



Conference call

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Investor Relations

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SPEECH

Claus Ingar Jensen - Head of Investor Relations

Good morning, everyone. Welcome to the conference call for Danske Bank's financial results for the first quarter of 2026.

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.

The presentation today will be extended as it will include an update on our Forward '28 Strategy. We aim to keep this presentation at around 45 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 2, 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 Q1 and present an update on our Forward '28 Strategy.

Let me start with the key messages for the quarter. We've had a solid start to 2026, driven by clear commercial momentum across our focus areas, supported by a constructive Nordic operating environment despite the market volatility we've seen.

On the numbers, net profit was DKK 5.7bn, corresponding to 13.1% ROE, and our cost/income ratio was 45.8%, broadly in line with our around 45% 2026 target.

Activity levels were strong: total lending grew around +4% year-on-year, supporting market share gains across the Nordics, and we delivered DKK +6bn of net inflows in asset management in the first quarter of 2026.

For the remaining 2 years of our Forward '28 strategy period, we are raising our financial ambitions. For 2028, we target a ROE above 14.5%, total income around DKK 63bn, and cost/income ratio no greater than 43%, with a new CET1 capital ratio target of around 16%.

Finally, reflecting our strong capital position and updated capital framework, we are announcing an extraordinary dividend payment of DKK 5bn, equivalent to DKK 6.14/share, alongside a revised ordinary dividend policy of 60-70% of net profit.

We will now continue with comments on our performance in the first quarter before Cecile and I will comment on the strategy update in more detail.

Slide 3, please.

Turning to our business units, we saw good customer activity across segments in the first quarter, driving higher loan and deposit volumes overall.

At Personal Customers, performance was stable, supported by core income from higher volumes and an increase in daily banking activity. ROAC remained above target, reflecting disciplined costs and continued efficiency, despite fairly modest volume growth.

At Business Customers, we saw a stronger quarter, with solid lending and deposit growth translating into higher income. ROAC also remained above target, helped by lower costs and loan impairment reversals that underscored the quality of the portfolio.

At Large Corporates & Institutions, activity levels were good and volumes continued to grow, but total income was impacted by seasonality in performance fees. As a result, ROAC declined slightly, also reflecting somewhat higher allocated capital.

Overall, the picture across business units is consistent: healthy customer demand, good volume momentum and returns that remain at or above target at Personal and Business Customers, with LC&I performance reflecting a strong underlying franchise impacted by timing effects only.

Slide 4, please and over to Cecile.

Cecile Hillary, CFO

Turning to the income statement, total income was broadly stable year-on-year, supported by solid core income. Net interest income increased versus Q1 last year and reflected higher volumes, while fee income also grew year-on-year on the back of strong underlying customer activity.

Quarter-on-quarter, total income declined, mainly reflecting seasonality after a very strong Q4, particularly in performance-related fees. In addition, trading income and income from insurance activities were impacted by volatile financial markets, driving negative valuation effects in the quarter.

On costs, operating expenses increased slightly year-on-year, reflecting inflation and investments, but declined quarter-on-quarter, mainly due to seasonal effects in performance compensation and lower severance costs. Overall, the cost development remains in line with our full-year guidance.

Credit quality remained very strong, with small net reversals of impairments. As a result, net profit for the quarter was DKK 5.7 billion.

Slide 5, please.

Turning to core banking income, the underlying trajectory remains solid, driven by higher business volumes and continued customer activity.

Net interest income remains resilient. Adjusted for the DKK 200 million non-recurring tax benefit in Q4 and despite fewer interest days in the quarter, NII increased by around 1%, supported by continued growth in lending and deposit volumes and contributions from the structural hedge. Lending margins were impacted primarily by timing effects, with competitive pricing pressure also continuing to weigh on margins.

During the quarter, we increased the notional amount of the structural hedge by around DKK 10bn to approximately DKK 190bn, while NII sensitivity remains unchanged, providing a stable earnings profile going forward.

Fee income declined quarter-on-quarter, as expected, following a record level of performance fees in Q4. Underlying trends remain healthy, with strong daily banking activity, sustained demand for corporate cash

management, and solid lending and guarantee fees, while capital markets activity was subdued due to financial market volatility.

Slide 6, please.

Turning to trading income and costs.

Trading income quarter-on-quarter reflects higher underlying customer activity in LC&I, though it was impacted due to the volatility in financial markets.

This volatility and the interest rate movements had a negative impact at Group Treasury from unrealised market value adjustments, primarily related to cross-currency swaps and bond portfolio investments held for liquidity management purposes.

On expenses, costs were lower quarter-on-quarter, mainly due to seasonality, including lower performance-based compensation and lower severance costs. This improvement is consistent with what we typically see in the first quarter.

More broadly, cost discipline remains strong, and we continue to deliver structural cost take-outs in line with plan. As a result, we reaffirm our full-year 2026 cost outlook, with a range of DKK 26 to 26.5 billion, corresponding to a cost/income ratio of around 45%.

Slide 7, please.

Turning to credit quality and capital, asset quality remained very strong in the quarter. We recorded net reversals of impairment charges of DKK 26 million, reflecting a well-diversified and well-provisioned portfolio that is supported by stable customer fundamentals. Full-year impairment guidance, however, remains unchanged at around DKK 1 billion, corresponding to around 5 basis points cost of risk.

Our macro scenarios remain prudent, reflecting ongoing geopolitical uncertainty, including tariff and trade tensions. Post-model adjustments were maintained at DKK 5.4 billion, equivalent to around 30 basis points, and provide significant downside protection.

