

# Danske Bank

Compelling capital returns and Nordic franchise growth



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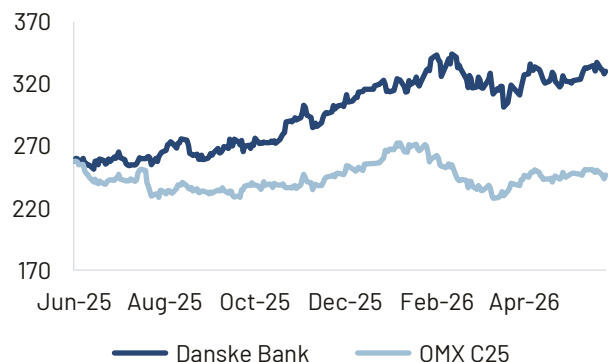
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# Key Financials and Valuation



## Share price



YTD:	3.6%	1 year:	26.9%
1 month:	1.9%	3 year:	105.5%

Note: Closing price from 4 June 2026.  
Source: S&P Capital IQ.

## Financials

DKKbn	2024	2025	2026E	2027E
Net Interest Income	36.7	36.6	37.8	38.9
Total Income	56.4	56.8	58.6	61.0
Total costs	25.7	25.8	NA	NA
Income before tax	31.2	30.7	32.7	34.2
Net Income	23.6	23.0	23.7	25.0
Total dividend/share	28.7	22.7	26	24
Dividend yield (%)	14.1%	7.1%	7.8%	7.3%
Adj. C/I ratio (%)	45.6%	45.5%	44.7%	43.7%
Total capital ratio (%)	22.4%	20.9%	NA	NA
CET1 Capital ratio (%)	17.8%	17.3%	16.9%	16.6%

Note: Analyst estimates from S&P Capital IQ.  
Source: S&P Capital IQ.

## Guidance 2026E

DKKbn	Danske Bank	Consensus*
Total Income	58.0	58.6
Operating Expenses	26.0-26.5	26.1
Impairments	1.0	0.8
Net profit	22-24	23.8
Adj. C/I ratio (%)	45%	44.7%
<b>Mid-term KPIs (2028 targets)</b>		
Return on equity		>14.5%
Cost/income ratio		≤43%
CET1 capital ratio		~16%
Loan losses (through-cycle)		~8 bps
Total income		~DKK 63bn
Dividend payout		60-70%

Note: \*Consensus are estimates on data from S&P Capital IQ.

## Valuation Perspectives

Q1 2026 reinforces the investment case. Net profit of DKK 5.7bn, total income of DKK 14.0bn, C/I of 45.8% and RoE of 13.1%, with a DKK 26m loan-loss reversal, confirm resilient earnings and credit quality.

Forward '28 targets raise the bar: >14.5% RoE, C/I no greater than 43%, ~16% CET1 and ~DKK 63bn total income upgrade the prior 2026 framework and support continued re-rating from ~9-10x P/E and ~1.5x P/B.

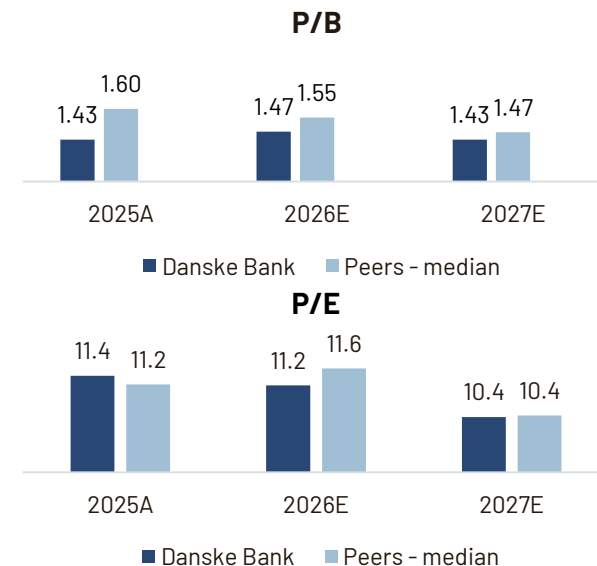
Peer valuation gap has closed. The P/B discount to the Nordic large-cap peer average has narrowed from -10% on 2025A to -5% on 2026E, -3% on 2027E and a slight -1% discount on 2028E. P/E is already broadly in line (2% 2025A, -4% 2026E, par 2027-

28E); the residual ~3% ROE gap should close as the 2028 targets deliver.

