



Conference call

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Investor Relations

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Claus Ingar Jensen – Head of Investor Relations

Good morning, everyone. Welcome to the conference call for Danske Bank's financial results for the first nine months of 2024. My name is Claus Ingar Jensen, and I'm Head of Danske Bank's Investor Relations. With me today, I have our CEO, Carsten Egeriis, and our CFO, Stephan Engels.

We aim to keep this presentation to around 25 minutes. And after the presentation, we will open up for a Q&A session as usual. Afterwards, please feel free to contact the Investor Relations department if you have any more questions.

I will now hand over to Carsten.

Slide 1, please.

Carsten Rasch Egeriis – CEO

Thanks, Claus. I would also like to welcome you to our Q3 conference call. The first nine months has been an important period for Danske Bank. It represents a crucial stage of our strategy. I am pleased to see that through dedicated and focused execution, we have secured a satisfactory foothold towards meeting the targets set in our Forward '28 strategy.

This becomes clear when looking at our financial performance for the first nine months, which is clearly on track to meet our 2026 financial targets and measured on many parameters even ahead of the plan. Our performance saw good momentum in the first nine months of the year, driven by an increase in customer activity, primarily attributable to corporate lending demand and investment activities but also from a broad-based increase in everyday banking transactions. In the third quarter, we saw continued lending demand from corporates across our business. And this resulted in an increase of 1% at Business Customers and 2% at LC&I.

Furthermore, our ability to leverage our strong position within debt capital market activities added to the positive performance in the first nine months. Within our Retail business, lending demand remained subdued in the third quarter due to relatively low housing market activity. We continue to see strong traction within sustainability-linked finance and maintained our position as a leading Nordic bank in this area.

The macroeconomic situation, primarily in Denmark has improved slightly. Lower inflation data has led to lower central bank rates, which will support growth going forward and is in line with our latest economic outlook from September. The outlook for the other Nordic countries is more stable although mixed.

Financially, the first nine months turned out to be a period with improved performance as profit before loan impairment charges was up 15% relative to the level a year ago, and on par with the preceding quarter.

Reversals of loan impairment charges provided further support to net profit, which came in at DKK17.6 billion for the first nine months and DKK6.2 billion for Q3. The result for the third quarter is equivalent to a return on equity of 13.9%, and this represents the highest quarterly return in more than six years for Danske Bank.

The result was based on a strong increase in core banking income lines, which combined were up 7% relative to the same period last year. When adjusting for a positive one-off fee income effect in the second quarter, total income was stable in the third quarter.

Together with the satisfactory uplift in business activity, there was only a slight increase in operating expenses as our strong focus on cost discipline more than offset the impact from wage inflation we've seen over past year or so.

Expenses were down 4% relative to Q2 and flat when adjusting for a positive one-off of DKK0.2 billion. As I mentioned previously, the reversal of loan impairment charges had a positive effect on our result. The trend accelerated in the third quarter when reversals amounted to DKK0.3 billion, bringing the total reversals to DKK0.4 billion for the first nine months, partly due to a review of the PMA buffer.

We maintained a strong capital and liquidity position. As planned, the execution of the DKK5.5 billion share buyback programme started in the first quarter, and it is progressing as intended.

The CET1 capital ratio stood at 19.1% at the end of Q3, and this includes the expected impact from CRR3.

And then finally, based on what I just mentioned in respect to the better-than-expected development for operating expenses and for loan impairment charges, we have today raised our net profit outlook from between DKK21 billion to DKK23 billion to between DKK22.5 billion to DKK23.5 billion.

Let me just speak a little bit to the business units, and then I will pass on to Stephan for the financials.

At Personal Customers, we continue to see strong financial performance driven by resilient core banking income, driven by resilient core banking income supported by a positive contribution from net interest income.

The solid income development was coupled with continually strong credit quality, along with prudent cost management. And this kept operating expenses on par with the level in Q3 2023 and down 6% compared to the previous quarter. And in sum, this took profit before tax up 6% from the previous quarter and 9% from the last year, highlighting a satisfactory return on allocated capital and also an

improved cost-to-income ratio, both ahead of our hurdle rates. The positive development in net interest income came despite the impact from Central Bank rate cuts and the competitive pricing adjustments that we have made for home loan offerings.

