

*Focused Nordic leader with  
strong profitability*

Investor update  
Copenhagen, June 7, 2023

Danske Bank



# Who we are – Our recent journey

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Danske Bank

Who we are

# Nordic leader with a unique position

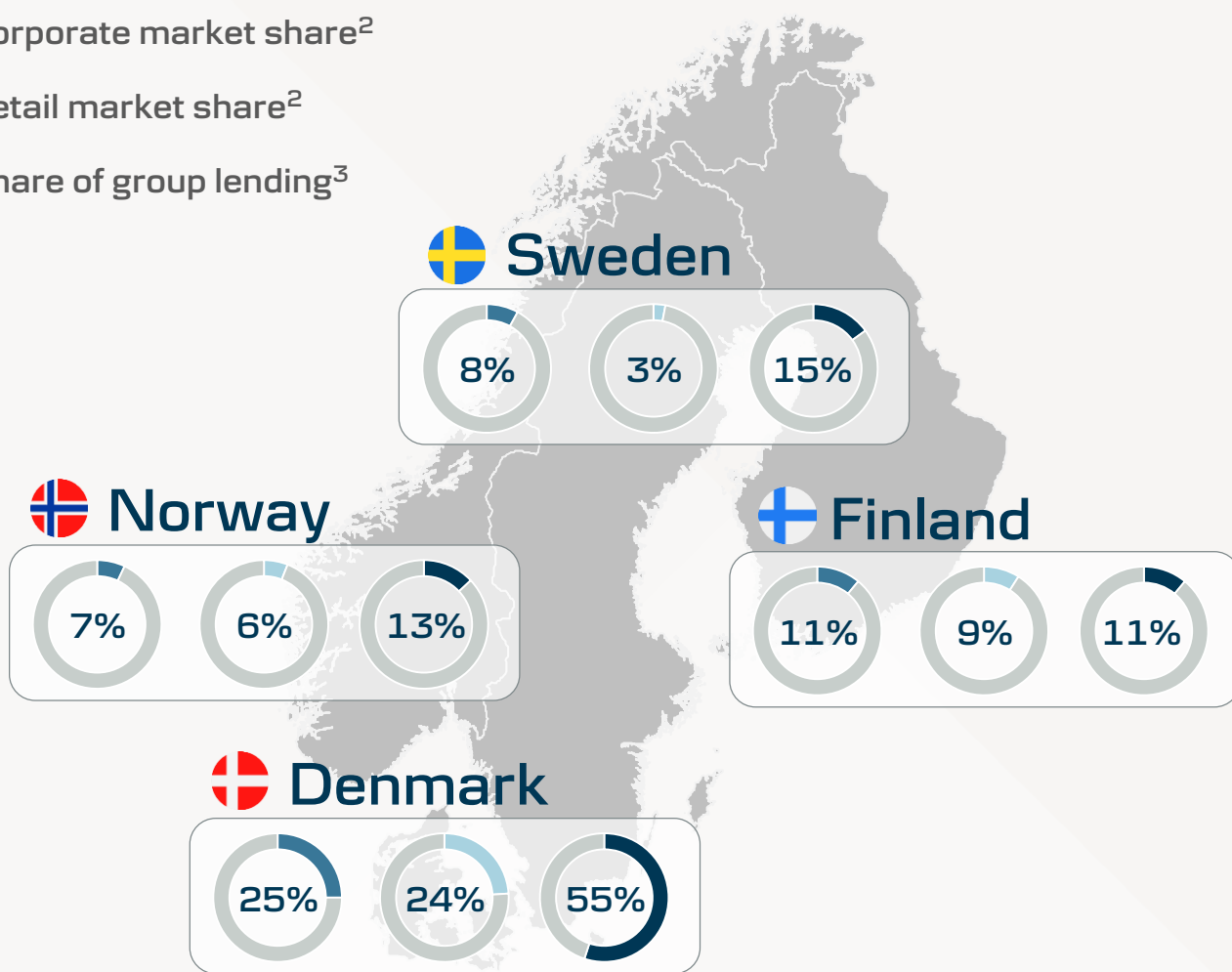
## A strong foundation

- Top 2 corporate, institutional and business bank in the Nordics<sup>1</sup>
- Leading and scalable retail bank in Denmark and Finland
- Positioned in the most attractive customer segments with a strong full-service offering
- Customer-first focused bank – digital at the core