Best-in-class shareholder returns. Danske is one of the top-performing Nordic large-cap banks on 1-year total return at 40.8%, only behind Swedbank at 45.9% and well above the peer median of 20.5% (Nordea 35.2%, SHB 20.5%, SEB 20.3%, DNB 9.3%).

Capital framework underpins the outlook. A DKK 5bn extraordinary dividend (DKK 6.14/share, paid 5 May 2026) and a revised 60-70% ordinary payout policy normalise capital towards the new ~16% CET1 target. 2026-28 dividend potential exceeds DKK 55bn, with optionality for further distributions and buy-backs.

## Valuation multiples (x)



# Investment Case – Compelling capital returns and Nordic franchise growth



## Key Investment Reasons

- Strong Q1 2026 start: net profit of DKK 5.7bn, total income of DKK 14.0bn, RoE of 13.1% and C/I of 45.8%, with a DKK 26m loan-loss reversal underscoring robust credit quality across the Nordic franchise.
- Raised Forward '28 ambition: new 2028 targets of >14.5% RoE, C/I no greater than 43%, ~16% CET1 and ~DKK 63bn total income upgrade the prior 2026 framework and anchor the medium-term earnings trajectory.
- Compelling capital returns: DKK 5bn extraordinary dividend (DKK 6.14/share, paid 5 May 2026) and a revised 60–70% ordinary payout policy support 2026–28 dividend potential of more than DKK 55bn, with optionality for further distributions and buy-backs.

**Company description:** Danske Bank is the largest bank in Denmark and a leading Nordic financial institution, providing services across personal banking, corporate banking, wealth management and insurance. It operates five business units – Personal Customers, Business Customers, Large Corporates & Institutions, Danica Pension and Northern Ireland – with its core market in Denmark and operations across the Nordics and the UK.

**Investment case:** The case is anchored in resilient earnings, a normalising capital structure and clear Forward '28 progress. Q1 2026 delivered net profit of DKK 5.7bn, total income of DKK 14.0bn, RoE of 13.1% and a C/I of 45.8%, with a DKK 26m net loan-loss reversal. NII rose to DKK 9.3bn on lending growth and hedging, while fee income reached DKK 3.9bn on stronger investment activity.

Growth is broad-based across business units. Personal Customers continues to expand in the affluent and private-banking segments, supported by the Panorama advisory platform and AI-enabled servicing. Business Customers is gaining share in mid-corporates across the Nordics, while Large Corporates & Institutions is reinforcing its Nordic leadership across corporate banking, capital markets and asset management.

Management raised the Forward '28 ambition with new 2028 targets: RoE >14.5%, C/I ≤43%, CET1 ~16%, through-cycle loan losses ~8 bps and total



## Key Investment Risks

- NII pressure from rate normalisation: Q1 2026 NII of DKK 9,340m was supported by lending volume growth and hedging, but deposit competition and further policy rate cuts could weigh on margins through 2026–28.
- Geopolitical and macro volatility: Middle East tensions, higher energy prices and US tariff risks could pressure Nordic growth and lift impairments above the ~8 bps through-cycle assumption.
- Execution risk on cost and capital ambitions: reaching C/I ≤43% and ~16% CET1 requires sustained top-line growth alongside higher Forward '28 investments and disciplined AI-driven productivity gains.

income ~DKK 63bn. Completion of the US DOJ probation at end-2025 has fully normalised the capital position and unlocks a more efficient capital structure.

To accelerate the transition to the new ~16% CET1 target, the board approved a DKK 5bn extraordinary dividend (DKK 6.14/share, paid 5 May 2026) and revised the ordinary payout policy from 40–60% to 60–70%. The 2026–28 dividend potential is guided above DKK 55bn, with optionality for additional distributions and share buy-backs.

The capital-return track record is already among the strongest in the Nordic peer group, with close to DKK 70bn distributed over the past three years through dividends and buy-backs. Q1 2026 EPS reached DKK 7.0 and book value per share stood at DKK 205.8, supporting compounding shareholder value as excess capital is returned.

Strategic execution remains on track, with Forward '28 investments stepping up from ~DKK 4.0bn to ~DKK 4.5bn p.a. and AI initiatives expected to deliver ~DKK 2bn in annual productivity benefits by 2028. Combined with strong liquidity (LCR 158%) and CET1 of 17.7%, this underpins continued capital distribution and supports the residual re-rating versus Nordic peers.

