Danske Bank

Compounding returns from a normalized capital base

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Key Financials and Valuation

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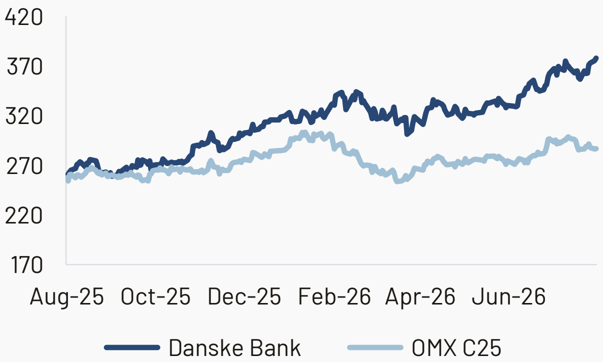
Share price



YTD:	17.6%	1 year:	44.4%
1 month:	1.4%	3 year:	132.3%

Note: Closing price from 7 Aug. 2026.
Source: S&P Capital IQ.

Financials

DKKbn	2024	2025	2026E	2027E
Net Interest Income	36.7	36.6	38.0	39.2
Total Income	56.4	56.8	59.5	61.8
Total costs	25.7	25.8	NA	NA
Income before tax	31.2	30.7	33.3	35.2
Net Income	23.6	23.0	24.3	25.6
Total dividend/share	28.7	22.7	26	24
Dividend yield (%)	14.1%	7.1%	7,0%	6.4%
Adj. C/I ratio (%)	45.6%	45.5%	44.2%	43.3%
Total capital ratio (%)	22.4%	20.9%	NA	NA
CET1 Capital ratio (%)	17.8%	17.3%	16.8%	16.5%

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

Guidance 2026E

DKKbn	Danske Bank	Consensus*
Total Income	>59.0	59.7
Operating Expenses	26.0-26.5	26.2
Impairments	1.0	0.8
Net profit	23-25	24.6
Adj. C/I ratio (%)	<45%	44.2%

Mid-term KPIs (2028 targets)

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 Danske Bank own gathered consensus estimates.

Valuation Perspectives

Q2 2026 confirms the investment case. Net profit of DKK 6.2bn, total income of DKK 15.2bn, C/I of 43.0% and RoE of 14.8%, with loan impairments of DKK 291m, underline resilient earnings and credit quality.

Forward '28 targets raise the bar: >14.5% RoE, C/I no higher than 43%, ~16% CET1 and ~DKK 63bn total income upgrade the prior 2026 framework and support further re-rating from ~12x 2026E P/E and 1.7x P/B.

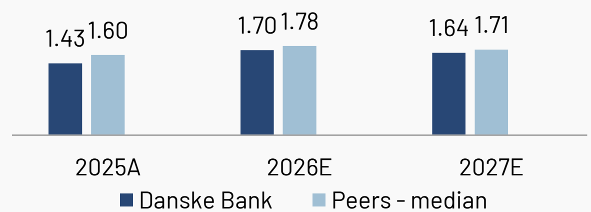
The P/B discount to the Nordic large-cap peer group average has narrowed from -10% on 2025A to -5% on 2026E and -4% on 2027E, while P/E has swung from a +2% premium on 2025A to -5% on 2026E and -7% on 2027E; the residual ~2% ROE gap on 2026–27E should close as the 2028 targets are met.

Best-in-class shareholder returns. Danske is among the top-performing Nordic large-cap banks on 1-year total return at 55.9%, only behind Swedbank at 58.8% and well above the peer median of 39.1% (Nordea 46.0%, SHB 39.1%, SEB 36.7%, DNB 23.3%).

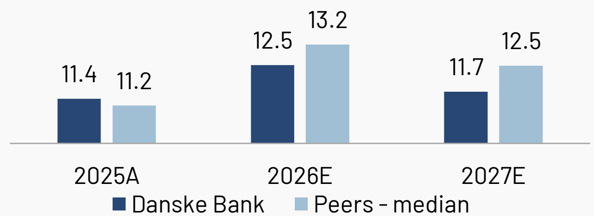
Capital framework underpins the outlook. A DKK 5bn extraordinary dividend (DKK 6.14/share, paid 5 May 2026), a step-up to a 60–70% ordinary payout policy and a DKK 4.5bn buy-back normalise capital towards the ~16% CET1 target. 2026–28 dividend potential is above DKK 55bn, with room for more distributions.