 Corporate market share<sup>2</sup>

 Retail market share<sup>2</sup>

 Share of group lending<sup>3</sup>



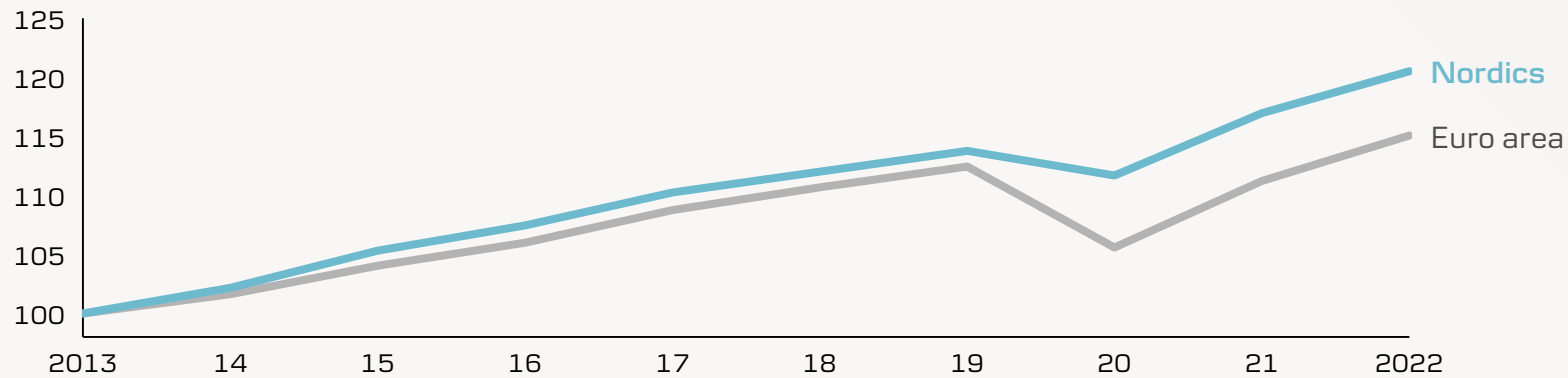
1. Based on aggregated corporate lending in Nordics; 2. As of Q2 2023; 3. Share of group lending is 2018-22 averages before loan impairments - Northern Ireland and other represent delta to 100%

Who we are

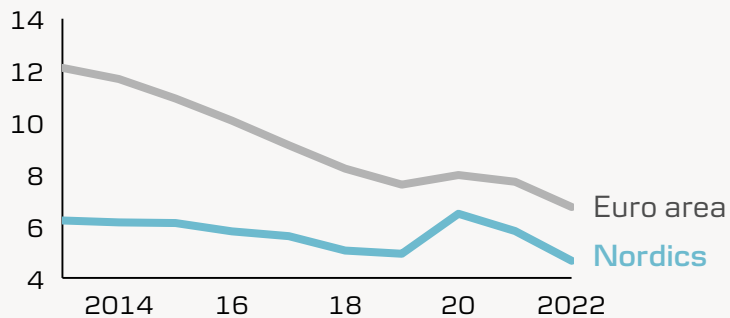
# Nordics – an attractive, stable and innovative region for banking

## 1 Attractive macro environment

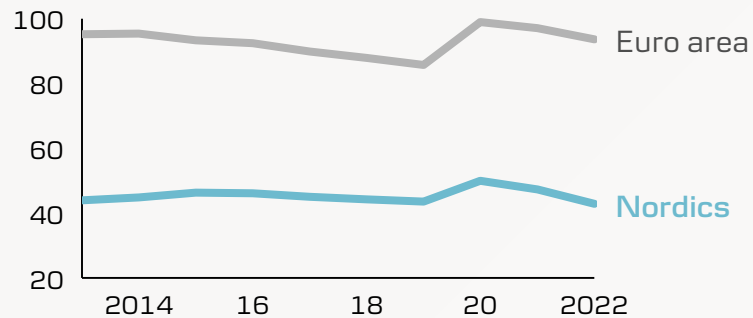
GDP growth (index: 2013=100)<sup>1</sup>



Unemployment rate (%)



Public debt (%)



## 2 Digital leaders

Digital Economy and Society Index<sup>2</sup> (EU)