Fee income remains supported by healthy economic activity and as real wages have started to improve. The level in the third quarter came in lower. However, due to the one-off benefit of DKK0.1 billion recognised in Q2 as well as the timing of a partnership payment, along with also lower investment fees in Global Private Banking after a strong second quarter and seasonally lower refinancing activity.

Deposit volumes remain elevated across our markets, except for the natural attrition in Norway ahead of the divestment. And this solid deposit position should also be seen in the light of momentum that we have seen across our product suites as customers have allocated their assets to our savings and also our investment offerings. Just as an example, total customer assets in Denmark have increased almost DKK100 billion year-on-year.

We continue to improve our value proposition, particularly towards prioritised customer segments underpinned by the strategic ramp-up within wealth management and Private Banking and evidenced by the continued net inflow into assets under management. This lifted total AUM 17% relative to the same period last year.

In terms of lending volumes, housing market activity has started to recover somewhat. However, loan demand remains muted. Lending at Realkredit Danmark was again slightly lower due to redemptions and amortisation. But this was largely mitigated by our customers' preference for Danske Bolig Fri home loans, which saw another quarterly increase of 3% in the third quarter, and this takes a year-on-year increase up by more than 20%.

And then commercially, we've noted several green shoots across our markets, such as, for example, rising consideration rate in Denmark and also an uptick in mortgage applications in Sweden. Overall, I still believe that with our platform and our competitive offerings, we have untapped potential as well as a need and an ambition to grow our lending volumes to regain our fair share of the mortgage market in Denmark.

Slide three.

At Business Customers, we have seen strong financial performance supported by our enhanced product offerings and customer focus as well as solid activity from gradually improving sentiment across our businesses.

Core banking income benefited from a sustained level of NII and a continued solid fee contribution related to daily banking activities and our subscription-based service model despite some seasonality in the third quarter.

Total income remained solid even as income from leasing assets and asset finance was lower. In the third quarter, profitability was supported

by net impairment reversals, which lifted the return on allocated capital above our target.

Consistent cost management led to cost being on par with the level in the second quarter and we maintained a cost-to-income ratio ahead of our 2026 target.

Specifically on the development in volumes, we have seen an encouraging uptick in corporate credit demand, providing a steady uplift in lending across all Nordic markets since the beginning of the year and enhancing the commercial momentum across our business.

Deposit levels were largely stable in Q3 in Denmark, Sweden and Finland, while we saw an expected drawdown of deposits in Finland related to the timing of public sector payments.

We remain focused on supporting our customers and providing the best possible advice along with solutions tailored to their needs. The positive trends in customer inflows and higher credit demand show that we are executing on our Forward '28 strategy. More recently, mandates with global subsidiaries underscore our ability to service clients with international and complex needs, plus our ability to leverage our strong corporate franchise.

Then slide four please.

Moving to LC&I. Our franchise continued to grow in the third quarter, building on the positive momentum from the first part of the year, underpinning a sustained strong financial performance.

We actively supported our customers with risk management solutions and as a financial partner when executing their corporate strategies. And during this quarter, we supported the financing of some of the largest transactions in Europe such as Carlsberg's acquisition of Britvic and DSV's acquisition of DB Schenker.

In addition to putting our balance sheet to work, we help customers to take advantage of better public funding markets and we remained the leading Nordic bank in the European debt capital markets in terms of volumes.

Against this backdrop, both total income and lending volumes at LC&I continued to grow in the quarter. We delivered an increase of 1% in total income as higher trading income offset lower NII and fee income relative to the second quarter. Although higher fees from asset management and higher AUM supported fee income, total fee income was impacted by seasonality, primarily in Capital Markets while NII was impacted by lower deposit margins.

However, supported by constructive markets, healthy customer activity helped lift net trading income 27% relative to the preceding quarter, demonstrating, again, the value of our diversified business model. We continue to grow our lending and saw consistent credit demand in Q3 with another 2% increase in lending. We have seen deposit volumes trend lower as our corporate customers have utilised deposit reserves

to fund their corporate strategies. In the third quarter, however, deposits recovered with a 2% increase compared to the second quarter.

And then finally, I want to highlight the progress in our asset management business. On the back of the new strategy we launched in February, we are pleased to report positive traction in several areas. Amongst others, AUM continues to grow and was up DKK 21 billion from the preceding quarter due to a strong development in both net sales in the institutional and Private Banking segments along also with rising asset prices.