Valuation multiples (x)

P/B



P/E



Investment Case – Compounding returns from a normalised capital base

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Key Investment Reasons

- Strong Q2 2026 delivery: net profit of DKK 6.2bn, total income of DKK 15.2bn, RoE of 14.8% and C/I of 43.0%, with loan impairments of DKK 291m, underscoring robust credit quality in the Nordic franchise.
- Raised 2026 outlook: net profit guidance lifted to DKK 23–25bn and RoE to around 14%, with total income now seen somewhat above DKK 59bn and the cost/income ratio below 45%, ahead of the original target.
- Compelling capital returns: DKK 5bn extraordinary dividend (DKK 6.14/share, paid on 5 May 2026), a 70% dividend accrual and a DKK 4.5bn share buy-back support 2026–28 dividend potential of more than DKK 55bn, with optionality for further distributions.

Key Investment Risks

- NII pressure from rate normalisation: Q2 2026 NII of DKK 9,332m was flat on the quarter as volume growth offset a lower equity base, but deposit competition could squeeze margins to 2028.
- 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.

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. Q2 2026 delivered net profit of DKK 6.2bn, total income of DKK 15.2bn, RoE of 14.8% and a C/I of 43.0%, with DKK 291m of net loan impairments. NII held at DKK 9.3bn on lending growth and hedging, while fee income rose to DKK 4.1bn on stronger investment activity.

Growth is broad-based across business units. Personal Customers keeps expanding in the affluent and private-banking segments, with total customer assets now passing DKK 1,000bn, supported by the Panorama advisory platform. Business Customers is gaining share in mid-corporates across the Nordics, while Large Corporates & Institutions lifted assets under management to a record DKK 1,117bn on strong net inflows.

Management has 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 income ~DKK 63bn. At the midpoint of the plan, all three banking units are on track for their 2026 targets with the capital position fully normalised.

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%, now applied at a 70% accrual. The 2026–28 dividend potential is guided above DKK 55bn, with share buy-backs also an option.

The capital-return track record is now among the strongest in the Nordic peer group, with close to DKK 70bn distributed over the past three years through dividends and buy-backs. H1 2026 EPS reached DKK 14.6 and book value per share stood at DKK 206.8, supporting compounding of 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 159%) and CET1 of 17.0%, 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.

