

# Annual Report 2008

February 5, 2009

Conference call 2.30pm CET

Dial-in numbers

UK: +44 208 817 9301

DK: +45 70 26 50 40

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# Agenda

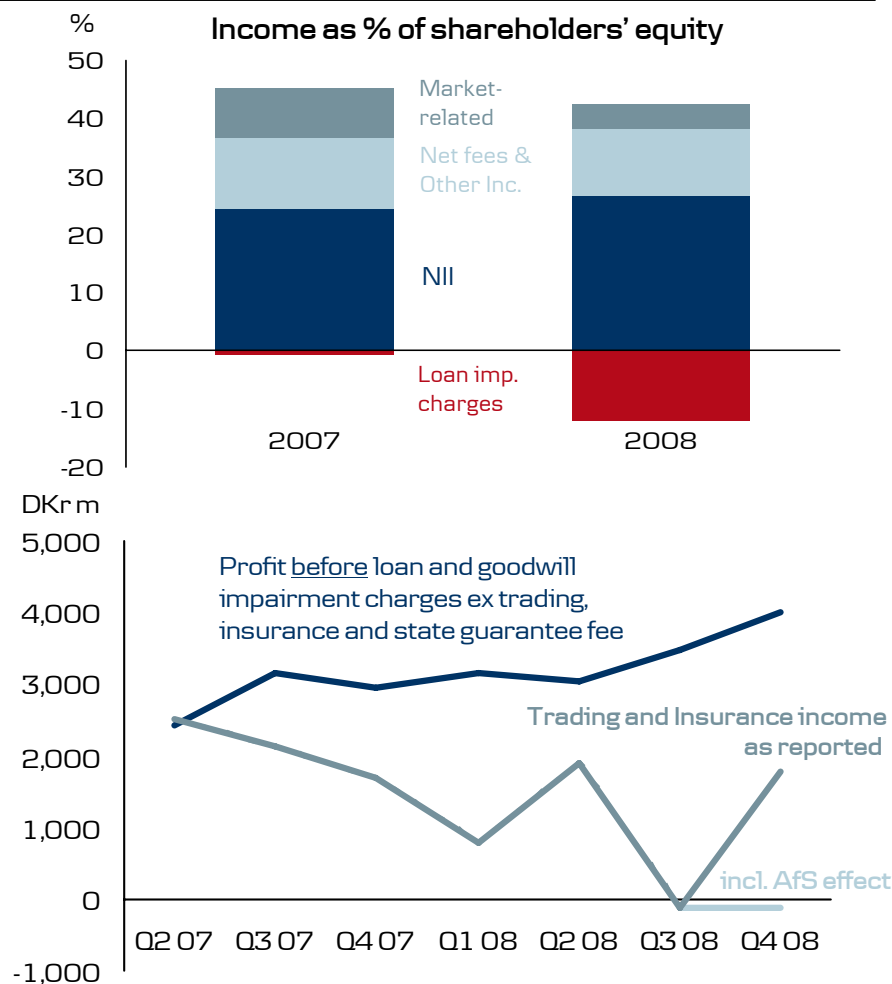
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# Key messages

## - Results marked by financial turmoil and economic downturn

- Net profit shows effect of financial turmoil and worsened economic conditions
- Accelerating crisis in Q4 led to higher-than-expected impairment charges, incl. goodwill related to Ireland
- Robust income, fuelled by growing NII, testifies to resilient business model – in fact, highest-ever quarterly revenues in Q4
- Financial crisis reduced trading and insurance income
- Strong liquidity secured by the state guarantee in October
- Solid capital position, which will be further strengthened by new hybrid capital from the state
- Focus on expenses, including a staff reduction of 350 FTEs in head offices
- 2009 will be a difficult year, with high impairment charges, but Banking Activities' robust income will provide support








# Setting the macroeconomic scene


## - Sharp economic downturn in Europe

### Macroeconomic key figures

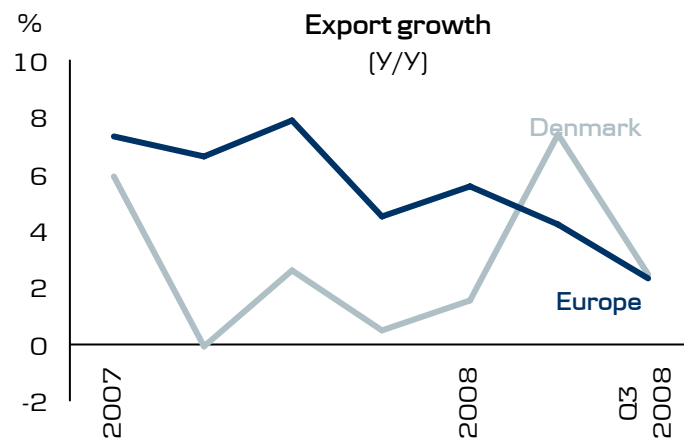
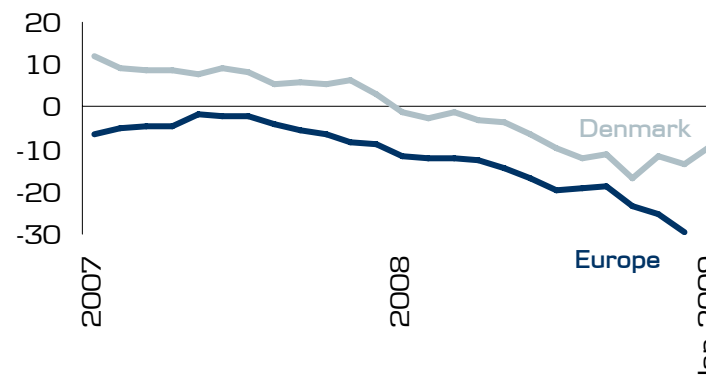
2009 estimates

	GDP growth %	Budget balance % of GDP	Gross publ. debt % of GDP	Unempl. rate %
	-0.7	-0.5	25.2	2.4
	-0.3	2.4	32.0	7.0
	-1.7	1.1	35.7	8.8
	-0.3	12.0	26.0	3.7
	-0.7	-3.0	68.0	8.5

 = below EU average

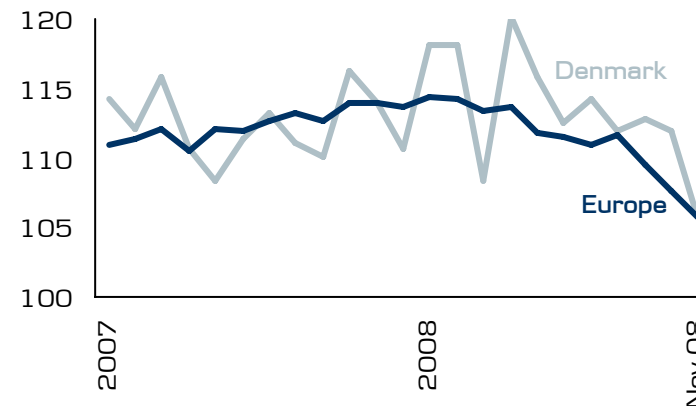
 = above EU average

### Consumer confidence



Source: Danske Research.