With that, let me pass over to Stephan for the financials.

Slide 5 please.

Stephan Engels – CFO

Thank you, Carsten. Good morning. As Carsten just mentioned, we saw a strong and improved performance in our financial results relative to the same period last year as well as the preceding quarter, profit before tax was up 14% and 6%, respectively.

Relative to the first nine months of last year, the 8% improvement in total income was driven by stronger core income lines and a recovery in net income from insurance business following better financial market conditions.

Furthermore, the other income came in higher compared to the same period last year, which included one-off items with a negative effect. Operating expenses remained stable as prudent cost management mitigated the expected wage inflation. Loan impairment charges came in at a very low level and resulted in a net reversal due to continually strong credit quality.

Relative to last quarter, trading income, in particular, gained momentum, driven by increased customer activity. Total income was slightly down as the strong level of fee income in the second quarter was impacted by seasonally lower customer activity in some areas and a positive one-off booked in Q2. Net profit for the first nine months of DKK 17.6 billion is equivalent to an ROE of 13.4%.

Slide six, please.

Let us take a closer look at the development in the net interest income. During the third quarter, contrary to expectations at the time of our Q2 release, Central Banks have accelerated the pace of rate cuts given the favourable trend of inflation. NII in the third quarter clearly reflects our view for slightly higher NII. However, the change in market expectations as reflected in forward rate cuts marginally reduced the expected level of NII in Q3.

As such, our NII showed the expected resilience in Q3 as balance sheet effects and lower funding costs mitigated the impact from lower market rates. The impact from volumes were stable during the quarter in both

deposit as well as lending margins were impacted by lower market rates and competitive pricing adjustments.

Several pricing actions for customer accounts were initiated during the quarter. However, the impact will not be visible until Q4 due to notice periods. We, therefore, expect lower margins and hence a slightly lower NII. For the full year, we expect NII of approximately DKK 36.5 billion. I would like to stress that this is based on an as-is point of view with forward rates as up to date as practically possible. While market expectations around the timing and number of future rate cuts change very frequently, there is a high degree of uncertainty for NII when looking into 2025.

Slide seven, please.

Overall, the positive trend in fee income we have seen year-to-date reflects an overall increase in customer activity and the execution of our Forward '28 strategy. Relative to the same period last year, fee income was 10%. The increase was driven by investment activities and activity-related income, but also from our Capital Markets activities where the DCM business was a strong contributor. Fee income from lending was slightly lower, mainly due to low housing market activity. Following high activity in Q2, fee income came in 7% lower in the third quarter when excluding the effect from a non-recurring item in the previous quarter of DKK 0.1 billion. When looking at the various fee categories, please pay attention to the following.

Activity-driven fees in Q3 included a catch-up payment related to one of our partnership agreements, whereas lending fees in the second quarter benefited from income from refinancing auctions of around DKK 80 million. Capital Markets fees were impacted by seasonally lower activity in Q3. And investment fees came in lower after a very strong performance in Private Banking in the second quarter.

Within asset management, we continue to see positive net sales underpinning the solid traction for AUM over the previous quarters. Despite the lower headline number for fee income in the third quarter, I am happy to see that we have improved the run rate relative to the same period last year for primarily activity-driven fees and investment fees, and we remain confident about the future development.

Slide eight, please.

Next, let us look at net trading income. First of all, we are pleased by the development in our quarterly trading income. Quarter-on-quarter, trading income increased 21%, driven by higher customer activity at LC&I supported by favourable market conditions.

Compared to the same period last year, trading income was stable. This reflects lower income at LC&I following an exceptionally strong first half of '23, which was offset by the normalisation of income group functions after the net impact of around DKK 0.5 billion from one-offs in the second and third quarter of last year.

That concludes my comments on the income line. Let us turn to expenses on slide nine, please.

Reported expenses were up slightly from the level in the first nine months of last year, but 4% lower compared to the preceding quarter as we have executed well to manage our cost trajectory and further benefited from a one-off of DKK 0.2 billion in Q3 related to an insurance reimbursement.

