

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 2025.
My name is Claus Ingar Jensen, and I am head of Danske Bank's Investor Relations. With me today, I have our CEO, Carsten Egeriis, and our CFO, Cecile Hillary.
We aim to keep this presentation to around 20 minutes.
After the presentation, we will open up for a Q&A session as usual.
Afterwards, 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, and I would also like to welcome you to our conference call where I am pleased to share the highlights of Danske Bank's financial results for 2025.

Although the geopolitical situation overall continued to be challenging, the macroeconomic backdrop for our customers and thus our business in the Nordics continued to be stable and slightly improving during the year.

This is clearly reflected in our financial result, as 2025 has been a year of solid performance for Danske Bank. Measured in terms of profit before impairment charges, 2025 represented the best result ever. Net profit for the year came in at 23 billion, equivalent to a robust return on equity of 13.3 per cent. The result was based on improved income due to higher customer activity and furthermore evidenced by positive volume development.

I am pleased to see that, despite the sale of our personal customer business in Norway and several rate cuts during the year, we were able to maintain net interest income at the same level as in 2024. The slightly lower net profit in 2025 was solely due to a more normalised but still low level of loan impairment charges, compared to net reversals in 2024.

When comparing to the preceding quarter, core income came in better as a result of higher NII from an increase in lending and deposits and significantly higher fee income based on growth across all fee categories and in particular from record-high performance fees within Asset Management. Operating expenses came in line with expectations and credit quality remained strong. As a result, net profit for Q4 amounted to 6.3 billion, up 14 per cent from the preceding quarter.

Cecile will comment on the details of our financial results later in this call.

Our strategy execution remained on track as we continued to see robust commercial momentum and invest in our business as laid out in our strategy plan. During 2025, the scaling of our digital and GenAI technological capabilities across the bank has been in focus, and we are now starting to see tangible results in our workflows leading to improved productivity. I am looking forward to presenting a more comprehensive update with our strategy update in connection with the presentation of our Q1 results.

And then I would like to comment on our capital distribution. Based on our strong earnings and solid capital position, I am pleased to announce a distribution of the full net profit for 2025. Ordinary dividend will

account for 60 per cent in accordance with our dividend policy. In addition, we propose an extraordinary dividend of 20 per cent, taking total dividend per share to 22.7 kroner, and a new share buy-back programme of 4.5 billion. In total, a payout ratio for 2025 of 100 per cent.

Finally, on the financial outlook for 2026, which Cecile will comment on in more detail, we expect a net profit of between 22 - 24 billion, driven by growing core banking income from continued efforts to drive commercial momentum.

I will now continue with comments on the performance of our business units before Cecile will comment on the financial results in more detail.

Slide 2, please.

At Personal Customers, the financial performance has been solid, with total income up 2 per cent relative to the same quarter in 2024 and up 3 per cent quarter-on-quarter. The performance was based on good customer activity that led to higher lending and deposit volumes, up 1 and 5 per cent respectively, relative to the level in 2024.

The uplift in activity and volumes came from all our Nordic businesses, driven in particular by Private Banking and home loans in Denmark and Sweden.

In the Private Banking segment, 2025 was a year of strong momentum based on the continued execution of our strategic priorities. The investment business was supported by strong net sales, which helped lift assets under management to record-high levels, with Danske Invest retail funds reclaiming the market leader position in Denmark.

In the housing markets, activity improved in 2025. In Sweden, lending increased 1 per cent in local currency, with improving momentum towards the end of the year. The better traction in Sweden came from higher customer activity supported by a strengthened customer offering.
In Denmark, housing market activity also improved in 2025 especially in the large cities. Total lending was stable year-on-year, but our bank home loan product, Danske Bolig Fri, grew another 12 per cent compared to the preceding quarter and 44 per cent year-on-year. The product now accounts for more than 70 billion in lending, and the positive development is a testament to our flexible loan offering and ability to cater to the changing customer preferences.

Furthermore, total income in Q4 was supported by a 14 per cent increase in fee income driven primarily by high refinancing activity for adjustable-rate mortgages and by investment fee income.

Costs came in higher in Q4 due to expected higher seasonal expenses which explains the higher cost-income ratio.

Slide 3, please.

At Business Customers, 2025 was a year of solid financial performance based on strong customer activity that continued throughout the year.

