



# Pre-close call Q2 2025

18 June 2025

Danske Bank – Investor Relations

## SCRIPT - Q2-2025 PRE-CLOSE CALL, 18<sup>TH</sup> JUNE 2025

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Claus Ingar Jensen – Danske Bank – Head of IR

### Intro

Good afternoon and welcome to the Danske Bank Q2 2025 pre-close call. My name is Claus Ingar Jensen, and I am Head of Investor Relations. With me, I have Olav Jørgensen 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. Connected to 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 June.

Supported by high household savings, robust labor markets and solid public finances, the Nordic economies overall exhibit resilience despite global uncertainty and the negative impact on business and consumer sentiment.

Looking at the Danish economy specifically it remains in a healthy position with high employment and relatively high growth. Global uncertainty about trade tariffs is not good news for a small open economy like Denmark, however, so far, the impact has been limited, and furthermore solid public finances and a strong labour market provides a good foundation. Lower short-term interest rates are in addition expected to continue to support the housing market.

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.

Following the two cuts in Q125 which will have full quarter impact in Q2, we have seen two additional rate cuts in the second quarter of 0.25% by the ECB in April and June, which were followed by the Danish Central Bank.

Given the lower central bank rates, we have adjusted our customer rates. Most notably was the recent change in retail transaction accounts in Denmark which was reduced by 10bps to 0%. This was effective in early June.

Rates on savings products have generally reflected the full policy rate cuts. Similarly, we have adjusted relevant lending rates to various degrees on front and back-book.

In Sweden, Riksbanken kept its policy rate at 2.25% in May 2025 and March 2025, in line with expectations, citing increased global uncertainty after reducing policy rate by 25bps. Today, Riksbanken cut the policy rate to 2.00% given lower slower economic recovery than expected and lower inflation forecast.

For business customer products' we have in general lowered pricing broadly following the central bank rate cuts with varying effective dates.

Regarding recent volume developments, we refer to publicly available data.

In terms of lending volumes, we note that overall credit demand has modestly improved, though we still observe a cautious approach in both the housing market and corporate investment appetite.



Please note that Q2 has one additional interest day compared to Q1, 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 second quarter until now, NOK, SEK have depreciated around 1% against the DKK, while GBP is around 2% lower.

Looking at funding costs, we note that CIBOR and STIBOR have decreased during the quarter with CIBOR lower by around 35 bps and STIBOR lower by 6 bps. NIBOR is higher by around 6 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 and we have issued around DKK 20 billion during the second quarter bringing the total to around DKK 40bn year to date.

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

With respect to our NII sensitivity, we note that the structural hedge continues to have an impact. We also reiterate our sensitivity guidance of approximately DKK 500 million per 25 bps parallel move across all currencies and on average over the next 100 bps within a 12-month period. With an additional year 2 and 3 effect of DKK 300m and 200m 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 to 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.

Please also be aware that the Easter holidays in Denmark, were in Q2 compared to Q1 in 2024. This will have an impact on fee income compared to Q2 last year.

For overall fee income, please bear in mind our previous comment around negative business and consumer sentiment which is expected to have a dampening effect on customer activity. The uncertainty accelerated in Q2 due to increased global political tensions around tariffs imposed by the US administration in April with a potential impact on customer activity when comparing to Q1.

Please note, that the activity driven fee income last year was positively affected by a non-recurring decline in fee expenses related to fees of DKK 0.1bn in Q2-24.

Looking at investment fees, in the start of Q2 we have seen declining asset prices and high volatility with a potential impact on AuM and investment appetite among our retail customers.

In respect to fees generated from financing, the volumes at Realkredit Danmark refinancing auctions for adjustable-rate mortgages in Q2-25 have been lower both compared to Q1-25 and Q2-24. In isolation this will lead to lower income in Q2-25. In addition, we expect lending demand to be impacted by lower activity

And finally, primary capital markets activity also declined post the announcement of US tariffs, with low ECM and M&A activity as many transactions have been put on hold although DCM activity holds up well.

### **Trading income**

Now turning our focus to trading income.

Yields on mortgage bonds and government bonds have been broadly unchanged during Q2. Spreads have widened somewhat on callable mortgages, while longer-end flex bonds have been broadly unchanged.

Overall, customer activity has been constructive during the quarter.

## **Danica**

Please be aware that Danica's results are always subject to developments in the financial markets. Kindly be reminded that in the first quarter, we booked a negative one-off of DKK 0.2bn in the first quarter related to provisions for legacy life insurance products.

## **Other income**

Other income continues to be affected by residual values in our leasing business. As we have flagged earlier, this affects the run rate for other income going forward.

## **Costs**

We reiterate our outlook for full year expenses of up to DKK 26bn.

## **Impairments and credit quality**

We have no specific comments in respect to the second quarter other than to note that the resilient macroeconomic environment continues to support credit quality, as we reiterate full year loan impairment guidance of around DKK 1 bn.

## **Tax**

We do not have any comments with respect to tax.

## **One-offs**

At this point, we don't expect any one-off items for Q2-25.

## **Capital**

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 27<sup>th</sup> of June. We will shortly start to collect consensus estimates with a contribution deadline on 27<sup>th</sup> of June close of business.

Please note that we publish our Q2-2025 results on the 18<sup>th</sup> of July 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.