

Danske Bank
Capital Markets Day



Executing a turnaround in Personal Banking

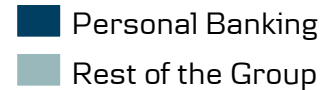
Tonny Thierry Andersen, Head of Personal Banking



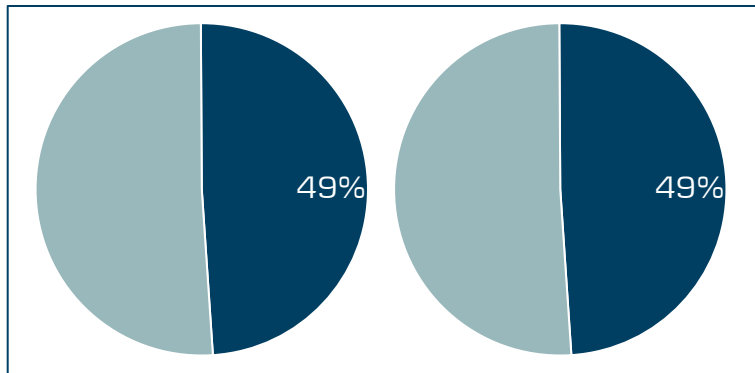
8 November 2012

Imagine starting on a clean slate
to build a better bank ...

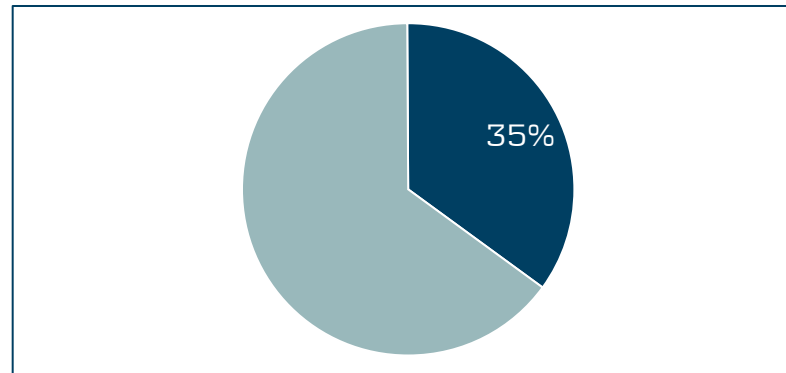
The tale of the tape for Personal Banking