Total income was up 8 per cent compared to the same quarter in 2024 and 5 per cent quarter-on-quarter. This was driven primarily by a positive development in net interest income based on a strong uplift in volume and activity-driven fee income.

Lending as well as deposits volumes were both up 5 per cent based on growth in all countries. The increase in business momentum reflects the continued execution of our growth agenda, as we welcomed new corporate customers. As a result, we gained market share across all four Nordic countries.

Return on allocated capital as well as cost-income ratio, were in line with our targets. The increase in ROAC was supported by reversals of loan impairment charges on the back of continued strong credit quality.

Business customers continue to be a key strategic focus for us, and in 2026, we will continue to strengthen our advisory capabilities, for instance by investing in
analytics to generate leads for advisers and improving the One Corporate Bank digital platform.

Slide 4 please.

Turning to our Large Corporates & Institutions business, we are pleased that our continued focus on advisory solutions for our customers and our sustained efforts over the years to improve our business offering, have shown positive results in 2025. Thanks to strong execution, 2025 was a record year for LC&I.

Firstly, we continued to see strong volume growth with corporate lending up 14 per cent from the level in the fourth quarter of 2024, which supported a 15% increase in NII. Deposits, which by nature are more volatile, have seen a healthy overall trajectory but also sizeable fluctuations related to large corporate transactions.

Secondly, in line with our strategy of growing our Nordic footprint, we are expanding our "one corporate bank" concept in the Nordic region. In 2025, we continued to win new house bank mandates within daily corporate banking.
In addition, 2025 has been an exceptionally strong year for our investment solutions. Asset under Management grew 16 per cent relative to last year and reached all-time high. Besides higher asset prices, we have successfully been able grow net inflow and add new customer mandates within the institutional as well as the private banking segments.

The impressive investment performance in Asset Management enabled us to recognise performance fees of 0.9 billion, up 27 per cent from last year, which was already a year of strong performance.

With respect to profitability and cost efficiency, the strong performance in 2025 has enabled LC&I to deliver significantly better compared to our targets.

With that, let me hand the word to Cecile for a walkthrough of our financial results for the Group.

Slide 5 please

Cecile Hillary, CFO

Thank you, Carsten.

Thank you, Carsten.

2025 was a year of solid financial performance. Net profit for the Group came in at 23 billion compared to 23.6 billion the year before.

Total income improved, mainly due to a 3 per cent increase in fee income, reflecting increased customer activity and strong performance in Asset Management. NII was unchanged as the positive effect from increased volumes and a positive contribution from our structural hedge were able to mitigate lower rates.

Operating expenses were in line with the level in 2024. Loan impairment charges came in at a more normalised but still low level, whereas we had net reversals in 2024.

The result for Q4 came in at 6.3 billion, up 14 per cent from the level in the third quarter, mainly due to higher core income. NII benefitted from positive volume effects. When excluding the tax related contribution, NII was up 2 percent. Fee income was up 39 per cent quarter-on-quarter, as all fee income categories contributed positively, with performance fees in Asset Management as the single most important source of fee income in the quarter.

Trading income saw a decline in Q4 mainly due to seasonally lower customer activity in fixed income markets.

Income from insurance activities was impacted by a model recalibration for the Health and Accident business that led to a net negative effect of 200 million. The impact follows the annual update of model parameters, as well as adjustments following an inspection by the Danish FSA. When looking at the net financial result in isolation we saw a positive development from a better investment result. We continue to focus on repricing, preventive care and reactivation initiatives in the Health and Accident business to improve the financial outcome of insurance contracts and respond to current market trends related to long-term illnesses.

Operating expenses came in higher in Q4 due to year-end seasonality related to performance compensation and severance costs.
And finally, as credit quality continues to be strong, loan impairment charges were kept at a very low level.

Slide 6 please

Let us take a closer look at the key income lines, starting with net interest income.

NII for the full year remained stable as the headwind from deposit margins due to lower central bank rates was mitigated by an increase in lending and deposit volumes, as well as improved lending margins and a positive contribution from the structural hedge, which grew to circa 180 billion at the end of Q4.

Relative to the preceding quarter, NII increased more than 4 per cent supported by a 200m tax related effect. As interest rates were stable during the quarter, the impact from margins was insignificant. However, NII benefitted from a continually positive development in volumes, particularly evident on the corporate side whereas the impact from the structural hedge was similar to that in Q3.