On capital, we continued to generate strong capital during the quarter. The reported CET1 capital ratio was 17.7% before the impact of our announced DKK 5 billion extraordinary dividend payment, which pro-forma will take our CET1 capital ratio to 17.1%. Risk-weighted assets increased by DKK 11 billion, net of the previously announced impact of the Conglomerate Directive, primarily driven by higher lending volumes and market risk related to financial market volatility. Capital requirements were broadly stable, leaving CET1 capital ratio headroom of around 290 basis points, underscoring our continued capital strength and flexibility.

Slide 9, please and back to Carsten.

Carsten Rasch Egeris – CEO

Now let me turn to the update on our Forward '28 strategy that remains our framework for delivering growth and improved profitability.

As we communicated in June of 2023, the strategy is built around three priorities.

First, growth in focus segments. We are targeting leadership positions as the leading wholesale and business bank in the Nordics, and as the leading retail bank in Denmark and Finland, by growing share of wallet and market share with the most attractive customer segments.

Second, disciplined capital allocation and cost focus. Capital is directed to the most profitable areas that meet our hurdle rates, while we continue to drive productivity, cost takeouts and the execution of our tech and AI strategy.

Third, strong capital generation with low risk. We aim to generate capital consistently over time, while maintaining low and stable risk levels through the cycle.

These priorities have not only supported our 2026 targets set in 2023, but they also enable us to guide for returns and capital distribution above these levels.

On capital distribution, for the period 2023 to 2026 we saw dividend potential above DKK 50 billion, with an ambition for further distribution, subject to capital levels and market conditions. Including share buybacks and special dividends, we are now at DKK 70 billion, well above what we communicated in 2023.

Slide 10, please.

Let me briefly summarise where we stand and where we are heading.

Starting with performance today, I am pleased to see that we are delivering above our targets on all key metrics.

Based on that, we are raising our ambition for 2028: ROE above 14.5%, cost/income ratio no greater than 43% and a CET1 around 16%.

To accelerate the transition to our new capital framework and supported by our strong capital position, we are making an extraordinary dividend payment of DKK 5 billion.

At the same time, we have revised our ordinary dividend policy to a payout ratio of 60-70% of net profit, providing greater predictability and confidence in future distributions.

Looking ahead to the period from 2026 to 2028, this framework supports dividend potential of above DKK 55 billion, with an ambition for additional distribution. Any further payouts will be determined by our capital position, growth opportunities and prevailing market conditions – but the key message is clear: strong capital

generation remains a core pillar of our equity story.

Overall, this captures what we are focused on: delivering today, staying on track for 2026 and building a stronger, more profitable Danske Bank towards 2028.

Slide 11, please.

Let me briefly focus on how we are driving profitable, above-market growth across the Group.

The starting point is that growth is selective and disciplined. We are allocating capital to segments where we see structural demand, strong customer activity and returns that are clearly above our hurdle rates. You can see this reflected in the key financials on the slide, where growth in income, lending and assets under management is consistently above underlying market growth. And it is growth that balances volumes and market shares with improving profitability and capital efficiency.

As such, we are delivering profitable growth in our chosen segments with a clear focus on deepening share of wallet and increasing non-NII income.

Across the Group, this focused approach is clearly supporting higher profitability and structural ROE uplift.

So the key message is that our growth agenda is financially selective, above-market and includes significant growth opportunities that are a critical enabler of the returns and cost improvements we are targeting towards 2028.

Slide 12, please.

Let me briefly turn to execution, because this slide shows that Forward '28 is already delivering results.

Since 2023, we have made tangible progress across all business units, and importantly, that progress is visible in returns and efficiency, not just activity.

Starting with Personal Customers, the focus on the Affluent and Private Banking segments, housing and advisory excellence is delivering higher productivity, stronger asset growth and ROAC in line with target. The rollout of Panorama and adviser upskilling are clear contributors.

At Business Customers, execution is centred on scaling acquisition of mid-corporates through targeted sales campaigns and digital flows. This is driving solid lending growth and strong fee momentum, while maintaining capital discipline, supporting our ROAC ambitions.

At Large Corporates & Institutions, deeper engagement with institutional clients, financial sponsors and asset managers is driving strong income momentum with lower consumption of capital to support ROAC, even as we have continued to invest in platforms and capabilities.

Across the Group, digitalisation, automation and AI are key enablers, supporting both growth and structural efficiency.

Overall, the execution progress we have delivered since 2023 provides a solid foundation and gives us great confidence that we can further accelerate business momentum as we move towards our 2028 ambitions.

Slide 13, please.

Let me now briefly highlight the strategic focus areas that will sustain momentum and allow us to scale the business towards 2028.

Starting with Personal Customers, the priority is to continue to deepen engagement and improve efficiency. We will continue to grow within the Affluent and Private Banking segments by scaling our Panorama digital advisory tool in Finland and also in Sweden, which remains part of our Nordic strategic focus. We are advancing the investment experience, with strong products offering and advisory capabilities as a key entry point to win fuller customer relationships. At the same time, we are leveraging AI to drive more proactive engagement and to improve digital journeys, adviser workflows and service efficiency.

At Business Customers, the focus remains on accelerating growth in prioritised segments. We are scaling acquisition of mid-corporates and small businesses, while further strengthening our One Corporate Bank through expanded platform coverage and AI-enabled onboarding, servicing and credit decisioning.

At Large Corporates & Institutions, we are reinforcing advisory as a differentiator, deepening sector leadership, and continuing growth in capital markets and sustainable finance, as well as focusing on areas such as defence and digital asset opportunities. We are also expanding Nordic institutional capabilities across lending, asset management and servicing, supported by simplified platforms and AI.

For all three business units, all of the above underpins improved profitability and cost efficiency.

Across all areas, the common theme is scalable, platform and AI-enabled growth. Together, these priorities ensure that the execution progress we have already delivered translates into continued momentum towards our 2028 ambitions.

Slide 14, please.

Let me turn to the strategic investments we have made in digital and technology, because these are a critical enabler of our strategy.

