

*Focused Nordic leader with
strong profitability*

Investor update
Copenhagen, June 7, 2023

Danske Bank

Financial performance



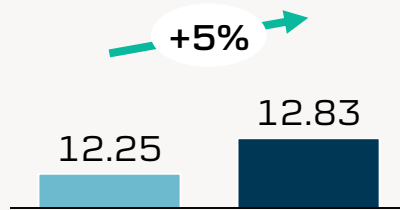
Stephan Engels, Chief Financial Officer

Danske Bank

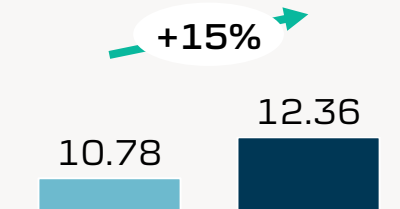
Proven ability to grow with commercial momentum picking up

Grown income across segments

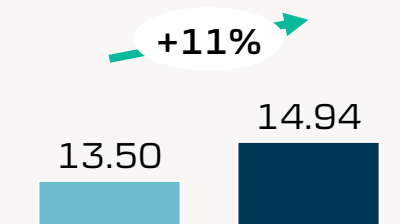
Large Corporates & Institutions



Business Customers



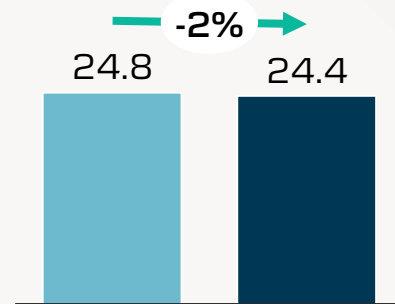
Personal Customers



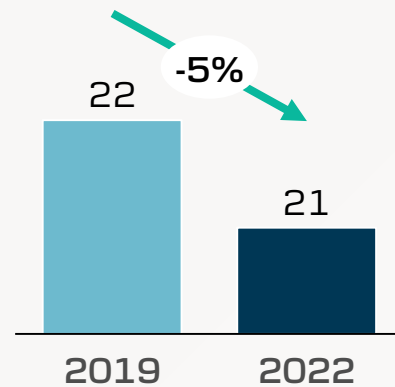
(DKK bn)

Stabilised cost

Core OPEX¹
(DKK bn)

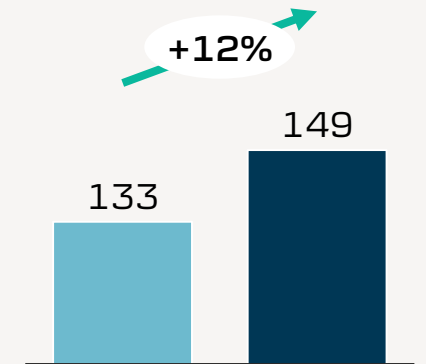


FTEs ('000)

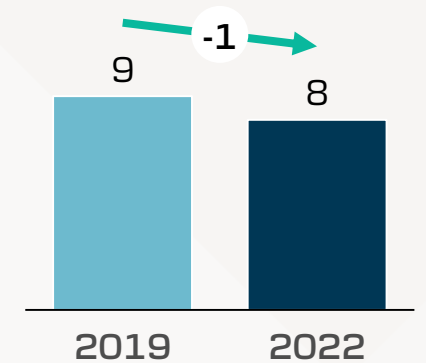


Strong capital and low loan losses

Common Equity Tier 1
(DKK bn)



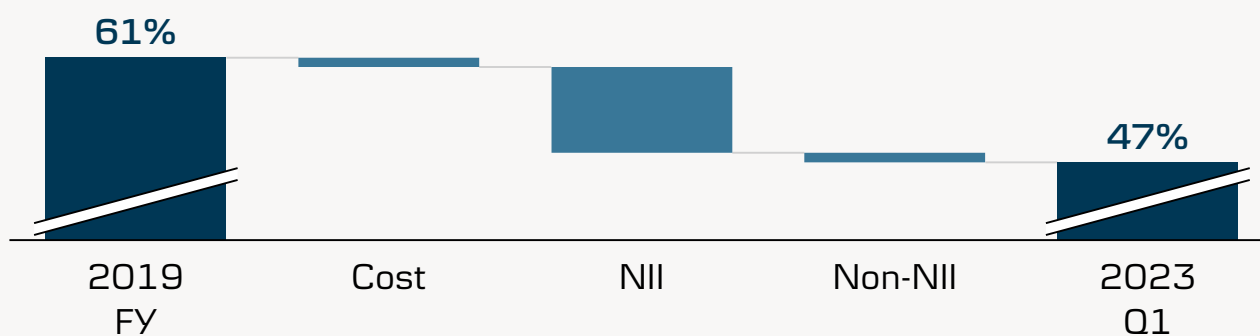
Loan loss ratio (bps)



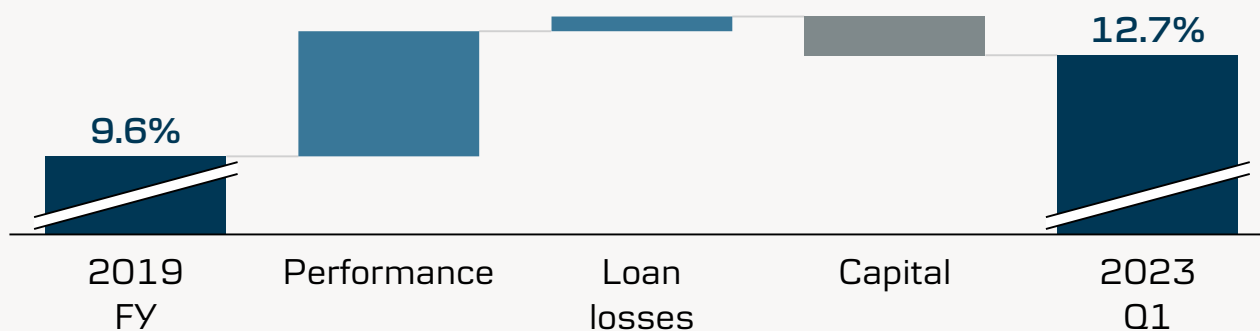
1. Operating Expenses excluding remediation costs related to the Estonia matter, the debt collection case (including 2022 customer compensation) and the Flexinvest Fri case