With respect to the deposit margin development, as I mentioned in Q3, the increase observed in Q3 relates to changes to our funds transfer pricing framework implemented in Q2 with the objective of allocating NII from the structural hedge to the business units. It is important to note it is not driven by changes to customer pricing and does not impact Group NII.

Our NII sensitivity remains unchanged quarter-on-quarter.

With respect to the outlook for 2026, we expect NII to grow, supported by stable rates and structural growth, particularly within lending. The outlook is, as always, subject to markets and balance sheet developments.

Now, let us turn to fee income.

Slide 7, please.

In 2025, fee income amounted to over 15 billion corresponding to a 3 per cent increase compared to 2024. This represents a record high level for Danske Bank based on high customer activity and strong performance in Asset Management throughout the year.

Relative to the third quarter, fee income was up 39 per cent in Q4, mainly driven by sustained strong performance in Asset Management that led to record high performance fees, up 40 per cent from the same quarter in 2024. In addition to higher performance fees, fee income was supported by continued growth in assets under management with positive net sales for all categories of clients. AuM ended the year at an all-time high of over 1 trillion kroner.

Income from financing had a positive effect in Q4, driven by higher corporate activity and a seasonally solid refinancing activity at Realkredit Danmark.

Within our capital markets business, fee income in Q4 benefitted from a continuation of good DCM momentum and a rebound in activity in ECM.

Next, let us look at net trading income..

Slide 8, please

Overall, we have seen a stable development for trading income in 2025. With positive value adjustments in Treasury, the headline number was up 8 per cent. Stable customer activity, mainly within Fixed Income, further contributed to the result.

In Q4, trading income came in lower due to seasonally lower customer activity at the end of the year.

This concludes my comments on the income lines – let's turn to expenses.

Slide 9, please.

Looking at the development for the full year, operating expenses are in line with our full-year guidance of up to 26 billion. We have managed our cost base as expected and mitigated the impact of inflation, which supported a slightly improved cost/income ratio of 45.5%.

Relative to the level last year, costs were in line as the intended structural cost takeouts and a lower contribution to the resolution fund mitigated the impact of wage inflation and performance-based compensation. The relatively modest increase in digital investments in 2025 should be seen in the light of the significant ramp-up we made in 2024.

Furthermore, we executed structural cost take-outs within our Financial Crime Prevention division. Going forward, ongoing efficiency in that division will mainly come from technology improvements, with a limited reduction stemming from post resolution right-sizing.

Relative to the preceding quarter, Q4 costs were impacted by year-end seasonality, including performance based compensation, severance costs and investments in our tech transformation.

We intend to maintain the same focus on cost discipline in 2026, whilst continuing to invest in our digital and commercial agenda in line with our growth strategy. Accordingly, we expect expenses in the range of 26 to 26.5 billion in 2026.

Slide 10, please.

Turning to our asset quality and the trend in impairments.

Throughout 2025, our well-diversified and low risk credit portfolio benefitted from a benign macroeconomic environment, particularly in Denmark, with sustained low unemployment, real wage growth, improving household finances, as well as strong corporate balance sheets.

In Q4, our strong credit quality underpinned another quarter of low impairment charges, amounting to 35 million, which took full year charges to 294 million – equivalent to 2 basis points of our loan portfolio.

Actual single-name credit deterioration remained modest, and we continue to benefit from modest stage migration. Charges related to our macro models were negligible in the quarter, and we continue to apply both a downturn and a severe downturn scenario.

With reduced external uncertainties in the Commercial Real Estate sector, including lower and stable rates, our Post-model adjustments review resulted in net releases of 300 million in Q4.
Although the PMA buffer, has overall been reduced, we have bolstered the buffer related to Global tensions further and will continue to apply a prudent approach to cater for potential risks and uncertainties that are not captured through our macroeconomic models.

We will continue to review the PMA buffer sector by sector going forward. I would also like to emphasise that our impairment guidance for 2026 of around 1 billion, remains below our normalised level, but is not predicated upon significant PMA releases.

Slide 11, please.

Our capital position remained strong and has consistently been supported by a healthy capital generation throughout the year. At the end of Q4, the fully phased in CET1 ratio was 17.6 per cent when including the effect from the adoption of the new conglomerate directive that took effect on January 1st . Furthermore, the ratio includes the full deduction of the additional 40 per cent distribution of the net profit for 2025 announced this morning in addition to the already accrued dividend of 60 per cent.

