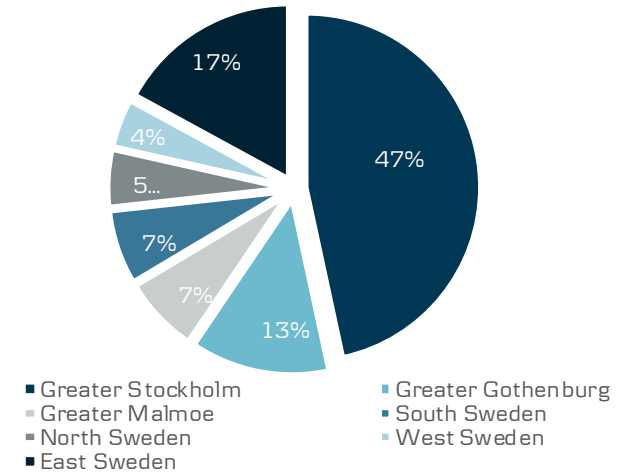
- Danske Hypotek meets SFSA liquidity requirements
- Danske Hypotek is compliant with capital requirements as stated in e.g. CRR/CRD IV as well as specific Swedish regulation and guidelines on capital requirements

Danske Hypotek Cover pool characteristics

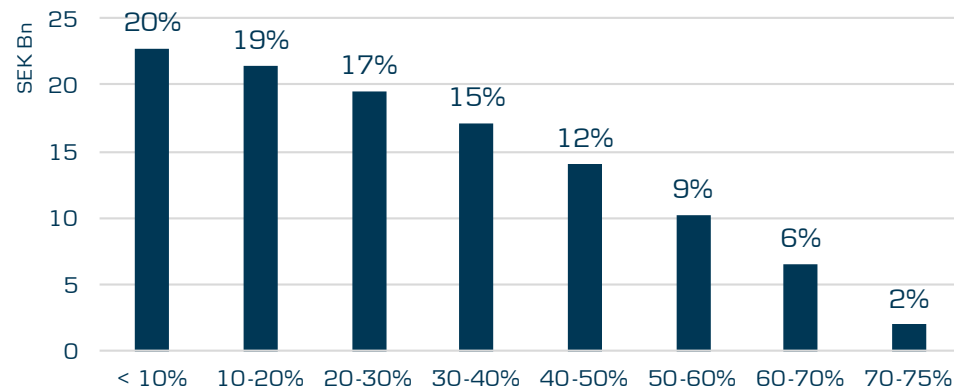
As of end December 2020

| Characteristics | Assets |
|-----------------------|--|
| Collateral type | 100% Swedish retail residential mortgages |
| Loans in cover pool | SEK 113.8bn |
| Number of Loans | 109 050 |
| Number of Borrowers | 52 323 |
| Number of Properties | 54 069 |
| Average Loan Size | SEK 1.044 m |
| Property Type | 42% Tenant Owner Rights, 58% Single-Family Housing |
| WA LTV | 58%* |
| WA Seasoning | 4.2 years |
| Rate type | 37% Floating rate, 63% Fixed rate |
| Repayment type | 58% Amortizing, 42% Interest Only |
| Issuance notional | 90 936 |
| OC | 26% |
| Geographical location | 100% Sweden. |
| Pool type | Dynamic |
| Pool Cut Date | 31-12-2020 |

