

Presentation for Q3 conference call

Financial results - first nine months 2024



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Highlights: Sustained NII momentum supported by balance sheet effects; improved efficiency and strong credit quality drive higher profitability

Net profit of DKK 6.2bn

Boosting Return on Equity to 13.9% in Q3, and 13.4% YTD

Resilient NII

NII peaked in Q3 as expected, supported by balance sheet effects and despite accelerated central bank rate cuts

More efficient – cost/income at 45%

Prudent cost management enables cost development below average wage growth

Continued progress in corporate activity

Underpinned by improving credit demand in all corporate segments, and strong trend for activity-driven fee income

Strong credit quality and capital position

Net impairment reversal partly driven by review of PMA buffer
CET 1 ratio of 19.1%, +450 bps above requirement

2024FY Outlook raised DKK 22.5 – 23.5bn

Driven by better-than-expected development for operating expenses and loan impairment charges

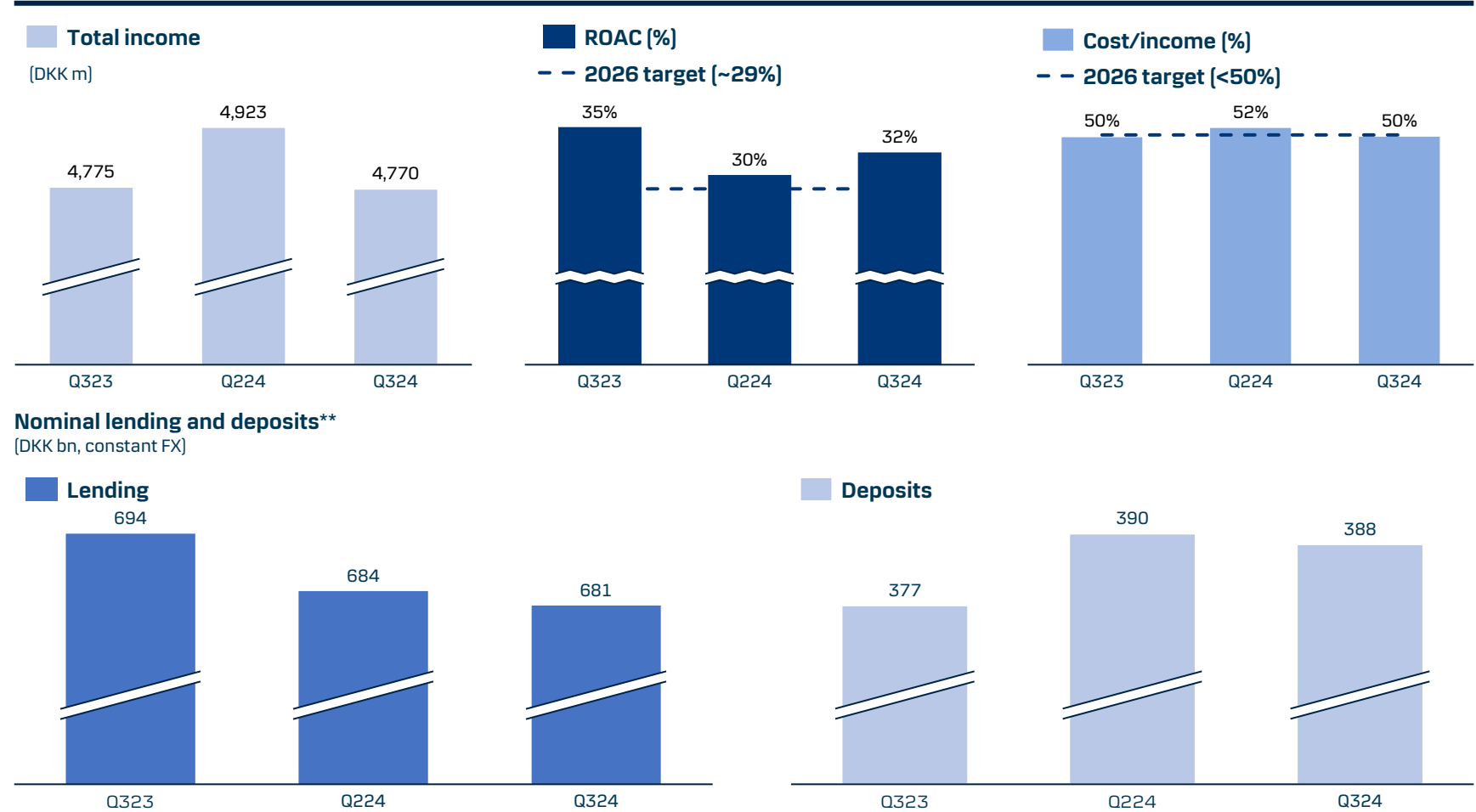


Personal Customers: Strong financial performance driven by resilient core banking income and healthy customer activity despite subdued housing lending

Highlights

- Strong financial performance underpinned by healthy customer activity driving 9% y/y increase in profit before tax*
- Resilient total income supported by core banking income, +4% y/y. NII driven by deposit inflow
- Q/Q fee development impacted by Q2 one-off (~100m), Q3 partnership payment, lower seasonal refinancing and investment fees after strong Q2
- Consistent C/I ratio reflecting cost discipline and strategic investments
- Sustained demand for Danske Bolig Fri home loan product, named "Best in Test" by Danish Consumer Council
- Increase in deposits y/y across Private Banking (7%) and Denmark (4%)
- Continued traction in Private Banking, increasing activity in Sweden, incl. uptick in advisory meetings & mortgage applications

Financial performance KPIs



* After adjustment for PC NO divestment costs booked in 2023.
 ** PC lending includes RD. PC lending and deposits excludes NO.