Since 2023, we have executed consistently in line with our One Platform strategy, and the result is a technology foundation that is increasingly modern, agile, secure and efficient - and, importantly, unified across the bank. We now think about and deliver technology in a far more integrated way than before, and that is what allows us to support the commercial momentum across our business units.

The progress is tangible on three fronts. For our customers, we have launched the Panorama advisory tool, upgraded the mobile banking app and scaled our digital platform Panorama to 140,000 business

customers. For our engineers, we have built out critical data products, advanced our data platform, and rolled out a transformational bank-wide AI strategy and roadmap - making us a leading Nordic GenAI bank on the Evident AI index. And as for our future, core tech modernisation is significantly advanced, cloud migration is accelerating and +30% of applications have been moved to public cloud since 2023. This is already translating into measurable outcomes: +20% improvement in technology productivity, higher developer throughput and a far more scalable cost base. But we are not done. Our 2028 targets are ambitious - above 2x tech productivity, 5x developer throughput and +25% services productivity - and AI is the key accelerator that will take us there. This is the platform on which the next phase of profitable, above-market growth will be built.

Slide 15, please.

Let's look at our AI and tech ambition and how we think about this as a key accelerator of our strategy.

Our starting point is strong. We are completing the foundational work. We are executing on our bank-wide AI strategy, as we have built scalable AI foundations with an integrated risk and compliance framework, have started AI-enablement across priority domains in software development, credit and service, and, critically, have embedded AI into our culture and ways of working.

The results are already visible: ~95% developer adoption of GenAI coding assistance, agentic AI incorporated into our corporate credit process with ~40% faster processing and an AI-enabled customer service capability in the mobile Bank delivering a ~75% first-time resolution rate.

This foundation allows us to scale AI across the bank and importantly, increase both our ambition and pace. We are moving beyond individual productivity tools like Copilot and chatbots into enterprise-wide, transformative applications that can fundamentally reshape how we do core banking.

That means deploying agentic AI to boost growth in focus segments through instant, personalised advice, increasing speed via agent-to-agent interactions, and shifting to a more efficient operating model powered by human-agent collaboration.

Our financial ambitions reflect this.

By 2028, we expect ~DKK 2.0 billion in annual productivity benefits from AI and tech, driving ~3.5 percentage points of cost/income improvement. This is where our investments convert into structural efficiency and durable competitive advantage - a core enabler of the Forward '28 ambition.

Slide 17, please and over to Cecile.

Cecile Hillary, CFO

Let me briefly summarise our 2028 targets, which build on our strong delivery in 2025.

We delivered 13.3% ROE in 2025, broadly in line with the 13% target for 2026, and we now raise our ambition to above 14.5% ROE by 2028.

On efficiency, the cost/income ratio was 45.5% in 2025, consistent with the around 45% target for 2026, and we are targeting a further improvement to no greater than 43% by 2028.

Our capital position remains strong. We ended 2025 at a 17.3% CET1 capital ratio, and we guide towards a normalised level of around 16% by 2028, while maintaining a prudent management buffer.

On loan impairment charges, our planning assumption remains around 8 basis points of loan losses in 2028, despite a lower level in 2025.

Finally, on shareholder returns, we highlight our dividend potential of above DKK 55 billion for 2026 to 2028, facilitated by a revised dividend policy of 60-70% of net profit. We have distributed around DKK 70 billion already since June 2023.

To conclude, FY2025 confirmed that we are on track with our Forward '28 strategy, our 2026 guidance is reaffirmed, and the new 2028 targets raise our ambitions with a strong focus on efficiency, capital strength, risk and shareholder returns.

Slide 18, please.

Let me briefly walk through how we are strengthening our financial position over the coming years as we move towards our 2028 targets.

Firstly, we are focused on sustainable income growth across segments and markets, targeting around DKK 63 billion in total income. This will be driven by continued growth in our focus segments across the Nordics, building on strong momentum at LC&I and within the Mid-corporates, Private Banking and Affluent segments. We are deepening our customer relationships with a clear focus on growing ancillary income.

Secondly, we are working towards a lower cost base through efficiency and automation, with an expected ~2.5 percentage points improvement in the cost/income ratio to no greater than 43%. This will come from continued cost management and a productivity increase via our tech and AI transformation programme.

Thirdly, we continue to deliver strong capital generation. We are optimising the CET1 capital ratio to around 16% toward 2028. Capital planning and allocation will support growth, regulatory resilience and capital distribution.

So overall, sustainable income growth, a structurally lower cost base and disciplined capital management.

Slide 19, please.

Our topline growth towards 2028 will be diversified, supported by a stable macroeconomic environment across the Nordics.

We expect total income to increase from around DKK 57bn in 2025 to around DKK 63bn by 2028. This growth will come from a balanced contribution of net interest income and fee income. Trading and insurance income are expected to recover to more normalised levels.

Our income trajectory assumes 3-4% annual lending growth and 1-2% deposit growth. Despite recent interest rate volatility, our main assumption, which you will find on slide 27, is short-term rates of approximately 2% going into 2028.

Growth is anchored in clear commercial drivers across the Group:

At Personal Customers, we expect continued volume growth, particularly in Denmark and Finland, alongside a higher share of wallet through our enhanced advisory.

At Business Customers, we will continue to capture market share with mid-corporates, driving both lending and ancillary income.

At LC&I, the focus remains on becoming the house bank for more customers and deepening institutional relationships across the Nordics.

Slide 20, please.

Let's focus on our cost trajectory towards 2028.

We will continue to deliver operating leverage through structural cost management, while investing in growth and digital capabilities.

Since 2023, we have improved the cost/income ratio by around 3 percentage points, moving from 48.6% in 2023 to 45.5% in 2025, despite inflationary pressures. This reflects the normalisation of financial crime prevention and remediation costs and ongoing structural cost management.