### Industrial production



# Performance highlights

- Resilient trend in NII, but net profit lower than expected

## Net profit ↓ 93% to DKr 1.0bn

- Primary drivers of the decline:
  - Loan impairment charges of 12 bn
  - Impairment of goodwill relating to Ireland
  - Negative income from insurance
- Net interest income up 11%
- Total income down 4%, slightly below expectations
- Expenses up 15%, but ex. goodwill impairment and payment for state guarantee, underlying costs up only 2%
- Loan impairment charges much higher than expected 57bp for the full year
- Significant widening of lending margins, particularly in Denmark
- Strong customer-driven trading revenues

## Income statement and key figures

DKr m	2007	2008	Index
Net interest income	24,391	27,005	111
Net fee income	9,166	8,110	88
Net trading income	7,378	6,076	82
Other income	3,010	3,585	119
Net income from insurance business	1,118	-1,733	-
Total income	45,063	43,043	96
Expenses	25,070	28,726	115
Profit bef. loan imp. charges	19,993	14,317	72
Loan impairment charges	687	12,088	-
Profit before tax	19,306	2,229	12
Tax	4,436	1,193	27
<b>Net profit for the period</b>	<b>14,870</b>	<b>1,036</b>	<b>7</b>
Earnings per share (DKr)	21.7	1.5	7
Return on equity, p.a. (%)	15.1	1.0	-
Cost/income ratio (%)	55.6	66.7	120
Cost/income ratio (%) ex integration	50.9	56.4	111
Core capital ratio ex hybrid (%)	7.7 *	8.1	-
Risk-weighted assets (DKr bn)	954 *	960	-

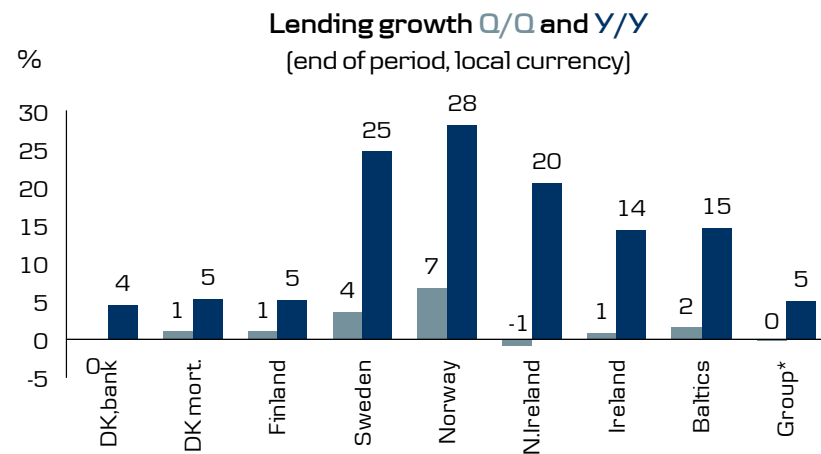
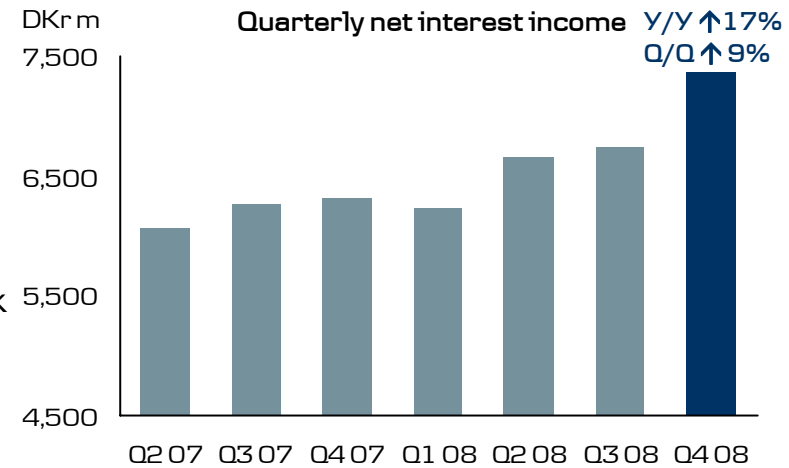
\* 1.1.2008

# Net interest income up 11%

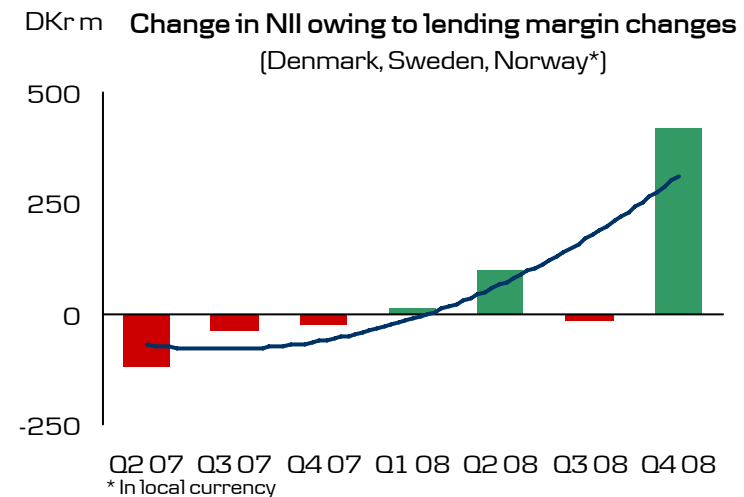
- Widening lending margins and declining lending growth

## Net interest income ↑ 11%

- Great resilience
- 63% of total income
- NII up 9% Q/Q
- Lending growth slowing down in all units
- Lending margins improved, especially in Denmark
- Deposit margins under pressure owing to increasing competition



\* Group in DKr



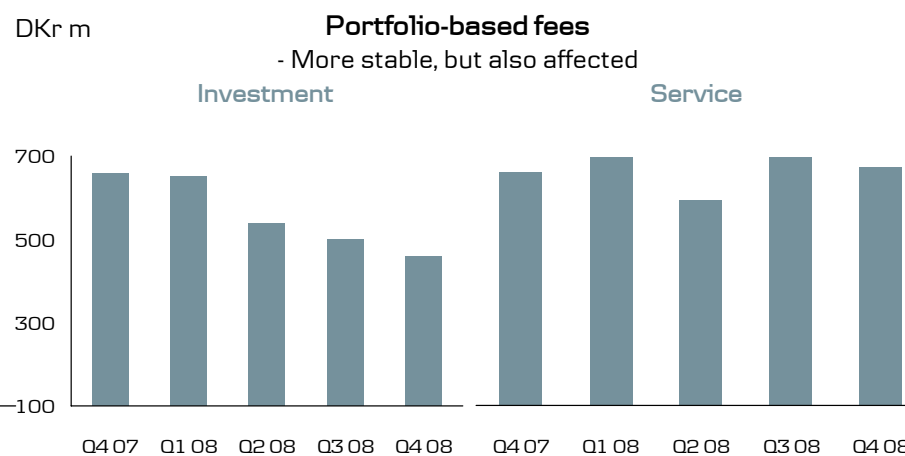
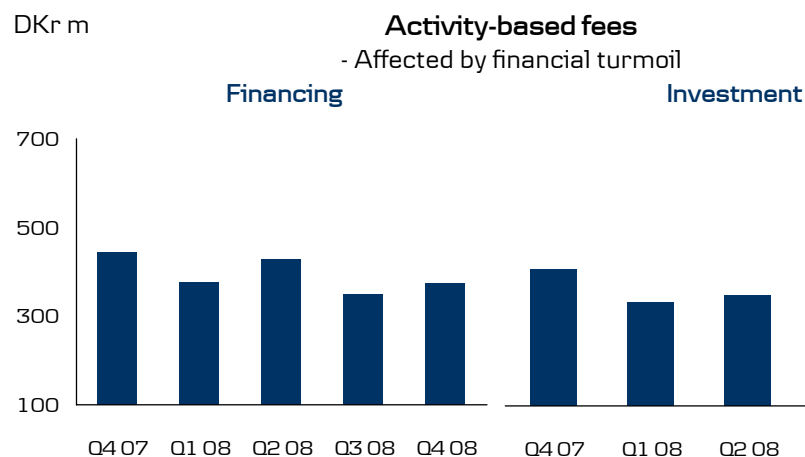
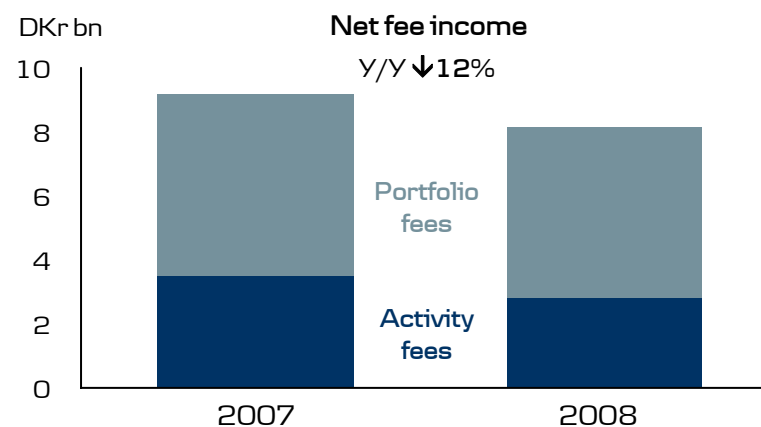
\* In local currency

# Net fee income

- Lower investment activity and subdued housing market

## Net fee income ↓12%

- Activity based fees down 20% due to lower investment fees, lower activity in general and a subdued housing market
- Portfolio-based fees down 6% owing to lower asset management fees and lower lending growth