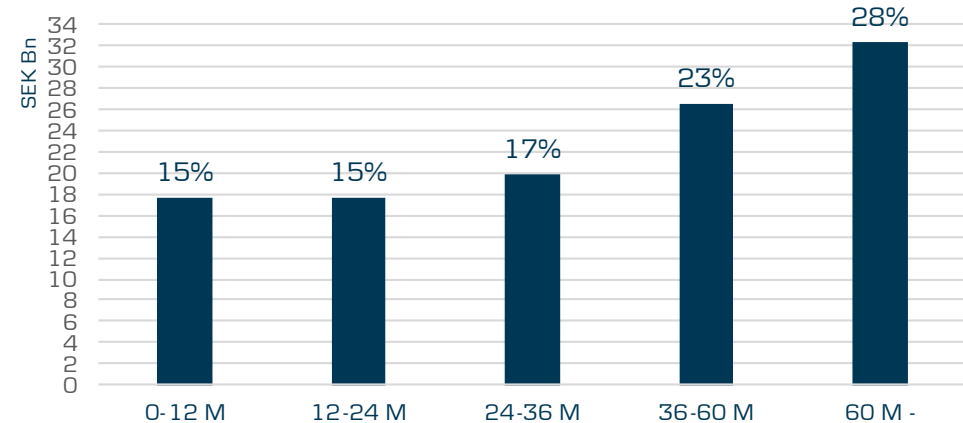
Loan volumes by Region, %



Loan volumes in LTV buckets



Volumes by seasoning, month



*Based on priority distribution of mortgage. When joint collateral Danske Hypotek has first priority over Danske Bank.

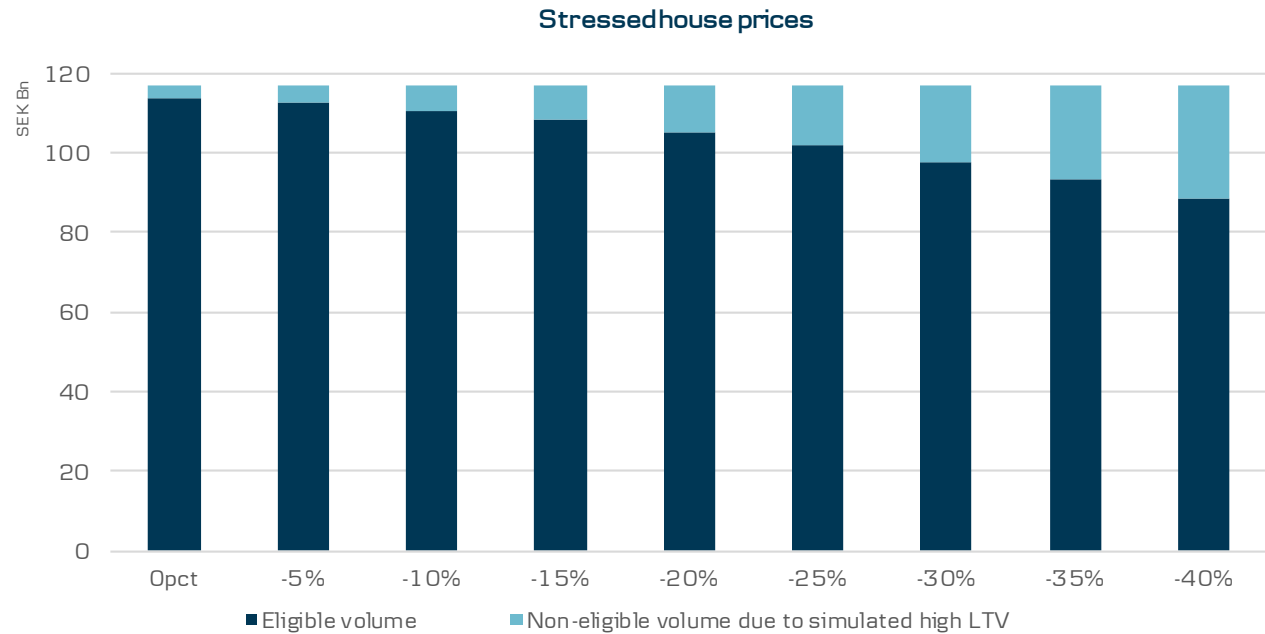
Effect of house price sensitivity on LTV and eligible assets

House price sensitivity*

Keypoints

Moderate effects

- A 20 pct. fall in house prices implies that 7.5% of today's eligible assets becomes non-eligible.
- A 40 pct. fall in house prices implies that 22% of today's eligible assets becomes non-eligible.
- Danske Hypotek can withstand a large decline in the market without breaching any OC requirements.