Looking ahead, we expect a further 2.5 percentage point improvement in cost efficiency from 2025 to 2028, taking the cost/income ratio to no greater than 43%. This will be driven by productivity initiatives and structural efficiencies, with technology and AI contributing around DKK 2 billion in financial benefits in 2028.

Importantly, while we plan to increase investments by approximately DKK 0.5 billion annually over the period, this comes on top of the 30% investment ramp-up already announced in 2023. These additional investments will be deployed through a disciplined stage-gating approach, ensuring clear returns, tight prioritisation and full alignment with our cost/income ambitions.

In absolute terms, total costs will increase moderately from DKK 25.8 billion in 2025 to no more than DKK 27 billion by 2028. Overall, the cost programme will support improved profitability while preserving capacity for investing in growth.

Slide 21, please.

Let me turn to capital.

We have a strong capital position and continue to generate high levels of capital supported by a resilient earnings and risk profile. Since we resolved our legacy issues, the balance sheet has been materially de-risked, giving us flexibility to optimise capital while supporting growth and shareholder distributions.

We are introducing a new CET1 target of around 16%. This reflects an expected CET1 requirement of approximately 14% in 2028 and implies a prudent buffer above regulatory requirements. The requirement benefits from around DKK 3.5 billion of Pillar 2 relief, equivalent to around 40 basis points that relates to our resolved legacy cases. This is expected prior to year-end 2026, subject to the annual supervisory processes.

To accelerate the transition to the new CET1 target, we are announcing an extraordinary dividend payment of DKK 5 billion. We expect to end 2026 at around 17% CET1, followed by a gradual step-down toward the new ~16% target by 2028. The capital glide path pace will depend on REA growth from lending activities. Our capital generation capacity of above 275 basis points per year on average supports our distribution expectations.

As a result, we are also revising our ordinary dividend policy to 60-70% of net profit, supporting a steady, predictable distribution profile. Based on current assumptions, this implies a dividend potential in excess of DKK 55 billion over the period, with additional distributions subject to capital levels, growth and market conditions.

As the CET1 capital ratio normalises, we will continue to support an efficient capital structure through AT1 and tier 2 issuance, ensuring balance sheet resilience and funding flexibility.

In summary, our updated capital framework reflects confidence in our earnings power and risk profile. It reflects our dual focus on growth and the return of capital to shareholders.

Slide 22, please.

As we have shown on the previous slides, we are delivering strong underlying performance, with solid income momentum, continued cost discipline and a robust capital position.

Our final slide today pulls those elements together and shows how they translate into higher profitability towards 2028 measured through Return on Equity.

We start from 13.3% ROE in FY2025. From here, income growth is a positive contributor, driven by focused growth across our core franchises.

That is complemented by cost efficiencies, with productivity gains from technology and AI more than offsetting inflation and the cost of growth and strategic investments.

Finally, we expect an impact from normalised loan impairment charges from the low level in 2025 in addition to capital efficiency improvements as we move towards a more normalised capital position.

Taken together, these elements support our ambition of a ROE above 14.5% by 2028.

With that, I will hand over to Carsten to wrap up on our 2028 ambitions.

Slide 23, please.

Carsten Rasch Egeriis – CEO

Thank you, Cecile.

Let me close by pulling the story together. What we have laid out today is about strengthening our position as a focused Nordic leader, with strong profitability and leading digital solutions, and doing so in a way that is sustainable and disciplined.

By 2028, we target a ROE above 14.5%, income around DKK 63bn, a cost/income ratio no greater than 43%, and a CET1 around 16%. We are supporting that with a DKK 5bn extraordinary dividend, a 60-70% dividend payout policy, and a dividend potential above DKK 55bn in 2026-28, with further distribution subject to capital levels, growth and market conditions.

Together, this underpins a clear and disciplined path to sustainable growth, strong shareholder returns and long-term value creation.

With that, I will conclude the presentation.

Slide 23, please and back to Claus.

Claus Ingar Jensen – Head of Investor Relations

Thank you, Carsten.

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 email.

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

Shrey Srivastava (Citi): My question revolves around the level of consensus in your plan, you assume basically flat 3-month interest rates and three of four geographies, you actually have cut to Norway and on top of that, you're assuming 1% to 2% deposit growth per annum which lags your experience last year and lags what the Danish system is doing.

So I just want to get your sense on how much prudence is baked into this plan and what range of scenarios this plan could withstand?

Carsten Egeriis: Yes.No. Thanks for that. Look, I mean first of all, on rates, clearly, it's very uncertain right now in terms of where rates are going and market expectations this year have a couple of rate increases and then perhaps those increases offset by decreases the year after.

So we've sort of thought about this when we think about '28 targets as rates that are somewhere above 2%. Clearly, that may change. But then at the same time it really depends on the nature of those rate increases and whether they come to offset inflationary pressures and the like which is currently what we're seeing which would then offset some business activity.

So I think it's very difficult to say exactly how the movements will be '26 into '27.

But over time as we look out towards '28, we feel that these assumptions are prudent are realistic. And again our growth assumptions, 3% to 4% growth on acid and 1% to 2% growth on deposit support the kind of growth levels we've seen on average over the last 2, three years while also being able to grow faster than market. And our clear ambition is to grow faster than market. So clearly, if we see growth that's higher than those levels, then we should be able to outperform on a relative basis in Nordics.

Cecile Hillary: And perhaps if I can add as well Shrey is when we look at our Q1 results, actually, we feel that they're really on track, and they put us exactly in the right line when it comes to the guidance that we've given including obviously the guidance for '26. That's the first point I would make.

The second point I would make is on rates. I think you have to obviously consider the following points. One is that the rate volatility which is obviously currently still temporary. We'll see where it goes. What was higher in the 1- to 3-year segment than at the short end. And clearly, we're more impacted at the short end.