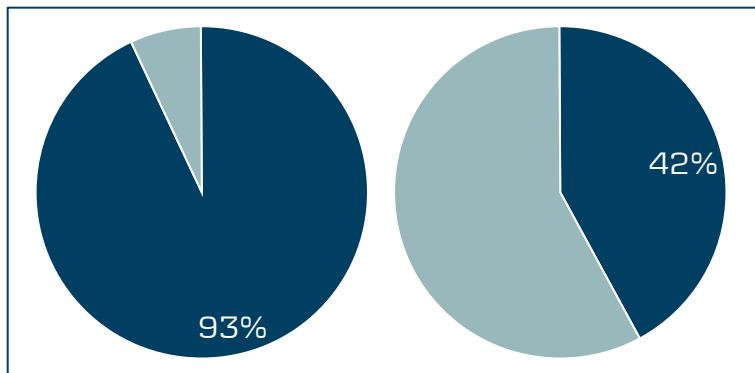
Lending and deposits



Total income



Customers and FTEs



Market position



Our point of departure necessitates a resolute turnaround

Group goals

Financial results 2015

In the top three of our Nordic peer group as measured by ROE



Customer satisfaction 2015

In the top two in our prioritised segments in each business unit in each market



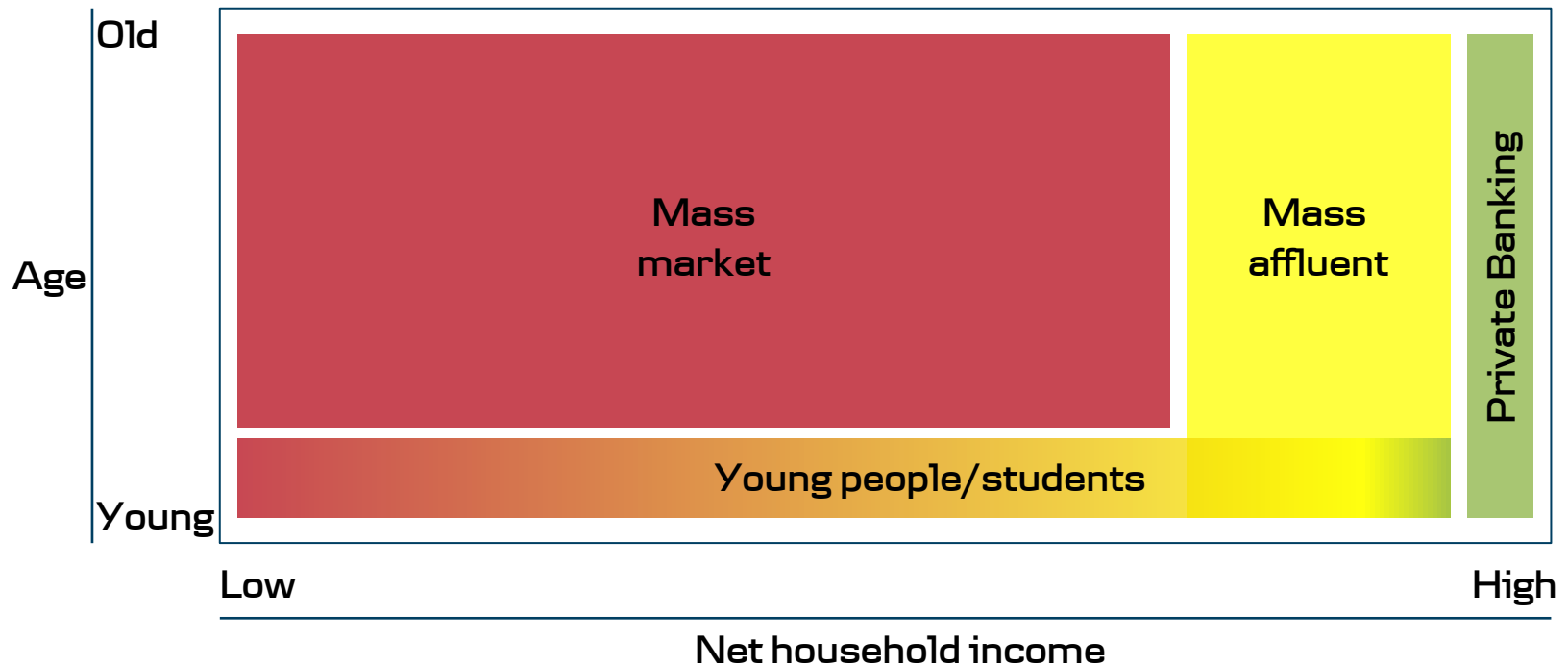
Business unit observations - 2012

- Profitability significantly below full potential
- >40% of customers are unprofitable
- Significant pricing initiatives and cost reductions already executed
- Average FTE efficiency vs. benchmark

- Customer satisfaction below that of peers in main markets, but above in Sweden, Norway and Northern Ireland
- Market-leading digital platform
- Award-winning Private Banking offering

We will focus our efforts on prioritised segments: Mass affluent, Private Banking and young people/students w. potential