*Effect of simulated market value declines. Pool cut date 31-12-2020

Danske Hypotek: Available assets for future cover pool — Overview



The relevant aggregate Swedish mortgage assets currently available on the Danske Bank Group balance sheet including mortgages of SEK 114bn already transferred into Danske Hypotek (as of 31 December 2020) is shown below. The timing of each transfer to Danske Hypotek will be determined close to the actual relevant transfer dates. Key determinants will be demand from investors and development in the Swedish loan book

| Characteristics | Personal Banking loans | Business Banking loans | Total loan book |
|-----------------------|--|---|--|
| | Potential assets in phase one (including mortgages of SEK 114bn already transferred into Danske Hypotek) | Potential assets in phase two | Potential assets in total |
| Collateral type | 100pct residential mortgages to private individuals (retail) | 100pct residential mortgages to owners of multi-family properties | 82pct retail, 18pct Multi-Family |
| Pool notional | SEK 128.3bn | SEK 28.4bn | SEK 156,6bn |
| Number of loans | 119,609 | 2,465 | 122,074 |
| Number of borrowers | 57,929 | 1,444 | 59,373 |
| Number of properties | 58,637 | 2,836 | 61,473 |
| Average loan size | SEK 1.072m | SEK 11.5m | SEK 1.283m |
| Property type | 44% tenant owner rights, 56% single family housing | 38% cooperative housing, 62% rental housing | 45% Retail, 43% cooperative housing and 12% rental housing |
| WA LTV (Indexed) | 60% | 49% | 58% |
| WA seasoning | 4.2 years | 1.7 years | 3.7 years |
| WA remaining term | 30.8 years | 2.2 years | 24.8 years |
| Pool type | Dynamic | Dynamic | Dynamic |
| Rate type | 37% floating rate, 63% fixed rate | 58% floating rate, 42% fixed rate | 40% floating rate, 60% Fixed rate |
| Geographical location | 100% Sweden | 100% Sweden | 100% Sweden |
| Pool cut date | 31-12-2020 | 31-12-2020 | 31-12-2020 |

• ¹ For more details on the cover pool currently within Danske Hypotek, please refer to www.danskehypotek.se.

Danske Hypotek - Funding

www.danskehypotek.se

Danske Hypotek and the Swedish benchmark market

Our ambition is to be recognized by investors as an established benchmark issuer

Our tools:

- ✓ Market maker agreements with all major participants
- ✓ Repo facility that allows market makers to cover short positions - as a lender of last resort
- ✓ Included in OMRX and SHB index
- ✓ The ability to tap the bonds when we see demand based on daily quotes on our bonds
- ✓ The ability to buy-back when the bonds are approaching maturity