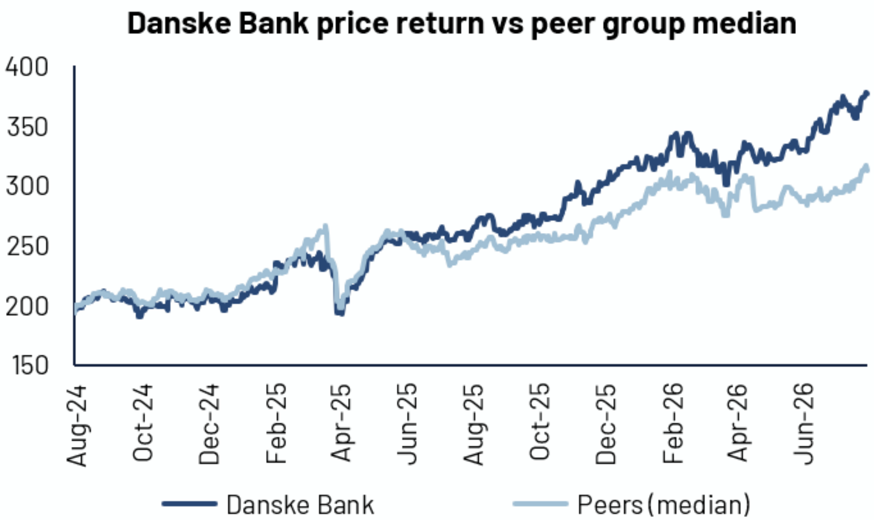
Nordic Large-Cap Banks

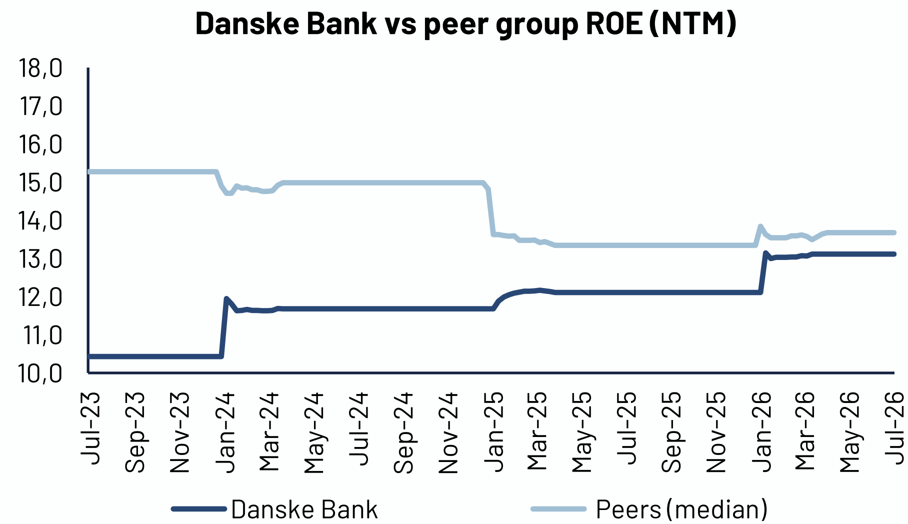
	MCAP	Share	YtD	1-year	1-year		P/B			P/E			ROE		Cost / Income	
Company	(EURm)	price	Performance	Performance	Total Return	2025A	2026E	2027E	2025A	2026E	2027E	2025A	2026E	2027E	2025A	2026E
DNB Bank	40,757	NOK 308.2	9.5%	16.0%	23.3%	1.51	1.61	1.55	9.9	11.5	11.1	15.9	14.0	14.0	38.0	39.4
Nordea Bank	59,304	EUR 17.49	8.7%	34.2%	46.0%	1.70	1.77	1.71	11.6	12.1	11.1	15.5	14.9	16.0	46.0	46.1
SEB	39,867	SEK 224.2	14.9%	28.4%	36.7%	1.66	1.86	1.76	12.7	13.6	12.4	14.0	13.8	14.9	42.0	42.3
Svenska Handelsbanken AB	26,902	SEK 147.3	9.6%	21.1%	39.1%	1.33	1.52	1.49	11.2	13.0	12.5	13.0	11.6	12.4	42.1	44.4
Swedbank	39,425	SEK 384.4	19.7%	44.7%	58.8%	1.60	1.92	1.88	11.1	13.8	12.9	15.2	13.7	15.2	36.0	39.7
Median	**39,867**		**9.6%**	**28.4%**	**39.1%**	**1.60**	**1.77**	**1.71**	**11.21**	**13.04**	**12.42**	**15.2**	**13.8**	**14.9**	**42.0**	**42.3**
Danske Bank	**40,427**	**DKK 374.8**	**17.6%**	**42.2%**	**55.9%**	**1.43**	**1.69**	**1.63**	**11.4**	**12.4**	**11.6**	**13.3**	**13.5**	**14.6**	**45.5**	**45.6**
Premium (+) / Discount (-) to peers						-10%	-5%	-4%	2%	-5%	-7%	-13%	-2%	-2%		