Significantly ahead of our targets for 2023

Cost to income¹



Return on Equity¹



- Surpassing our original targets for 2023 of 8.5-9% RoE and C/I of mid-50s
- Normalisation of interest rates, with more favourable exposure in Denmark and Finland
- Streamlined the bank and simplified our organisation
- De-risked businesses and strengthened FCRP and Compliance function
- Strong credit quality and prudent guidance

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

Accelerating our commercial momentum and profitability

Focused ambitious growth

- **Increase returns** by targeting the most attractive segments
- **Continue momentum of streamlining the bank**, pushing down our cost to serve
- **Focus on deepening customer relationships** and product penetration

Disciplined capital return and cost

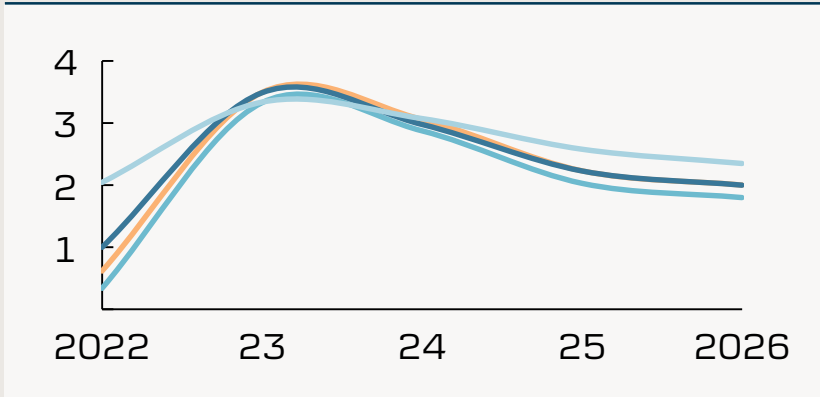
- **Capital allocation towards most profitable areas** that meet our hurdle rates
- **Selectively invest in market growth** where we see best opportunities
- **Normalisation of FCRP and Compliance** function

Capital distribution and low risk

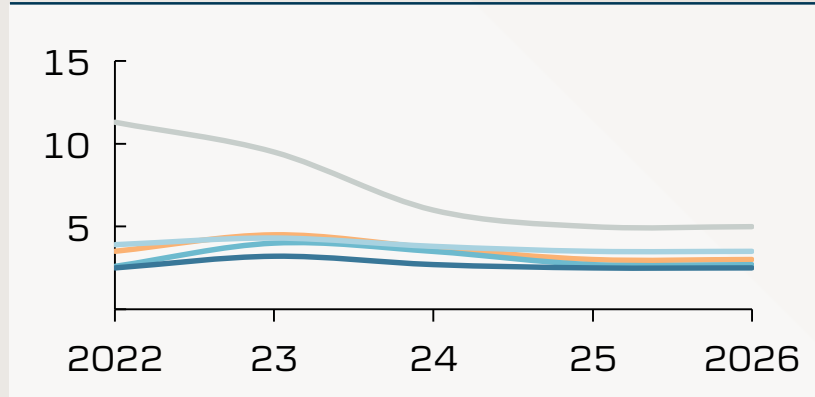
- **Dividend policy of 40-60% of net profit**, with an accelerated pay-out of H1 net profit by Q2
- **Dividend potential >DKK 50bn**, with an ambition for additional capital distribution
- **Maintained low and stable risk levels**

Main assumptions behind our 2026 plans

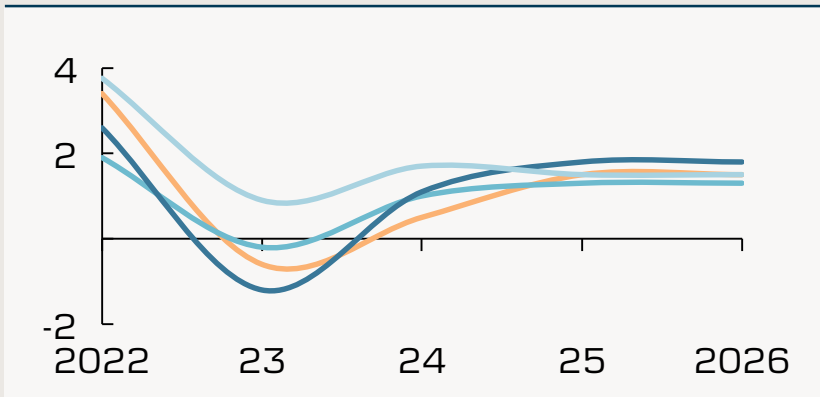
Interest rates, 3 month [%]