- |                |               |
|----------------|---------------|
| 1. Finland     | 5. Ireland    |
| 2. Denmark     | 6. Malta      |
| 3. Netherlands | 7. Spain      |
| 4. Sweden      | 8. Luxembourg |

## 3 Sustainability leaders

SDR<sup>3</sup> ranking

- |            |                |
|------------|----------------|
| 1. Finland | 5. Austria     |
| 2. Denmark | 6. Germany     |
| 3. Sweden  | 7. France      |
| 4. Norway  | 8. Switzerland |

Who we are

# Positioned in the most attractive segments with a strong product offering

## Most attractive customer segments

### Large Corporates & Institutions

- Core relationship with 59% of Nordic Tier 1 Institutions and 40% of Nordic Large Corporates<sup>1</sup>
- 2,000+ customers

### Business Customers

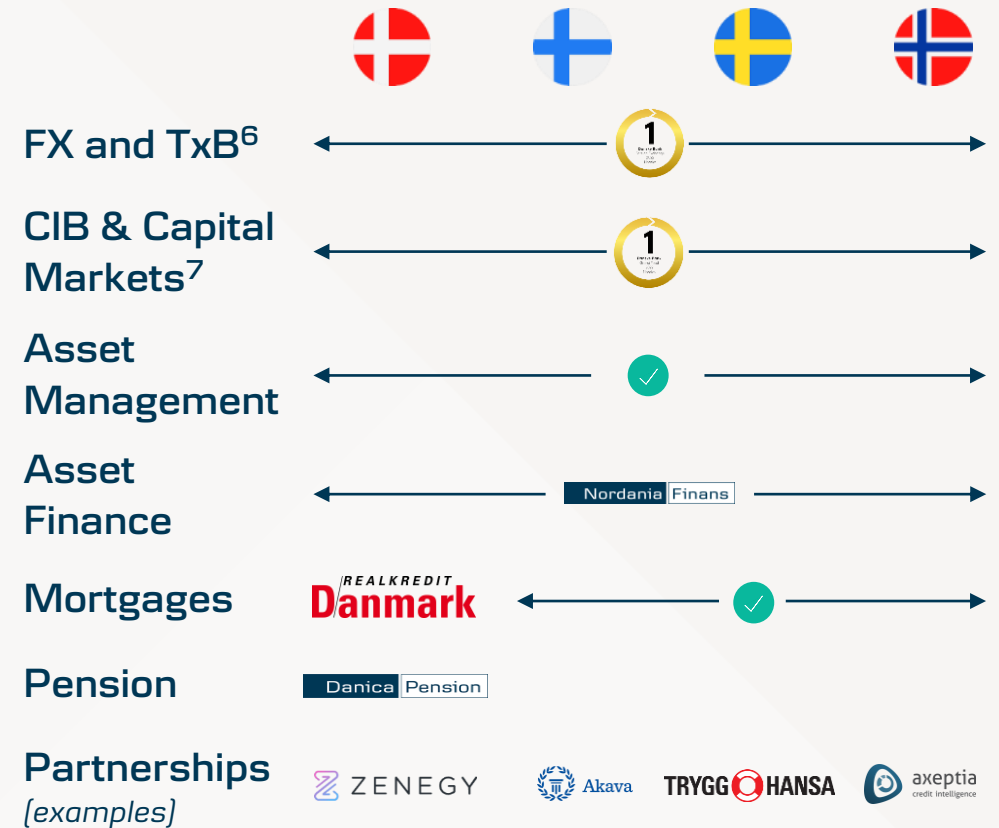
- >65% of income from customers with medium or advanced needs (~50k customers)<sup>2</sup>
- 200k+ customers<sup>3</sup>

### Personal Customers

- >30% of customers with advanced needs<sup>4</sup> or Private Banking
- 3.1m customers<sup>5</sup>