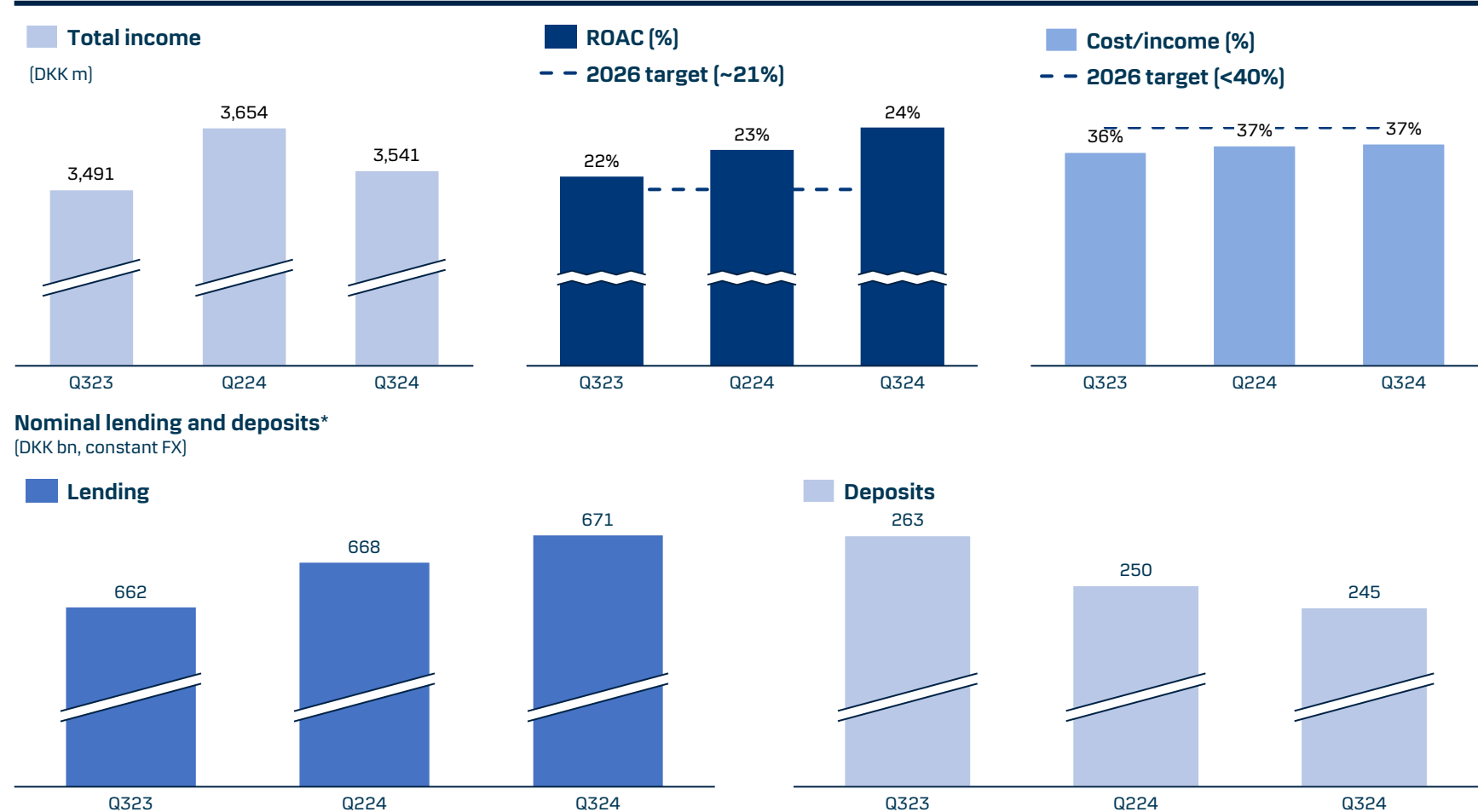


Business Customers: Strong core banking income and commercial momentum supported by lending growth

Highlights

- Strong financial performance driven by core banking activities
- Total income supported by uplift in NII and fee income y/y, while Other income impacted by lower resale value of leasing assets
- ROAC and C/I ahead of hurdle rates despite strategic investments as part of F'28 agenda
- Positive corporate activity supports trend in lending volumes. New mandates among customers with international needs
- Deposits stabilised q/q while y/y affected by drawdowns as liquidity buffers have been reduced and investment appetite is returning
- Expansion of our sustainability offerings incl. new partnerships
- Continued expansion of solutions available digitally, with tangible customer adoption