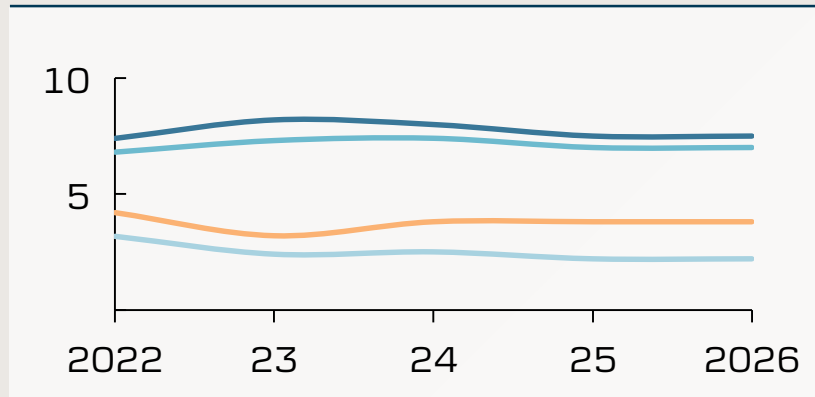
Wage inflation [%]



Real GDP growth [%]



Unemployment [%]



Denmark Finland Sweden Norway Lithuania

Note: Yearly averages. Based on estimates done January 2023

~3%
Lending growth p.a.

<1%
Deposit growth p.a.

Our 2026
financial targets

13%

Return on Equity

~45%

Cost to income

>16%

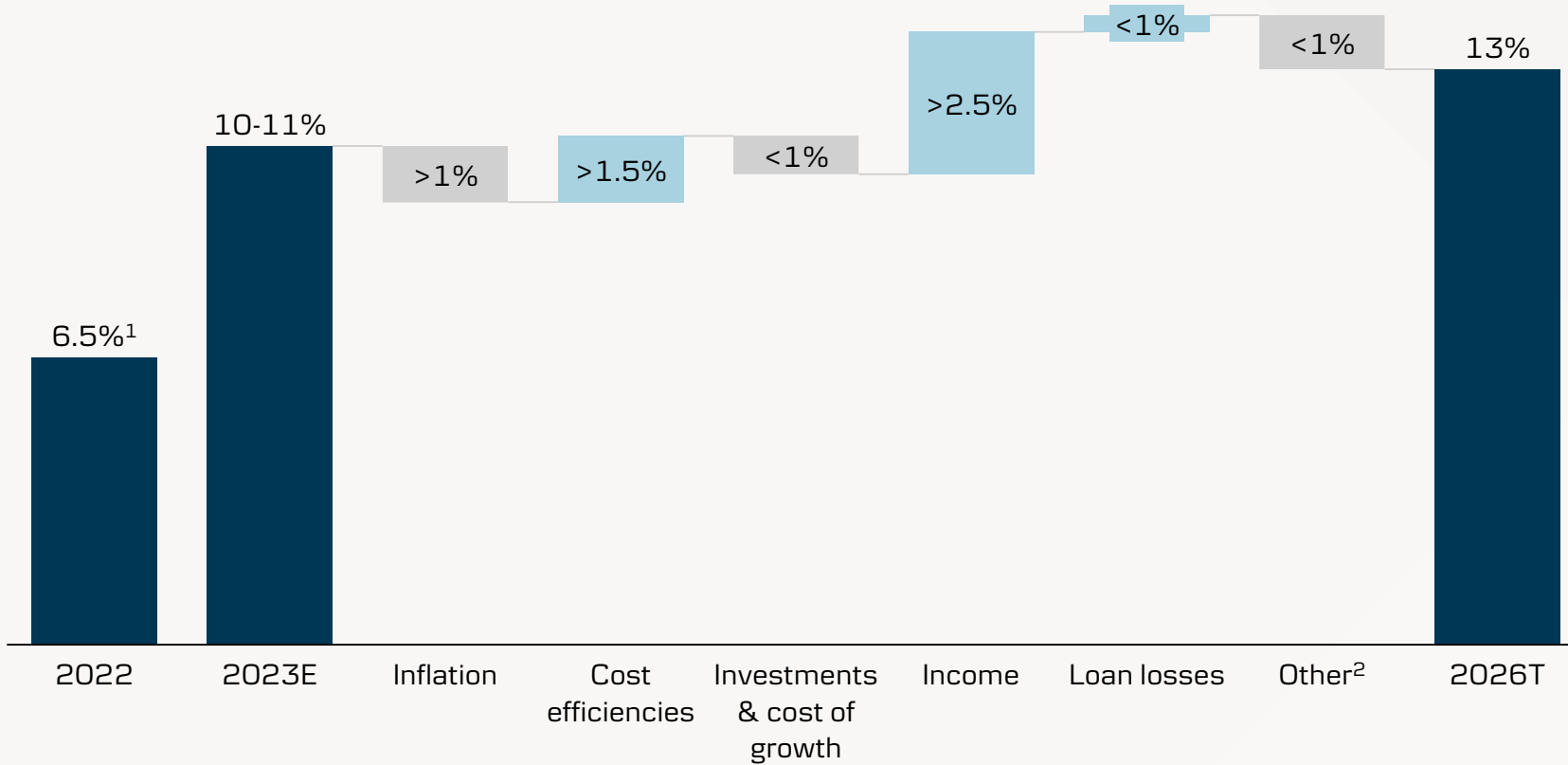
CET1

Capital distribution

- Dividend potential from 2023 to 2026 of above DKK 50 bn (~40% of current market cap)
- Accelerated dividend by H1 result targeting the higher end of the 40-60% policy range¹
- Ambition for further distribution – subject to capital position and market conditions