## Strong product offering and partnerships

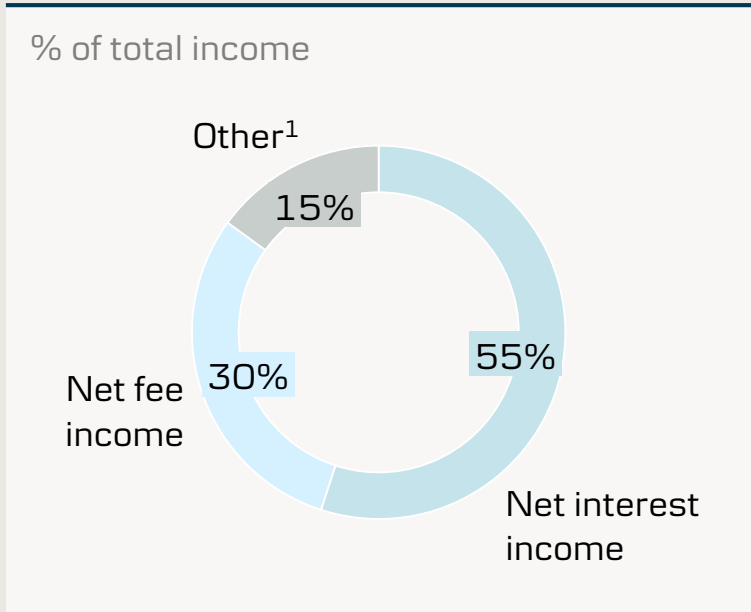


1. Core relationship defined by Prospera as: Portion of organisations that consider a supplier as "main supplier"; 2. Customers in Advisory Banking, excluding Northern Ireland; 3. Including Business Customers in Northern Ireland; 4. Advanced needs defined by age, income and wealth thresholds; 5. Including Northern Ireland; 6. Prospera rankings in Nordic Foreign Exchange, 2022; 7. Prospera rankings in LC&I Nordic Grand Total, 2022