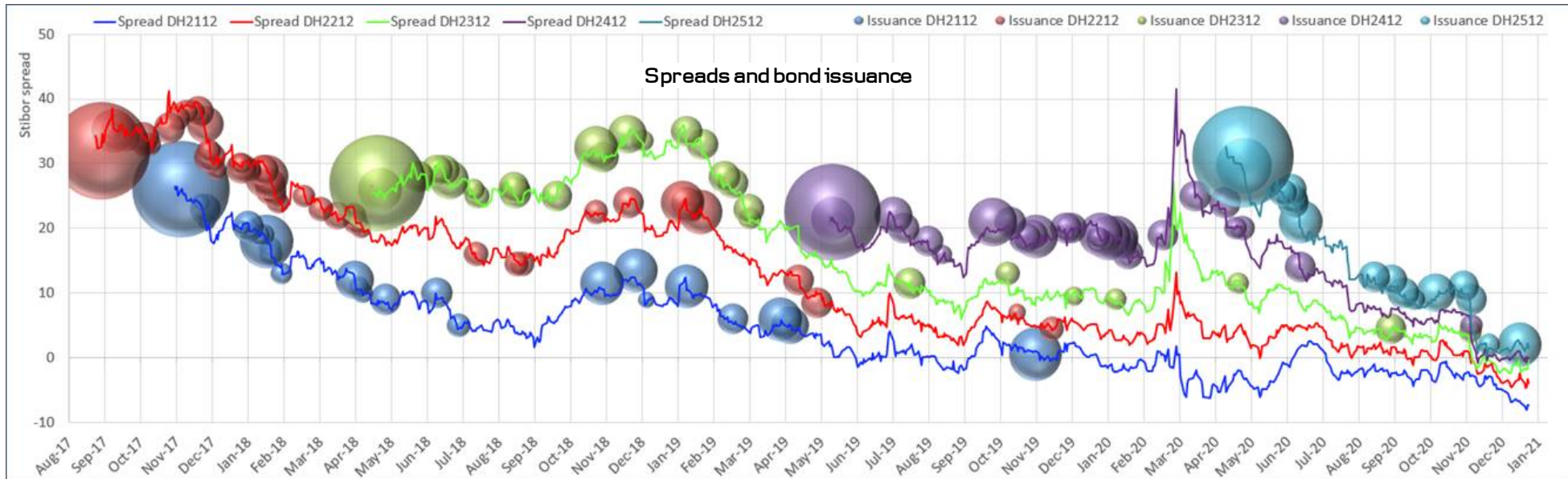
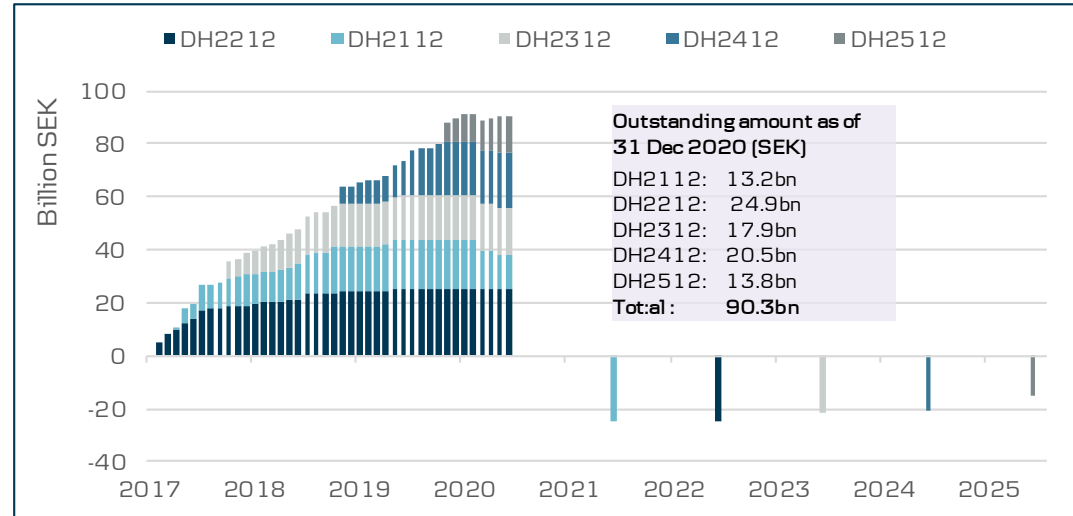
Our targets:

- Continue to build liquid benchmark curve during the coming years. This will take priority over private placements in other formats
- All benchmark bonds to be LCR level 1 at launch
- Continue to approach the market in a consistent, transparent and predictable manner