# Net trading income

- Strong customer activity and DKr 1 17bn in bonds reclassified

## Total trading income

DKr m	2007	2008	Q3 2008	Q4 2008	Index
Trading activities	4,419	7,361	1,402	2,634	188
Proprietary trading*	429	-1,545	-600	-	-
Group Treasury	189	-2,451	-982	-1,289	-
Institutional Banking (non-Nordic)	518	398	104	54	52
<b>Danske Markets in total</b>	<b>5,555</b>	<b>3,763</b>	<b>-76</b>	<b>1,399</b>	<b>-</b>
BA Denmark	955	826	282	186	66
Other trading activities	868	1,487	162	605	373
<b>Net trading income</b>	<b>7,378</b>	<b>6,076</b>	<b>368</b>	<b>2,190</b>	<b>595</b>

### Group Treasury result Q4 includes

- DKr 100m fee expenses for securitisation of mortgage loans
- DKr 500m loss on Danish mortgages and covered bonds
- DKr 200m loss on listed and unlisted equities
- DKr 500m in higher funding costs

### IAS 39

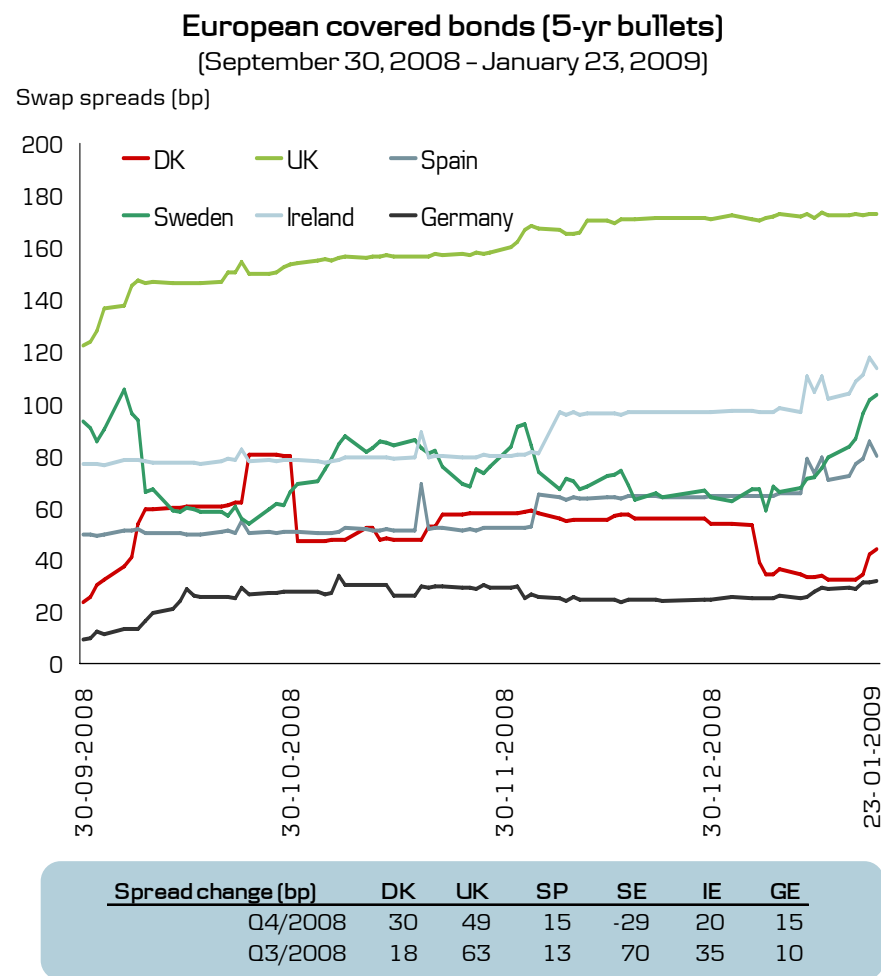
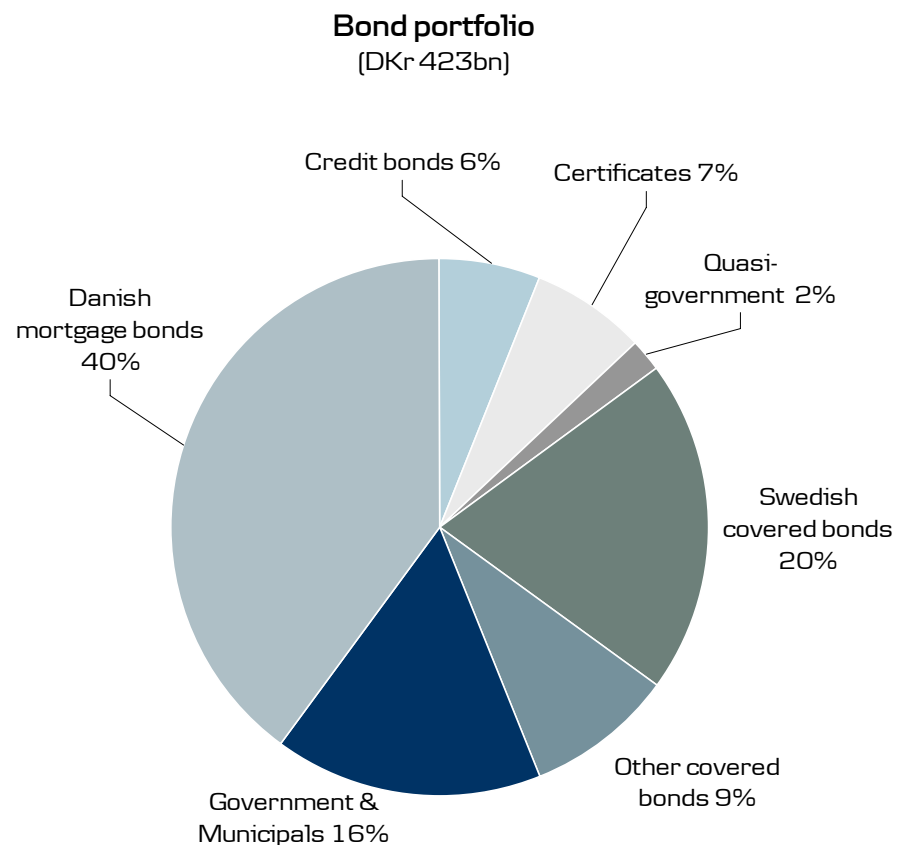
- Reclassified bond portfolio of DKr 1 17bn (mainly Danish mortgages) as of October 1, 2008 in accordance with IAS 39 amendment
- Net loss of DKr 1.6bn (MtM loss on bond portfolio of DKr 1.9bn booked to equity and partly offset by DKr 0.3bn income booked to NII)

\* Proprietary trading became part of Group Treasury at the beginning of Q4



# Bond portfolio

- Hit by widening spreads, but high credit quality

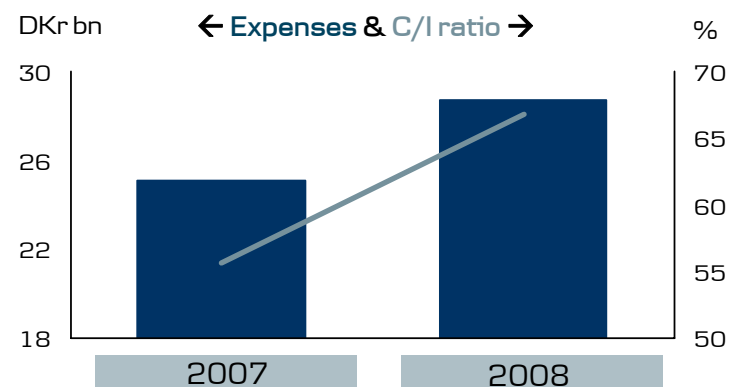


# Expenses

- Underlying costs lower than expected - cost management intensified

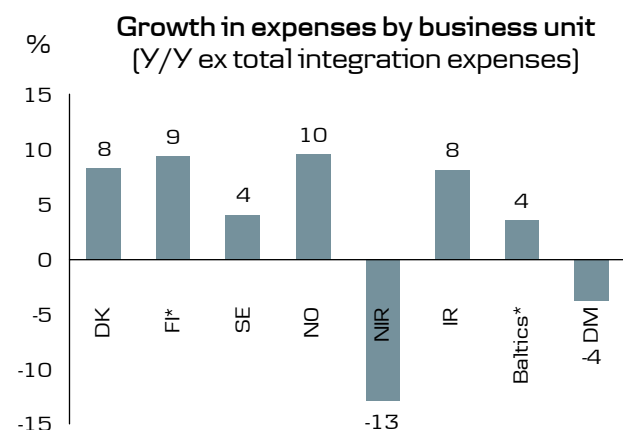
## Expenses ↑ 15%

- Increase due mainly to impairment on goodwill and fee for state guarantee
- Underlying cost base up 2% - better than expected
- Cost management intensified, head office staff reductions of 350FTEs
- Increasing synergies achieved in Finland
- Cost/income ratio: 67%, but 55% underlying