# Peer Group – Nordic Large-cap Banks



**Peer Group Selection:** Danske Bank's peer group consists of other Nordic large-cap banks with cross-border activities, reflecting a similar business model and market structure to Danske Bank.

**Nordea:** is a Nordic financial services group with headquarters in Helsinki, Finland. It is the largest financial services group in the Nordics, with employees in around 20 countries. Nordea offers a wide range of financial products and services, including retail banking, corporate banking, asset management, and life insurance.

**DNB Bank:** is a Norwegian financial services group with headquarters in Oslo, Norway. It is the largest financial services group in Norway and has a strong presence in the Nordic region. DNB Bank provides a wide range of financial products and services, including retail banking, corporate banking, asset management, and life insurance.

**Skandinaviska Enskilda Banken (SEB):** is a Swedish financial services group with headquarters in Stockholm, Sweden. It is one of the largest banks in the Nordic region, also operating in Germany and the Baltics.

SEB provides a wide range of financial products and services, including retail banking, corporate banking, asset management, and life insurance.

**Svenska Handelsbanken:** is a Swedish financial services group headquartered in Stockholm, Sweden. It is one of the largest banks in the Nordic region, also operating in the UK. It provides a wide range of financial products and services, including retail banking, corporate banking, asset management, and life insurance.

**Swedbank:** is a Swedish financial services group headquartered in Stockholm, Sweden. It is one of the largest banks in the Nordics, also operating in the Baltics. Swedbank's business segments include Retail Banking, Corporate Banking, and Asset Management & Insurance.

**Estimates and assumptions:** Some of the data in the peer group has not been calculated by HC Andersen Capital but is instead consensus analyst estimates from S&P Capital IQ. HC Andersen Capital assumes no responsibility for the correctness of the numbers in the peer group; however, considers S&P Capital IQ a credible source of information.

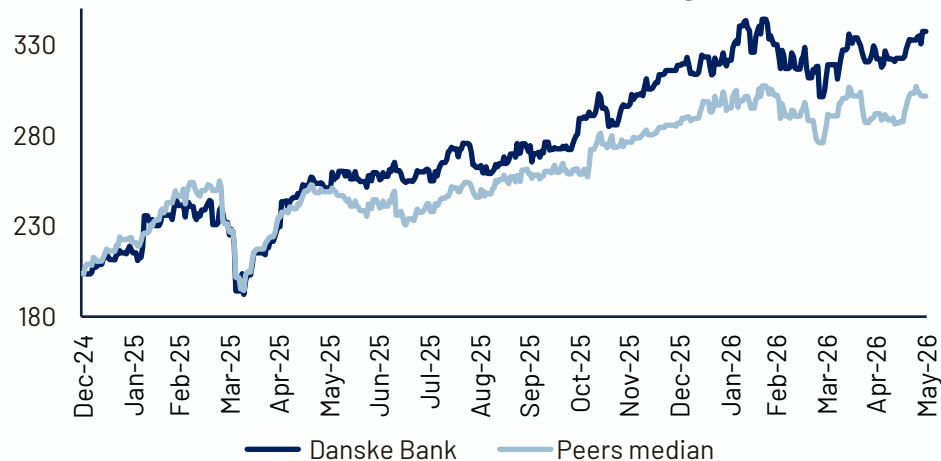
## Nordic Large-Cap Banks

Banks	MCAP	Price	YtD	1-year	1-year	P/B			P/E			ROE			Cost / Income	
	(EURm)	(local)	Return	Performance	Total	2025A	2026E	2027E	2025A	2026E	2027E	2025A	2026E	2027E	2025A	2026E
DNB Bank	37,883	NOK 284.4	1.0%	2.9%	9.3%	1.51	1.48	1.42	9.9	10.7	10.3	15.9	14.0	13.9	38.0	39.4
Nordea Bank	54,741	EUR 16.13	0.3%	26.8%	35.2%	1.70	1.64	1.56	11.6	11.3	10.4	15.5	14.9	15.8	46.0	46.1
SEB	33,163	SEK 185.2	-5.1%	13.0%	20.3%	1.66	1.55	1.47	12.7	11.6	10.4	14.0	13.5	14.7	42.0	42.3
Svenska Handelsbanken	24,726	SEK 134.6	0.2%	4.9%	20.5%	1.33	1.40	1.38	11.2	11.8	11.3	13.0	11.7	12.5	42.1	44.4
Swedbank AB	34,629	SEK 336.1	4.7%	32.8%	45.9%	1.60	1.69	1.66	11.1	12.3	11.4	15.2	13.7	15.0	36.0	39.7
<b>Median</b>	<b>34,629</b>		<b>0.3%</b>	<b>13.0%</b>	<b>20.5%</b>	<b>1.60</b>	<b>1.55</b>	<b>1.47</b>	<b>11.21</b>	<b>11.62</b>	<b>10.43</b>	<b>15.2</b>	<b>13.7</b>	<b>14.7</b>	<b>42.0</b>	<b>42.3</b>
<b>Danske Bank A/S</b>	<b>35,776</b>	<b>DKK 330.1</b>	<b>3.6%</b>	<b>28.4%</b>	<b>40.8%</b>	<b>1.43</b>	<b>1.47</b>	<b>1.43</b>	<b>11.4</b>	<b>11.2</b>	<b>10.4</b>	<b>13.3</b>	<b>13.2</b>	<b>14.3</b>	<b>45.5</b>	<b>45.6</b>
Premium (+) / Discount (-) to peers						-10%	-5%	-3%	2%	-4%	0%	-13%	-3%	-3%		

