

Press release

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**Strong business performance and positive outlook underpinned by robust customer activity  
and slightly improved macroeconomic environment  
Net profit of DKK 11.5 billion for the first half of 2024**

Carsten Egeriis, Chief Executive Officer, comments on the financial results:

*“The financial result for the second quarter continued the very positive development we saw in the first quarter. Persistently strong net interest income and a sustained fee uplift contributed to higher core banking income in the first half of the year, resulting in an 11% increase relative to core banking income in the same period last year. Combined with continually strong credit quality with a net impairment reversal in the second quarter, this led to an increase in net profit, which also reflects robust customer activity across the business.*”

*We see the recent rate cuts by the ECB and the Danish central bank as a positive step that is likely to benefit economic activity. The rate cuts have also benefited our customers in the period, as we both launched new offerings and improved existing ones on the loan side as well as in relation to savings and investments. We also have a strong advisory setup and continually develop our digital solutions, all of which enables us to maintain our position as an attractive bank for all customers.*

*We continue to make progress on our strategy as we strive to improve the bank to the benefit of all stakeholders. We have taken important steps, such as introducing a self-service welcoming journey, upskilling advisers to continuously improve business customer satisfaction, and increasing the number of products available via our digital platform for business customers. Keeping in mind that it is still early days in the strategy period, we continue our efforts to strengthen our position as a leading bank in the Nordic region in a digital age.”*

**H1 2024 vs H1 2023**

Total income of DKK 28.0 billion (up 9.5% against the first half of 2023)

Operating expenses of DKK 12.8 billion (up 1.4% against the first half of 2023)

Loan impairments of DKK -99 million (against DKK -28 million in the first half of 2023)

Net profit of DKK 11.5 billion (up 12.7% against the first half of 2023)

Return on shareholders' equity of 13.1% (against 12.4% in the first half of 2023)

Strong capital position, with a total capital ratio of 22.5% and a CET1 capital ratio of 18.5%

### **Macroeconomic environment slightly improved**

During the second quarter, the macroeconomic outlook turned slightly more positive. The outlook for economic growth in Denmark and the wider Nordic region has thus improved, and recent economic data points, such as inflation and employment levels, have been better than expected. Furthermore, GDP growth in 2023 was revised upwards in Denmark, leading to a stronger picture of the wider economy and not just the pharma sector, also relative to the rest of Europe.

In the second quarter, we revised our guidance for full-year 2024 net profit to DKK 21-23 billion from DKK 20-22 billion based on a small net loan impairment reversal and continually strong credit quality, backed by a better macroeconomic outlook. In the current macroeconomic landscape, our solid financial results, well-capitalised balance sheet and strong liquidity position continue to allow us to help our customers and other stakeholders navigate the macroeconomic and geopolitical uncertainty by providing expert advisory services and credit.

### **Strong core banking performance**

In the first half of the year, we continued to deliver on our strategic ambitions as we improved profitability and reported a strong return on equity. The progress was driven primarily by a sustained, strong net interest income, while high customer activity across the business drove a fee uplift, with net fee income up 13% from the level in the same period last year. At our Personal Customers unit, our favourable savings and investment products continued to attract deposits, leading to a further improvement in deposit volumes. In a period of uncertainty and a challenging operating environment, our Business Customers unit saw increased lending volumes across our Nordic markets, and our Large Corporates & Institutions unit continued to see an increase in cash management fees and a strong activity in Debt Capital Markets, maintaining our status as the leading Nordic bank by volumes supported.

Operating expenses are as expected, reflecting a strict cost focus in general simultaneously with rising costs in some parts of the business due to planned investments made under the strategy. This led to an improved cost/income ratio of 45.8, down from 49.4 in the first half of 2023. As a result of the commercial momentum, robust customer activity, strong credit quality and cost focus, we increased the return on equity from 12.4% to 13.1% for the first six months.

*“Our diversified business model and core activities continued to deliver good results. Significant increases in both net interest income and net fee income, the latter due to robust customer activity also in the capital markets, and costs developing according to plan led to improved profitability in the first half of the year. Our continued commercial momentum and focus on operational efficiency thus resulted in a cost/income ratio of 45.8 and a return on equity of 13.1%. We continue to invest in our capabilities to provide a better customer experience as set out in Forward '28, and we have also completed our accelerated capital distribution with interim dividends for both the first half-year of*

2023 and 2024. This will not be repeated from 2025 and onwards as we will revert to paying dividend annually,” says Stephan Engels, CFO.