As CFO, I am pleased to see that our planned cost reduction has led to the intended reduction in expenses related to our legacy cases. In addition, our financial crime prevention efforts are heading towards steady-state mode following the multiyear investment plan. The structural cost takeouts have mitigated the rise in wage inflation and allowed for our strategic investment ramp up, including investments in digitalisation and IT partnerships, which is reflected in the uptick in other costs shown on this slide.

Furthermore, as a result of stronger financial performance, performance-based compensation naturally increased. But overall, we have consistently managed to improve our efficiency and now have a cost-to-income ratio around 45% compared to 49% a year ago. During the year, and up until now, we have highlighted additional non-recurring costs, items of DKK 0.6 billion related to the move to our new domicile as well as the divestment cost for PC Norway. In the third quarter, we have recognised another DKK 0.1 billion, which was booked in addition to the DKK 0.1 billion from the first half year. We now expect for the total year to be around DKK 0.3 billion.

Finally, based on the better-than-expected cost development, we now expect operating expenses for the full year to be around DKK 25.8 billion, including the non-recurring items of DKK 0.3 billion I just mentioned.

Slide 10, please.

Let us take a look at our asset quality and the trend in impairment. Our well diversified and low-risk credit portfolios continue to benefit from the macroeconomic environment and healthy household finances. Impairments in Q3 led to a net reversal of 0.3, driven by improved quality and PMA releases. Actual credit deterioration remained limited. And again, this quarter, we saw net reversals of single name charges driven by positive stage migrations and recoveries from workout cases. With reduced uncertainty related to the Personal Customers and the lower anticipated regulatory impact for agriculture customers in Denmark, we released a total of DKK 0.2 billion of our PMAs in Q3. Regarding our PMA buffer, we continue to apply a prudent approach to cater for potential tail risks and uncertainties not captured on a single name basis or through our macroeconomic models.

Going forward, we will review our PMA buffer and with a buffer that currently equates to more than four years of normalised loan losses, we remain in a very prudent position. Following the continuously strong quality and in the absence of loan impairment charges, we are now

changing the outlook for loan impairment charges for the full year from up to DKK 0.6 billion to now around zero.

Slide 11, please.

Our capital position remained very strong with a reported Core Tier 1 ratio increasing to 19.1%. With the strong profitability we have reported today, our capital accumulation was supported by a healthy contribution from retained earnings after accruing for dividend. In addition, the CET capital ratio was supported by a lower risk exposure amount with the decline primarily driven by reduced market risk. Our CET1 capital requirement was at 14.6% at the end of third quarter and continues to include the retail exposures in Norway.

As previously announced, we intend to pay out a special dividend of DKK 5.5 billion during the fourth quarter, subject to closing the PC Norway transaction. While this is technically CET-neutral, given the simultaneous release of the credit risk REA, we have seen some natural attrition in the portfolio since the divestment process was initiated. We therefore expect the CET1 ratio to be around 30 basis points lower at the end of the year, all else being equal.

Now let us turn to the final slide and our full year financial outlook. Slide 12, please.

As it appears from our company announcement published this morning, we have changed our net profit outlook for the full year. We now expect net profit in the range of DKK 22.5 billion to DKK 23.5 billion. This is the second revision of our outlook this year as we, at the end of June, revised the outlook from '24 upwards to a net profit in the range of DKK 21 billion to DKK 23 billion from previously DKK 20 billion to DKK 22 billion.

We now expect operating expenses for the full year to be around DKK 25.8 billion, reflecting lower-than-expected non-recurring items, effects from insurance reimbursement and continuous 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 PC Norway.

Previously, we expected operating expenses between DKK 26 billion and DKK 26.5 billion including non-recurring items of approximately DKK 0.6 billion.

In addition, the upgrade follows our continually strong credit quality and net reversals of loan impairment charges in the first nine months of the year. As such, we now expect full year loan impairment charges to be around zero from previously up to DKK 0.6 billion. The outlook for income remains unchanged. Today's change just for the record, will not have any impact on our financial targets for 2026.

With that, slide 13, and back to Claus.

Claus Ingar Jensen – Head of Investor Relations

Thank you, Stephan. Those were our initial comments and messages. We are now ready for your questions. A transcript of this conference call will be added to our website within the next two days.