The increase in Risk Exposure Amount in Q4 relates to higher operational risk REA which, as per normal practice, is subject to an end of year calibration that reflects our higher top line and profitability, as well as lending related credit risk REA.

We continue to operate with a healthy buffer to the regulatory requirement, as we steadily execute towards our capital target of above 16 per cent. We will provide more detail on our on our capital trajectory with our strategy update in connection with the presentation of our Q1 results.

With that, let me turn to the final slide and outline our financial outlook for 2026.

Slide 12, please.

We expect total income to be around 58 billion. This will be driven by growing core banking income and the continued commercial momentum and growth that we see in our markets.

Income from trading and insurance activities remains subject to financial markets conditions.

We expect operating expenses in the range of 26 to 26.5 billion in 2026, reflecting our growth ambitions and continued investment spend alongside a sustained focus on cost management. The cost/income ratio is expected to be around 45 per cent in line with the target for 2026, announced at our Strategy launch.

We expect loan impairment charges to be around 1 billion, below our normalised loan loss ratio, as a result of continued strong credit quality.

We expect net profit to be in the range of 22 – 24 billion.

Slide 13, please and back to Claus.

Claus Ingar Jensen – Head of Investor Relations

Thank you, Cecile. Those were our initial comments and messages. We are now ready for your questions.
Please limit yourself to two questions. If you are listening to the conference call from our website, you are welcome to ask questions by e-mail. A transcript of this conference call will be added to our website within the next few days.
Operator, we are ready for the Q&A session.

Q&A

Gulnara Saitkulova (Morgan Stanley): So my questions are on NII evolution. You saw a negative contribution from the structure of HP's quarter as well as the strong positive contribution from other income.

Could you walk us through the key drivers behind the higher contribution in other income? And how should we think about it going forward? And looking ahead into 2026?

How should we think about the main moving parts of NII including the expected impact from structural hedge? And my second question also

on NII, you mentioned that NII expected to grow in 2026. Based on current visibility, do you think the consensus estimate for this year, NII are appropriately calibrated or the market may be over or underestimating the outlook?

Carsten Egeriis: Thanks for that. Let me take the first more general question, and then I'll hand over to Cecile for the for the other income and the moving parts on NII evolution including the structural hedge question.
I think overall, we're guiding to higher core income.
So we expect to see an increase both in NII and in fees. And the higher the total income we've guided to around DKK 58 billion.
So I think you can sort of roughly calibrate that against current consensus. Cecile, do you want to talk about the moving parts of other income and then the structural hedge?

Cecile Hillary: Yes, absolutely. So obviously beyond these effects that Carsten mentioned, I'll talk about the structural hedge and then I'll talk about the other income.
On the structural hedge, the lift that you've seen year-on-year is obviously the one to focus on.

I wouldn't focus too much on the quarterly effect in the sense that, look, we got obviously roll off from our bond portfolio, and those rollouts happen in different quarters, right? So you might have slight ups and side down in one quarter, but the overall effect for the year is the one to focus on which leads me to talk about the structural hedge for 2026, and then I'll take the other income question.

So the structural hedge for 2026, it will continue to provide a lift.
So year-on-year, you can expect a positive contribution from the structural hedge.
I would note as well that you've seen that we've increased the struggle hedge now from DKK 170 billion as at end of Q3, DKK 280 billion.
So that's on the structural hedge.
On the other income, and you can see indeed the 'Other' of DKK 262 million from Q3 to Q4.

Look, this is mainly the tax effect of DKK 200 million. And then the remainder -- so obviously the tax effect is alienation of a one-off, right which we should -- you shouldn't assume going forward.
And then the rest is the treasury effect. And obviously we see ups and downs, mainly down to the sort of market value impact of derivatives year-on-year, that's typically linked to the hedging we do on the cross currency side. So that's on the other income.

So obviously again 2026 in terms of your expectations, you should see an NII that is slightly up compared to the 2025 results overall.

Shrey Srivastava (Citi): Two for me, please. The first is, I believe you were at DKK 150 billion notional in Q2, and now you're at DKK 180 billion, so you've increased the size of the hedge quite significantly.
Could I ask first for the rationale for this? And secondly, do you have a target notional for the structural hedge in terms of a percentage of stable and operational deposits? Or how do you think about it?
And my second one is you've obviously done fairly well in large corporates. You've had double-digit loan growth for the year. And you previously remarked how you maintain -- you remain below your natural market share in certain segments.