- Profitable
- Break-even +
- Unprofitable



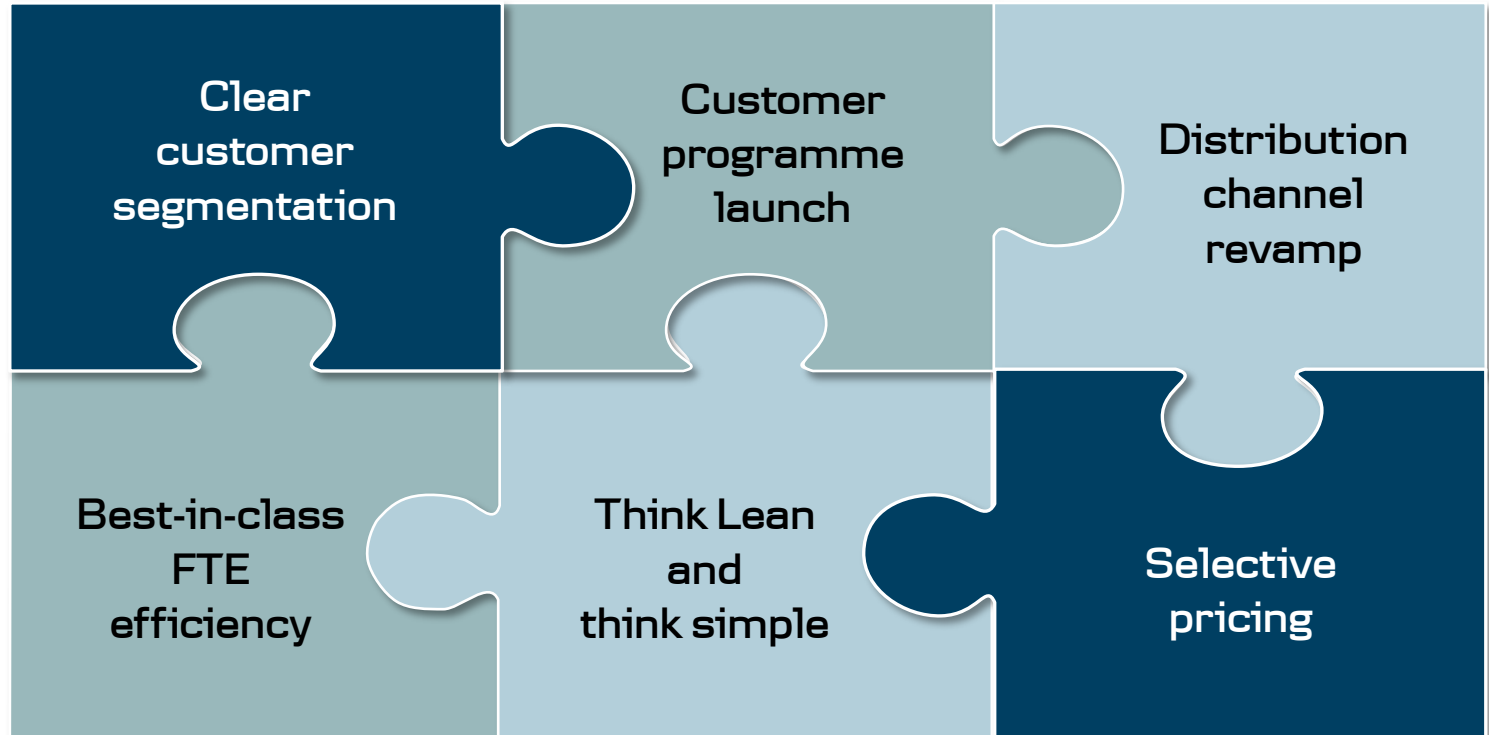
Note: Size of boxes represents number of customers.

We are committed to improving customer satisfaction in prioritised segments

Satisfaction relative to competitor average, Q3 2012



Our response to the challenges is comprehensive yet highly integrated



To make customers financially confident, we will meet different preferences with different value propositions