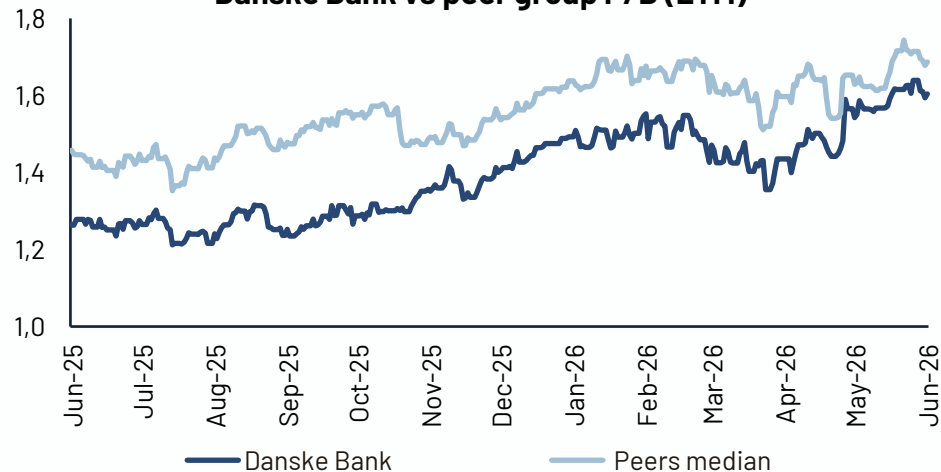
# Valuation vs. Peers



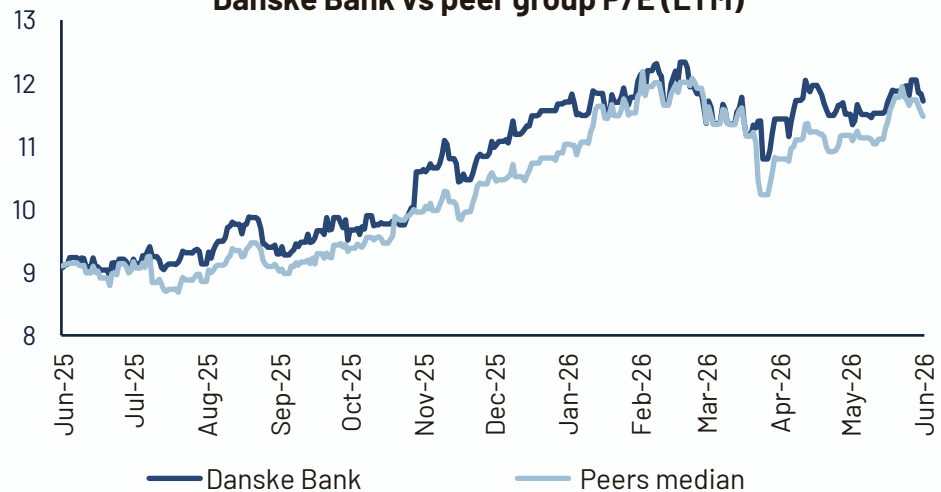
### Danske Bank share price vs peer group median