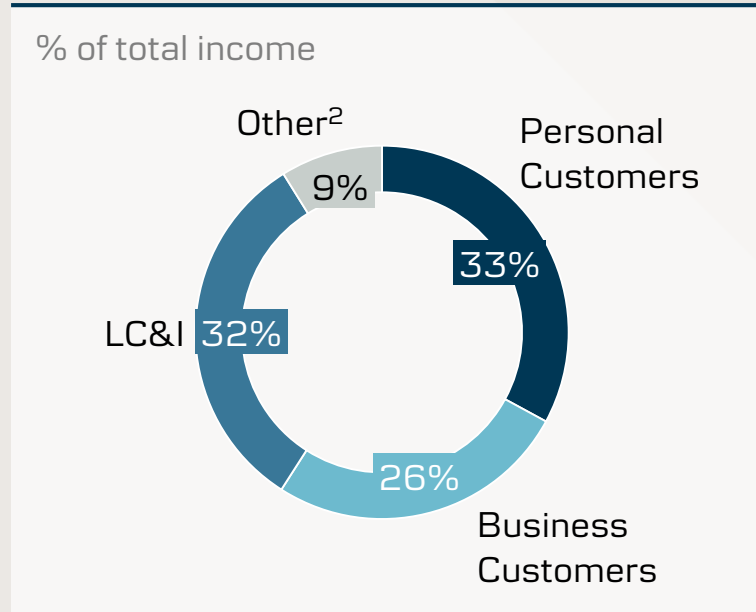
Who we are

# Attractive business with a sound financial and risk profile

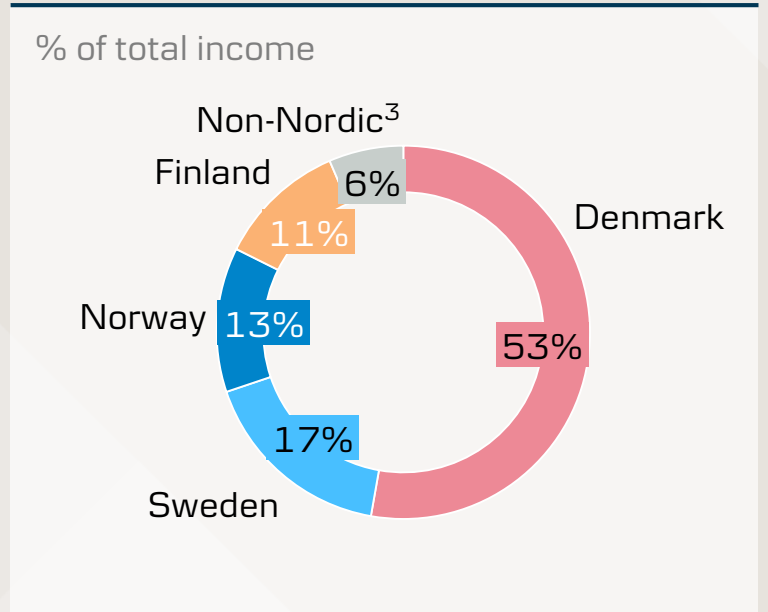
## Diverse income mix



## Diverse segment mix



## Diverse country mix



## Strong financial profile (Q1 2023)

**18%**  
CET1 ratio

**126%**  
Net stable funding ratio

**169%**  
Liquidity coverage ratio

**3 bps**  
Loan loss ratio

1. Includes Net trading income, Net income from insurance business, Other ordinary income; 2. Includes Danica Pension, Northern Ireland and Group non-core; 3. Includes International units in LC&I and Northern Ireland (non-continued areas excluded)  
Note: Figures in charts are 2018-22 averages

Our recent journey

# We have made fundamental changes to become a stronger more resilient bank

## Strengthened control environment

- ✓ Resolution of Estonia matter with US and Danish authorities
- ✓ Solution for debt collection case in progress
- ✓ On track to finalise financial crime plan by end of 2023
- ✓ Robust control environment at all levels of the bank, including non-financial and cyber risk

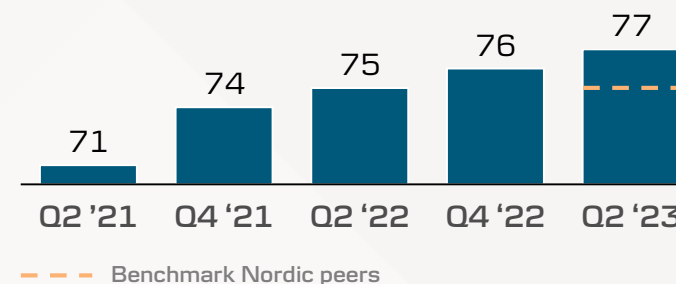
## Business de-risked & re-focused

- ✓ Exit of high-risk countries and non-core businesses
- ✓ Credit portfolio de-risked
- ✓ Focused market operations and reinforced risk management
- ✓ Re-focused business units through improved segmentation

## Strengthened organisation

- ✓ More customer-focused business unit structure implemented
- ✓ Renewed leadership and cultural commitments

Employee Motivation and Satisfaction score<sup>1</sup>



## A stronger more resilient bank

1. Semi-annual Ennova employee engagement survey (out of 100)

Our recent journey

# Accelerated commercial momentum over the past 18-24 months

## Large Corporates & Institutions

Nordic large corporate lending (index: 2020 = 100)



### Strengthening leading position

- Steady long-term growth in lending, capturing market share
- Relative capital consumption decreased
- Leader in sustainable finance

## Business Customers

Net fee income (index: 2020 = 100)

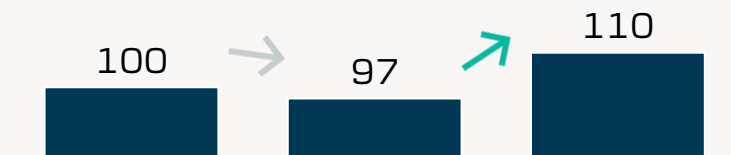


### Increasing product penetration

- Significant growth in capital-light ancillary income
- Scaled our leading daily banking platform from DK to Nordics
- Strong income growth from mid corporates

## Personal Customers

Bank lending PC Denmark<sup>1</sup> (index: 2020 = 100)



### Steady commercial progress and digitalisation

- DK bank lending volumes up Y/Y, driven by Danske Bolig Fri
- Stabilisation of customer flows in Denmark
- Normalising interest rate conditions favouring DK and FI