## Underlying cost base ↑ 2%

DKrm	2007	2008	Index
Expenses	25,070	28,726	115
Integration expenses	1,011	774	77
Amortisation of intangibles	1,135	589	52
Costs ex total integration expenses	22,924	27,363	119
State guarantee fees	-	625	-
Goodwill impairment	-	3,084	-
One month extra of Sampo Bank	260	-	-
<b>Underlying cost base</b>	<b>23,184</b>	<b>23,654</b>	<b>102</b>



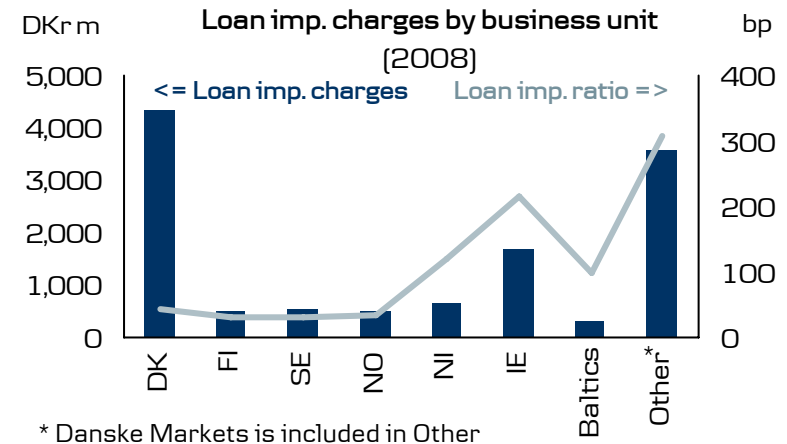
\* Adjusted for one additional month of Sampo Bank.

# Loan impairment charges

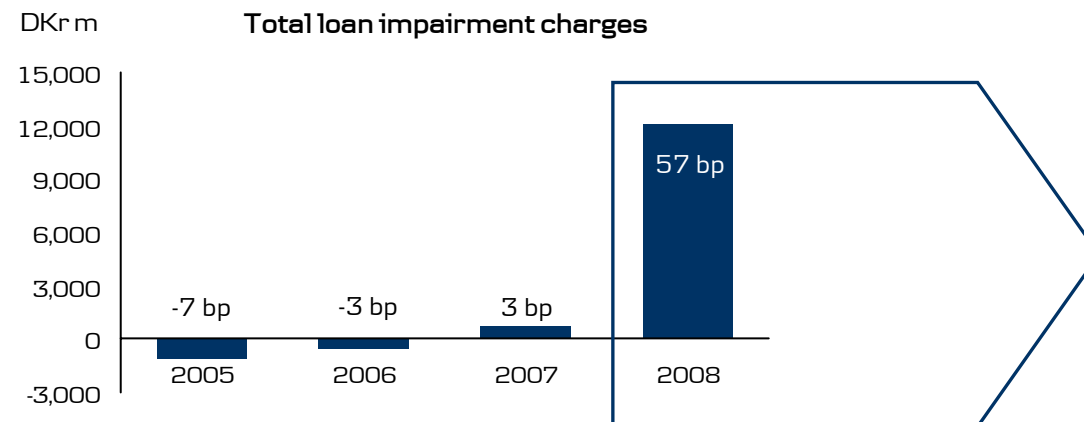
## - Significantly higher than forecast

### Impairment charges DKr 12bn

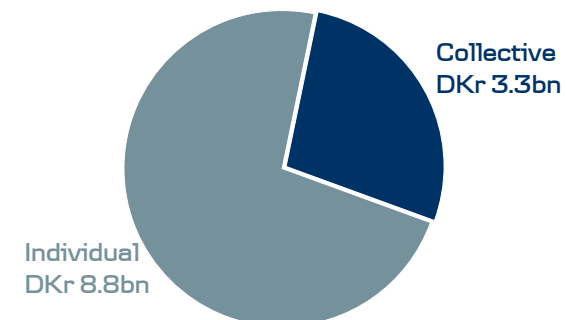
- Higher than forecast due to rapidly worsening economic crisis in Q4
- Collective impairments of DKr 3.3bn to vulnerable industries – DKr 2bn on facilities to international financial counterparties
- Few losses on retail customers
- Highest impairment charge ratios in Ireland, Northern Ireland and the Baltics



### Total loan impairment charges



### Loan impairment charges in 2008 (Total DKr 12.1bn)



# Breakdown of loan impairment charges

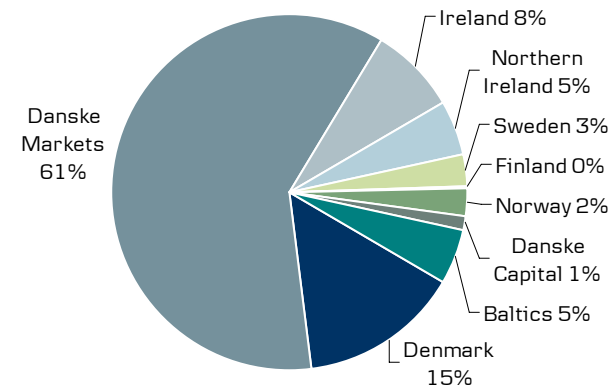
## - Danske Markets and Ireland take disproportionate shares

### Impairment charges

- SMEs account for most of the Group's impairments
- For Banking Activities Denmark, impairments related mainly to corporate customers and a DKK 300m provision for the loss guarantee to the Danish State
- 16% of individual impairments derive from Ireland

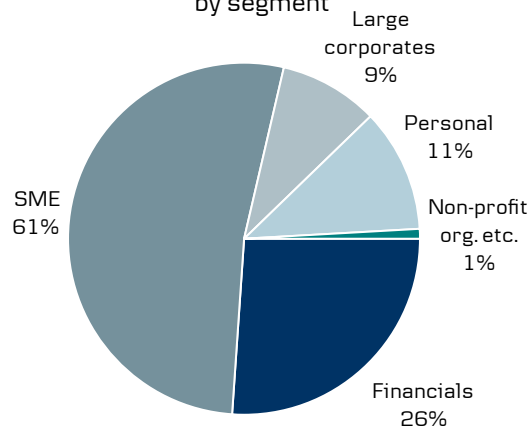
### Collective impairments

by business unit



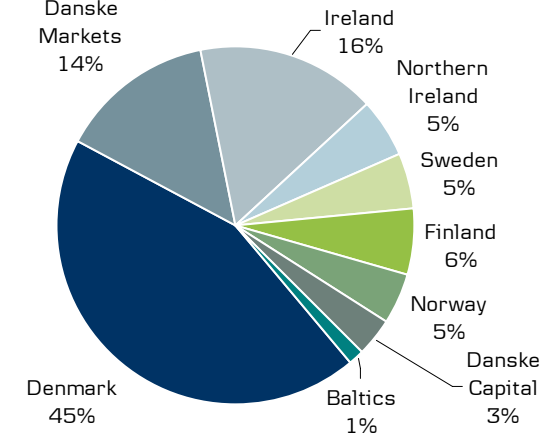
### Individual impairments

by segment



### Individual impairments

by business unit



# Loan imp. chgs – geographical breakdown

- Rising charges, reflecting lower asset prices and sharp economic downturn

Annualised loan impairment  
charges as % of total loans

Danske Bank Group				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
0.08%	0.10%	0.11%	0.33%	<b>1.73%</b>

Fokus Bank				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
0.16%	0.08%	0.05%	0.02%	<b>1.24%</b>

Northern Bank				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
0.07%	0.20%	0.34%	0.86%	<b>3.11%</b>