Cost discipline enables increased investments and drive profit

Return on Equity, 2022-2026



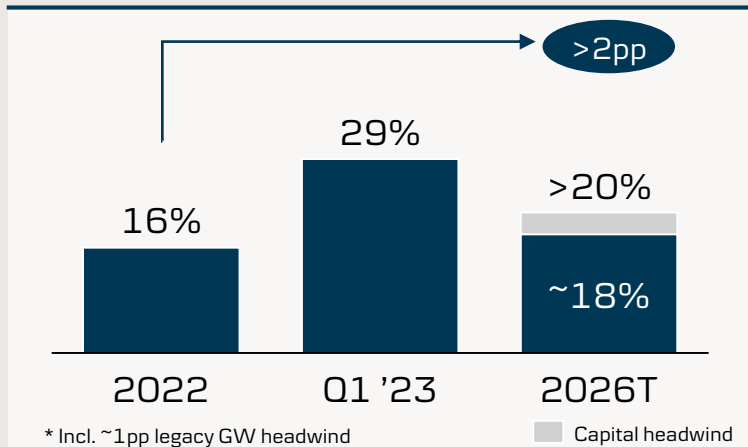
- Normalisation of FCRP and Compliance cost
- Increased digital and non-digital investments to drive productivity
- Income to increase from both NII and non-NII offsetting falling rates
- ~8bps loan loss ratio through the cycle

1. Adjusted figures, excluding provision for Estonia matter and goodwill impairment charges; 2. Other includes tax and capital effects

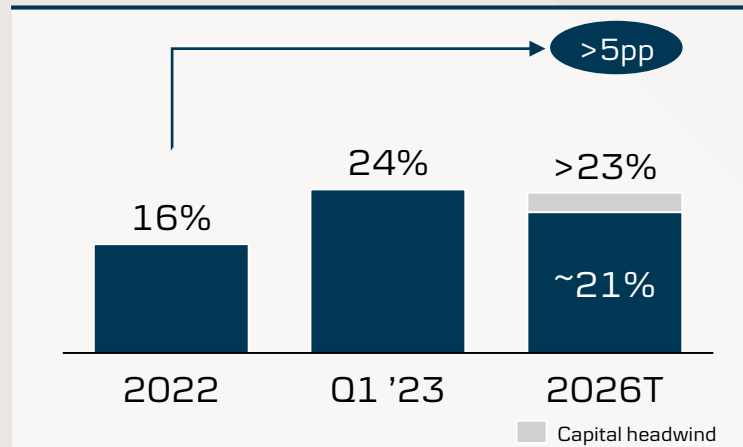
Improving profitability across all segments

Return on Allocated Capital, 2022-2026

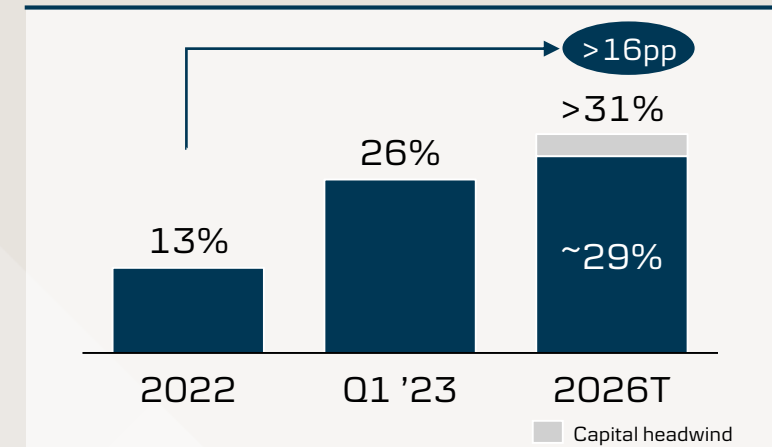
Large Corporates & Institutions*



Business Customers



Personal Customers



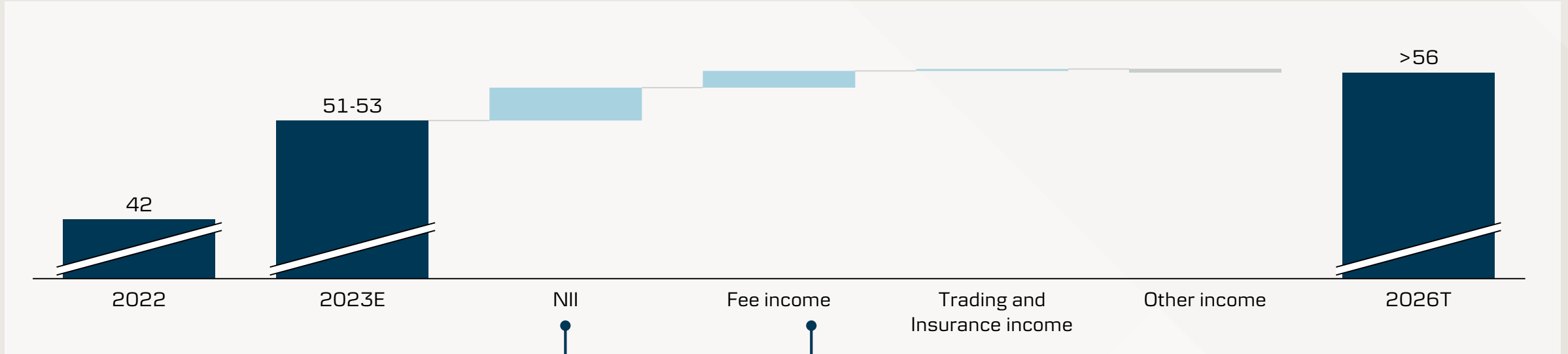
- Continue Corporate growth journey outside Denmark
- Strengthen and leverage One Corporate Bank platform
- Deepen relationships with Nordic Institutions

- Win prioritized segments and scale digital engagement model
- Strengthen and leverage One Corporate Bank platform
- Differentiate through leading advisory & ESG capabilities

- Make relationships more efficient through digital-first engagements
- Broaden existing relationships through increased share of primary customers
- Develop new relationships through a value proposition targeting life events

All segments contribute to income growth

Income development, 2022-2026 (DKK bn)