Q&A

Guinara Saitkulova (Morgan Stanley): My first question is on capital. You had a very solid print this quarter. Can you remind us what are the priorities when it comes to the excess capital? And what is your thinking when deciding between the buybacks, ordinary and special dividends and M&A, given the consolidation that we saw in the region with the DNB acquisition of Carnegie? And in which business areas now do you have the most appetite for organic and inorganic growth for potentially for further bolt-on acquisitions?

And another question on the buyback. Maybe you can calibrate how should we think about the pace and the size of the buybacks going forward?

Carsten Egeris: Morning, Guinara. Thanks for the question. So from a capital perspective and a distribution strategy perspective, I will repeat also what I said at the half year result that we are committed to distribute our 2024 earnings via dividend at the higher end of our range and then buybacks for the remainder.

And then we said that the excess capital that does not include ongoing earnings. We will wait and see what we do with that excess capital when the probation period that we're currently under by the DOJ is over, which is at the end of next year. And then the question is with that excess capital, as you also point that can, of course, both be used for distribution purposes, but can certainly also be used for both organic and inorganic growth.

From an inorganic perspective, we are open for potential inorganic opportunities in the core business lines across the Nordics and we set an ambition last year to be a leading wholesale bank across the Nordics, a leading bank for SME customers with more advanced needs across the Nordics and then a leading retail in private bank in Denmark and Finland. So those would be the areas where we would be open for potential bolt-ons

Sofie Peterzens (JP Morgan): You flagged that there is a partnership payment fee in the fee line. Could you just disclose how much that partnership payment was? Also related to fees, how we should think about the new ruling on Nykredit, and what benefit that could potentially have for Danske Bank?

And then my second question would be on the net interest income. I understand or what you said is that 2025 net interest income is still uncertain. But could you kind of talk about the moving parts when you think about net interest income in 2025 and 2026? Some of your Nordic peers have said that there are some timing issues when it

comes to net interest income. Is that something we should expect for Danske Bank as well?

And also related to it, if you could just give details what the average yield on your hedge is and if it is still DKK150 billion?

Carsten Egeriis: Thanks, Sofie. I count more than two questions there, but let me see if I can remember them. On the partner payment, you should assume roughly DKK 50 million in Q3 sort of as a one-off. On Nykredit, we see this as a positive decision, a good way forward in terms of opening up the market, both for potential further consolidation, and, of course, over time, also for partner banks to choose to find another partner for Realkredit, for mortgage products. And then at the same time, we are, of course, disappointed that they did not take a decision on the parallel distribution. But overall, I think it will open up the market somewhat, but not have a big change in the short term. So it is more medium, longer term that it could shake things up a little.

And then on NII, moving parts on NII are the moving parts that we have talked about previously. I will say at this stage that when I look at the current 2025 NII consensus, we do not disagree with that, just to give you a sense. Average yield on hedge is still somewhat under the current Central Bank rate. You asked if it was still DKK150 million, it is just under that. It is just under DKK150 billion.

Namita Samtani (Barclays): I had questions about Danica Pension. So I read in the report that you have developed a new commercial strategy, and it is going to replace the current strategy. I just wondered why you are changing the strategy.

And secondly, I read an article Danica has given a DKK800 million loan to Northvolt. I just wondered if the Group is adequately provisioned on this loan given Northvolt looks like it's a bit of trouble?

Carsten Egeriis: Thanks, Namita. On the Danica strategy, I mean, we got a new CEO last year. We, of course, did our own bank group strategy last summer and we waited for updating the Danica strategy to get the new CEO in, and we have now launched that. So this is partly an update in terms of a financial plan for Danica, but certainly also a much more detailed strategy in terms of how we see the Danica business as part of the Group going forward.

Just to highlight a couple of key points, we see it as an important part of the Group, and we have a strategy to do more business between the Group. It is an important product, the pension product, both for our retail customers, but also SME and large corporate. So how do we increase the business, both from Danske Bank into Danica and from Danica into Danske Bank, which, by the way, we already see very good progress on that side. And then the strategy also includes how we are thinking about investing in the business, including in technology, customer services and also our health and accident business.

The Northvolt investment is an investment as part of the pension savings product. So it is not a matter of provisioning for sort of credit or financial perspective. It is a matter of how it impacts customer returns

on their pension investments. And all alternative investments within the customer funds that we manage on behalf of those pension customers get revalued on a quarterly basis.