2020      2021      2022

1. Including Private Banking customers

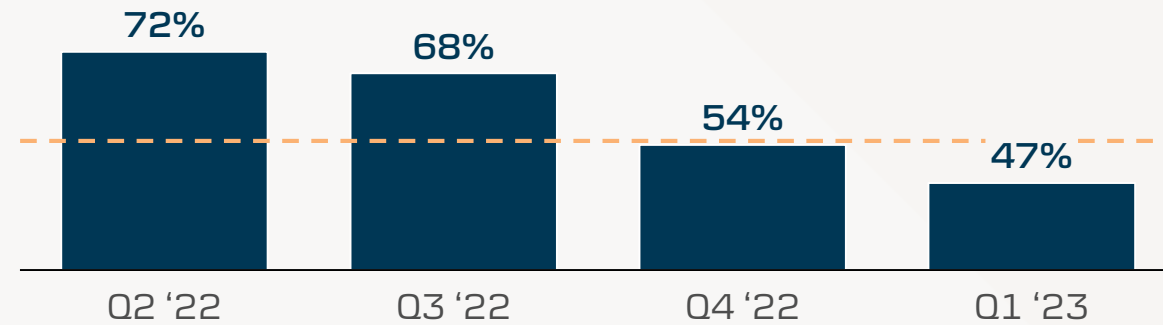


Our recent journey

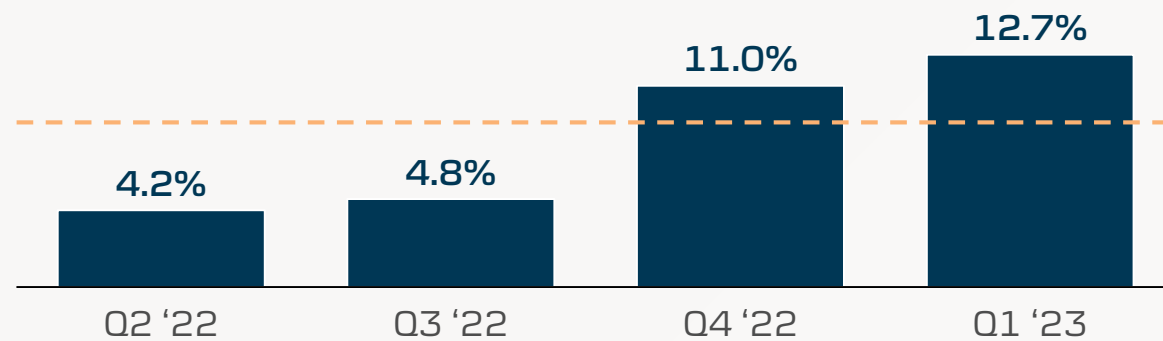
# We are significantly exceeding our original targets for 2023

- Fundamental changes to become a stronger more resilient bank
- Accelerated underlying commercial momentum over the past 18-24 months
- Favourable macro conditions, notably in Denmark and Finland

## Cost to Income<sup>1</sup>



## Return on Equity<sup>1</sup>



--- 2023 targets from previous strategy

**Guidance for 2023**  
 DKK 16.5-18.5 bn  
 Net profit  
 Implying 10-11% RoE

1. Excluding the provision for the Estonia matter and goodwill impairment charges



# Strategic priorities

Our plan towards 2026

Danske Bank

# Business plan for growth and profitability

## Growth in focus segments

- Leading wholesale and business bank in the Nordics
- Leading retail bank in Denmark and Finland
- Grow share of wallet and market share with most attractive segments

## Disciplined capital return & cost

- Capital allocation towards most profitable areas that meet our hurdle rates
- Drive productivity and cost takeouts
- Normalise FCRP and remediation cost

## Strong capital generation & low risk

- Strong capital generation with ability to distribute consistently over time
- Maintain low and stable risk levels through the cycle