Share of 2026 contribution

- PC - Growing in segments with Advanced needs and Private Banking
- BC - Capturing market share with mid corporates
- LC&I - Net new customers, notably in Sweden
- Contribution from balance sheet effects

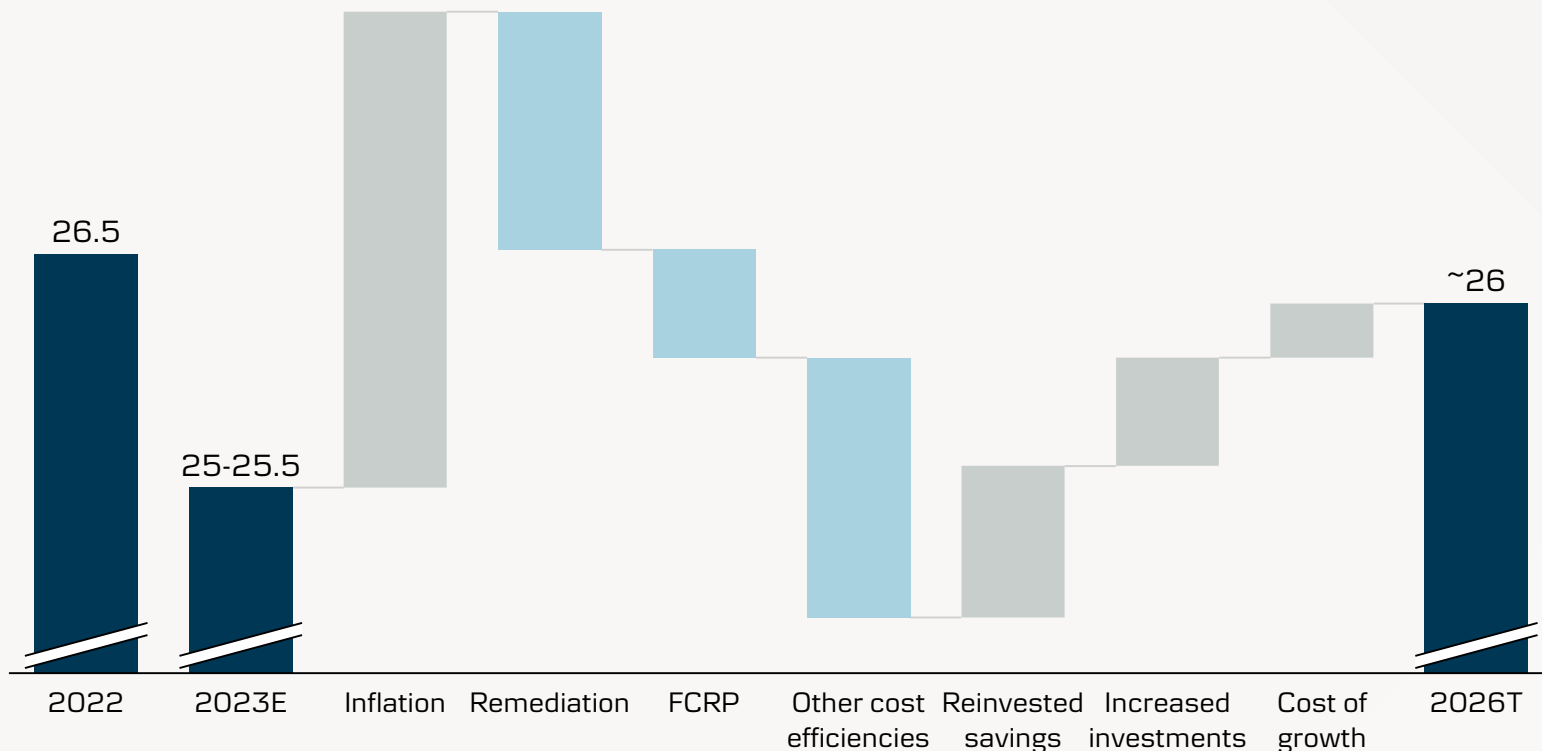
Share of 2026 contribution

- PC - Increasing share of wallet, notably with existing customers in Denmark
- BC - Capturing ancillary income with existing (mid) corporates
- LC&I - Deepening relationships with institutionals

Note: "Other" predominantly include Northern Ireland.