Johannes Thormann (HSBC): Two questions from my side. First of all, regarding the risk cost. We will be constantly now seeing for, I do not know, ten quarters an either small releases or a very small change. What needs to happen to get back to the 8 bps of risk costs? How much changes do you have to see in your portfolio quality or asset quality? And then do we really need to see one big guy falling off the cliff? Or just help me to understand forward-looking outlook.

And the second thing is on your fee income. I understand that the Capital Markets business is probably – and even investment is a bit volatile. But money transfers has been very volatile this year. So can you elaborate more what's driving this volatility?

Carsten Egeriis: Thanks for that. Just on risk costs, look, the answer to that question is it depends, right? Because we clearly know that the impairment line is correlated to both single name risk and then also macro trigger events. It is a small release we have done on the PMAs this quarter. In line with what we said we would do is as we see certain areas improving, then we will also adjust PMAs.

Currently, we are looking into an economy in what you could call a soft landing. And in that economic situation, we would continue to see improving macro environment and therefore also continued adjustments of PMAs. But it could, of course, also go the other way depending on what might happen. And of course, it is an uncertain environment. But I think from our perspective, the guidance on the loan loss rate through the cycle of 8 basis points holds true.

And the view that asset quality right now is very strong, and we see very little asset quality deterioration, very little increase in delinquencies across the board also holds true.

And then if you look at fees, I think you were asking about activity-driven fees and particular on the payments side. That has been very solid, right? If you look year-on-year, we have seen a very good increase in activity-driven fees, both in business and in corporate. And I think the move from Q2 to Q3, which you also see on our slide, page 15, is very small. So we do not see volatility there. We actually see very robust, consistent increase year-on-year in those solid fee income lines. And that has really also been a key focus of ours in the strategy both from a subscription fee perspective and to do more activity with our customers, and that is what we are seeing in the fee line.

Patrik Nilsson (Goldman Sachs): I just had one question on your revenue trajectory outlook that you outlined with your Investor Day. And I remember you're also outlining your interest rate assumptions there and the rates sort of past has moved a lot during this year. So I was just wondering, is there anything in that, that has affected your sort of long-term total income outlook? Or would you say that the rate assumptions from your Investor Day was conservative enough so that everything that you said there still stands?

Carsten Egeriis: Thanks, Patrick. No, I think broadly speaking, it does stand, so we still feel very comfortable with the DKK 56 billion of income in 2026. So therefore, yes, we feel comfortable with the revenue trajectory. The puts and takes has been that this year we have been – and that way, we said around 2% in rates when we did those assumptions. So that also holds true, then you could say the path to get there has been slightly different in the sense that we saw more muted lending growth this year than expected, in line with actually rates being a little bit more sticky than what we had expected and the rate path that we did when we did our strategy.

On the other hand, that's been offset by stronger growth in the deposit and the savings space. As I look into next year, I believe that we will see some of that lending growth come back as we see rates also coming down.

Jan Erik Gjerland (ABG Sundal Collier): I just wanted to continue on the lending part you mentioned here and ask the first question on the lending growth outlook, both in Denmark for your SMEs, LSC as well as mortgage rates. And also shed some light into your ambitions in the Nordic countries when it comes to the lending growth outlook for the remaining of the year and into 2025. As it looks like, as you said, it is turning a little bit positively on the lower rate expectations. So could you shed some light into how you are working these days and how this is coming through on your trajectory? That would be very helpful.

And secondly, also on the NII, the bridge on the second to the third quarter, where you have a treasury gain of DKK 179 million. Is all that the hedge or it is just part of that the hedge?

Carsten Egeriis: Yes. Thanks, Jan Erik. On the lending side. Let us start with the corporate side, both on SME and on the larger corporates, we have seen growth both in Q2 and Q3. And we do see that both across the Nordic countries in terms of new house mandates in the larger corporates, but also in terms of new acquisitions on a Business Customer advisory side, which was a key focus for us in our strategy, the larger Business Customers with more international complex needs, we do see that going in the right direction and very much in line with our strategy. And we do expect to see further lending growth on the back of that. There is some timing lag between customer acquisition and lending growth coming through, but we do expect that.