Financial performance KPIs



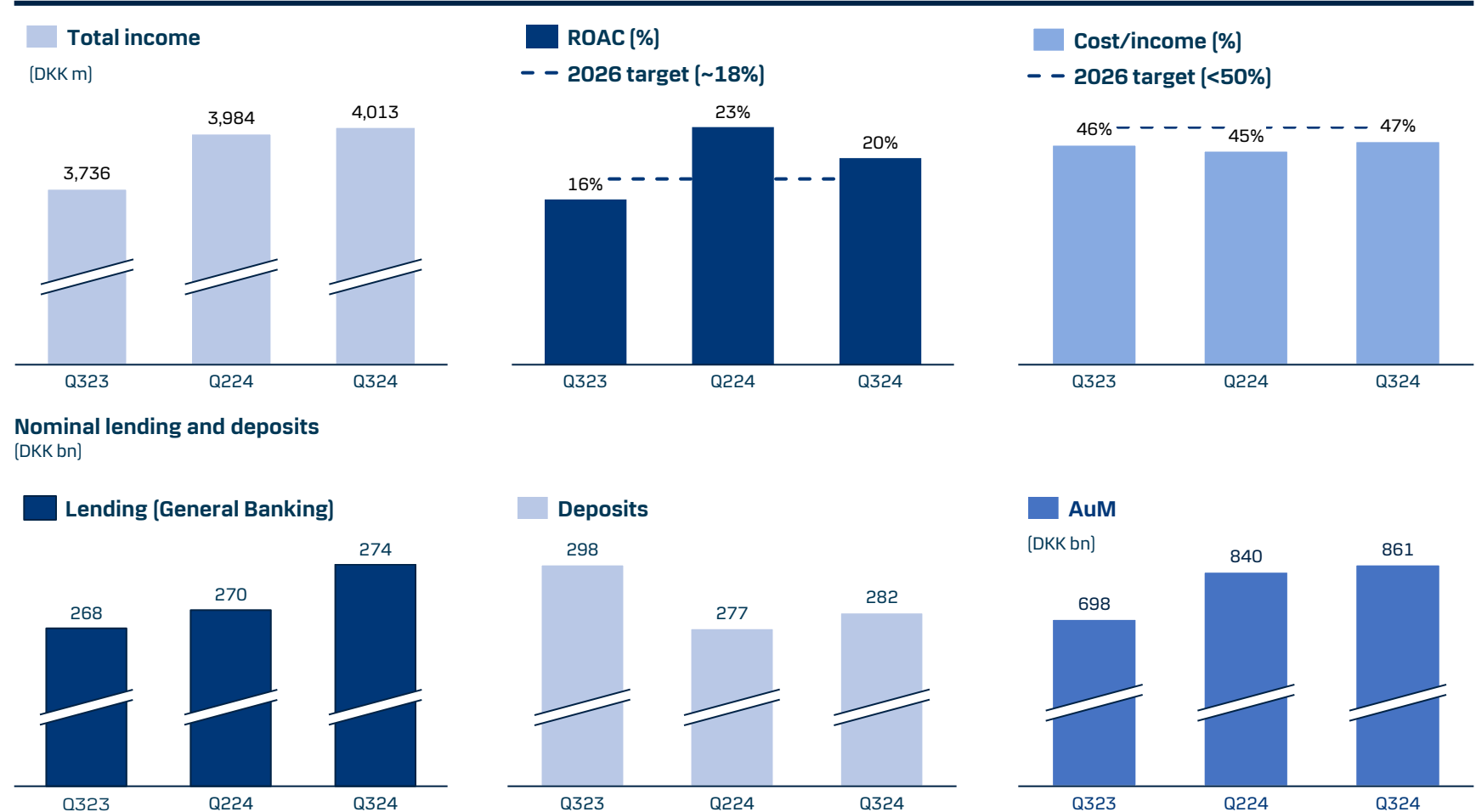


Large Corporates & Institutions: Good sentiment from corporate deal activity; strong development in Asset Management from continually positive net sales

Highlights

- Momentum in total income continue. Q/Q: Higher trading income offsets slightly lower NII and seasonally lower fee income (from Capital Markets)
- Increased market share in cash management services underpin daily banking fee performance. Lead roles in landmark transactions such as DSV's acquisition of DB Schenker highlight commercial momentum and fee potential
- Alongside our leading position helping customers access public funding markets, corporate lending continued to grow
- Strong net sales and positive trend in AuM reflect progress in Asset Management after new strategy implementation
- Positive inflow of corporate customer outside Denmark - on track towards 2026 targets

Financial performance KPIs





Strong profitability driven by steady NII uplift and solid fee income; cost trajectory in line with plan; strong credit quality & net reversal of impairments

Highlights

- Total income up 8% y/y driven by sustained uplift in core banking income.
- NII trajectory resilient as accelerated policy rate cuts are partly mitigated by deposit hedges
- Fee income driven by solid customer activity. Q/Q lower after positive one-off in Q2 and Q3 partnership payment, while DCM performance affected by seasonality
- Trading income reflecting increase in customer activity in Q3
- Danica income benefited from stable financial markets and higher premiums y/y
- Costs in line with expectations as inflation and targeted investments are mitigated by efficiency gains and lower FCRP and legacy spend. Cost trajectory q/q benefited from DKK 0.2bn one-off
- Robust credit quality and well-provisioned portfolio led to net reversal of impairments in Q3 alongside review of PMA buffer
- Net profit up 14% y/y, resulting in a RoE of 13.4%

Income statement (DKK m)

	9M 24	9M 23	Index	Q3 24	Q2 24	Index
Net interest income	27,452	25,852	106	9,165	9,145	100
Net fee income	10,403	9,422	110	3,329	3,698	90
Net trading income	2,110	2,127	99	733	608	121
Net income from insurance business	1,407	922	153	459	457	100
Other income	464	272	171	140	147	95
Total income	41,836	38,595	108	13,826	14,055	98
Operating expenses	19,046	18,853	101	6,228	6,481	96
Profit before loan impairments	22,790	19,741	115	7,598	7,574	100
Loan impairment charges	-436	294	-	-337	-200	169
Profit before tax	23,227	19,447	119	7,935	7,774	102
Tax	5,593	3,950	142	1,770	1,936	91
Net profit	17,634	15,497	114	6,165	5,839	106

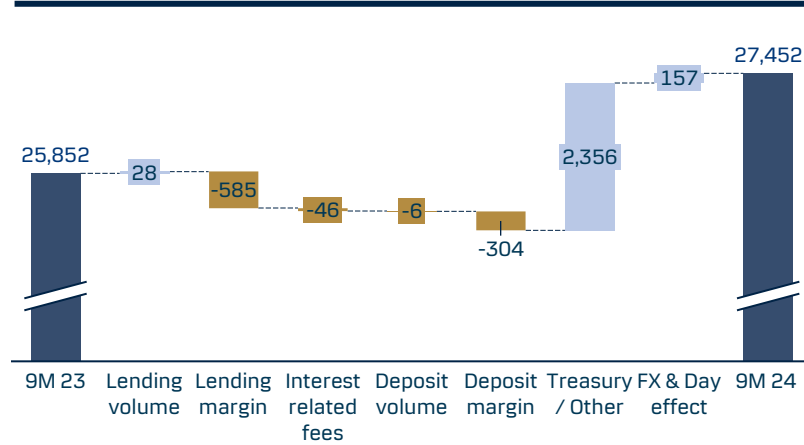


NII: Sustained uplift in NII as support from volumes and balance sheet effects mitigate central bank rate cuts and despite timing of pricing adjustments