National Irish Bank				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
0.35%	0.19%	0.82%	2.59%	<b>5.05%</b>

Sampo Pankki				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
0.40%	-0.07%	0.05%	0.29%	<b>0.92%</b>

Danske Bank Sweden				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
0.02%	0.16%	0.07%	0.06%	<b>0.90%</b>

Sampo Pankki Danske Banka Danske Bankas				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
0.13%	0.22%	0.36%	0.54%	<b>2.80%</b>

Danske Bank				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
0.00%	0.13%	0.10%	0.18%	<b>1.27%</b>

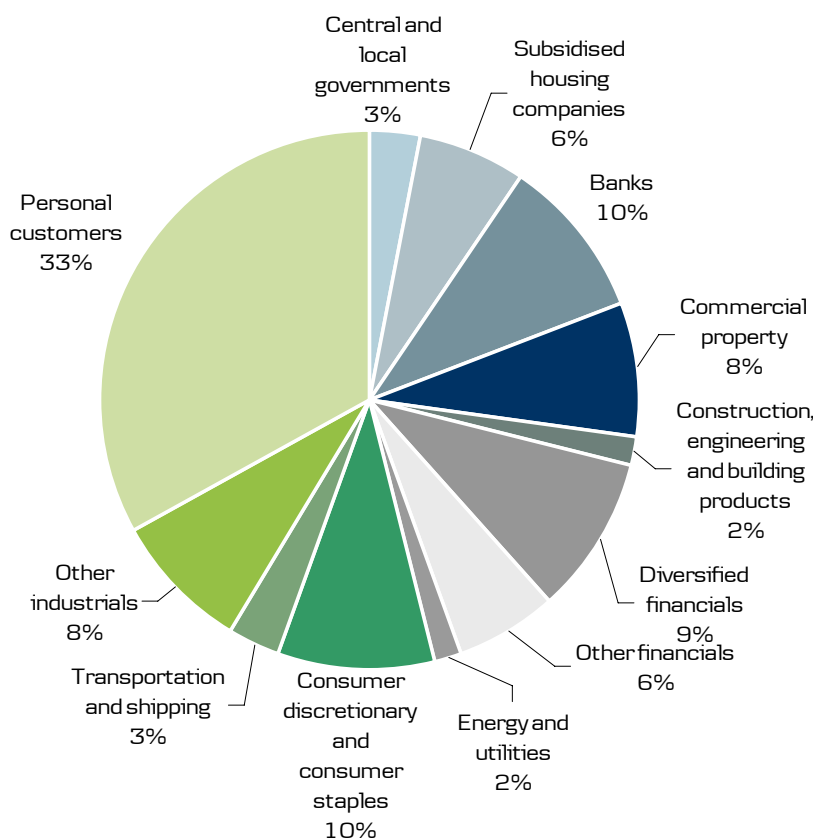
Other activities				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
0.37%	0.22%	0.06%	1.69%	<b>10.39%</b>

# Total credit exposure

- Diversified – low exposure to shipping and commercial property

## Credit exposure, end-Q4 2008

(DKr 2,520bn, hereof loans DKr 2,019bn)



## Largest changes in Q4

Total credit exposure: -8%

Sector changes %-points

Banks -6

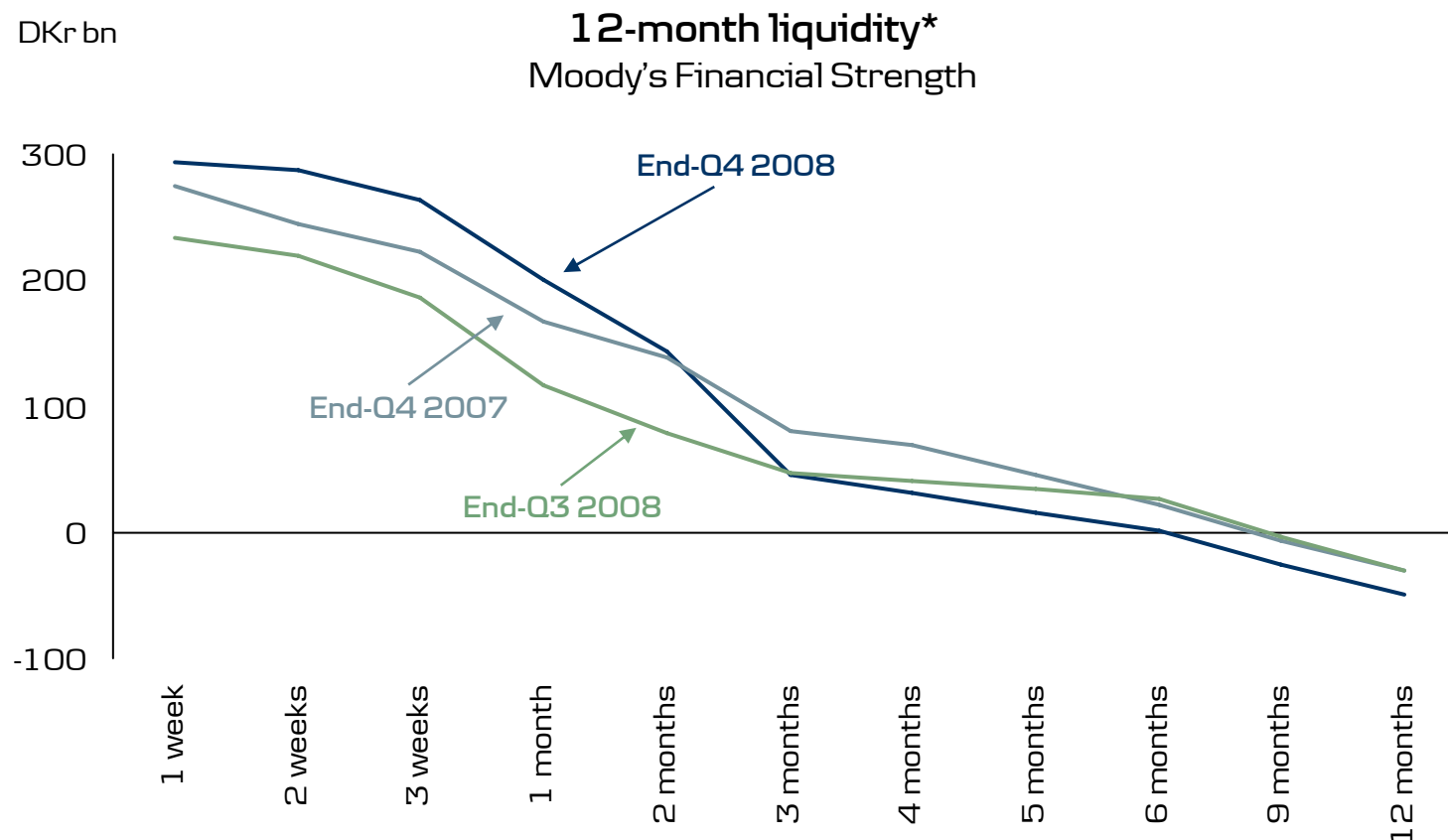
Diversified financials -3

Other financials +2

Personal customers +3

# Liquidity

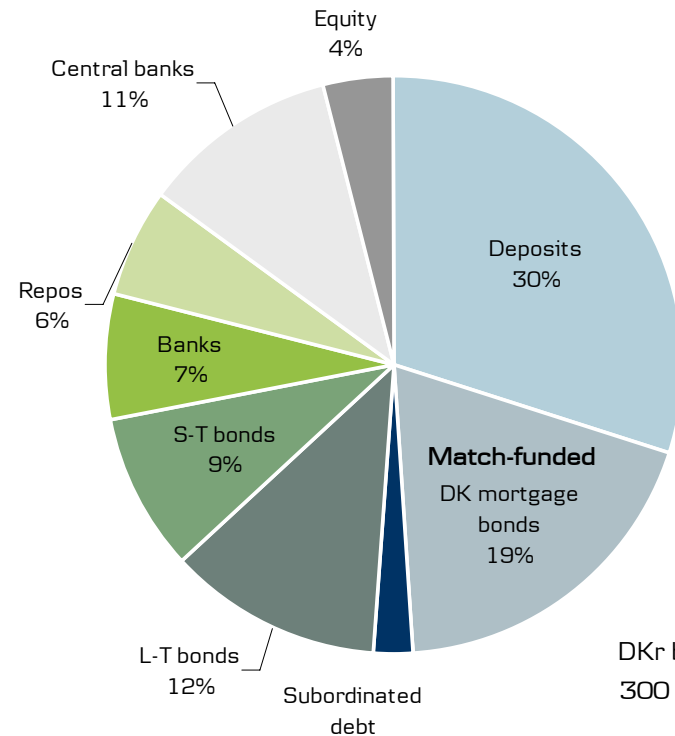
- Satisfactory position throughout 2008 – despite difficult markets