And in general, we also see that there are signs of increasing demand. And that is also why we feel confident that we will see more lending growth going into next year, all else equal, again, as we look at kind of inflation coming down and rates coming down.

Then on the Personal Customers side, if I look across both Sweden, Denmark and Finland, we are seeing a reasonable level of sort of interest. We see this in terms of the amount of house viewings that we see. We see that in terms of the evaluations we are doing on houses early stage.

So I would not say that it is significant, but it is showing some increased level of interest, although I would probably, unless forward rates come down much more significantly with the current path, I would think that the increased activity is only going to come later in the first half of the year and into the second half of the year as the lower rates come through.

But again, I would expect to see growth overall on the Personal Customers side in the mortgage business next year.

And then on NII, I mean, you asked, I think, about quarter-on-quarter, the treasury FX and other. I mean, that is both the hedge, but it is also a wholesale funding costs that have improved.

Stephan Engels: And if I can add, we have, probably given the many rate changes in the pre-dynamics markets, accumulated a little bit more in treasury that we would not normally have. So you need to also look at this DKK 179 million in connection with the lending margin, which is minus 33%. So there is a bit of a lag in allocating between treasury and the business units here.

Shrey Srivastava (Citi): I actually want to focus on the OPEX line, where obviously, you beat today. How do you see the phasing of the reduction in financial crime and remediation costs in 2025 and 2026, respectively? Is it that we are going to see a notable step up post your probation period ending? Or do you see this going down fairly linearly throughout the two years?

Stephan Engels: Thanks for the question. So what we have committed to is that we want to achieve a run rate of the FCRP crime cost of DKK 1.7 billion with the end of 2025. So call it Q4 2025 should reflect that DKK 1.7 billion. The trajectory from where we are right now to this DKK 1.7 billion is not going to be linear. There is a couple of projects and steps and deliveries that are set up and that make us confident that we get to that number, but they will not be equally and completely straight line distributed over the year.

With the DKK 1.7 billion from all what we know right now, and also from a lot of benchmark comparisons, we believe that we are at a level that is, call it, on benchmark, if you want to run a top CRP and compliance programme.

Shrey Srivastava: Cool. And just one more one for me. How do you see the progress of your transformational strategic initiatives in Personal Customers in Sweden? Obviously, there has been relatively flattish relevance there, but that has been the case for the industry to an extent. So I am just interested in how you see progress towards your strategic objectives and what we can look forward to in the future.

Carsten Egeriis: Yes. Thanks for that. I mean it's still early days. Of course, we have a more focused retail strategy in Sweden now focused on the more mass affluent and affluent through the partners that we have there as well as our own kind of franchise, especially doing more between business customers and retail.

We do see signs of increased customer flow in the prioritised segments and also more interest on the mortgage side, as I mentioned before. But realistically to see real impact is going to take, I think, between 12 to 24 months, realistically. But we are comfortable with the trajectory that we have. And for us, the sort of first step of the strategy was to ensure that we are relentlessly focused on improving the returns of that business and that is going in the right direction.

Martin Ekstedt (Handelsbanken): I just wanted to follow up on an earlier question on capital repatriation. So at Q2, you mentioned a dividend potential from 2023 to 2026 of above DKK50 billion. I just wanted to check if that still stands confirmed that this includes buybacks, and that this statement also took high for the probation period stretching to the end of 2025 that you mentioned before?

Also, does this rate hikes for any inorganic growth that you also mentioned before?

Carsten Egeriis: Thanks for that. You should think about the capital distribution commitments that we made in June 2023 as two things. One was above DKK 50 billion over the period. And the other one we said was a number equivalent to roughly 3% of RWAs, which at that stage, you could say, is roughly DKK 25 billion. So you should take the DKK 50 billion plus to DKK 25 billion and say that the commitment over the time at the June 2023 period was DKK 75 billion of capital distribution.

We are well on track to deliver on that plan. That DKK 75 billion or above is split between a dividend on the higher end of the 40 to 60 range and then buybacks for the rest. Of course, on top of that, you now also have the Norwegian extraordinary dividend because we did not discuss that at the time of the strategy in detail. So if anything, we are running slightly ahead of that capital distribution plan that we committed to.

Thank you, everybody, for your interest, as always, and for all your questions. And as always, please reach out to Claus and the team in Investor Relations if you have any more questions.

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