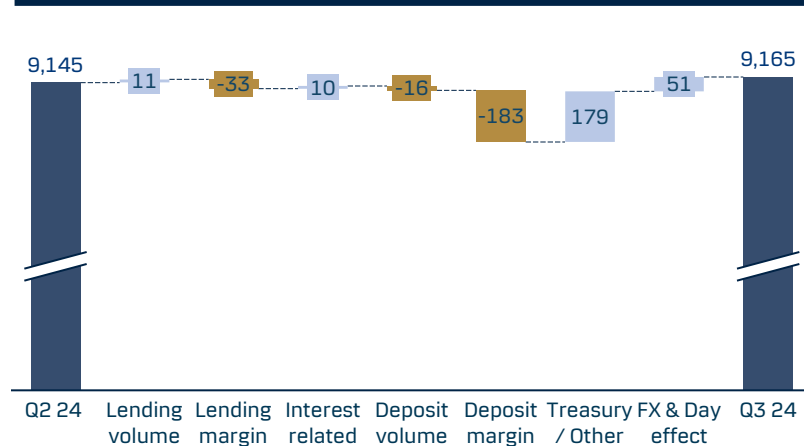
Highlights

- Net interest income trended in line with expectations as deposit hedge dynamics mitigated central banks' initial cuts
- Y/Y benefited from higher return on shareholders' equity and structural hedge. Both lending and deposit margins affected by competitive pricing and pass-through effects
- Q/Q resilience supported by positive contribution from corporate lending volumes. Margins impacted by the CB policy rate cuts and timing of pricing adjustments
- NII sensitivity in year 1: DKK (+/-) 500m (per 25bps move) with assumed migration to savings products. Additional impact in year 2 and 3 of DKK (+/-)300m and DKK (+/-)200m, respectively, all else equal

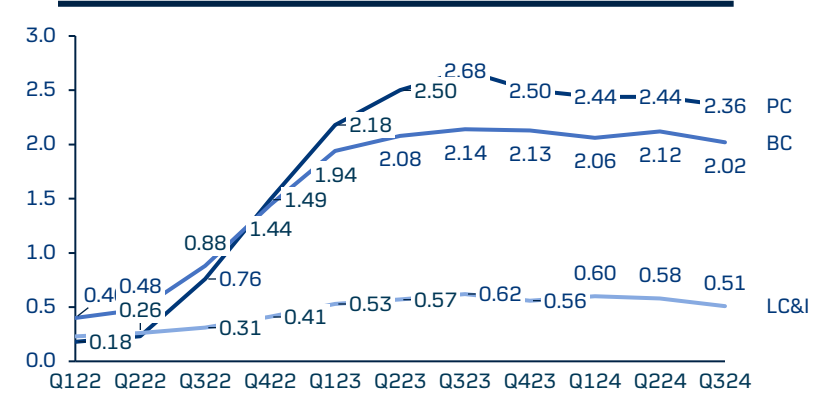
NII 9M24 vs 9M23 (DKKm)



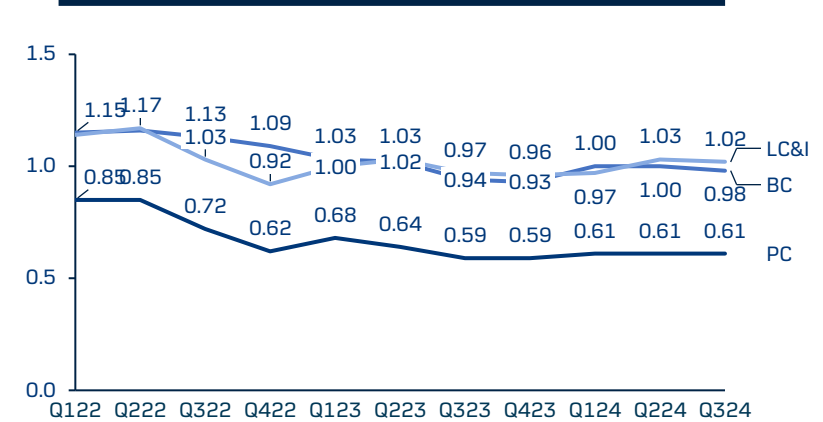
NII Q324 vs Q224 (DKKm)



Deposit margin development* (%)



Lending margin development* (%)



*Margin development trends are the annualised net interest income on lending/deposits as a percentage of average lending/deposits for the period. They include effects from FX, volumes and other interest related items etc.