Private Banking

Expertise, exclusivity and proactivity

The trusted advisor



Mass Affluent

Quid pro quo, confidence and proactivity

Personal relationship banking



Mass Market

Simplicity, transparency and service

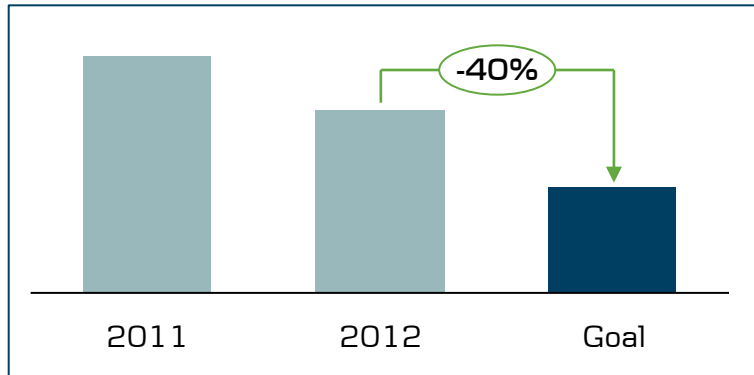
Superior self-service solutions

Customer programme to be launched in Q1 2013

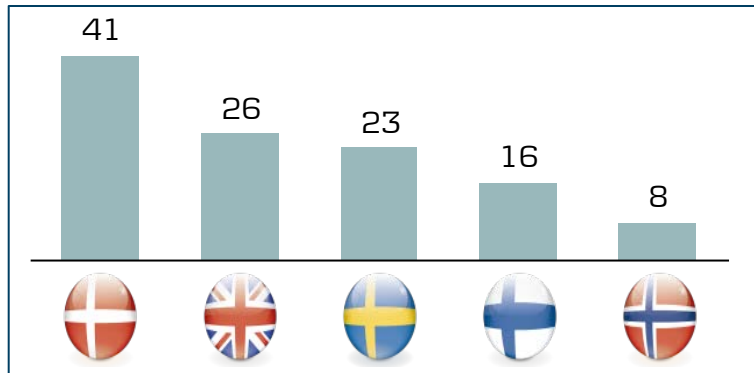


While reducing branch footprint, we are building state-of-the-art branches with the new Danske Bank look and feel

Number of branches



Branch density per 100,000 adults¹

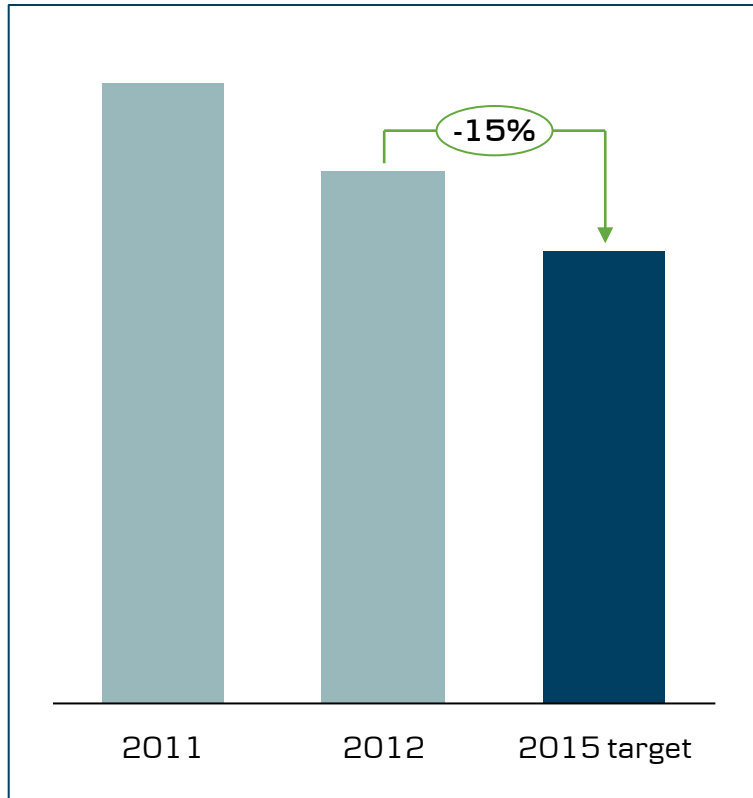


¹Source: IMF; 2010 figures for Denmark, Finland and Norway; 2009 figures for Sweden and United Kingdom.