Our targets for 2026

**13%**

**Return on Equity**

**>16% CET1**

**~45% Cost to Income**

## Capital distribution

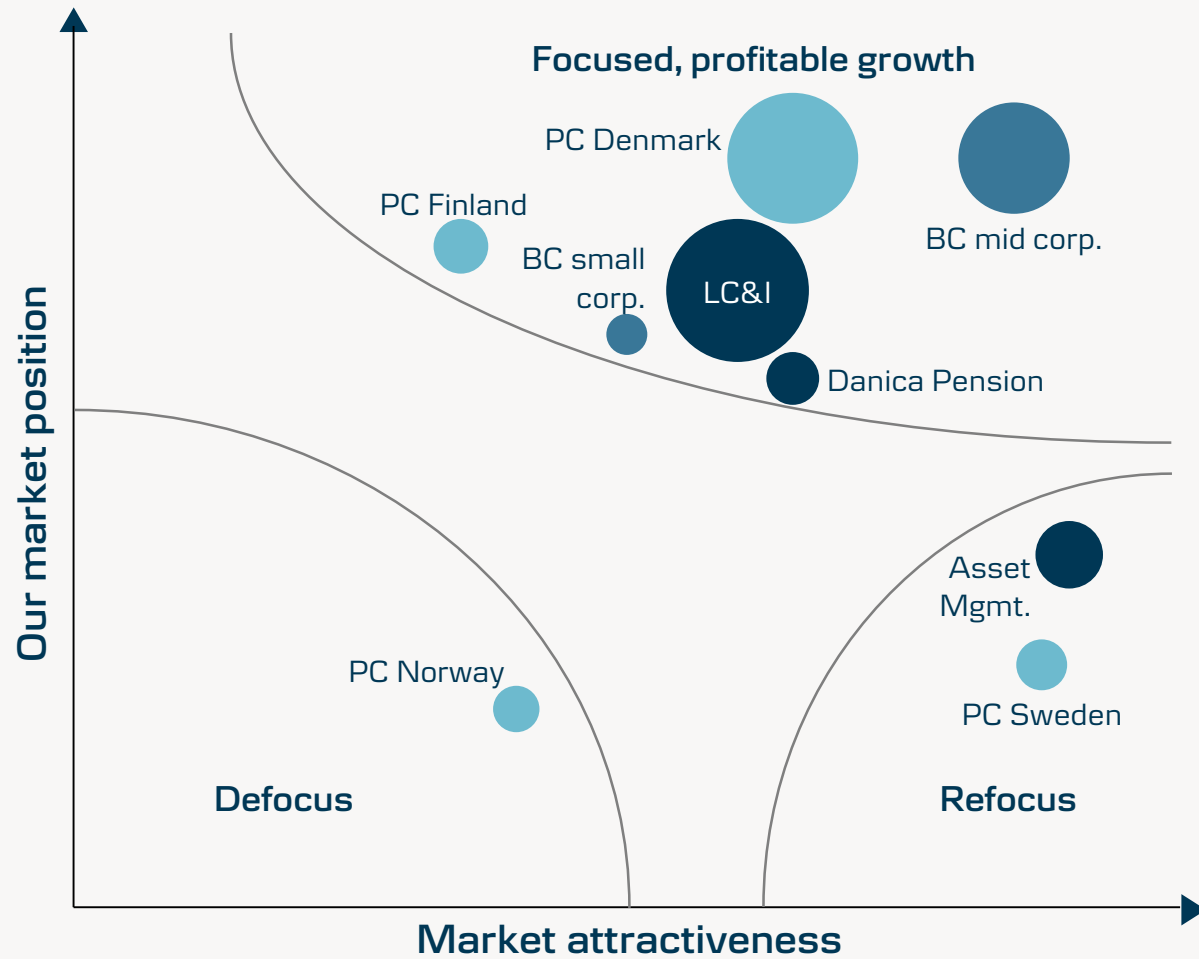
Dividend potential from 2023-26 of above DKK 50 bn

Accelerated dividend by H1 result targeting the higher end of the 40-60% policy range<sup>1</sup>

Ambition for further distribution – subject to capital position and market conditions

1. Subject to BoD decision

# Portfolio optimisation and capital allocation to support most profitable opportunities



● Personal Customers ● Business Customers ● Large Corporates & Institutions

Note: Bubble size is 2018-22 average income. Chart does not include CRE, Nordania and Northern Ireland

## Clear strategic focus in each business area

Strategic Focus	Business Area	Strategic Action
Focused, profitable growth	LC&I	Fortify leading position in Nordics
	BC mid corp.	Grow in target segments and in customers with international needs
	BC small corp.	Grow in target segments and in customers with international needs
	PC Denmark	Re-affirm leadership, focus growth on customers with advanced needs
	PC Finland	Continue organic growth trajectory
	Danica Pension	Utilise the channel strength of the bank
De- or refocus	Asset Mgmt.	Refocus & strengthen channel utilisation
	PC Sweden	Refocus on advanced needs and PvB
	PC Norway	Cease our Retail & Private Bank business



## *Investing in 4 strategic focus areas*

### *1. Advisory*

Further reinforce our advisory and proactive engagement with differentiated expertise for our customers

### *2. Digital*

Continue to strengthen our digital platforms, self-service, customer journeys and 3<sup>rd</sup> party integrations

### *3. Sustainability*

Reinforce our customer value proposition through strong ESG advisory and solutions