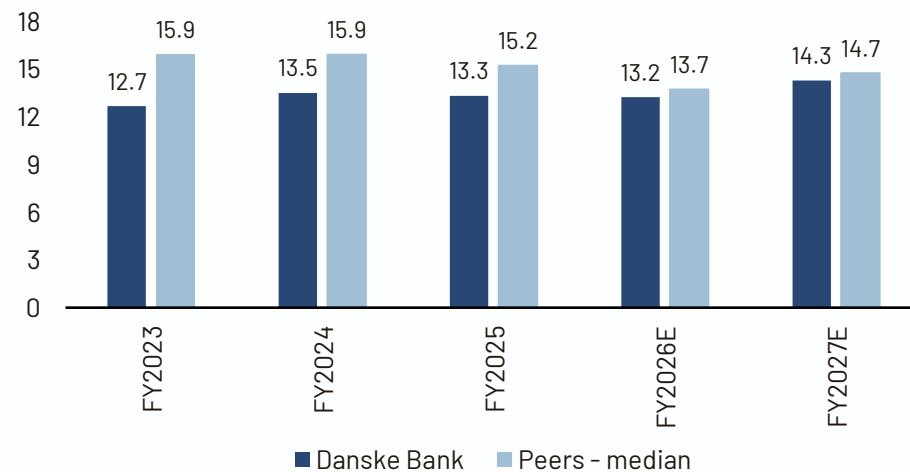
### Danske Bank vs peer group P/B (LTM)



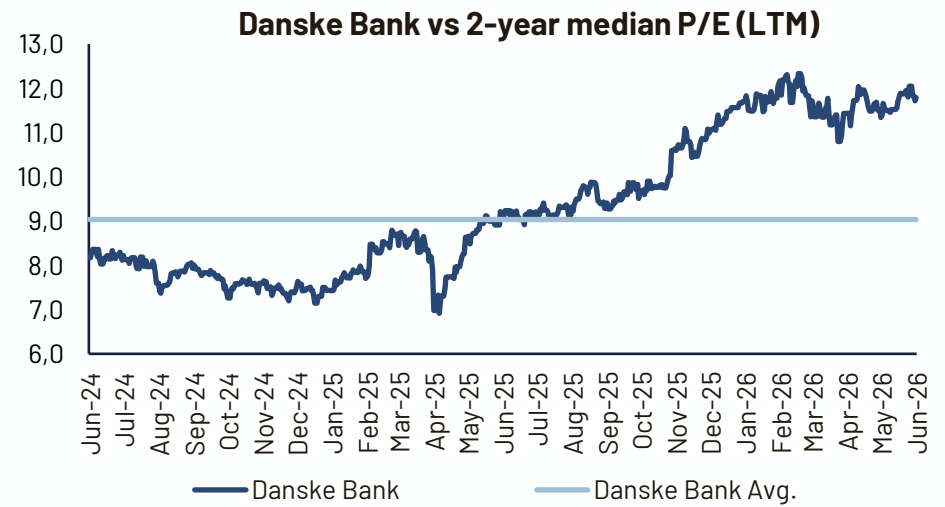
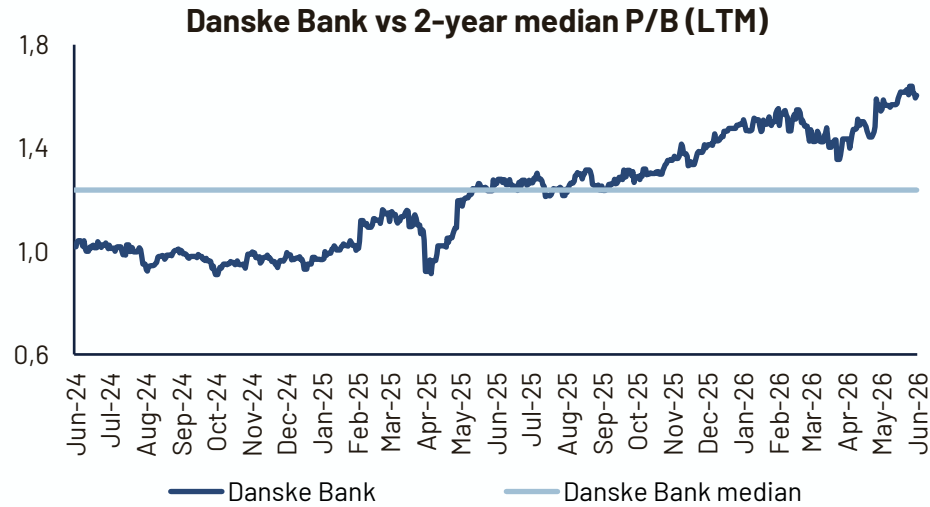
### Danske Bank vs peer group P/E (LTM)



### Danske Bank vs peer group ROE (%)



# Valuation vs. Historical median



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