Long term commitment to the Swedish market

Danske Hypotek - Covered bond funding

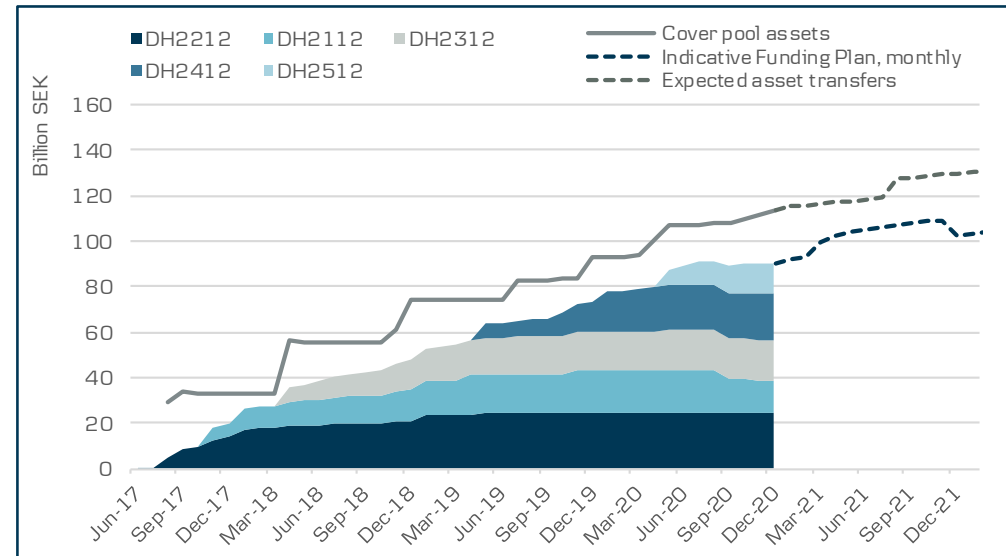
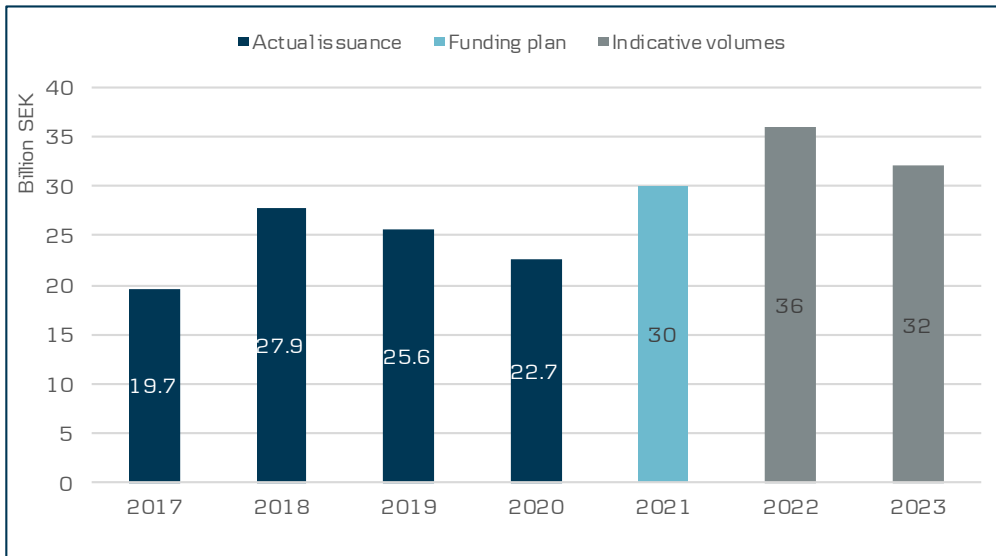
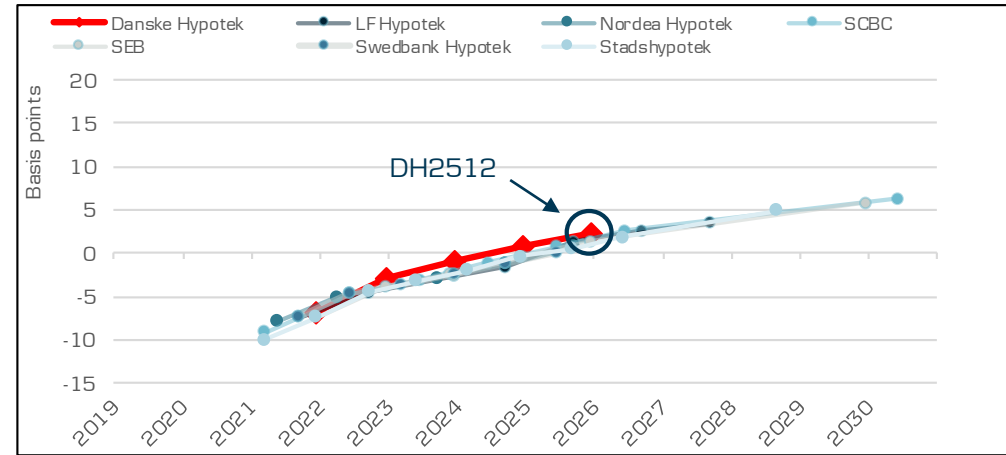
- Mortgage asset volume amounts to SEK 117bn as per 31 December
- Established a benchmark curve with five outstanding bonds
 - All bonds rated AAA by S&P and NCR
- As per 31 December 2021 total outstanding covered bonds of SEK 90.3bn
- Buy-backs of SEK 5,4bn in DH2112 during 2020
- Daily quoting of prices and ongoing issuance of bonds