Secondly, when you think about deposits as well on the liability side, what really matters there is the central bank hikes, right which obviously are captured in the NII sensitivity table. And of course we haven't seen this, and it remains to be seen whether they will they will take place.

If they do, then again you have our NII sensitivity table. And then, of course going forward, if the rate volatility, the financial markets and geopolitical events were to persist, clearly, it's not just impact on rates and obviously on NII, we have to also consider impacts on volumes, impact on growth and more broad potential consequences there. And these are also elements that lead us to reaffirm our guidance, reaffirm our targets, and we strongly feel that these are the correct ones.

Shrey Srivastava (Citi): Just a very quick follow-up.

What do your cost of risk targets begin for any release of your management buffer?

Carsten Egeriis: So we haven't included any assumptions around releasing post-model adjustments.

So we've only sort of used a normalized 8 basis points of loan loss rate which is similar to what we also had when we presented the plan back in '23. And then I would add to that, that, look, obviously it's an uncertain environment right now.

I've said before and I'll say again we're probably at the higher end of post-model adjustment levels if you sort of look through the cycle.

But at the same time I think in times like this, it's incredibly uncertain to say whether or not and at what pace those post-model adjustments may be reduced. And obviously it could also go the other way. So we have not included any change in those in the assumptions.

Narmita Samtani (Barclays): My first one, could you help us understand what the hedge will be contributing to income in 2028? Or can you just give us a sense of what the hedge is going to be doing then? And my second question, just on Norway Sounds good has a market share in corporate. Do you think that's enough to be scalable to have a presence in Norway? Would you think about any potential M&A here?

Or how do you think about the 8% market share?

Carsten Egeriis: Let me take the Norway question, and then I'll ask you, Cecile, to do the hedge contribution to income in 2028.

We do feel that 8% is a reasonable scale. I mean we've run the corporate and institutional business as a Nordic platform, and we're one of the leading players in Norway on many areas in the corporate and institutional space.

And in fact, we've been growing faster than market over the last couple of years, taking market share and we continue to have a strategy where we want to grow and expand in Norway.

So that's the first thing. Whether there are inorganic opportunities we would be interested in looking at inorganic opportunities, I would say across the Nordics in our chosen market segments and that would include Norway and it's something that we continually look at, but it's

not something that we've included in any assumptions within the plan and within the '28 ambitions. Cecile, do you want to comment, please?

Cecile Hillary: Yes. And let me take the structural hedge contribution, Narmita.

So the -- as you know I guided towards a slightly higher hedge contribution in 2026.

In '27, the hedge contribution will be equivalent to the '26 level. And then on 2028, it will start, obviously under the current rate assumptions, right?

But because of the roll off of the hedge, the reinvestment in slightly lower rates in going forward, it will start to tail off a bit.

But again just to be clear, this won't be a very dramatic impact, but that's the profile of our hedge. And I will confirm that it remains between three and 3.5 years average

Johan Ekblom (UBS): Just if I could follow up on Shrey's question in terms of conservatism in the plan, right? I mean all of the targets are set at a minimum ROE of 14.5% and a maximum cost income of 43, et cetera. When you think about the potential levers for better or worse for that matter outcomes.

What are the key drivers that can create a different result? Is it predominantly a revenue environment that is better or worse?

Or are there any other factors that you'd like to highlight?

And then secondly, maybe a little bit and to Namita questions on Norway. Where are we in terms of the Swedish retail, right? I mean I think we presented the plan in 2023, you said you wanted to see a marked improvement in performance in Swedish retail within the scope of this plan.

Could you give us an update maybe on where we are because it's hard to see that real progress in terms of volumes or profitability for that matter?

Carsten Egeriis: Yes. Thanks for that, Johan.

I think look, I mean the levers are the levers you mentioned, but let me elaborate just briefly clearly, with economies in the Nordics that we currently have growing somewhere between, let's say 1.5% to close towards 3%.

I mean Denmark right now we have somewhere between 2.5% and 3%. Where the economy is growing at that range within that range, and if that continues on the back of quite a large investment cycle that I believe we're entering into, driven by defense, by energy, by technology.

Clearly, there is an upside case, right, where that growth delivers well. and that should be very supportive to our business which clearly is two-thirds SME, large corporate and institutional and where we have a very

strong position with our customers where we're leading on in terms of customer satisfaction and where we've shown that we can take market share.

So clearly, that's an opportunity, and we will take advantage of that opportunity if the market growth is better than expected, but we've decided to stay at the 3% to 4% level because we believe that, that is prudent and realistic. And then on the productivity side, you'll have noticed in the ambitions that we've set, for example, for technology productivity that we say above, for example, 2x technology productivity.

And that is because it is still uncertain exactly how much productivity we can drive over time with the technology benefits and the investments we're making in AI, but clearly, Johan, there is a potential that we can deliver further productivity over time on the back of these tools, we're optimistic with what we've seen the assumptions that we've added in the plans are the ones you see here.

But we're also signaling that it could be better. Then on Sweden retail, absolutely, Sweden has been a focus of ours to reposition that business to be a more focused private banking, mass affluent business. That was part of sort of our 2023 narrative repositioning for Forward '28.

We've been doing that we do see early signs of improvement. If you look year-on-year, we see signs of improvement on lending and assets under management and also customer flows. And therefore we also see improving signs of profitability but also very realistic that it will take time. But we like the business, we like the business opportunity.

We are really focused on growing in Sweden across all business lines, and we also want to continue to have the optionality to grow inorganically and Sweden is for certain, not different there and neither is the retail opportunity in Sweden.

So that's how we think about the Swedish business going in the right direction. It will take time but we'll continue to invest. Here, it's important again to notice -- to remind everybody that we have one platform.

