Danske's 2026 Profit Could Exceed Guidance

Credit Comment

Danske Bank A/S's strong 9M26 performance is consistent with its high ratings. Growth in net interest income (NII) and fees, positive operating leverage and negligible loan impairment charges more than offset weaker trading income. Danske narrowed its 2026 net profit guidance to DKK24 billion-DKK25 billion, from DKK23 billion-DKK25 billion, reflecting greater visibility on credit costs. Fitch Ratings expects net profit towards the upper end of the range, with scope to exceed guidance if credit costs remain close to zero.

Core Income Growth and Efficiency Support Profitability

Higher interest rates and limited migration into term deposits will support NII in 2027. NII rose by 4% year on year (yoy) in 9M26, supported by wider personal-customer deposit margins and corporate volume growth. Continued growth in fee-generating businesses, particularly asset management, should broaden the revenue base and gradually reduce earnings sensitivity to interest rates.

Danske's leaner operating model will sustain cost efficiency despite wage pressure and continued technology investment. The cost/income ratio improved to about 44% in 9M26, despite increased severance costs and digital investment. Headcount fell by 4% yoy, mainly in group functions, which should support structural cost efficiency.

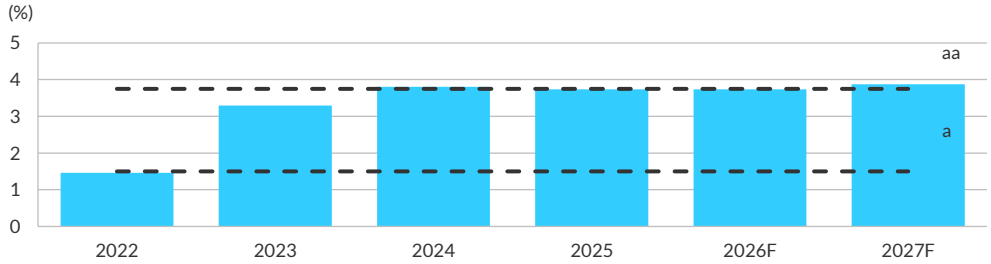
Credit Costs to Remain Low

Credit costs are set to remain below normalised levels, supported by favourable Nordic economic conditions and resilient borrower performance. Loan impairment charges were only DKK65 million in 9M26 following net reversals in 3Q26. Post-model adjustments were maintained at DKK5.2 billion, equivalent to about 30bp of gross loans or four years of normalised impairment charges. This provides substantial protection against moderate asset-quality deterioration.

Capital Headroom Remains Comfortable

We believe there is limited risk of a material internal ratings-based model-related increase in risk-weighted assets, in contrast with pressures recently flagged by some Nordic peers. The recent 40bp reduction in Danke's Pillar 2 requirement adds to already comfortable flexibility for loan growth and distributions, although the reduction was already incorporated into the bank's capital planning.

Operating Profit/Risk-Weighted Assets



Dashed lines represent indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks.
Source: Fitch Ratings, Fitch Solutions, Danske

Ratings

Foreign Currency	
Long-Term IDR	AA
Short-Term IDR	F1+
Derivative Counterparty Rating	AA(dcr)
Viability Rating	a+
Government Support Rating	ns

Sovereign Risk (Denmark)	
Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA

Outlooks	
Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Related Research

Danske Bank A/S (October 2026)

Fitch Affirms Danske at 'AA'; Outlook Stable (October 2026)

Global Economic Outlook - September 2026

Fitch Takes Rating Actions on 10 Nordic Banking Groups Following Criteria Update (May 2026)

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