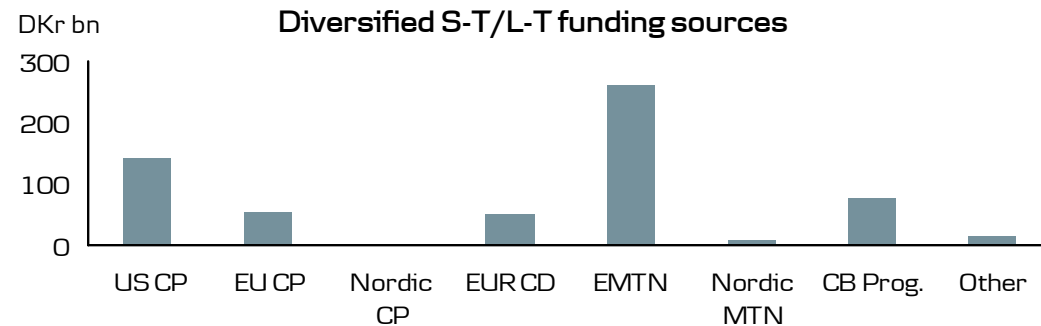
\* Main assumptions: No access to capital markets; no refinancing of debt to credit institutions, issued bonds or subordinated capital; and moderate reduction of business activities

# Funding – end-Q4

## - Well-diversified funding position



- Well-diversified funding structure
- 49% deposits and fully match-funded Danish mortgage bonds (net)
- Short-term bonds DKr 250bn
- DKr 78bn covered bonds
- State guarantee has eased access to funding





# Danish credit package

- In force until December 31, 2013 – approved by Danish government

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## What

- DKK 100bn available to recapitalise the Danish financial sector with hybrid capital for two years
  - Increase tier 1 to at least 12%
  - Increase regulatory limit on hybrid capital from 15% to 50% of core capital
- State guaranteed funding for senior debt issuance maturing until December 31, 2013

## Implications for Danske Bank

- Improves capital base in the midst of the worst economic crisis in 70 years
- Improves access to medium-term funding
- Reduces ROE

# Capital management

## - Solid capital ratios based on conservative methodology

No dividend payment for 2008 or 2009

- Condition for state guarantee

**High ratios strengthened further through new state hybrid capital**

- Current capital ratios well above regulatory requirements: tier 1 ratio of 9.2% and solvency ratio of 13.0%
- After new state hybrid capital of DKr 26bn; tier 1 ratio will be around 12% and solvency ratio around 16% (based on YE 2008)

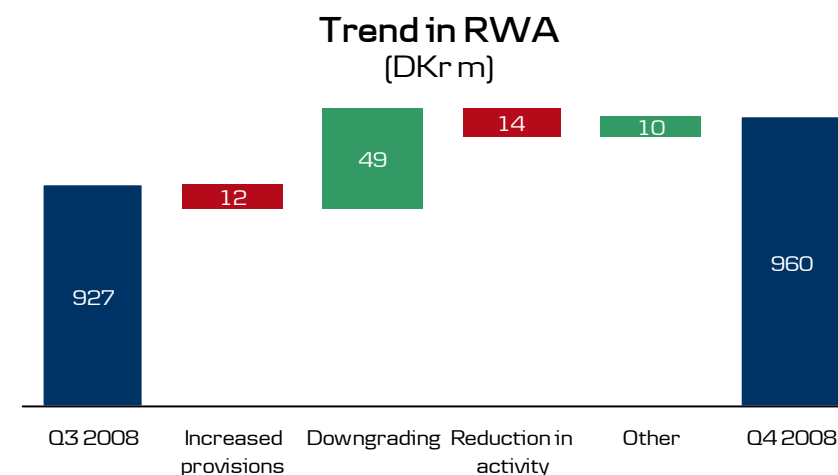
**Conservative approach to solvency ratios**

- Based on TTC and downturn LGD (mild recession scenario)
- Underfunding of defined benefit schemes deducted from core capital
- 50% solvency in life insurance deducted from core capital, including hybrid

### Capital ratios – CRD/BaseI II

	1 Jan '08	2008	2008 *
Core tier 1 ratio ex hybrid	7.7	8.1	8.1
Core tier 1 ratio	8.7	9.2	12
Solvency ratio	12.6	13.0	16

\*) Assuming new hybrid capital



# Outlook for 2009

- Another very difficult year, with high loan impairments

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- ! Tough macroeconomics
- ! Difficult earnings conditions
- ! Loan impairment charges to remain high
- ! Impact from Danish credit package
- ! Focus on existing customer base
- ! Focus on cost management
- ! Focus on de-leveraging, de-risking and improvement of liquidity management

# Key challenges

- High attention and swift action

KEY CHALLENGE	RESPONSE 2008-2009
1. Secure income stream	Continued widening of lending margins
2. Cost containment	Staff reduction of 350FTEs in head offices Only natural attrition in the front line
3. Ireland	Restructuring and centralisation of credit function
4. Balance sheet	Reduction of non-lending assets
5. Declining credit quality	Strict lending criteria and collective impairment charges
6. Liquidity	State guarantee for wholesale funding until December 31, 2013
7. Solvency	Further strengthening through new hybrid capital

# Q&A session

Press 1 to ask a question  
Press “#” to cancel



Press “Ask a question” in  
your webcast player



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# Appendix

# Credit exposure – selected industries

- Diversified – low exposure to shipping and commercial property

## Lending to commercial property and construction

DKr bn	Commercial property	Segment from developers	Construction and building material	Sector in total
Denmark	66.6	1.5	13.2	79.8
Finland	24.7	1.0	6.3	31.0
Sweden	49.1	0.4	5.3	54.4
Norway	29.7	2.6	1.9	31.6
Northern Ireland	10.6	3.8	5.6	16.2
Ireland	20.3	6.8	6.2	26.5
Other	4.5	0.2	3.5	8.0
<b>Total</b>	<b>205.4</b>	<b>16.2</b>	<b>42.1</b>	<b>247.5</b>
NPLs	7.4		2.3	9.7
Imp. charges	2.3		0.8	3.1

## Transportation & shipping

DKr bn	Exposure
Land transportation	19.5
Aviation	4.0
Shipping	47.9
Infrastructure	3.9
<b>Total</b>	<b>75.2</b>
NPLs	158
Specific imp. charges	233
Collective imp. charges	224

# Non-perf. loans – geographical breakdown

## - Significant worsening of economic crisis

Non-performing loans as % of total loans  
(Rating categories 10 and 11)

Danske Bank Group				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
0.56%	0.63%	0.60%	1.04%	<b>1.83%</b>

Note: Q3 08: 0.66% excluding Lehman Brothers.