Can you talk a bit about what specific areas you expect to drive growth in the future??

Carsten Egeriis: Yes. Thanks for that. Let me take the second question, and I'll hand over to Cecile for the for the question on the hedge increase and the target hedge and rationale.
On the loan growth side of things, and now I talk across the sort of corporate banking business, so both our business customers and our large corporate institutions business.

Our strategy is to continue to build a leading Nordic wholesale bank and a leading bank for business customers with more complex needs.

That was the strategy we launched back in June '23. And we've seen solid growth and continued market share gains in those segments. And it's really all about how we bring to life our total one corporate banking and institutional platform, utilizing our strong product factories, utilizing our strong advisory capabilities and combined with our strong digital and technology platforms. And really, when you look at all the Nordic countries, we still believe that we have plenty of growth opportunities.

Our market shares continue to be relatively small outside of Denmark. So we have much more opportunity to grow across Norway Sweden and Finland.

And then at the same time we also believe that with a strong and growing economy in Denmark, we have opportunity to continue to grow there as well. And I think just again in terms of like whether there are sectors, industries, et cetera, I mean I would say it's pretty broad-based growth we've seen. There is no question that we believe that we're going into one of the larger investment cycles of our time driven by energy transition, by defense, by the changes happening in technology.

But at the same time also, again a pretty robust and healthy Nordic economy more generally.
So broad-based growth, but clearly also some pockets of extra opportunity.

Cecile Hillary: Great. So I'll take the -- your structural hedge question, Shrey.
So you've asked two questions.
One about the rationale for increasing the hedge to DKK 180 billion. in Q4?

And then secondly, what is the target notional.
So on the rationale, well look, the structural hedge is well exactly what it says which is it is there to really hedge our stable deposits and

liabilities. You've seen the increase on the deposit side, particularly in the retail sector which is obviously part of our stable deposit base and the strong performance there, right, with 5% year-on-year on the deposit side in the PC sector. That increase in deposits and that stability allows us to continually look at the size of our structural hedge notional and that has led to the increase alongside our objective to be hedged for NII and provide the NII stability or NII uplift that you can expect in the current rate environment.

So that hedging focus on the one hand and also the trajectory of our deposits explain where we are.

On the target notional, look, I think at DKK 180 billion for the bond portfolio, we are well hedged. Having said that, I would also point out that we obviously have a loan hedge portfolio in addition to the bond hedge portfolio. The loan hedge portfolio is about DKK 200 billion.

I would also point out that, that loan hedge portfolio has got some optionality.
It's not as perfect a hedge as the bond hedge portfolio which itself has a 3.5-year average life, but these are the details I can give you.

So going forward in terms of the target notional, we're pleased with DKK 180 billion. Where will the trajectory go? Look, I'm not calling for any increase at this stage, although we may see some modest increases in 2026, but it will be either stable or potentially slightly increasing.
We also have to see the trajectory on our deposits, of course.

Sofie Peterzéns (Goldman Sachs): So my first question would be, we have elections in Denmark, if I'm not mistaken, in the second half of the year. There has been some noise in the local press about, I think one of your ministers is kind of suggesting that maybe the fees that the banks are charging are too high. Do you see any risk for any fee caps to potentially be introduced in Denmark? And what could that potentially mean for Danske Bank?

And then my second question would be on price competition.

We saw, I think last week, both [NII] Credit and Danske cutting some of the pricing on the mortgage products.
Could you just walk us through the competitive environment? What does these price cuts that you announced last week mean? And how should we think about the margin evolution in 2026?

Carsten Egeriis: Sure. Thanks for that.
I don't expect that there will be any intervention in terms of sort of price or usually caps.
I mean the discussions in -- by the Business Minister has been around competition and increasing transparency and increasing ease of moving bank accounts. And those are all things that, in fact, we support in Danske Bank.

So we continue to deliver very competitive products, continue to focus on how to make it even more transparent and easy to move banks. So we're not concerned about any intervention in terms of caps or the like.

On the price competition in mortgages, we, in fact, continue to be very focused on competing in the segments where we believe that we can differentiate for our customers. And the mortgage market in Denmark is an important market in the sense that it's an important product for our customers, and we continue to be focused on delivering sort of a broad banking relation for our customers.