So as we make investments in Denmark and in Finland, those investments are scalable and cost efficient as we go into Sweden, and we also like that positioning.

Johan Ekblom (UBS): Maybe just a follow-up on your first answer. I mean when we think about productivity improvements from AI and technology more generally, as you said, there is uncertainty of how much can be achieved where early days in the AI era.

But what you put into this plan, does that include kind of full implementation of what you see as a reasonable base is today? Or are there further benefits beyond 2028, even on what you're seeing today if that makes sense.

Carsten Egeriis: Well I think for certain, there's opportunities beyond '28. And so our plan continues to be a plan that builds on the progress that we've seen where the above 14.5% target in '28 is a stepping stone, but certainly not harvesting the total opportunity that we see over time in terms of improved profitability and growth.

And no doubt that we believe that over time cost/income ratios and profitability can be improved further beyond '28, but right now for '28, if you ask me that question, then we believe currently that we're capturing the benefits that we see.

But as I said, no doubt as coding tools change, it seems by the by the week, if not by the day there could be further opportunity.

Cecile Hillary: Let me give you perhaps a little bit more details on where we see the benefits and maybe that will help you also frame your view in that context.

So firstly, I would say that we obviously continue to invest, right, continue to invest in a significant manner, right, in this tech and transformation program and AI tools, in particular, and obviously we're raising our investments from DKK 4 billion last year to DKK 4.5 billion. And investments will stay at around this DKK 4.5 billion throughout the period until 2028.

These investments which obviously some have already taken place, and they're in train, allow us indeed to size this tech and AI benefits to a DKK 2 billion run rate in 2028. This is not a hockey stick by the way.

It's actually fairly linear, and we'll see some of these run rate savings to a fairly significant level in 2027 already. They obviously embedded in our plants.

What do they consist of?

They consist of about 3/3 roughly. There's a large a third that is actually around our developer productivity. And this is as much internal through our developer workforce has also regarding the external suppliers that provide this developer transformation tools.

And obviously we capture them through our KPIs as well in technology and services. Another a third is around frontline tools.

What is it? It's things like our AI chatbot which is progressing fairly significantly as well as our adviser productivity tools.

We've talked about Panorama.

We've got another called CRM. These are developing as well.

And we use them, in particular, in our private banking and affluent segments but also in business customers.

We also have now banker productivity tools which we're rolling out a speed and piloting currently with a view to scaling including in our LC&I franchise.

And then finally, the third sort of category is everything to do with back-end middle office as well as general enterprise productivity and things like our business and corporate credit tool which we're now rolling out in business customers as well as other GenAI tools including in our risk departments including in our legal department and many others.

And taken all together, this allows us to size the run rates of these productivity benefits to this DKK 2 billion that you see in 2028 which again as I mentioned, is also somewhat linear throughout the plan.

Sofie Peterzens (Goldman Sachs): So just going back on the inorganic growth opportunities. How should we think about like potential transformational deal for Danske? Or are you more interested in kind of bolt-on acquisitions? Or would you consider something that would kind of transform Danske and maybe make Danske a little bit more European bank.

And then would you also consider kind of selling your Northern Irish businesses?

And then my second question would be on the payout, you have guided very helpfully on dividends, but how should we think about future share buybacks? Is it fair to assume that the current level of share buybacks will continue? And then the final, just a follow-up question. Related to the gross target you have given, should we expect any restructuring costs become?

Carsten Egeriis: Thanks, Sofie.

Let me take the first one.

On inorganic and how you should think about it and what be transformational for Danske.

Look, first of all, what we believe is truly transformational is our ability to continue to really accelerate, augment everything we do, both internally and towards our customers with technology.

And so the most transformational opportunity we see for Danske to continue to really double down on our focused Nordic strategy and to invest heavily in technology and AI to really transform the customer experience and to transform our processes and we have so much opportunity there.

Then in terms of sort of inorganic acquisition opportunities, probably most likely bolt-on opportunities. Again it's not something that's included in our plan, but it's something that we're continually looking at. And clearly, we have sort of challenge our positions in Norway and in Sweden, and number 3 position in Finland, but where there is much more opportunity to grow it's really looking at bolt-on inorganic opportunities throughout the main focus areas of corporate, institutional and retail banking across our chosen market areas.

Then on payouts and share buybacks, Cecile, maybe you want to comment on that. And then I think there was also a question on severance and cost targets.

Cecile Hillary: Absolutely.

So on the payout, I mean beyond the ordinary dividend policy of 60% to 70%, indeed, we are clearly -- we have an ambition for further distribution. This will continue to include a combination of dividend and share buyback.

I mean clearly, as we move away from the one times price to book the share buyback become less interesting.

However they still have a role to play.

So I think we'll continue to look at it in the same vein going forward. Secondly, when it comes to cost target, whether it's the cost envelope itself, the DKK 26 billion to DKK 26.5 billion this year, up to DKK 27 billion by 2028. All the cost-to-income ratio circa 45% this year, no greater than 43% in 2028. These are fully baked, right? So they include all costs including where appropriate any restructuring costs.

Mathias Nielsen (Nordea): So my first question, that's mainly for that you for a couple of years now.

I said that you didn't see any reason why Danske shouldn't be able to deliver a return on equity on par with the best in the Nordics. And you're obviously making a big step in to match that with the target that you set out today yet not still there, at least not in my numbers.

So how long should we wait before the Danske performing a bit with a return on equity on...

Carsten Egeriis: Thanks, Mathias.

Look, what you've seen over the last couple of years is a consistent improvement in our profitability through growth and improving cost/income ratio. The plan we have is a growth plan.

It's an investment plan, but we're also very diligent on how we think about driving productivity, so that become even more competitive.

We see that we've delivered consistently on the commitments that we've made.