Danske Hypotek - Plans going forward - 2021

- Continue to maintain liquidity in our outstanding bonds with daily quotes via our market makers
- Target funding volume of around SEK 30bn during 2021 (SEK 5bn executed as of 31 January 2021)
- Intention to issue 1-2 benchmark bonds per year the coming years
- Intention to increase volume to approximately SEK 130bn in the loan portfolio by end of 2021
- Will be available for buy-backs well in due time before maturity (buy-backs in DH2112 started in September 2020)

The Swedish benchmark curve



Key takeaways on Danske Hypotek

Danske Hypotek is a wholly-owned subsidiary of Danske Bank

Swedish Credit Market Company, (Kreditmarknadsbolag), supervised by Finansinspektionen (SFSA) resembling the setup from other Swedish Benchmark issuers

100% Swedish mortgages. Sufficient asset volume available to enable building of liquid benchmark curve

Transparent and predictable issuer behaviour in the Swedish Benchmark Market i.e., taps, buybacks, dedicated market makers

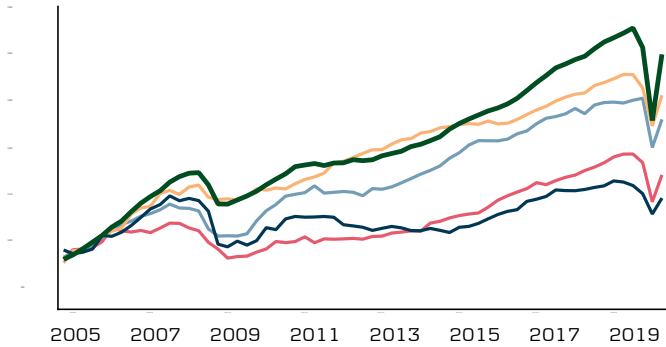
Five Benchmark bonds issued since 2017 with a total outstanding of SEK 90.3bn

Appendix
- Nordic macro

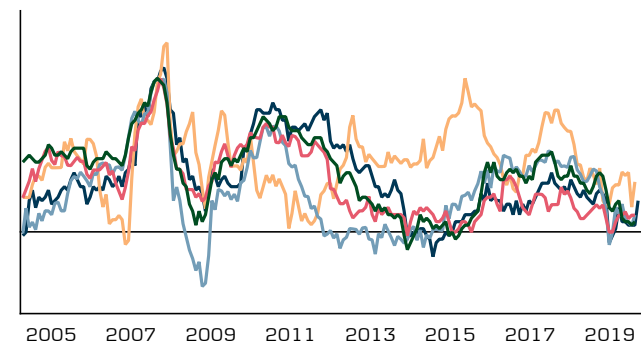
Nordic macroeconomics

— Denmark — Sweden — Norway — Finland — EU

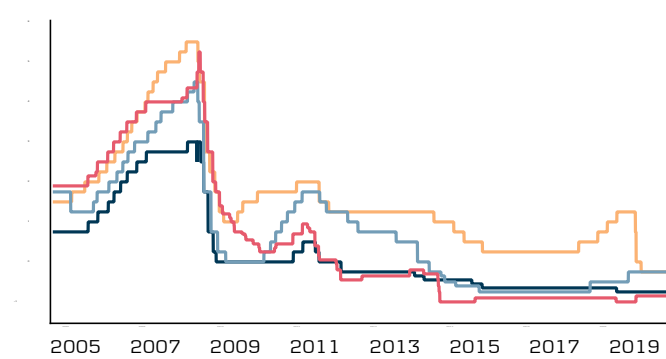
Real GDP, constant prices (index 2005 = 100)