Cost discipline allows further targeted investment levels

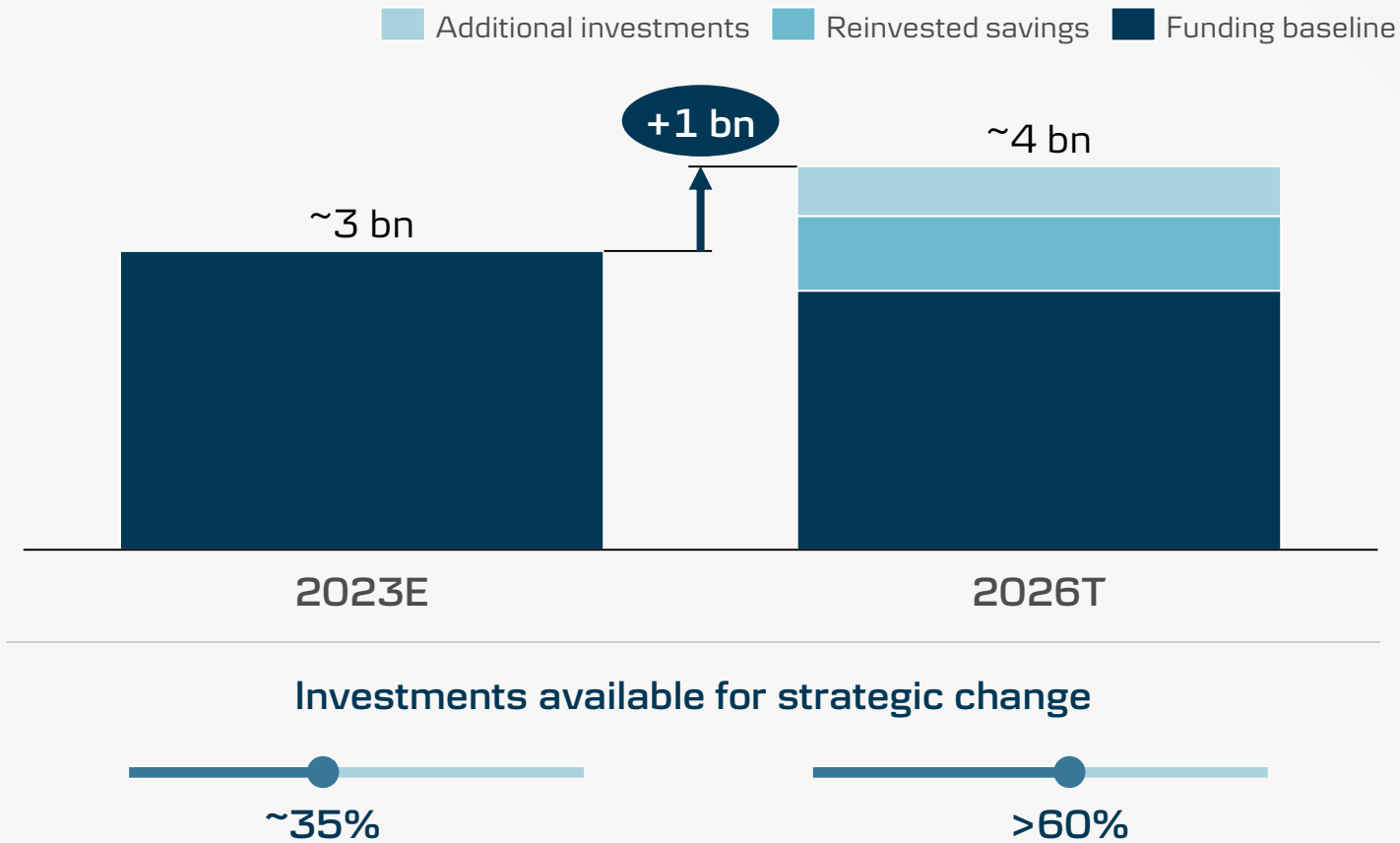
Cost development, 2022-2026 (DKK bn)



- Stabilising FCRP and Compliance cost following completion of remediation programmes
- Continuing simplification and digitalisation on back of cost reductions over past 18-24 months
- Wage inflation around 3% in Nordic area but higher for workforce located in Eastern Europe and India
- Increased investments levels vs past by DKK 1 bn p.a.

Increased level of digital and tech investments towards 2026 by DKK 1 bn p.a.

Investments per year, 2023 and 2026 (DKK)