And therefore, we have chosen to -- on a more sort of focused and targeted competitive approach to lower pricing on some of the fixed rate interest-only mortgage products. And we don't -- again keep in mind, this is a relatively small pocket of the -- of our overall lending. And therefore we don't see that this will impact margins.

We -- looking into '26, I think at a very high level, we continue to believe that margins, and I'm talking overall now margins across deposits and lending will be fairly stable.

.**Tarik El Mejjad (Bank of America)**: I just want to come back on your growth opportunities and with a focus on Sweden.
In the past, you've been giving some snippets on hints on where you would grow.
Can you tell us a bit where -- how do you see the corporate actually competitive environment in Sweden and how a franchise like yours can actually fit within this competition? And then second question on capital return.
I know you will present all this with Q1.

So it's more on the -- on the way you would think about distribution, not the quantum. A few banks now have moved into -- start to distribute the ongoing earnings earlier, like by executing buybacks earlier which shows as well of confidence on earnings delivery.
Is that something you would consider? Or it will be, let's say '26 earnings with execution in '27? So just to understand whatever distribution you announced with Q1 results, how quickly this could be implemented?

Carsten Egeriis: Let me take the first one and then, Cecile, I hand over to you for the capital return dynamics and distribution dynamics.

On Sweden, we have, over the last few years, increased our market share steadily across all of corporate banking and the institutional business for that matter as well. And we have seen since the launch of the new strategy, a larger inflow of new cash management customers than what we had targeted back when we launched the strategy. This is a very focused part of our strategy is to grow our customer base to get new cash management customers in and then again to deliver our total corporate bank for our clients in Sweden.

The customer intake is really broad-based. There are some customers that are growing and therefore need a second or third bank, and there are also some customers where we become their first bank.

And also when I look at sector and industry, it's broad-based.

We've continued to invest in advisory capabilities and talent in Sweden as well as continue to invest, of course in our one corporate bank platform which, of course benefits all of our customers.

So we see our strategy working.

We see it in the market share.

We see it in the activity.

We see it in the customer satisfaction, where we're also strongly positioned on the Prospera customer satisfaction, not only by the way in Sweden, but also across the Nordics.

Cecile Hillary: So let me take your question, Tarik, on the capital return and the distribution. And let me outline how we view our regular capital distributions.

Indeed, in terms of split, it's a 60-20-20. That's in line with last year, 60% ordinary dividend and 20% extraordinary dividend, 20% share buyback.
As far as the rhythm of this regular capital distributions are concerned, they're annual.
And really, this is not something that we've got any plan to change at this stage.

Mathias Nielsen (Nordea): Congratulations on the strong end to '25.
So my first question goes a bit about cost and cost inflation. Like obviously it seems a bit high in Q4, but I also understood the comments about compensation and seasonality.
But you also guide for a bit higher cost inflation next year of between 0.5% and 2.5%.
Is there anything that has changed there? And like how should we think about the point in time where we start to see productivity from AI investments and so on offsetting the investments, so to say so like you get back on that?

And then secondly, related to this and maybe a bit on private banking in general, it seems to lag a bit on the cost income target versus where you want to be.

It also seems like the lending growth is a bit subdued compared to what we see in the other segments.
Is there anything structurally that is not well working at personal customers yet? Or is it just a matter of time? Or how should we think about that before that is also on the same trajectory as we see in the other segments that you have?

Carsten Egeriis: Thanks for that.
Let me start by personal customers.
In fact, since we launched our strategy, we see the following sort of really positive momentum, and that is we see customer inflow in private banking.
We see customer inflow in the personal customers with more heavy advisory needs, and we typically segment those as customers with potential wealth above DKK 1 million that really require not just the product set, but also the advisory capabilities.
So we see customer net flow in those areas inflow.

And we also see market share gains on the investment side, and we overtook -- again we took our first position as the largest investments market share in Denmark which, of course also has a very close link to the fact that both our private banking and the higher end of the personal customer segments are doing more business with us.

We're also seeing increased insurance, Danica insurance penetration into those customer segments. And you see that really reflected, of course in the solid fee income progress. Where we'd like to see more progress is on the mortgage side and is on the sort of mass retail flows. And there, you're right, it is something that takes a little bit longer. There's both sort of rebuilding reputation, continually being out there in the market from a marketing and positioning perspective.