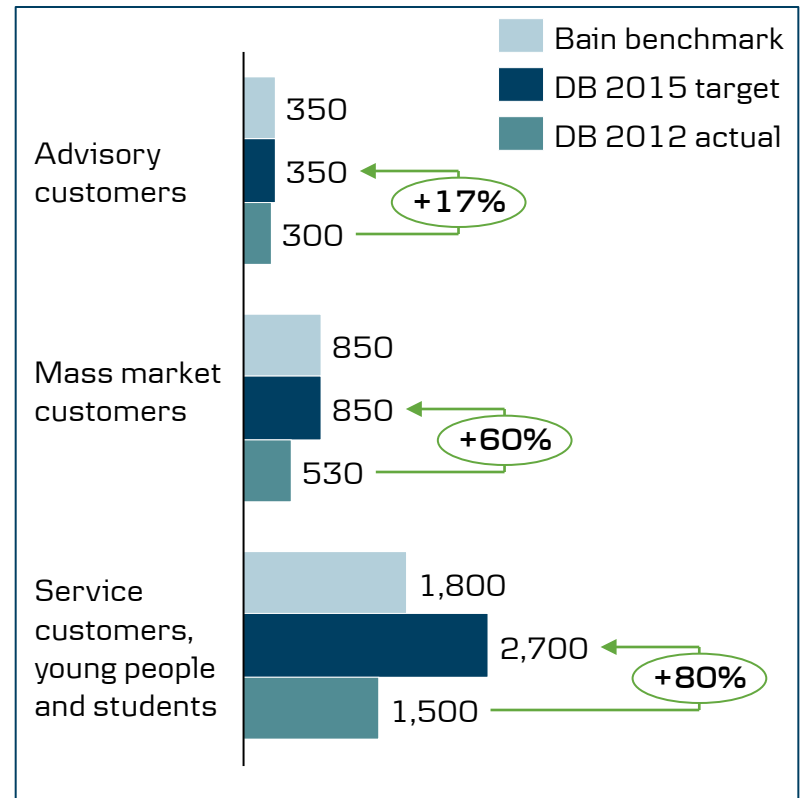
The goal is to be best-in-class in terms of efficiency by 2015.