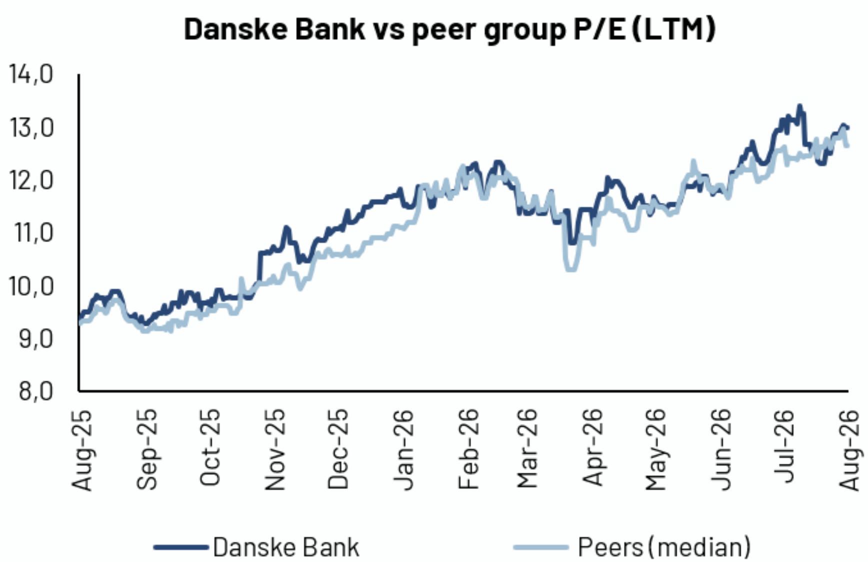
Note: Data from 07/08-2026

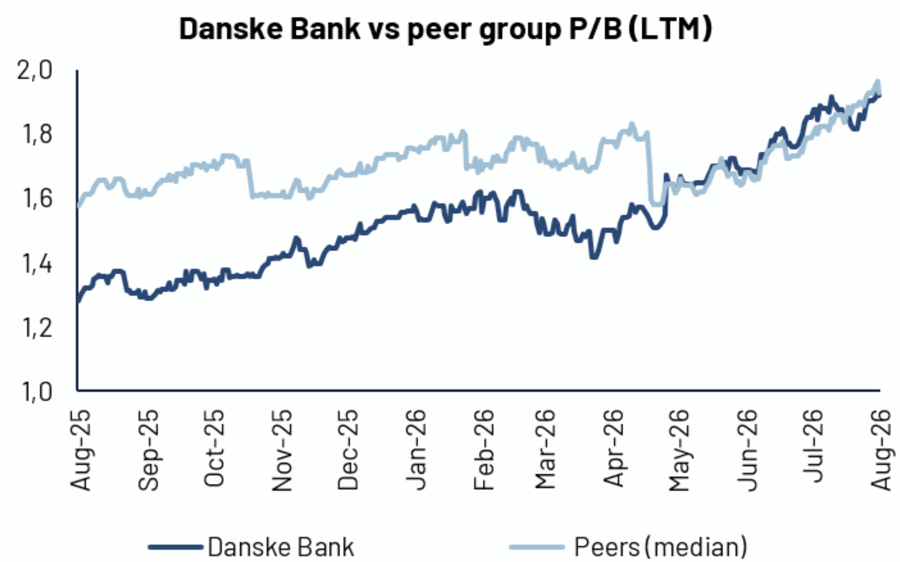
Source: S&P Capital IQ

Valuation vs. Peers





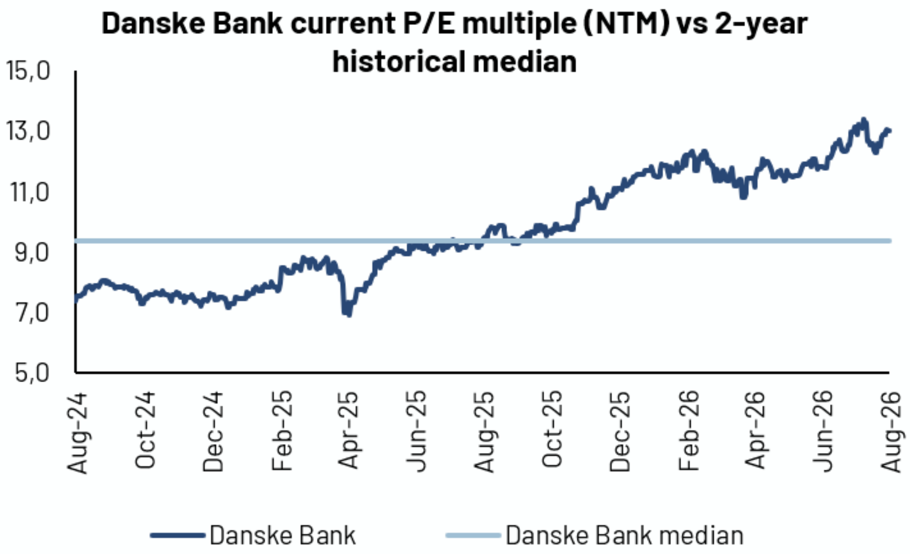


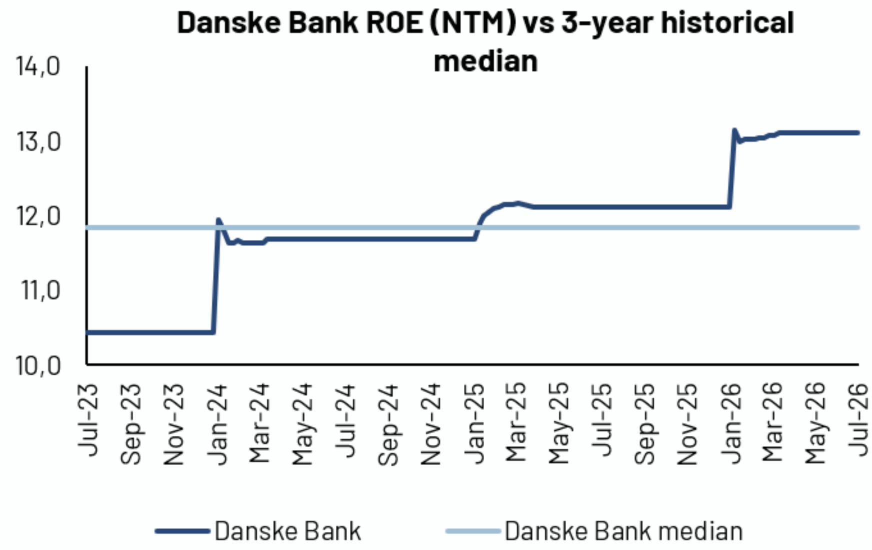