### *4. Simple, Efficient, Secure*

Further simplify the bank and how we work, optimise operational efficiency and risk management

Strategic priorities

# 1. Advisory

## Our starting point

- Unique breadth and depth of local expertise across all customer segments

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- Leading Capital Markets advisory with top league table placements

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- Best-in-class satisfaction in customer meetings



## What we will do

- **Improve service model for each segment**
  - New segmentation model in each business unit
  - 360-degree view of customers

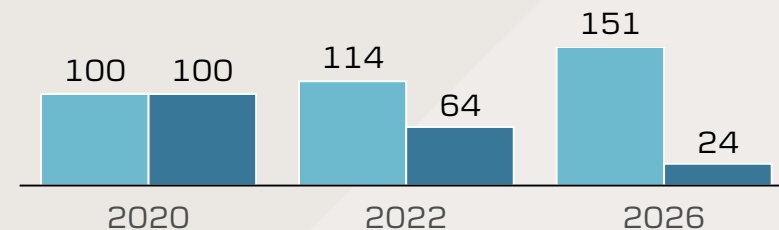
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- **Become even more proactive in our engagement**
  - Support our customers through all major life events
  - Automated and proactive recommendations

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## ➤ Strengthen advisory productivity across units

Example: PC Denmark (index: 2020 = 100)



Meetings per advisor    Share of meetings for less complex needs

- Adjusted advisory model to fit customer needs
- Increase time with customers when it matters
- Efficient meetings through better tooling and investments in people

Strategic priorities

## 2. Digital

### Our starting point

- Award-winning customer channels – #1 Mobile Bank in Denmark and District platform

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- Broad digital product offering supported by our subsidiaries and partnerships

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- High share of digital self-service products – >50% of accounts in PC opened digitally



### What we will do

- **Further strengthen customer experiences and digital setup**
  - Continue to reinforce user experience across our digital platforms
  - Invest significantly in our data capabilities

### ➤ **Improve partner integrations**

- Strengthen integration capabilities through APIs
- Increase usage of partners across segments

### ➤ **Ensure end-to-end fulfilment of digital products**

Example: Automated credit decisions in BC



- Reduce work for front line by increasing automation
- Grow usage of chat and IVR for customer support

Strategic priorities

## 3. Sustainability

### Our starting point

- Industry leading Climate Action Plan with biodiversity as next priority theme

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- ESG integrated in key processes – portfolio and capital steering, lending processes, Asset Mgmt.

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- Strong ESG customer advisory and #1 Nordic Arranger of Green Bonds



### What we will do

#### Large Corporates & Institutions

- Advisory, transition finance and project finance

#### Personal Customers

- Housing, investments, pensions, mobility and daily banking

#### Business Customers

- Advisory, transition finance and partnerships

#### Asset Mgmt. & Danica Pension

- Alternative products, Danica Responsible Choice

### Reinforce stronghold in sustainable finance and advisory

Sustainable finance<sup>1</sup>

#1

ESG advisory<sup>2</sup>

#3

Sustainable investing<sup>3</sup>

#3

2022

A leader in supporting our customers' green transition

2026

1. Ranking among Nordic banks in the Bloomberg Global Green Bonds (Corporate & Government League Table)

2. Ranking for the Nordics in Sustainability Advisor survey from Prospera (Corporate & institutional clients)

3. Prospera Nordic External Asset Management question: "Has high competence within sustainable investments?"



Strategic priorities

## 4. Simple, Efficient, Secure

### Our starting point

- Our 'One IT' platform gives us a strong starting point – highly available, secure and scalable

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- Significant tech investments supporting compliance, financial crime plan and remediation

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- Our business is de-risked and re-focused, mindful of the uncertain and changing macro environment



### What we will do

- **Increase yearly digital and tech investments by DKK 1 bn**
  - Further strengthen focus on customer experiences, data and AI
  - Simplify our engagement and service model

- **Increase our operational efficiency**

**DKK ~1 bn**  
 Cost efficiencies<sup>1</sup> 2023-26

- Improve developer productivity
- AI based automated processes
- Leverage shoring and sourcing setup

- **Remain a secure bank for customers and society**
  - Continue to reinforce resilience of the bank
  - Continued commitment to FCRP and Compliance

1. Gross benefits, excluding FCRP & Remediation

# A focused Nordic leader with strong profitability

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