Current position: mid-field

FTE development



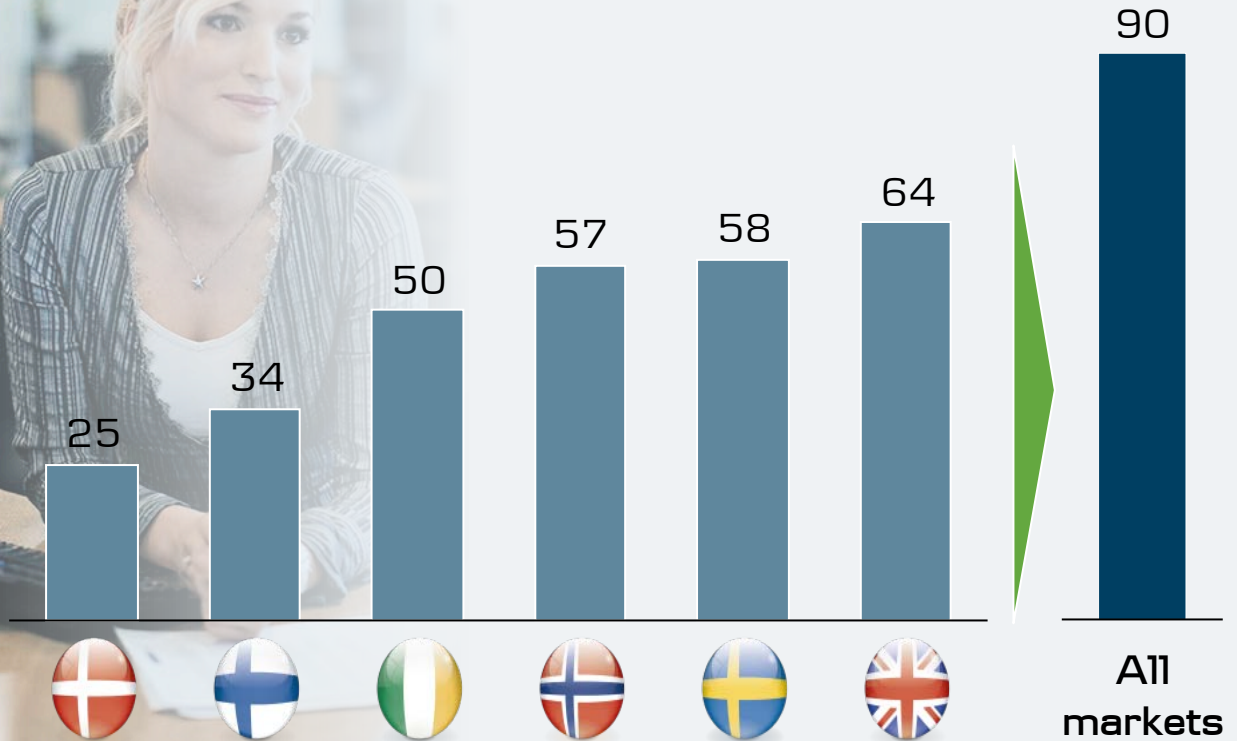
Efficiency comparison



90% of loan approvals to be made automatically – triple-win!

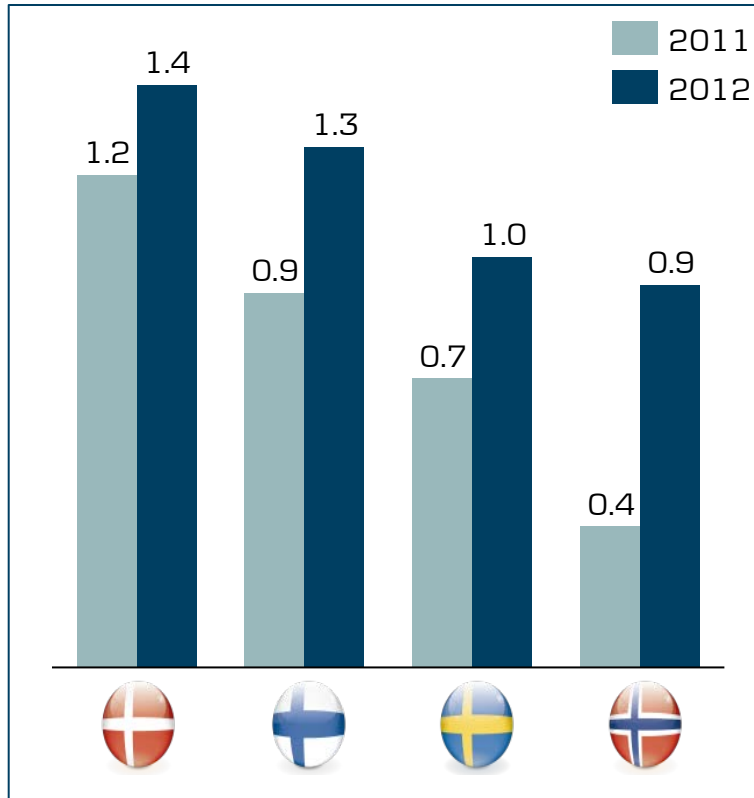
Current level of automation (%)

Target (%)

