



Pre-close call Q3 2025

1st October 2025

Danske Bank – Investor Relations

SCRIPT - Q3-2025 PRE-CLOSE CALL, 1ST OCTOBER 2025

Claus I. Jensen – Danske Bank – Head of IR

Intro

Good afternoon and welcome to the Danske Bank Q3 2025 pre-close call. My name is Claus Ingar Jensen, and I am Head of Investor Relations. With me, I have Olav Jørgensen and Nicolai Tvernø from our IR team. Please note that this call is being recorded for compliance reasons, and the script used for this call will be published on the Investor Relations website after the call. Given that we conduct this call via Teams, please be aware that if you want to ask questions, you must log on via the Teams app or your browser. If you participate via a telephone line, the IR team will be available for questions after the call.

In today's call, I will highlight relevant public data and macroeconomic trends in our markets. I will go through the relevant P&L lines and comment on capital at the end. Afterwards, we will open for a Q&A session. For the sake of good order, I would also like to highlight the following. I will only answer questions related to already disclosed information as well as publicly available information, unless otherwise noted. In connection with this, I wish to highlight that developments in specific indices may not always have the same effect on our performance.

Macro

Before going through the income lines, I would like to start with a brief comment on the most recent macroeconomic development based on our Nordic Outlook published in early September.

In the Euro area, optimism is gradually rising as growth has been higher than expected and inflation has come under control. Also, the EU - US trade deal has reduced the downside risk to the economic outlook. For the Nordic economies overall, the improvement is expected to continue, except for Sweden that has been marked by high inflation and weak growth. However, broadly, uncertainty still weighs on business and especially consumer sentiment.

Turning to the Danish economy specifically, the GDP growth figures have been revised lower following the revision by the Danish Institute of Statistics due to a computation error so that the growth forecast for 2025 is now 1.8% and no longer 3.2%. This means that looking at GDP growth, Denmark is now viewed as an average European economy, just with Novo Nordisk on top as an extra growth driver, and not a significant positive outlier in Europe. Nonetheless, the Danish economy is still strong: Employment is high, the current account surplus has reached record levels and government finances are robust. Although consumer confidence remains low, the housing market activity in Denmark has gradually improved, and the outlook is positive with higher expected housing prices.

Now, let us have a look at net interest income.

Net interest income

Let us start by highlighting the relevant changes to the central bank policy rates.

The expectation is now that the ECB has finalized the cutting cycle and reached its terminal rate. In September both in Sweden and Norway, central banks have cut rates. Riksbanken lowered its policy rate to 1.75% and signaled unchanged rates until 2026. Norges Bank has reduced the policy rate from 4.25 percent to 4 percent, however signaling further cuts.

Regarding recent volume developments, we refer to publicly available data. In terms of lending volumes, we note that overall credit demand has modestly improved, especially with respect to corporate lending demand.

Please note that Q3 has one additional interest day compared to Q2, and the day effect is estimated to be around DKK 75 million.

As always, please be mindful of currency fluctuations in the markets where we operate. In the third quarter until now, NOK, SEK have appreciated around 2% against DKK, while GBP has depreciated around 2%.

Looking at funding costs, we note that CIBOR, STIBOR and NIBOR have decreased during the quarter with CIBOR lower by around 6 bps, STIBOR lower by around 19 bps and NIBOR lower by around 29 bps. All based on quarterly averages.

In terms of wholesale funding, we are progressing well according to our FY funding plan of DKK 60 – 80bn of debt issuance across instruments as we have issued around DKK 65 bn in total year to date with around DKK 18 bn done in the third quarter.

Please visit [Danskebank.com Debt section](https://www.danskebank.com/Debt-section) for further details on terms and pricing for our issuance.

With respect to NII, we reiterate the interest rate sensitivity given with the Q2-25 interim report release, which is an approximately DKK 650 million negative impact per 25 bps cut across all currencies. Correspondingly per 25 bps hike we estimate an effect of around DKK 450m. In addition, we estimate a year 2 and 3 up and down effect of DKK 300m and 100m respectively, related to our structural hedge. Please note that by far most of our sensitivity relates to DKK and EUR, in that order.

Fee income

In respect of fee income, we will start by noting that the development is as always subject to conditions in the financial markets, housing market activity and the general activity level among our customers.

For fee income in general, we note that the uncertainty and relative negative business and consumer sentiment, as well as the summer period, are expected to have a dampening effect on customer activity in the third quarter. This also applies to activity driven fees with muted consumer spending due to sustained low consumer sentiment.

Looking at investment fees, published data by FinansDanmark supports continued strong momentum in AuM through August, and since the start of Q3 we have seen higher asset prices, which could have a potential positive effect on AuM and investment appetite among our retail customers.

In respect of fees generated from financing, most lending volume at Realkredit Danmark refinancing auctions for adjustable-rate mortgages will take place in Q4-25. Therefore, we expect income from refinancing fees in Q3-25 to be immaterial, but to increase in Q4-25.

In addition, in terms of lending demand we refer to recent public sector statistics being released 25th September showing a slight recovery in retail lending and solid corporate lending for the sector.

And finally, concerning income from capital markets activity, please note that the third quarter is typically impacted by seasonality, across primary debt and equity markets.

Trading income

Now turning our focus to trading income.

Q3 has been characterized by spread compression and lower volatility in the Danish mortgage market. While spreads of Danish government bonds have been broadly unchanged during Q3. Generally, market conditions and customer activity have been constructive in the third quarter.

Danica

We have nothing of note when it comes to Danica, but please be aware that the results are always subject to developments in the financial markets and trends impacting the Health & Accident claims.

Other income

With respect to other income, we can reconfirm the lower run-rate for other income seen in earlier quarters in 2025, due to lower contribution from asset finance activities.

Costs

We reiterate our outlook for full-year expenses of up to DKK 26bn given the expected higher seasonal costs occurring in the fourth quarter which current consensus might not fully reflect.

Kindly note that in Q3-24, we recognised an insurance reimbursement of DKK 179 million in the expense line.

Impairments and credit quality

For the third quarter, we have no comments on asset quality other than to note that macroeconomic conditions continue to support credit quality, as we reiterate full-year loan impairment guidance of around DKK 1bn.

Tax

We do not have any comments with respect to tax.

One-offs

At this point in time, we do not expect any one-off items for Q3-25.

Capital

Regarding capital and our CET1 ratio, please be mindful that during the quarter we have called a Danica Euro Tier2 instrument of 500 million. This will, all else equal, lead to an around DKK 3.7 billion increase in the Group's statutory deduction for insurance subsidiaries and consequently reducing the CET1 ratio by around 50 basis points. However, as highlighted in our Q2 report, the draft legislation of the EU conglomerate directive is envisioned to apply from January 1st, 2026, and as such, we expect this CET1 reduction to be temporary.

We do not have any specific comments on REA, besides noting that market risk remains subject to volatility in the market.

Concluding remarks

This concludes our initial comments in this pre-close call.

Before we move on to the Q&A session, I would like to highlight that we begin our silent period on 10th October. We will shortly start to collect consensus estimates with a contribution deadline on Monday 13th October.

Please note that we publish our Q3-2025 results on the 31st of October at 7.30am CET and that the conference call for investors and analysts will take place at 8.30am.

We are now ready for the Q&A session. If you wish to ask a question, please use the "raise your hand" function.