Fokus Bank				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
0.47%	0.50%	0.35%	0.38%	<b>1.38%</b>

Northern Bank				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
0.31%	0.53%	0.43%	1.31%	<b>3.16%</b>

National Irish Bank				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
0.63%	0.74%	1.07%	3.36%	<b>8.24%</b>

Sampo Pankki				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
1.36%	1.71%	1.29%	1.09%	<b>1.27%</b>

Danske Bank Sweden				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
0.34%	0.45%	0.40%	0.43%	<b>0.99%</b>

Sampo Pankki Danske Banka Danske Bankas				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
0.72%	1.05%	1.16%	1.29%	<b>1.54%</b>

Danske Bank				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
0.33%	0.32%	0.36%	0.42%	<b>0.94%</b>

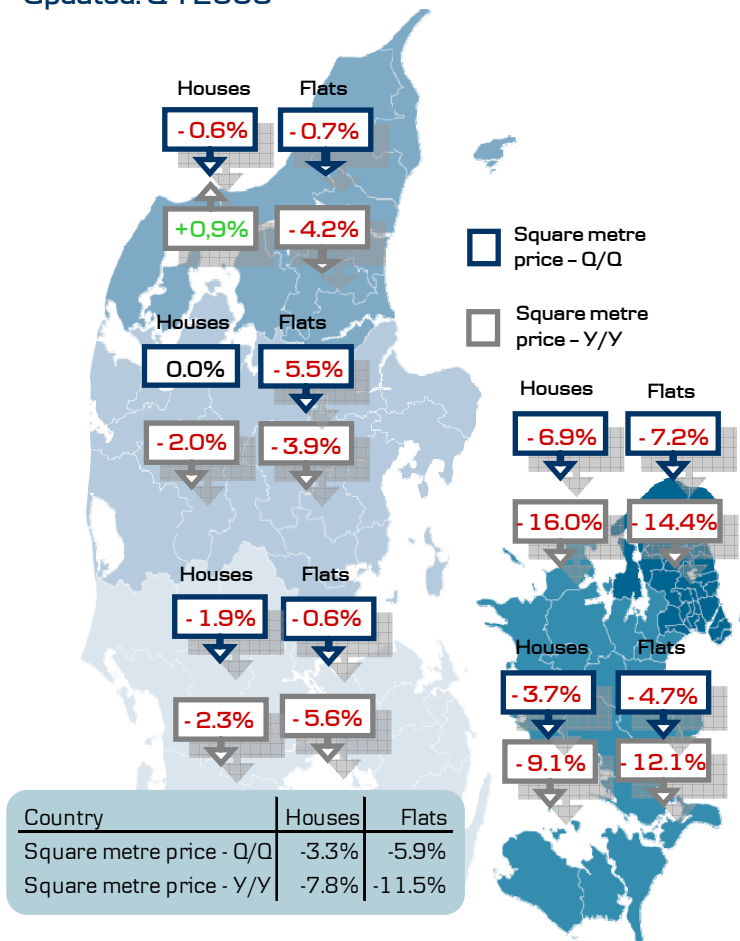
Other activities				
Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
2.02%	2.70%	2.97%	9.03%	<b>9.03%</b>



# Denmark: Housing market turning soft

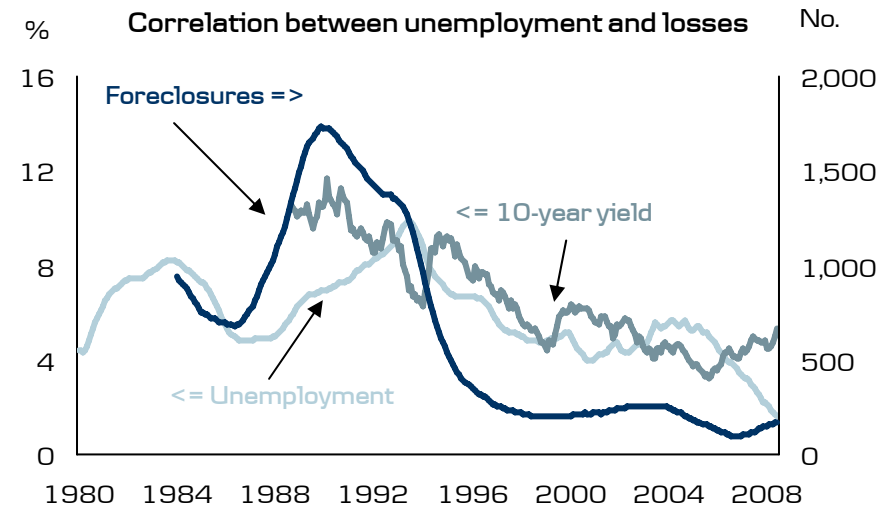
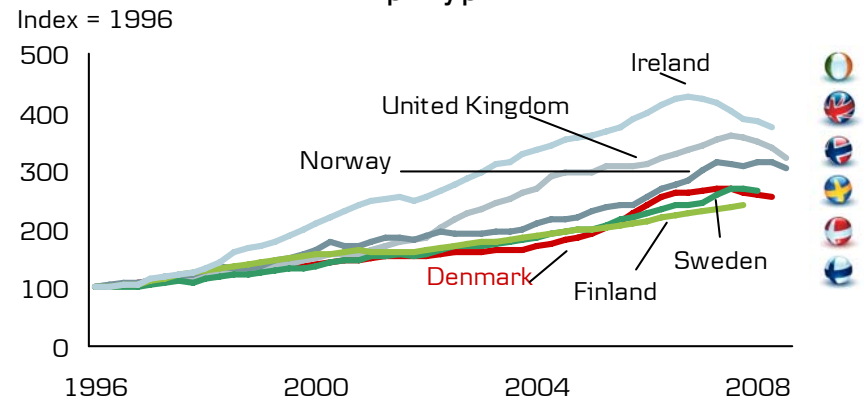
- Unemployment remains low – strong LTV ratio key factor in assessing risk

Updated: Q4 2008



Source: Assoc. of Danish Mortgage Banks

Property prices



Source: Danske Research

# Credit exposure: Mortgages in Denmark

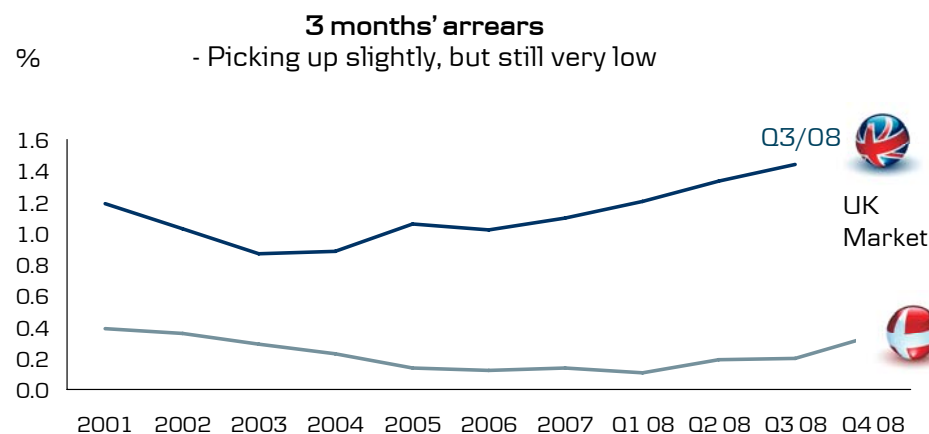
- Low avg. LTV ratio and limited arrears, although picking up

## Danish mortgages

- 23 repossessed properties and 1,995 arrears out of 430,000 loans at end-Q4
- 0.1 % of loans with LTV > 80% and low rating
- Max. 80% LTV on origination for private individuals (legal requirement)
- Max. 60% LTV on origination for corporate mortgages (legal requirement)
- Average LTV of 57% at end-Q4

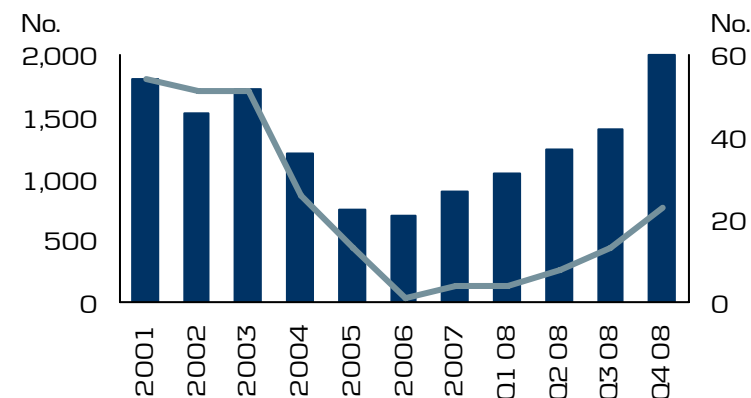
Breakdown of loans by LTV and rating category  
Mortgage finance (residential & commercial)  
End-Q4

LTV/rating	1-3	4-7	8-11	Total
0-20%	14.2%	23.9%	3.0%	41.0%
20-40%	9.9%	18.5%	2.7%	31.0%
40-60%	5.2%	11.5%	2.1%	18.7%
60-80%	1.9%	4.9%	1.2%	8.1%
>80%	0.4%	0.6%	0.1%	1.2%
<b>Total (DKr bn)</b>	<b>212</b>	<b>397</b>	<b>61</b>	<b>670</b>



