

Danske Bank

December 2022

Danske Bank has reached final resolutions on the Estonian matter with the US and Danish authorities; accepts full responsibility for regrettable failures of the past

Danske Bank has reached a final resolution with the DoJ, the SEC and the Danish SCU following the investigations in relation to the non-resident portfolio at Danske Bank's former Estonian branch



Under the terms of the coordinated resolution and as part of a cross-crediting agreement between the agencies, the total settlement amount will be fixed at DKK 15.3 billion. This corresponds to the total financial impact of the coordinated resolution provisioned for in connection with our financial results for the third quarter of 2022



The Board of Directors' decision to cancel the remaining dividend for 2021 remains, and the Board of Directors will propose to the annual general meeting not to pay out dividend for 2022. Danske Bank remains sufficiently capitalised with a CET1 ratio of 16.9% (reported as of Q322)



The coordinated resolution marks the conclusion on the investigation from the US and Danish authorities into the Estonia matter and will not impact our business operations going forward. As such, putting the legacy cases behind us sets the stage for strengthened execution of our commercial priorities and to enhance Danske Bank's strategic objectives through 2023 and beyond

Fighting financial crime is a key priority and significant resources have been deployed towards our financial crime transformation

Danske Bank has taken extensive remediation action to address previous failings

- New leadership and organisational changes
- Approximately DKK 12 billion spent on maintaining and improving the bank's systems, controls and competencies since 2018
- All banking operations in the Baltics ceased in 2019
- Fostering a strong compliance culture and development of competencies with tone set from the top

Highlights from multi-year Financial Crime Prevention plan

2023

Enhanced and digitalised our KYC and due diligence processes with increased data coverage and quality

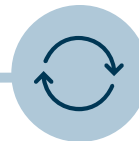
Extensive culture change is implemented to integrate compliance into our organisational DNA

Comprehensive screening of customers and transactions against national, EU and global sanctions lists

Ongoing dialogue with regulators for transparency and oversight throughout our remediation process

Automation of transaction monitoring to ensure all-in scope customer activity is subject to monitoring for potential financial crime

All initiatives on the Group Financial Crime Plan to be completed by end of 2023*



*Completion means - Fundamental controls in place/Ability to foresee and handle financial crime issues/Meet applicable regulatory requirements

Adjusted 2022 Net profit; ROE ambition for 2023*: Higher NII underpinning topline, more than mitigating the impact from inflation and potential credit deterioration

2022 drawing a line in the sand and putting legacy cases behind us



Net profit outlook 2022

Better than a loss of DKK 5.3bn

- Core banking income affirmed as activity remains sound
- Trading income and insurance expected to recover modestly in Q4
- Underlying costs of around DKK 25.5bn when adjusting for legacy cases and goodwill. Impact from final settlement amount vs provision in Q3
- Asset quality remains healthy despite emerging macro headwinds

Setting the stage for continued progress in 2023 and beyond



ROE ambition 2023

Upper end of 8.5 - 9% range

- Positive trajectory for cost/income ratio underpinned by recovery for net interest margins, which more than mitigates the impact of inflation to the cost base as well as potential asset quality deterioration
- Unchanged capital assumption based on CET1 target above 16%, i.e. equity of ~DKK 170bn

Specific guidance for 2023 to be provided in connection with the Annual Report for 2022 on 2 February 2023. We expect to provide the market with an investor update on our strategic objectives beyond 2023 before the summer

Q&A Session



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