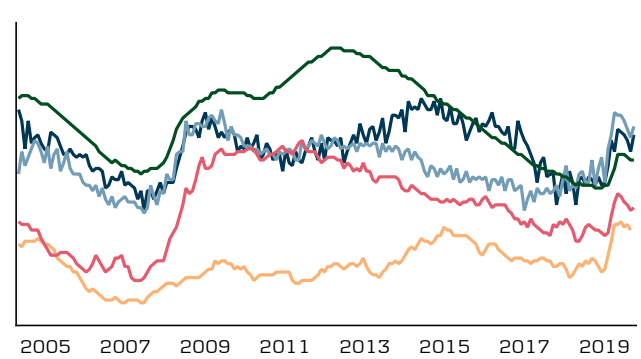
Inflation (%)



Interest rates, leading (%)



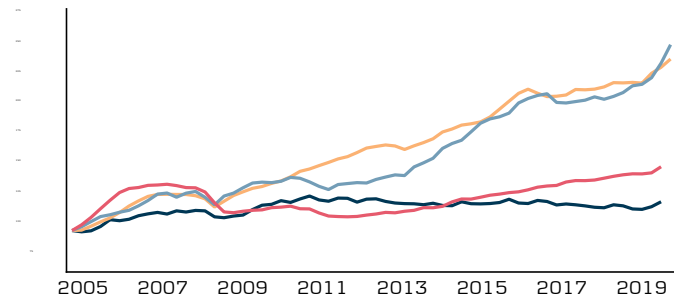
Unemployment (%)



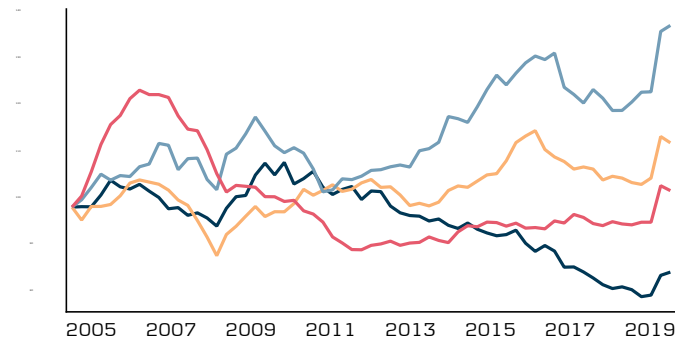
Nordic housing markets

— Denmark — Sweden — Norway — Finland

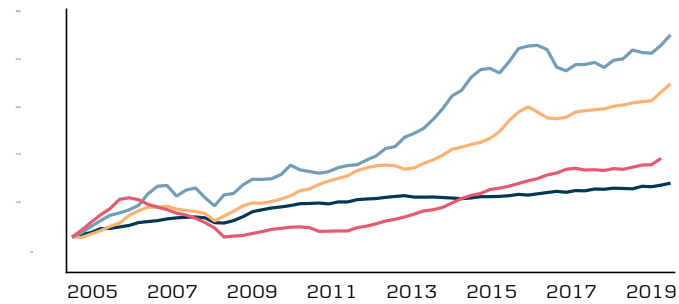
Property prices (index 2005 = 100)



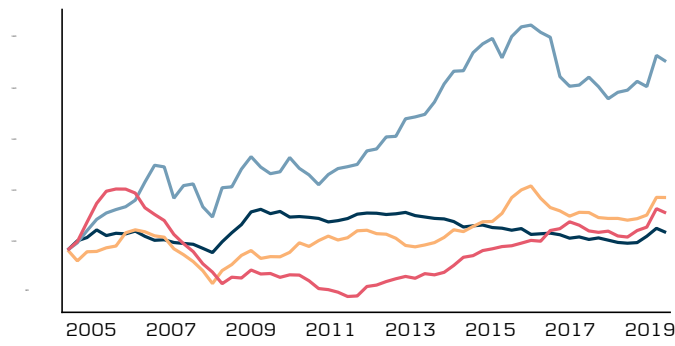
House prices/nom. GDP (index 2005 = 100)



Apartment prices (index 2005 = 100)



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



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