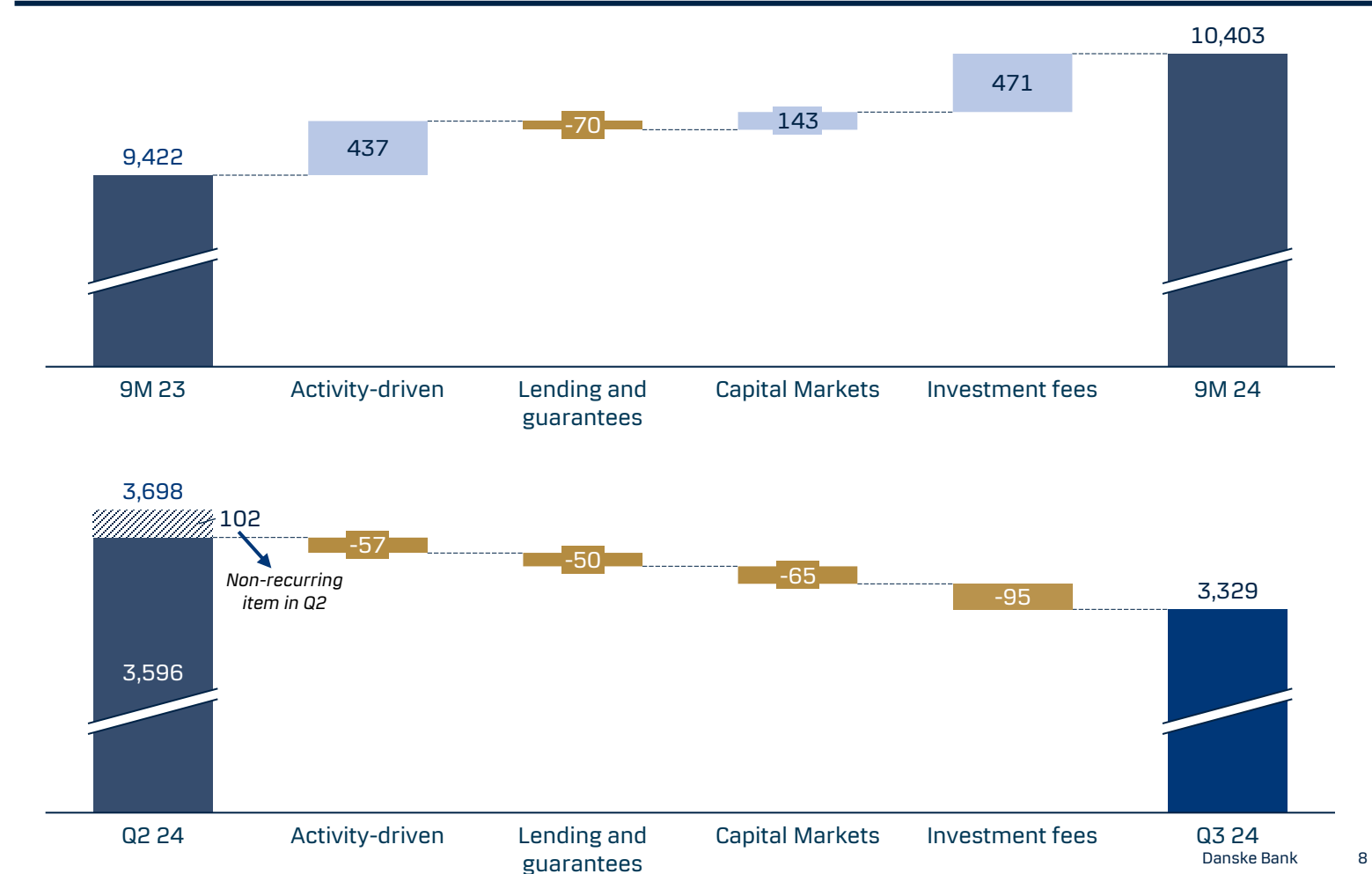


Fee income: Up 10% Y/Y, driven by high customer activity across products; Q/Q activity remained solid but lower due to one-offs and lower investment fees

Highlights

- Activity-driven fees (transfers, accounts, etc.)**
- Driven by solid demand for everyday banking solutions such as cards and corporate cash management services and repricing of services
 - Q2 benefited from a non-recurring decline in fee expenses of DKK ~100 million. Additionally, Q3 includes a catch-up partnership payment
- Lending and guarantee fees**
- Gradual recovery in housing market activity continued, although overall activity remained subdued and financing fees impacted by low auction activity in Q3
- Capital markets fees**
- Q/Q: Primary market activity impacted by slow-down in summer period
- Investment fees**
- AuM increased DKK 21bn Q/Q to DKK 861bn, driven by strong institutional net sales of DKK 12bn
 - Q/Q: Investment fees lower after strong Q2 in Private Banking

Net fee income (DKK m)





Trading income: Healthy customer activity supported by favourable market conditions