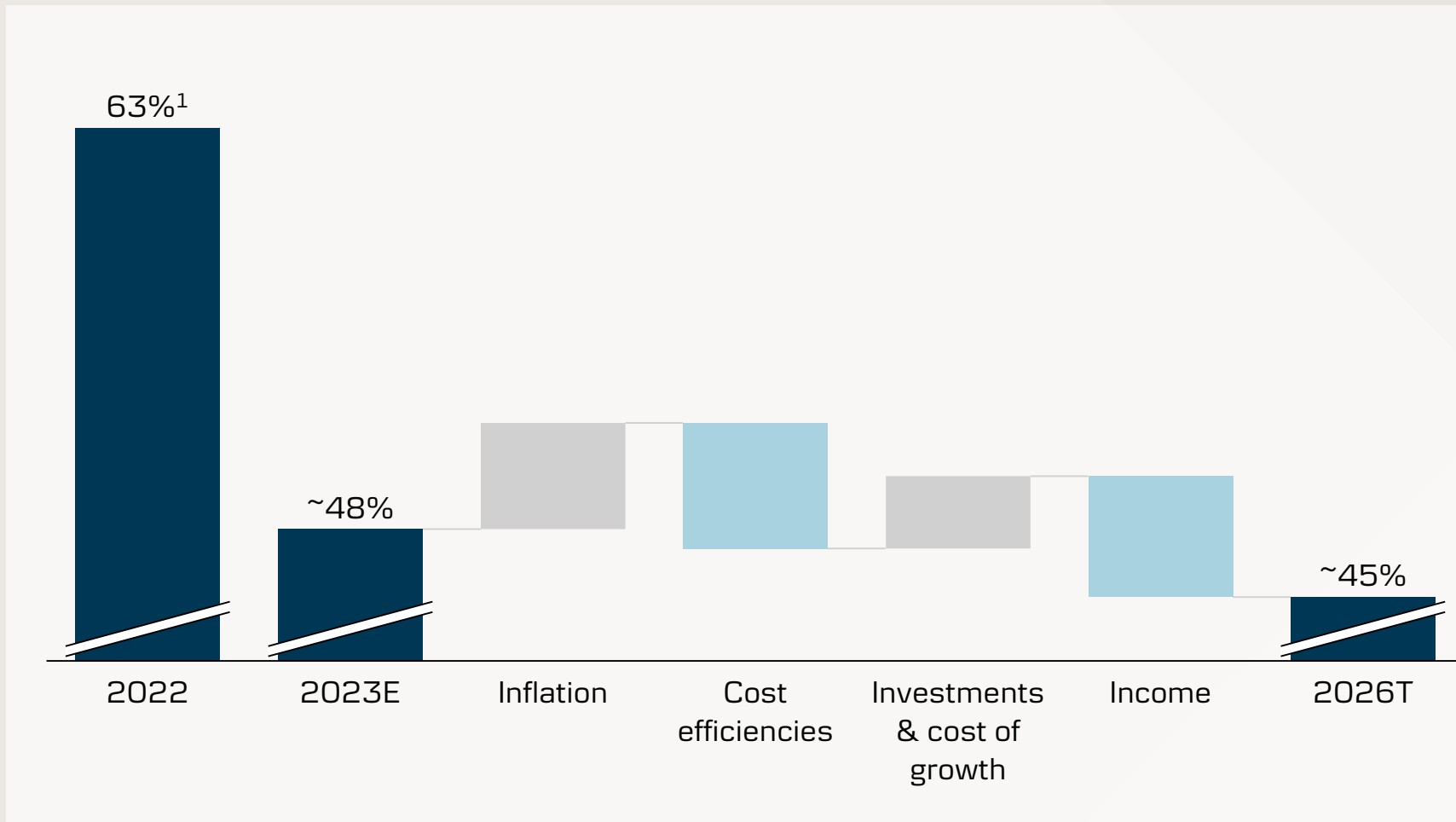


- Increased funding envelope for digital and tech investments next years by DKK 1 bn p.a.
- Free-up of current change capacity will be redeployed to support new strategic initiatives and cost saving benefits
- Further investments are made available to enable full potential of our strategic plan

Financial performance

Cost Income ratio improving to ~45%

Cost to Income development, 2022-2026

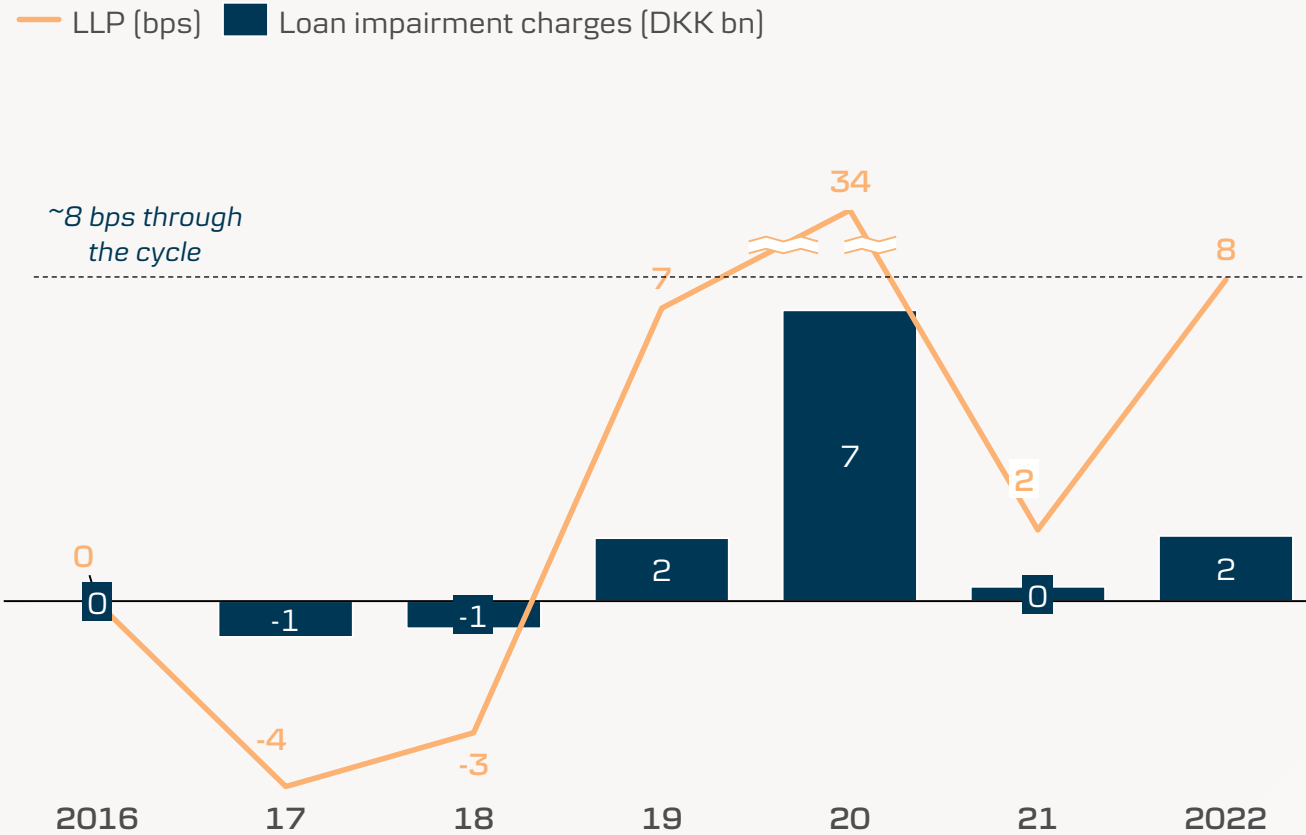


- Cost efficiencies offsetting inflation and cost of growth
- Income improvements from both NII and non-NII offsetting headwind from falling rates
- Targeted investments will underpin commercial momentum in the most attractive segments