We're committing to above 14.5%, as you say that gets us closer to the targets that have been given, you could say by the most profitable banks in Nordics and '28 for me for us is a milestone, but also a stepping stone. And we believe that, as I've said before and I will continue to commit to that, that we can have probability in line with the absolute best in the Nordics, but I won't give you an exact date, Mathias.

Mathias Nielsen (Nordea): If I may follow up on like on the assumptions, like you also call it a growth strategy, but like a lease look at your assumption, there seems to be at least something off in my opinion, like you have a real GDP growing like 2% and have inflation of 2%. And then you say that we are going into a large investment cycle and yet you expect lending growth of 3% to 4% and deposit growth of 42, like there seems to be something a bit on the cautious side there. And it's a bit the

same when I look at your cost guidance, you're implying that the cost from '25 to '28 could be up to 1.5%.

While on the other hand, also say like you see massive productivity gains from AI and tools like those investments that you're making on the cost side is the benefit of those things, is that just coming after '28.

'28 is that how we should figure? So -- so like the years after '28 is going to be much better than the years towards '28. Like how do we think about those assumptions like seems to be a little bit of, in my opinion.

Carsten Egeriis: Look, Mathias, I think on the cost side, first of all, as you can see over the period, we're offsetting inflation with efficiencies. That's already pretty good.

I think if you look at historically, ability to absorb inflation and drive productivity. Then the second part is that we're investing significantly in the business in the future, and we really think long term about our business and the investment levels are at the highest level that they've ever been.

And if you also look at sort of the amount strategic development investment within that, it is, by far, the highest ever been, and we're going to maintain those high level of investments.

So therefore I think you're right in saying that there will be future further opportunity to improve cost income ratio as we continue to deliver these investments and as we continue to truly embed AI across our main processes in the bank which takes time. Not so much because the technology isn't there, but because it takes time to actually industrialize it, embed it, it takes time to get, of course the regulator on board.

It takes time to ensure that you do it and deploy it in a way that's credible and safe.

So yes, it takes some time but I think we're already seeing not just beyond '28, but actually also in the next couple of years that we can deliver the efficiencies, and that's why we're actually able to offset inflation with efficiencies. And then look, on the growth side, what you've seen in the last couple of years, overall is that 3% to 4% growth is actually growth that's slightly higher than market, right? I mean look, again year-on-year, Danske Bank, both on NII and on fees.

We have the highest growth rates year-on-year among any and all Nordic banks if you normalize for acquisitions that have been done in other places, right?

So we believe that trajectory for growth in our business is strong.

We believe that we're growing faster than market in many of our areas. And the plans that we've set out, we believe, prudently reflect right now market conditions, market expectations.

But as I said, if growth would end up being higher, we will take our fair share of that.

Cecile Hillary: And likewise, what I would add is both on the cost-to-income ratio which is very balanced between the income side and the equity side and the return on equity which is balanced across income, efficiency and capital normalization.

We, of course have opportunities if things develop better than we're assuming under the plans and you have all our assumptions, but we also have levers use as a result, both on the cost side and on the return side in order to face any unexpected market event or geopolitical events that we may face in the next several years.

So it goes both ways, of course that yes.

Martin Birk (SEB): Coming back to your capital.

I appreciate your comments and your Pillar two requirement. But still, how do we see AT1 issuances and payout that corresponding CET1? And what are the thoughts on your commercial real estate and potentially lower over the course of Period.

That's my first question.

Cecile Hillary: Look, on the capital side, obviously as we normalize towards 16%, you can expect over the next three years a normalization as well of AT1 issuance and issuance. These funding costs are obviously fully baked into our plan. And if I can -- and then of course -- there's two things to consider, right?

I'm sure you're obviously thinking about costs and how they will materialize, right, in our plan. Some of it is that, obviously the quantities of Tier one and Tier two will be higher. At the same time the refinancing costs versus where the outstanding instruments were issued was also previously higher, right? So you've got to net the two against each other.

Net-net, -- it adds a little bit of cost to the tune in 2028 of a couple of hundred million. But having said that, again it's fully absorbed in the plan. So that is on the Tier one and Tier two issuance. Then when it comes to the CRE buffer.

So as you can see, the normalization and the reduction of our CET1 risk requirement towards an estimated 14% in 2028 is based on two elements. The first element is the release of what I would call the sort of legacy Pillar two sort of buffer that is expected at the end of the year linked to operation linked to some cases, and that accounts for half of it, so that's 40 basis points.

The other half is -- relates to the increase in the growth that obviously we've got to our plans. And obviously reminding you that our Pillar two is a nominal obviously as we grow, then it becomes proportionately smaller.

We have not included any release or any assumption of CRE buffer, the systemic risk buffer, obviously on our business customers sort of division in the plants, it's not included, and it's not included because obviously it's still highly uncertain with the various discussions that have taken place.

Martin Birk (SEB): Okay. And then maybe a more sort of holistic question. When you look towards 2028, and when you look towards the phasing in of flows and you're going to have significantly less viability liability in risk rates going forward and also going to perform much better than stress test. Why shouldn't Danske Bank in terms of your CET1 guidance looks much like -- much more like a European or a core European U.K. bank rather than a Nordic bank at 16%?

Carsten Egeriis: Look, I think first things first, right, Martin, that we're obviously -- we obviously a Nordic bank and regulated by the Danish FSA and overseen by college of supervisors which include the Nordic regulators. And as you know our actually minimum requirements and overall CET1 is not too dissimilar to the other Nordic banks.

So I would say for now that is the assumptions that we're basing on that we're in a regulatory environment where those are sort of the levels.

So therefore you cannot directly compare it to European level regulated banks because there are slightly different rules, as you know both on capital and modeling and risk densities and things like that.