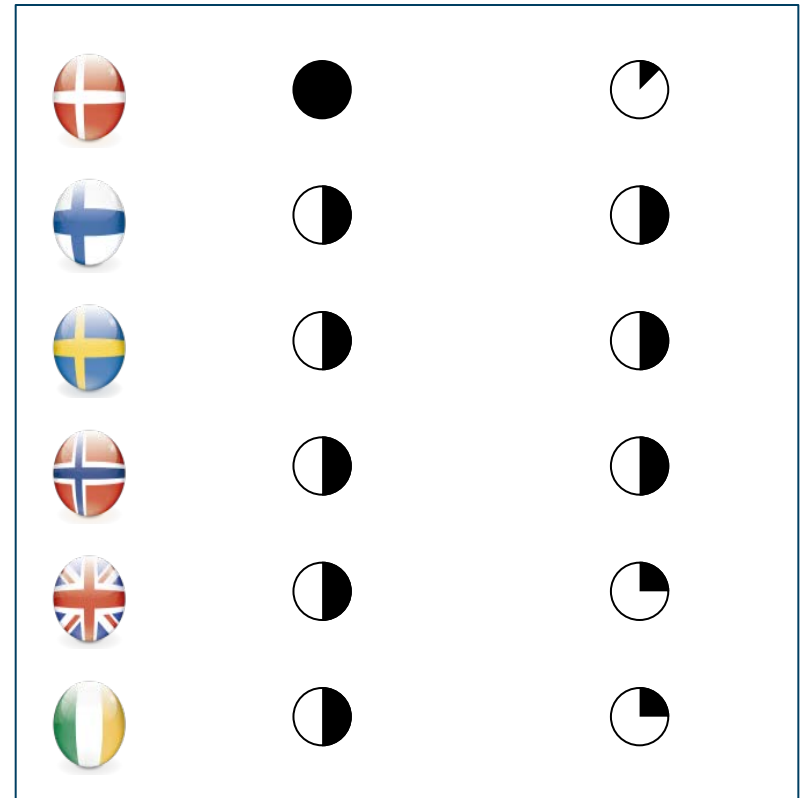


Still potential for selective pricing to better reflect risk, cross-selling and LTV in the new regulatory environment

Effect of repricing, lending margins¹ (%)













































Market 2010-12 repricing 2013-15 potential



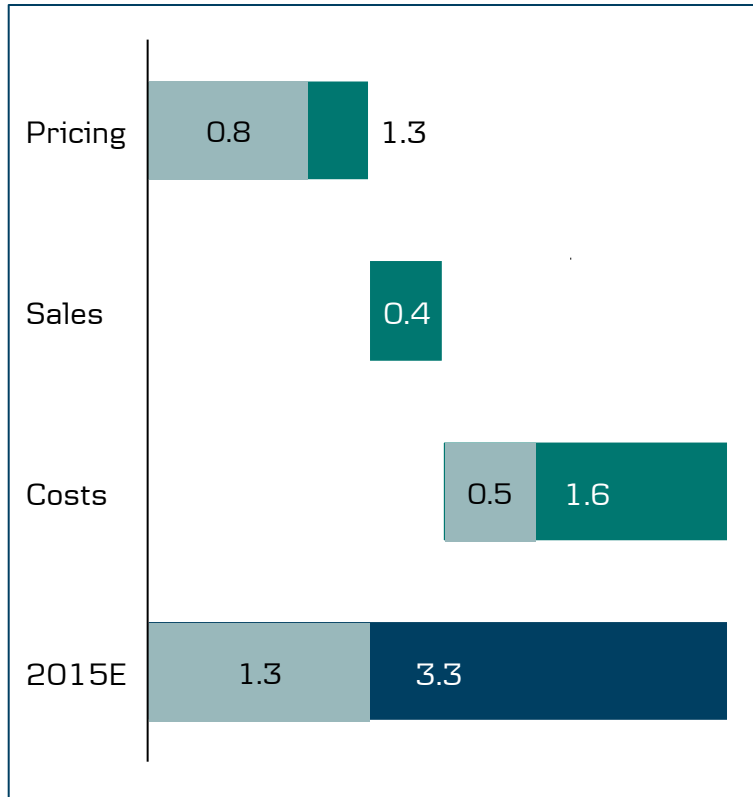
¹ Margins on new lending in Finland, since it is not possible to reprice the stock.

The same enablers will work on the various markets, but with differing effects and timing

Potential of new standards						
Clear customer segmentation						
Customer programme						
Distribution network revamp						
Best-in-class FTE efficiency						
Think lean and think simple						
Pricing						

Ambitious financial targets for Personal Banking, but much has already been executed

P&L effect, pre-tax (DKK bn)



Management actions

Pricing

- Pricing of DKK 2 billion already executed in 2012
- Continued margin increases in all markets (although to a lesser extent in Denmark)

Sales

- The customer programme will encourage customers to increase their business with us
- Focus on price governance/leakage

Costs

- Significant branch, teller and FTE reductions already executed, and more to come
- More efficient processes/Lean/credit scoring models

Profound turnaround in Personal Banking enabled by six new key standards – we are already in full execution mode



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