### **Strategy execution progressing as planned**

We continued to progress towards delivering on the targets set out in Forward '28. Our focus on execution and our efforts to improve Danske Bank to the benefit of all stakeholders are progressing as expected.

During the first half of 2024, we took several important steps to advance our sustainability agenda, including the publication of our Climate Action Plan Progress Report and the inclusion of sustainability as one of the strategic themes in our Forward '28 strategy.

We are accelerating our digital transformation across our business to enhance customer journeys, improve the customer experience, and reduce costs and operational risks.

Overall, we are confident that the initial implementation progress of our Forward '28 strategy during the first six months has built a robust foundation for continued execution.

### **Personal Customers**

During the first half of 2024, we continued to support our customers in managing their finances in a market environment characterised by rising equity prices and a stable interest rate level with only one rate cut across our markets at the end of the period. Our Danske Bolig Fri home finance products continued to be in high demand throughout the first half of 2024. Additionally, we saw increased customer activity in the investment area driven by favourable financial markets, resulting in increased market shares for Danske Invest retail funds. Loan impairments amounted to a net reversal as impairments benefited from the improved macroeconomic outlook. Profit before tax amounted to DKK 5.0 billion in the first half of 2024, representing an increase of 39% from the year-earlier period, which was affected by a one-off provision.

### **Business Customers**

In the first half of 2024, we saw the economic landscape improve, due primarily to a stabilisation of interest rates followed by interest rate cuts by the central banks towards the end of the period. Although the effect of the rate cuts on customer activity levels remains to be seen, we continued to expand our customer base in our focus segments as well as to make strategic pricing adjustments, just as we supported our customers by providing the best possible advice tailored to their needs. While especially net fee income developed positively, we saw higher loan impairment charges that were driven by a few cases in our leasing organisation as well as by allocation of post-model adjustments. In the first half of 2024, profit before tax amounted to DKK 4.1 billion, a decrease of 16% from the same period last year.

### **Large Corporates & Institutions**

In the first half of 2024, macroeconomic uncertainty persisted, though sentiment and indicators were more positive than expected. We continued to see a positive underlying momentum, particularly in

our fee business as higher fees from assets under management and from everyday banking and capital markets activities mitigated the decline in net trading income, thus demonstrating the value of our diversified business model. Furthermore, we continued to leverage our strategic commercial strengths as reflected in growth in our corporate customer portfolio outside Denmark, an increased market share of cash management services and the maintaining of our leading position in sustainable finance. Profit before tax amounted to DKK 8.0 billion, which was on par with the same period last year.

### **Danica Pension**

The investment return on our pension customers' savings in the first half of the year followed the upward trend from the last 12 months and was driven by a strong performance in the investment portfolio, especially in equities. However, we continued to see people suffering from physical or mental health problems, which had a negative effect on the insurance result for the health and accident business in the first half of 2024. Net income at Danica Pension increased to DKK 949 million in the first half of 2024, up 38% from the first half of 2023 due mainly to an increase in the net financial result.

### **Northern Ireland**

Our focus in Northern Ireland is to remain a stable, strong and risk-astute bank, consolidating our market-leading position alongside pursuing select low-cost growth opportunities in the rest of the UK. The strong underlying financial performance reflects business growth in an environment of higher interest rates. Profit before loan impairments was 16% higher than in the first half of 2023, while profit before tax of DKK 938 million reflected a broadly unchanged level year-on-year.

### **Outlook for 2024**

On 26 June 2024, we revised the outlook for 2024 upwards to a net profit in the range of DKK 21-23 billion. At the release of our annual report for 2023 on 2 February this year, we guided for a full-year 2024 net profit in the range of DKK 20-22 billion. The profit upgrade follows our continually strong credit quality and reversals of impairment charges for the second quarter of 2024. We therefore now expect full-year loan impairment charges to be up to DKK 0.6 billion. For the financial targets for 2026, we maintain our assumption for loan impairment charges of approximately 8 basis points through the cycle.

Danske Bank

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More information about Danske Bank's financial results is available at [danskebank.com/reports](https://danskebank.com/reports).