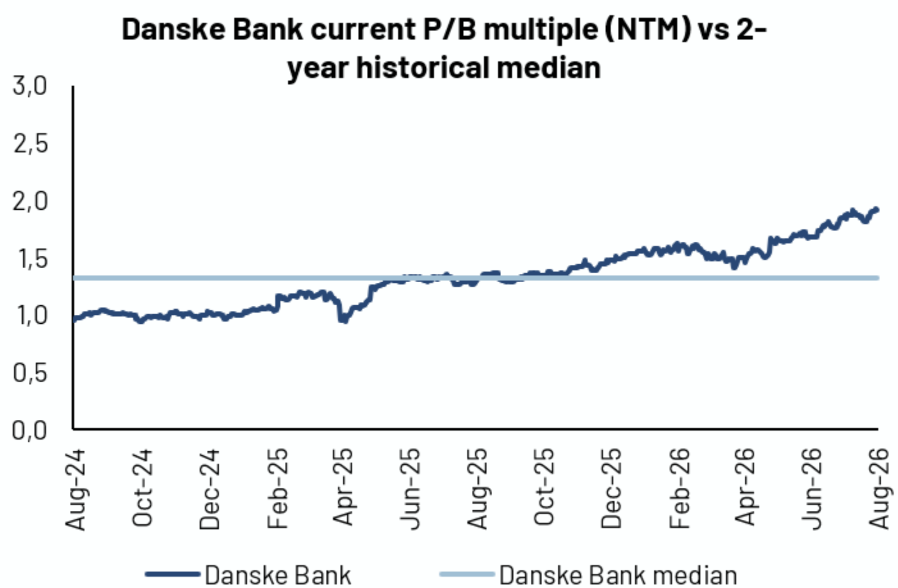
Note: Data from 07/08-2026

Source: S&P Capital IQ

Valuation vs. Historical median







Note: Data from 07/08-2026

Source: S&P Capital IQ

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