But we believe that our digital and technology platform, all the investments we've made, both on Panorama which is our sort of comprehensive advisory platform to our mobile banking platform including the housing portal in the mobile bank to our rollout of, for example, our AI chatbots which provide a better customer experience. All those things, we believe, position us to be able to increase not only the growth in the focus segments, but also in the mass retail.

Just a comment on cost, and then I'll also ask Cecile to comment on it. It is true that you see slightly higher costs into '26. '26 will be the largest investment year we've had.
So we are investing heavily in our business, in technology, in advisory, in digital.
At the same time we are seeing beginning impact on productivity.

I mean we've seen impact from productivity over the last few years, but we're seeing increasing impact of productivity as we roll out various different AI solutions.

It is also something we'll talk a little bit more about when we get to our strategy update.
So important to say we're investing heavily in the business.
We are seeing productivity.
We're also seeing continued benefits from lower costs on financial crime and other remediation.

But perhaps, Cecile, you also want to comment on the costs.

Cecile Hillary: Yes. Let me comment on the -- on the cost, Mathias, and I'll take your questions which were about 2025 and Q4 specifically. And then, of course the outlook into 2026, and I'll try and unpack a bit this guidance as well to give you more information there.

So on the 2025 side, clearly, we're pleased to have ended the year on expenses in line with our guidance of under DKK 26 billion at DKK 25.85 billion as we guided all along. And as we guided as well in the last quarter, Q4 would be higher.

You can see that we've had an increase of about DKK 350 million versus Q3 with respect to the staff costs including severance and performance-based compensation which obviously allow us to adapt our workforce to the new skills that we require and the new services that our clients also expect from us as well as beyond the staff costs, obviously the investments including digital investments which you can see as well of above DKK 270 million which we've done quarter-on-quarter.

So as Carsten mentioned, our growth and our transformation strategy obviously require these investments, but also these staff costs, particularly when it comes to severance and performance-based compensation.

So that's Q4.

Now let me talk a little bit more about 2026 and our cost outlook.
So you will see that we've provided effectively a dual guidance.
One, we reiterate our circa 45% cost-to-income ratio for 2026 which is the same as we guided at the launch of our strategy.

So that hasn't changed. And then we gave a further range of DKK 26 billion to DKK 26.5 billion in terms of the cost outlook because we thought it would be helpful to effectively range bound the lower and upper bound of our costs for the year.

So let me give you a little bit more insight into this cost range.

So firstly, you can assume an inflation headwind around our cost from 2025 of about 3%. That inflation headwind will be fully mitigated by the efficiencies under the 428 strategy from our investments which Carsten was mentioning.

And as Carsten mentioned, we will go into these efficiencies and the tech and AI impacts, in particular, a little bit more during our Q1 update on the strategy side as well on 30th of April. Then beyond this inflation headwind of 3% mitigated by efficiencies, we, of course have costs linked to our growth.

So we assume growth in the business.
But the rest is really investments, digital including tech and AI as well as nondigital. And the approach that we have which is why we wanted to show this range is a stage-gating approach.

So effectively, depending on the momentum in the business, we will adjust our costs and our investments to be within this DKK 26 billion to DKK 26.5 billion and obviously meet our cost/income ratio target as well.

Mathias Nielsen: Maybe just a follow-up on the Personal Banking.

So when we look at the cost income like moving a bit above where you want to be, do you see that as an income issue or mainly a cost issue? How didn't really come across like super clear, what is the delta to reach the target from your perspective?

Cecile Hillary: Yes. No, absolutely. Look, a couple of things I would say. I mean firstly, obviously I would point you to the ROAC which is extremely strong in that business.

I mean you can see that it's actually above our target.
And in terms of run rate in the fourth quarter ended up at 31%.

So we're obviously very pleased with the profitability in that segment which is led by all the initiatives and outcomes that we've seen including in private banking that Carsten went through earlier.

When it comes to the cost to income, look, we are investing, obviously heavily in that area. These investments are clearly digital. We've upgraded our mobile app.

For instance, we've provided some very significant and tools that are already showing a very good amount of traction in terms of our relationship advisers and the tools that they have for their clients. And we will continue to invest.
And that obviously is something that we're doing with an eye on the overall group costs, as I mentioned earlier, and again on the ROAC of the area.

Martin Birk (SEB): Just coming back to one of the last questions on volume growth and especially volume growth in this quarter and perhaps zooming in on large customers and also business customers, a quarter where you should have had quite decent benefit from FX. And it seems like Q-on-Q volume growth is fairly muted and it sort of breaks the trend from the previous three quarters.