So we, today for 2028, we come with our best view, obviously also having discussed these with our Danish regulator on a prudent capital level, a prudent capital trajectory, if you will, that we're very comfortable with -- and that we also believe that our regulators are comfortable with. And by the way that we also think is quite aligned with what we see in the Nordic banking region.

Alexander Vilstrup-Jorgensen (DNB Carnegie): Yes. Most of them have already been answered.

So just a few follow-ups from my side. So for many quarters, we have seen a gradual runoff your hold to core bond portfolio. So I'm just wondering with the loss of your bond portfolio, it will be fully unwinded and released into.

Carsten Egeriis: So just to clarify, the question is on the whole to collect portfolio, the bond portfolio that we hold -- whether that time will be released back into NII.

I think that's the question, Cecile.

Cecile Hillary: Let me explain a bit how we think about it. And obviously that's in large particularly relates to our structural hedge.

So the way we think about our structural hedge is in terms of what it includes is there's two parts, right? One is what we call particularly a structural hedge, right which include the bond and now derivative part.

And the other part is the loan hedge, right? So the loan hedge is something in the order of DKK 200 million-plus billion.

It's a shorter duration, it's about 1.5 year average life. And of course we manage it according to the usual ALM practices, right and transforming obviously to floating, the balance sheet to floating rate. Then you've got the structural hedge itself.

So the structural hedge itself used to be only bonds, right, up until the end of last year, and it was a mix of HCC and HCCS bonds. And obviously it follows a caterpillar strategy where by the bonds that roll off were reinvested into new bonds to achieve roughly the sort of 3.5-year average life.

Now at the beginning of this year, as I mentioned several times last year, we started using derivatives, obviously under hedge accounting capabilities to manage the varieties. And also to be a little bit more precise, really benefit from obviously a very derivative market. That doesn't mean that we are going to stop using bonds.

But all things being equal, it means that we'll use a little bit more derivatives.

In fact, we've done so.

We still primarily use have bonds, right, just as a stock.

But I don't expect that they will roof to a point where we won't have any more.

So don't expect massive change there, but all things being equal, it will reduce somewhat.

Alexander Vilstrup-Jorgensen (DNB Carnegi):

So if you just turn to your income from insurance business. When do you expect the insurance result from health and accident to breakeven?

Carsten Egeriis: So I mean the result on health and accident is roughly breakeven, in fact, in Q1.

So we feel pretty comfortable that, that business is now on track to get more sustainably to break even. Notwithstanding, obviously the dependencies always are on fluctuations in claims, driven by societal dynamics.

But we're roughly breakeven in Q1, and we feel good about the trajectory there.

Cecile Hillary: And of course the impact of the insurance result of the result this year was actually linked to the investment side of things and really linked to, frankly, the activity that we've seen most of it obviously is expected to normalize. And as a matter of fact, we continue to guide in a normalized context which, again we're expecting to Danica results in the range of DKK 1.4 billion to DKK 1.6 billion for the year.

Jacob Kruse (Autonomous): ^ So I just had a couple of questions.

Firstly, on the gross numbers that you have, the relatively low lending growth and deposit growth, how do they compare to the discussions you have with your regional business managers. Are they also operating against those kind of targets? And then secondly, on the capital, the 60% level.

If I think about the glide path there, should we assume that to be somewhat linear.

So you start the year at 17.7% and then for the next three years, I guess you have a reduction of 60 basis points or so per year. And that's how we can sort of try to frame our own assumptions? And then just finally, if I may.

On the cost side, you talked a lot about the AI and the opportunities from technology. Are you already seeing -- are you seeing a sort of reduction in supplier cost when it comes to IT services as they get more efficient?

And do you see a material staff impact as a part of this plan?

Carsten Egeriis: Thanks, Jacob.

On the growth side, look, I'm not going to go into detail with what our regional different growth targets are.

But what I can say is that our ambition and our targets and our belief is that we can grow faster than market and take market share. And that is ultimately what we're looking at is how do we get more customers into the bank, how do we grow profitably with those customers and how do we make sure that we do better than competition.

On the cost supplier costs, yes, we are seeing that and we are, of course including that in all our discussions with partners and vendors and expectation that we see cost reductions on the back of AI. And because we have such good experience with what we're seeing in our own bank, and that's across software development life cycle across how we use tools and banking discussions around how we use assistance to be more productive when we prepare for customer meetings in terms of the assistance tools we're rolling out for customers in the personal bank.

So we feel that we have a pretty good understanding of what these tools can do and the efficiencies that they can deliver. And those discussions are certainly brought into all vendor discussions. And yes, and we do see that those costs are coming through.

We will, of course continue to push for that as well.

Then on your question around FTE.

Look, overall, we're not setting any FTE targets.

But as I've said before we do expect gradually over time will be less people in the bank. You all see that year-over-year in our own numbers

that despite quite solid growth and again faster growth than market. We've been able to absorb that growth while still reducing head count. So we are becoming more productive. We are able to do more customer meetings and so on and so forth with less people.

Cecile Hillary: And then on the capital side and the 16 circa 16% target in the end of 2028, so the -- obviously a CET1 ratio of 17.7% at the end of Q1, '26.

If you take into account the pro forma DKK 5 billion dividend that takes it to 17.1%, then obviously we'll have capital generation this year.

We're expecting to be at circa 17% CET1 at the end of this year, then -- so 17%, 16% at the end of 2028.

And as you point out, it will be exactly linear roughly, right? So that indeed is the glide path.

I mean of course if we see a bit more growth or a bit less growth, et cetera, I mean things might normalize just a little bit differently.

But I mean assume a linear like path. And at this stage, this is what we're looking at.

Carsten Egeris: Very good. Thanks, everybody. Really appreciate your questions and interest in Danske Bank as always.

And as always, you also know that you are welcome to contact our IR department if you have any questions.

And look forward to see many of you over the coming weeks. Thanks very much.

[END OF TRANSCRIPT]