Highlights

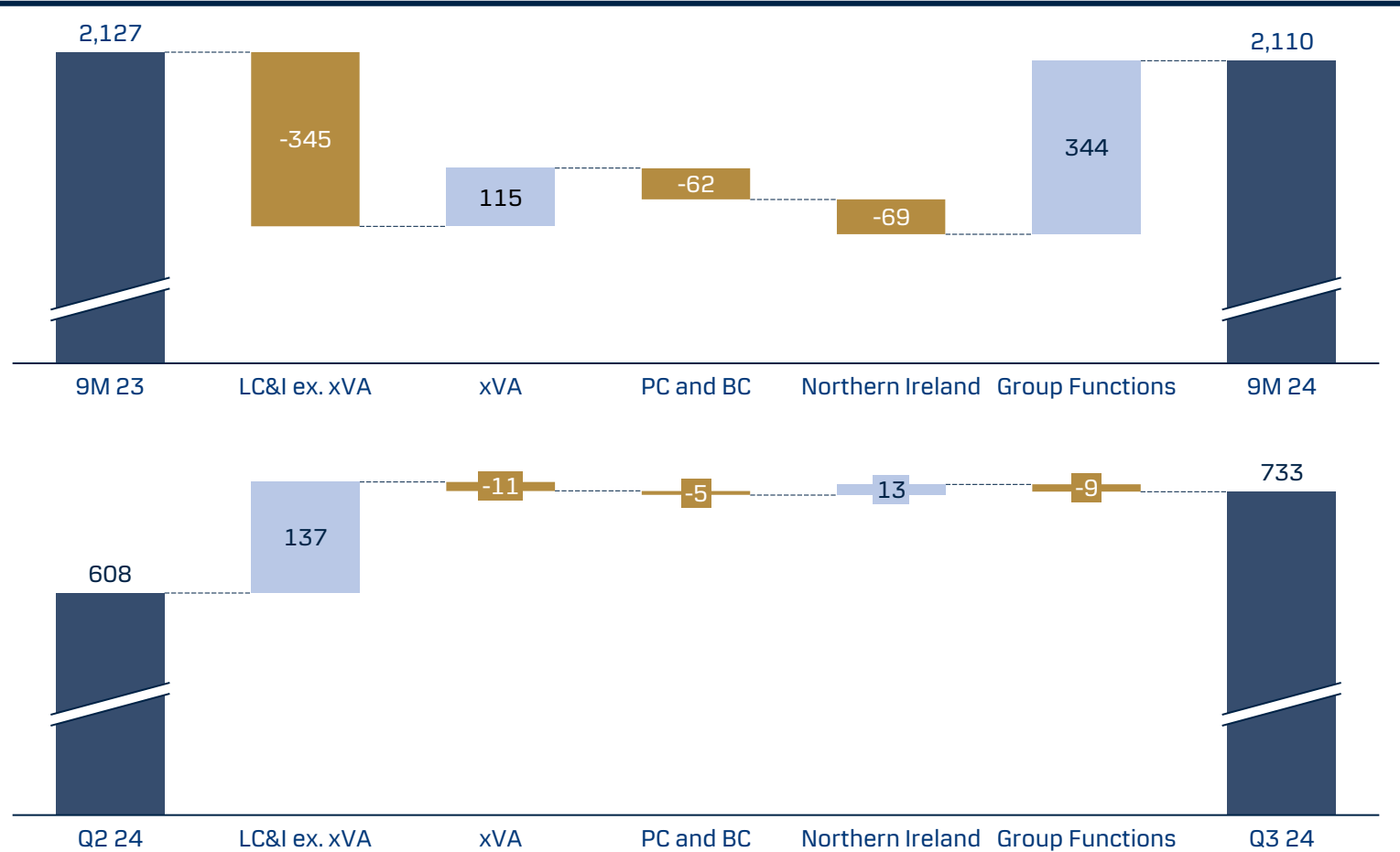
LC&I

- Y/Y: Healthy customer activity, reiterating that H1-23 was exceptionally strong at LC&I
- Q/Q: Favourable market conditions on the back of central bank rate cuts

Other Business Units

- Y/Y: Q2-23 and Q3-23 were impacted by one-off effects that had a net effect of DKK 0.5 billion in Group Functions

Net trading income (DKK m)



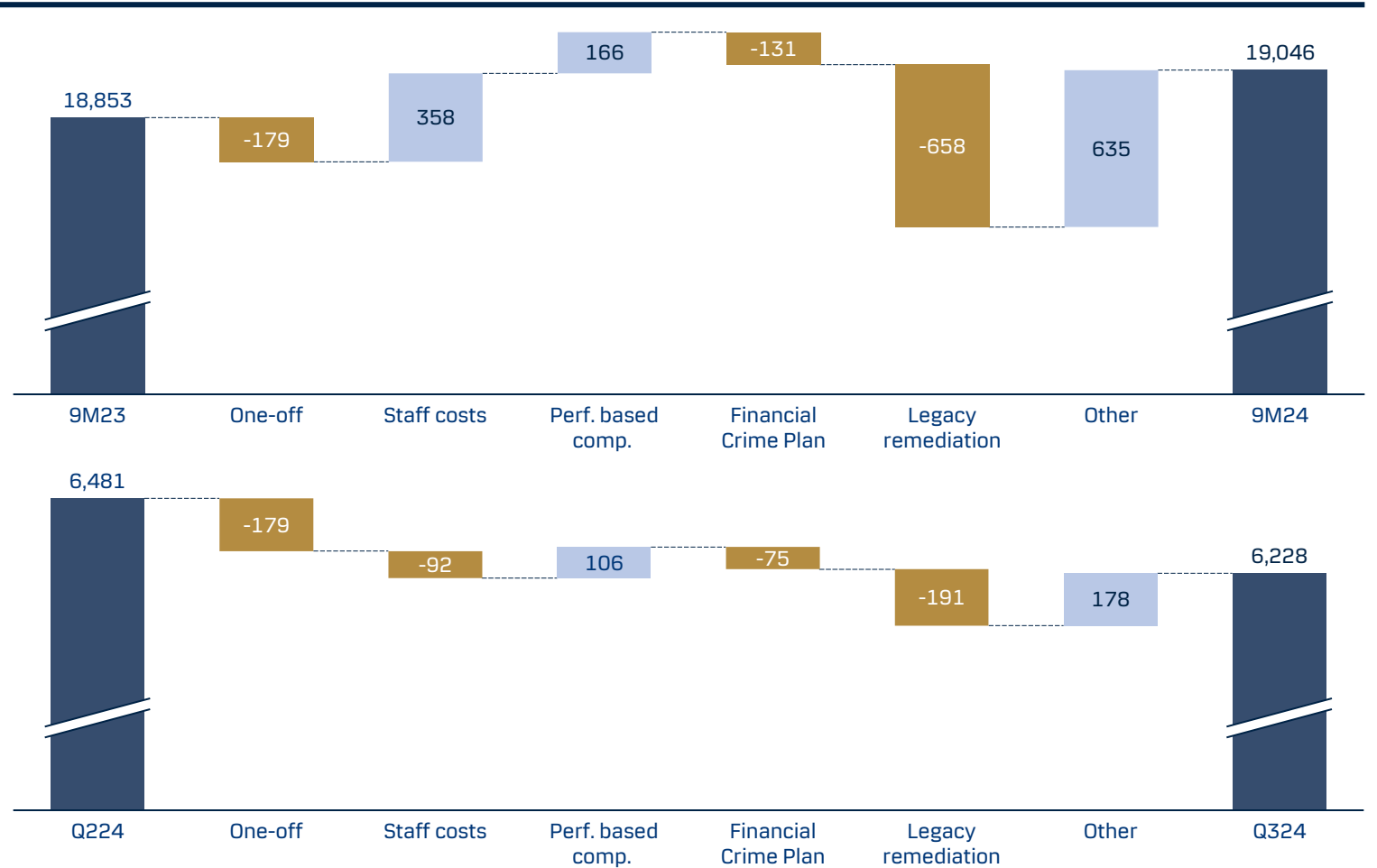


Expenses: Cost trajectory in line with plan - inflation and investments mitigated by lower costs related to legacy cases

Highlights

- Total operating expenses down 4% q/q due to consistent cost management and one-off benefit
- Cost/income ratio at 45%, down from 49% for the same period last year
- Decrease in financial crime and legacy remediation costs in line with plan for normalisation
- Number of FTEs stable y/y
- Other costs includes costs of move to new headquarters, as well as costs for divestment of PC Norway
- One-off benefit related to insurance reimbursement
- Operating cost trajectory according to plan while non-recurring costs related to new HQ and PC Norway divestment amount to DKK 0.2bn YTD
- FY2024 cost outlook lowered to DKK ~25.8bn

Expenses (DKK m)



