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Danske Bank announces its new Forward '28 strategy and financial targets for 2026

In recent years, Danske Bank has made fundamental changes to the bank, resulting in a more focused business with a reduced risk level and a strengthened organisation. Simultaneously we have focused on strengthening our commercial momentum, and Danske Bank is on a clear trajectory to exceed the original financial targets we set for 2023.

Today Danske Bank is a focused Nordic bank with a strong market presence in Denmark, Sweden, Finland, and Norway. With our new strategy, we set clear ambitions to continue our efforts to strengthen our position as a leading bank in the Nordic region and make significant investments in customer offerings. For business and institutional customers, we want to be a leading bank in Denmark, Sweden, Finland and Norway. For retail and private banking customers, we will with a sharpened focus in each market continue our strategic development to strengthen our relations with existing customers and attract new ones:

- Denmark: We want to reaffirm our position as the bank of choice across customer segments.
- Finland: We want to maintain our position, serving customer needs across a broad set of segments and focusing on customers with advanced needs in primarily urban areas.
- Sweden: We want to become the premium retail and private banking bank for business owners and customers with advanced needs.
- Norway: We have decided to exit the market for personal customers in Norway to focus our efforts, investments and capital on other parts of our portfolio (see Company Announcement no. 5 2023).

2026 financial targets and capital distribution

We have set new financial targets for 2026, which reflect our ambition to deliver a solid return on equity, continue to simplify and raise efficiency, lower costs and to consistently generate and distribute capital to our shareholders based on low risk levels:

- Return on equity: 13% with a CET1 ratio of above 16%
- Cost/income ratio: around 45%

Our capital distribution policy of a dividend pay-out of 40-60% of net profit remains unchanged. From 2023-2026, we see a total dividend potential of at least DKK 50 billion, based on the upper end of our dividend policy range.

For 2023-2026, we have the ambition of making further capital distribution subject to our capital position and market conditions.

In accordance with the above, Danske Bank intends to restart dividend payments with the announcement of the interim report for the first half of 2023. The intended dividend payment will be based on the net profit for the first half of 2023, and we will be targeting the upper end of the 40-60% dividend policy range. The intended capital distribution is subject to a decision by the Board of Directors in accordance with the authorisation granted to the Board of Directors and will be based on a prudent assessment of Danske Bank's capital position at the end of the first half of 2023.

Our financial targets are based on a prudent set of assumptions for the macroeconomic development and an expected growth in lending of approximately 3% and in deposits of less than 1%.

To support the execution of the strategy, we are significantly increasing our annual investments in our core capabilities within digital platforms, expert advisory services and sustainability from DKK 3 billion to DKK 4 billion. Combined with the reprioritisation of other investments, this means that we more than double our investments in the strategic development of the bank.

Carsten Egeriis, CEO of Danske Bank:

“Danske Bank has during recent years made fundamental changes to refocus the bank, reduce our risk exposure, develop our organisation and accelerate our commercial momentum. We can see that the changes work and we are on a clear trajectory to exceed the original financial targets we set for 2023.”

“We are changing gears and substantially increasing our strategic and financial ambitions. We continue to accelerate our commercial momentum in all parts of the business, underpinned by clear growth and profitability targets. At the same time, we have decided to significantly increase our investments in our digital platforms, expert advisory services and sustainability, focusing on the areas where we see the best opportunities for profitable growth.”

“With our new strategy, we set clear ambitions for Danske Bank to be a leading bank in a digital age. Serving a quarter of the personal customers in our home market, we will work hard to continue to earn their trust and to affirm our position as the bank of choice in Denmark.”

Stephan Engels, CFO of Danske Bank:

“Danske Bank is determined to deliver shareholder value and with the good momentum we have in our business, we expect to have substantial future distribution potential for dividends. We intend to restart dividend payments when we announce our results for the first half of 2023, and from 2023 to 2026, we see a potential for a total dividend equivalent to the upper level of our dividend policy range, which remains unchanged at 40-60%.”

Investor update

Today, 7 June 2023 at 8.00am-12.00 noon CEST, Danske Bank's Executive Leadership Team hosts an investor update and presents the new strategic direction and 2026 financial targets and host a Q&A session.

The investor update can be followed online, and all presentations will be recorded and made available on our website afterwards.

Danske Bank

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