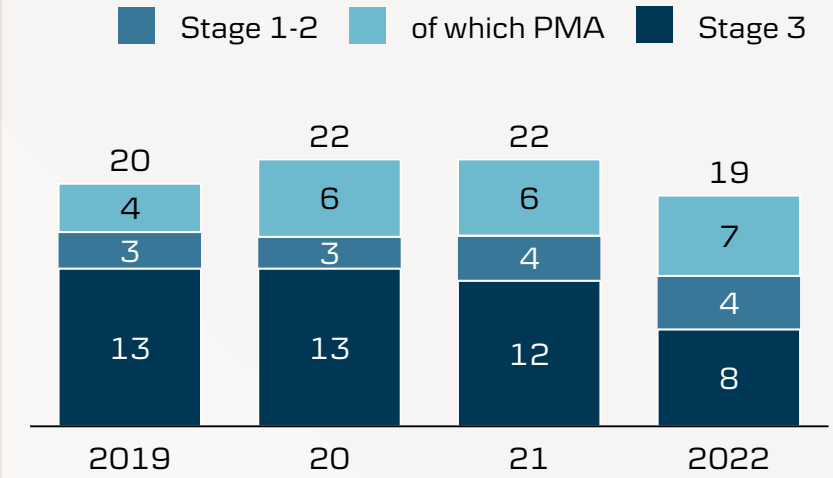
1. Adjusted figures, excluding provision for Estonia matter and goodwill impairment charges

Expected impairment charges of ~8 bps through the cycle

Loan impairment charges



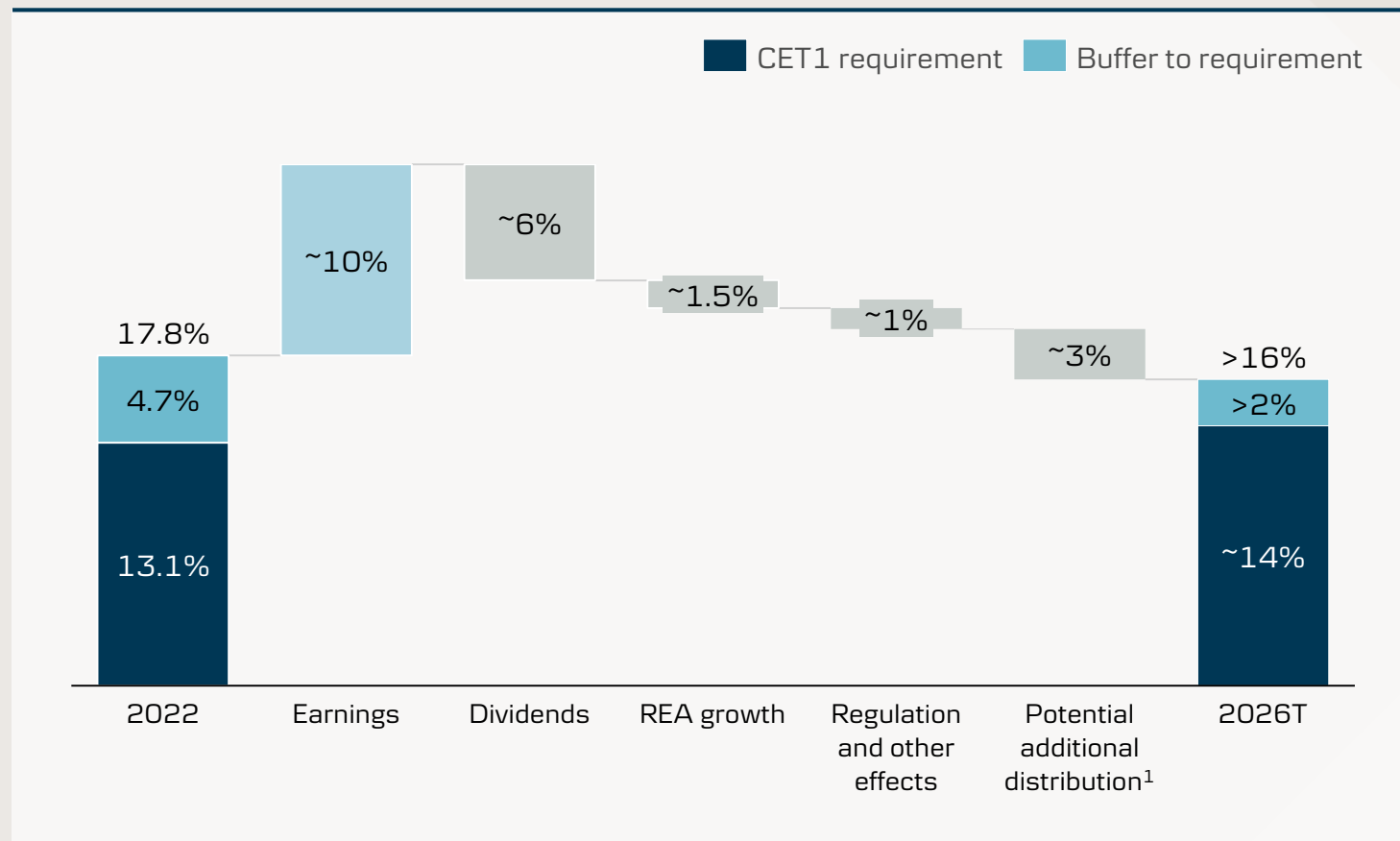
Allowance account (DKK bn)



- Expected through the cycle risk levels in line with historical average at ~8 bps
- Ambition to further adjust exposure in high-risk sectors
- Very well provisioned with significant management buffer in place (PMAs of DKK 6.5 bn)

Strong capital position and ability to distribute

CET1 capital generation and usage (% of Risk Exposure Amount)



- CET1 capital ratio expected to approach target through capital distribution and REA inflation from growth
- Prudent buffer to requirements including the phase-in of the CCyB and potential reciprocation of the Norwegian SRB
- Coming from a period of de-risking - exiting high-risk markets and reducing exposure in select industries
- Lending and top-line growth drive credit and operational REA inflation

1. From alternative strategic options
 Note: Capital distributions includes expected and potential distributions related to the 2026 results

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financial targets

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