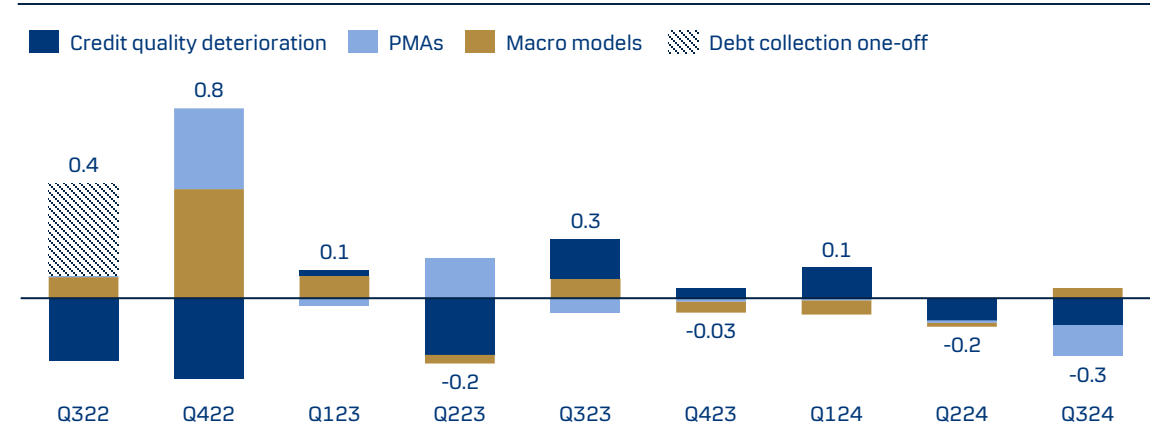


Impairments: Strong credit quality with net reversal of impairments; prudent PMA buffer remains in place

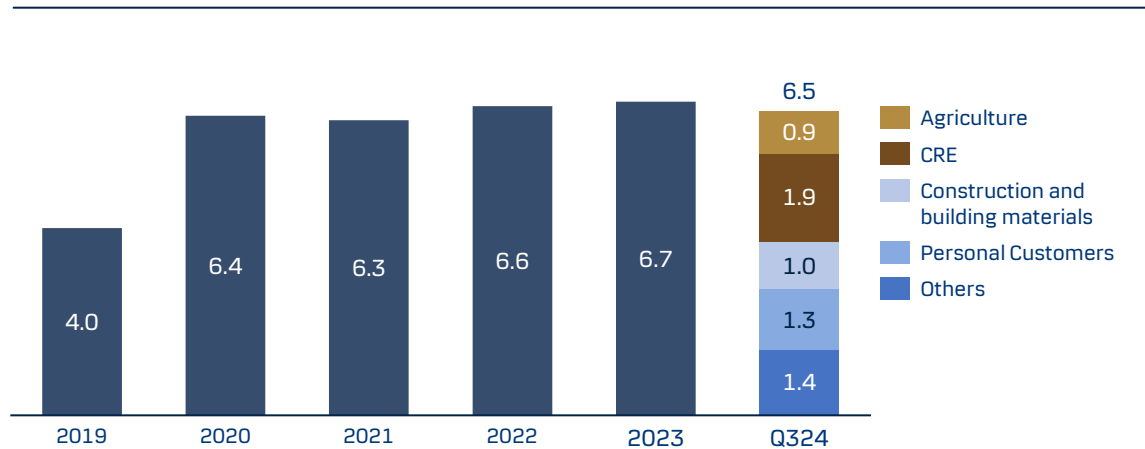
Highlights

- Strong credit quality and single-name workout cases led to net reversal of DKK 0.3 bn in Q3
- Modest revisions in the provisions from macroeconomic models as base case macro-outlook continued to improve. Model continues to include a severe downturn scenario
- PMA release of DKK 0.2bn in Q3 related to lower anticipated regulatory impact for agriculture and personal customer risks. Significant PMA buffers remain in place to mitigate any tail risk not visible in the portfolio or captured by macro models

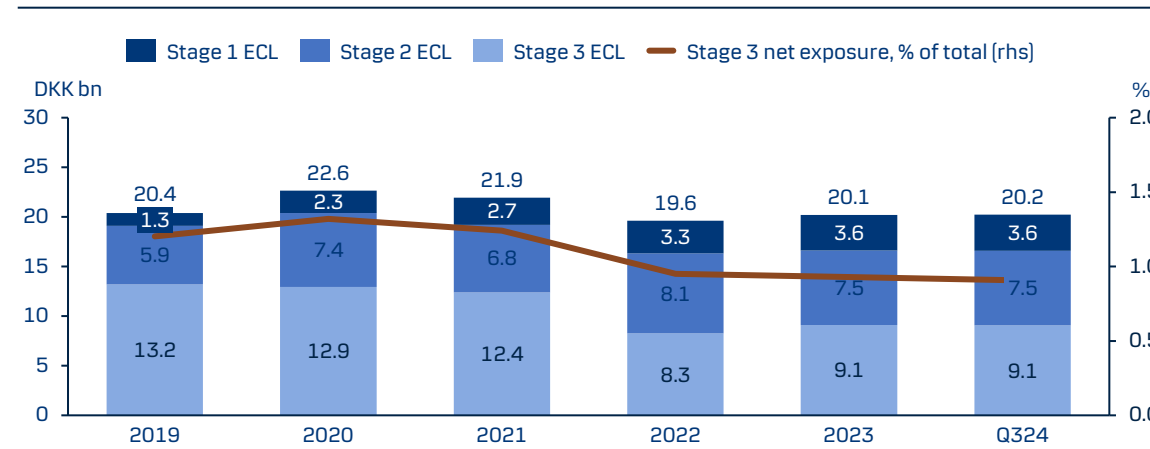
Impairment charges by category (DKK bn)



Post-model adjustments (DKK bn)



Allowance account by stages (DKK bn)