What's happening in this quarter specifically? And then also coming back to asset coming in -- talking about asset quality. Your impairment guidance is for lower than your normalized next year.

I appreciate that you have reduced PMAs by roughly DKK 1.3 billion over the recent two years, but the DKK 5.4 billion still seems relatively high, both in Nordic and in a European banking context. Where would you see this go? Or what is it normalized level for this given your positive outlook on impairment charges?

Carsten Egeriis: Thanks for that. I think on the volume growth Q4, on BC, in fact, we continue to see growth quarter-on-quarter.
So pretty solid continued momentum.

It's true that in LC&I, Q4 was more flattish, but it's not something that concerns us.

I mean we -- when we look into 2026, we believe that pipeline and activity looks good.
And again of course the stable Q4 is on the back of a growth rate of 14% year-on-year.

On the asset quality, we see very solid asset quality. And as you also see in the staging, very solid sort of trends in Stage 2 and 3.

So it is true that although we do have a little bit of release on the post-model adjustment side, it is still a high level of post-model adjustments that we have.

If I sort of look at it through the cycle, that is very much driven, of course by continued macro and geopolitical uncertainty.
But as I've also said before you should expect those PMAs to come down gradually as we get more certainty and visibility.

That's, in fact, also what you've seen, particularly in commercial real estate as inflation and rates have come down and that, that has normalized more.

So again yes, continued view that it is on the higher end and that with the current economic environment, our base case, you should expect that to continue to come down somewhat.
But again also being very clear that there is an exceptional amount of geopolitical uncertainty. And therefore we're also being cognizant of that which is reflected in the PMAs.the market.

Martin Birk: And you wouldn't say that the volumes development that you see in Q4 is a function of particularly one player increasing its appetite on Swedish SME and corporate markets. I didn't hear that, sorry.

Carsten Egeriis: No. No. I wouldn't say that.

Riccardo Rovere (Mediobanca): Two, if I may. The first one is on the capital target. You technically have more than 16%. That is unchanged, but your common equity Tier one ratio stays more or less in line with the rest of the Nordic bank anywhere between -- in the range of 17.5%.

So I was wondering how should we read the more than 16% because I would guess that this is interpreted at maybe 16.5%, but your common equity is way ahead of that.

The second question I have is not clear to me if you have -- if your guidance on losses includes the use of PMAs or some of PMAs in '26.
And then if I may a final one, the new conglomerate direction gives you some more headroom or some regulatory advantage in -- for bolt-on acquisitions in the asset management or insurance space eventually?

Carsten Egeriis: Yes. I mean just a short comment on the last one.
It's not something that we are looking at actively.
Of course we have a life insurance company in Denmark.
But otherwise, it's not something that we're actively looking at, but there could be benefits in the future from accounting, but it's not something we're focused on.

On the loss guidance, the loss guidance excludes any changes for post-model adjustments and the loss guidance of DKK 1 billion, much in line with last year is our best view given kind of the benign macro environment that we're looking into and the benign asset quality that we're seeing. And then Cecile, maybe you can comment on the capital targets

Cecile Hillary: Yes, absolutely. So on the capital targets, obviously Ricard, it hasn't changed, right? So it's still above 16%, and we're not going to -- we're not planning to change it at this stage. You are right that its at CET1 of 17.6%, we obviously have excess capital which is something that we've obviously discussed and it's a regular topic of discussion with analysts and investors alike.
We are planning to address this topic and the glide path when it comes to our capital in the context of our Q1 results.

So that will be on the 30th of April.
So I will ask you to bear with us until then.

But look, I mean I think in terms of capital, obviously we benefit from a very strong capital generation year-on-year. That's been the case certainly since we launched our strategy, and we've been constantly quarter-on-quarter hovering between the sort of 250 and 300 basis points annualized capital generation which is obviously a positive thing.

So the 17.6%, just to confirm, obviously includes fully loaded, so the impact of the conglomerate directly as well. And I will also just one last thing.
Obviously you know that our capital requirement is 14.8%, right, on the risk side.
So above 16% is obviously the target.

Carsten Egeriis: Well thank you very much everyone, for your interest in Danske Bank and your questions. Much appreciated.
And as always, please reach out to Claus and our IR department if you have any other questions. Thanks very much.

[END OF TRANSCRIPT]