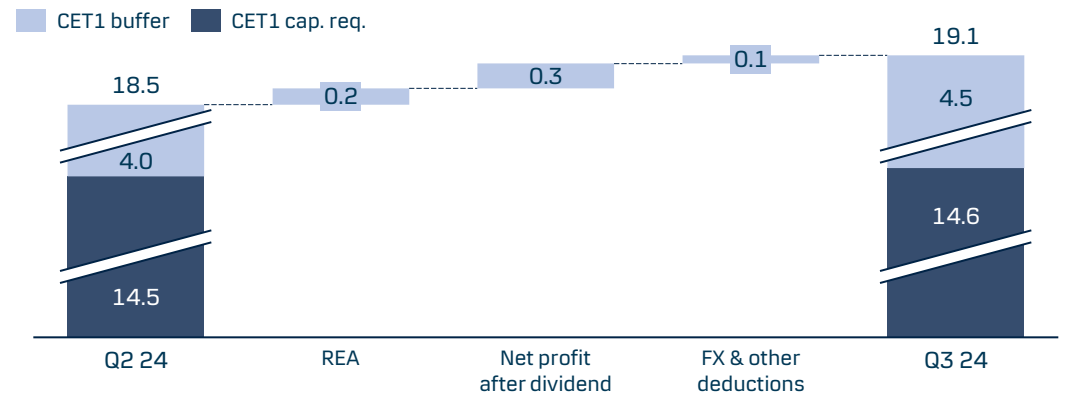


Capital: Strong capital generation with CET1 capital ratio improving to 19.1%

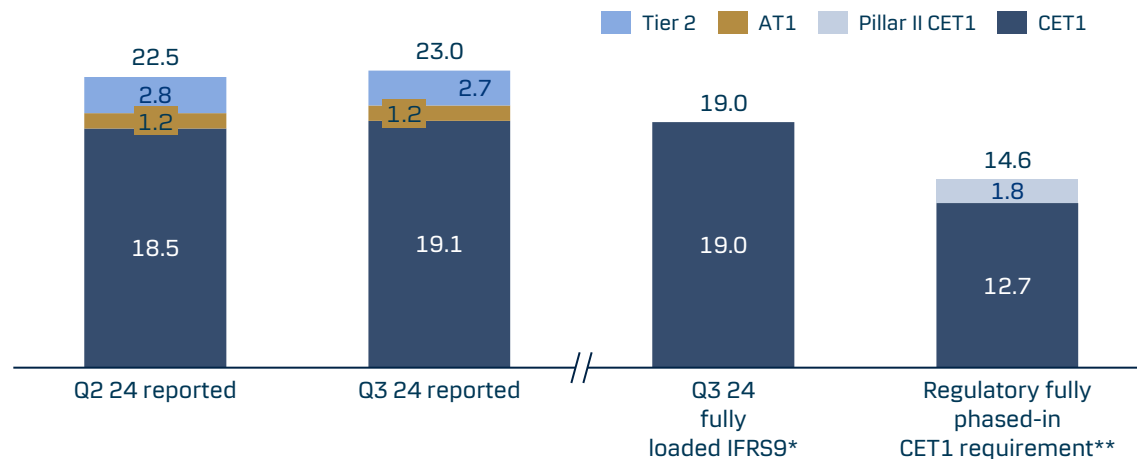
Highlights

- CET1 capital ratio remained strong and increased further to 19.1% in Q3, from lower REA and continually strong capital generation (after dividend accrual)
- The Group's total REA decreased by around DKK 10 bn due primarily to lower market risk REA
- The leverage ratio improved to 5.1% under transitional rules and 5.0% under fully phased-in rules
- The intended DKK 5.5 bn dividend related to the PC Norway divestment will, all else equal, lead to a 30bp reduction in CET1 from already observed REA release

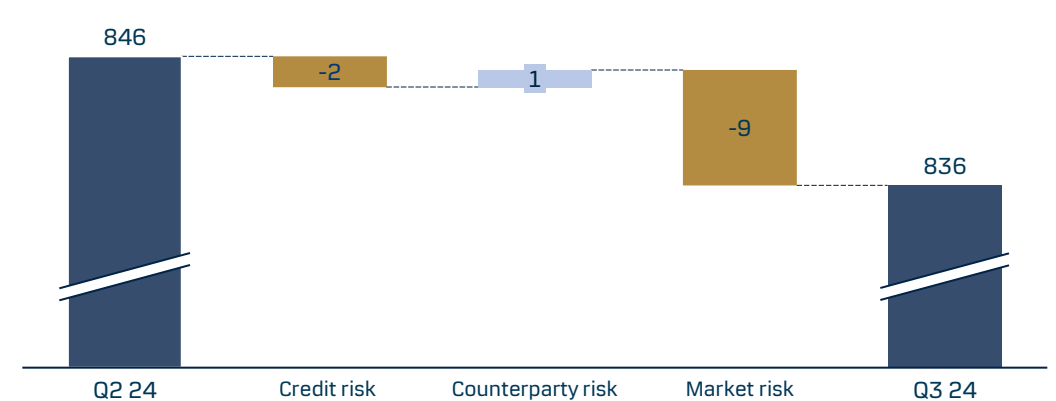
CET1 development (%)



Total capital ratios (%)



Total REA (DKK bn)



* Based on fully phased-in rules including fully phased-in impact of IFRS 9. ** Fully phased-in minimum CET1 requirement in March 2025 of 4.5%, capital conservation buffer of 2.5%, SIFI buffer of 3%, countercyclical buffer of 2.0%, systemic risk buffers of 0.7%, and CET1 component of Pillar II requirement



Financial outlook for 2024 revised upward due to expected lower expenses and loan impairment charges

Income

Total income is expected to grow in 2024, driven by higher core income, our continued efforts to drive commercial momentum and in line with our financial targets for 2026. Income from trading and insurance activities will be subject to financial market conditions

Expenses

We now expect **operating expenses** in 2024 to be around DKK 25.8 billion, reflecting lower than expected non-recurring items, effect from insurance reimbursement and continued focus on cost management. The outlook now includes non-recurring items of approximately DKK 0.3 billion related to the relocation to the new domicile and minor costs for the divestment of Personal Customers Norway

Impairments

Loan impairment charges are now expected to be around zero due to continued strong credit quality and despite an elevated level of geopolitical and macroeconomic uncertainty

Net profit *

We expect **net profit** to be in the range of DKK 22.5-23.5 billion

* Note - The outlook is subject to uncertainty and depends on volume growth and financial markets/macroeconomic conditions.

Q&A Session



Press ***11** to ask a question