Source: Council of Mortgage Lenders and Danske Bank

**Mortgage finance: number of arrears, end-period**  
← 3 & 6 months' arrears and repossessed properties →

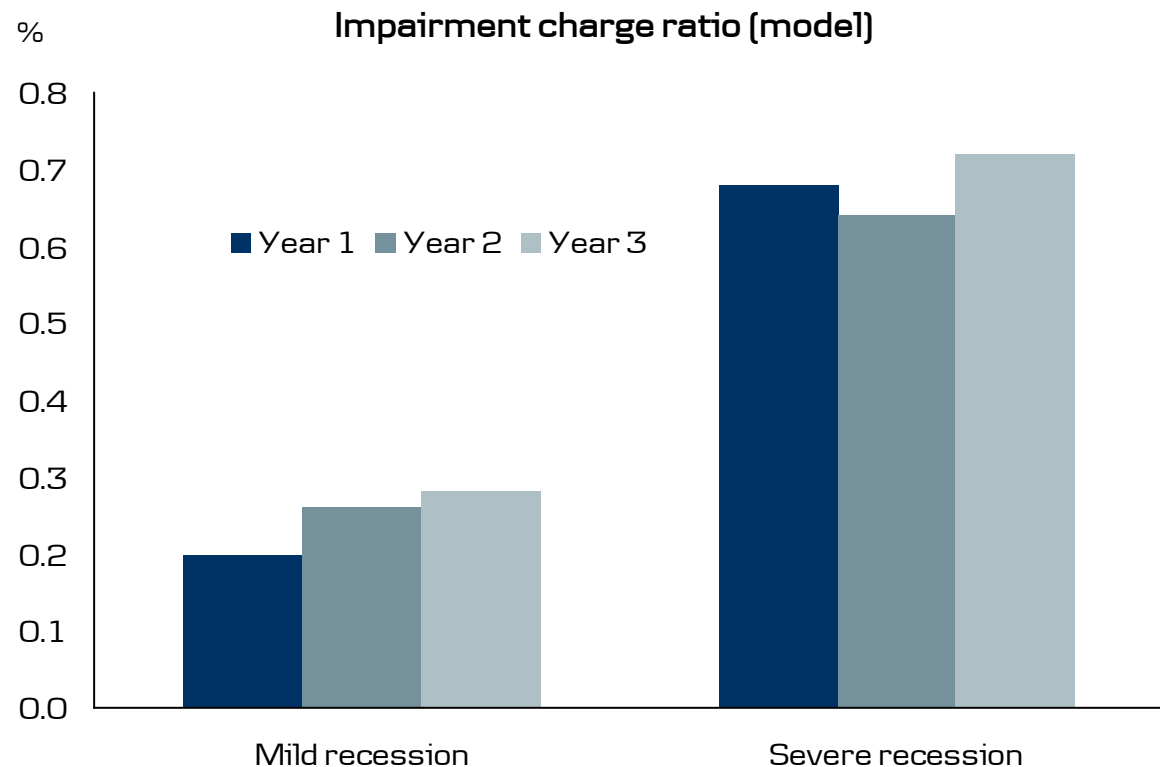


# Stress test scenarios

## - Loan impairment charges

### Assumptions (worst year)

	Mild recession	Severe recession
GDP growth	1.2%	-2.3%
Unemployment rate	4.7%	8.5%
Property prices, growth	-3.8%	-19.8%

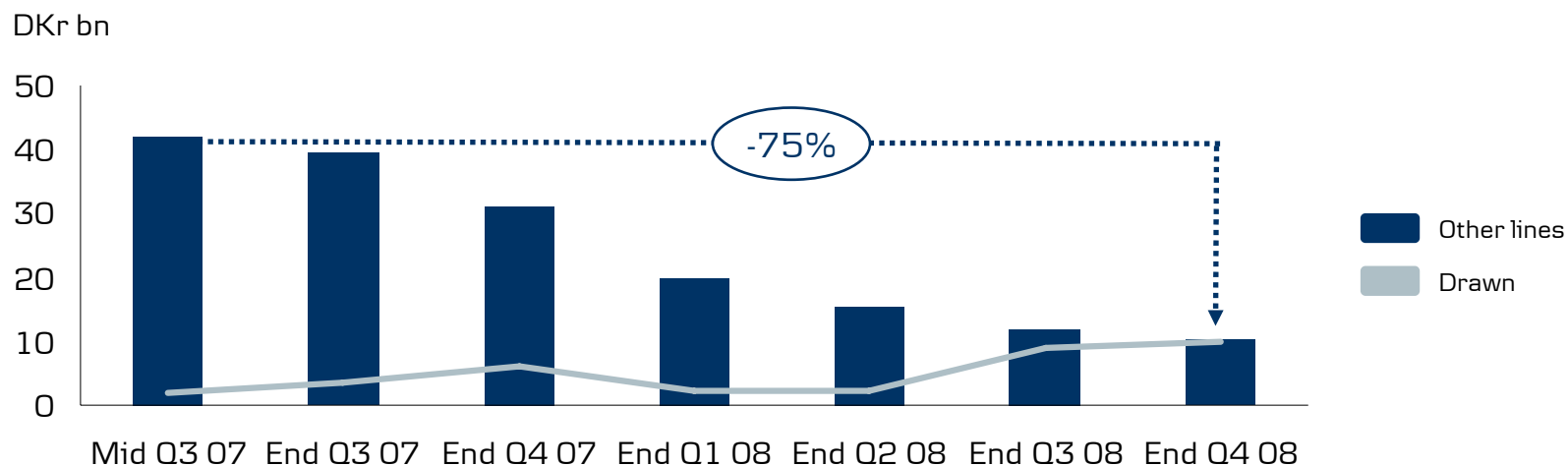


Based on Risk Management 2008

# Backup liquidity facilities for conduits

- Lines reduced by DKr 1.5bn in Q4 and by 75% since Q3 07

End-Q3 2008	SIVs	ABCPs	Total
Number	0	5	5
Bank-managed	-	-	-
Amount (DKr bn)	0	10.4	10.4
Bank-managed (DKr bn)	-	-	-
Lines drawn (DKr bn)	0	10.0	10.0

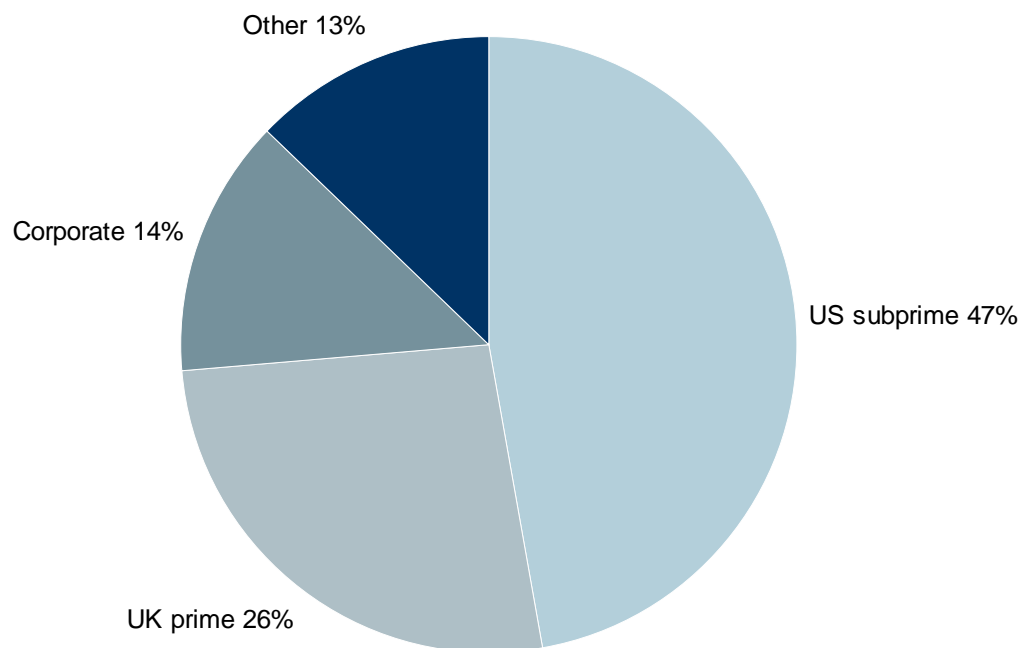


# Asset backing for liquidity portfolio

- High credit rating; resilient against further housing depreciation

## Underlying asset breakdown

Total exposure: DKr 11.9bn

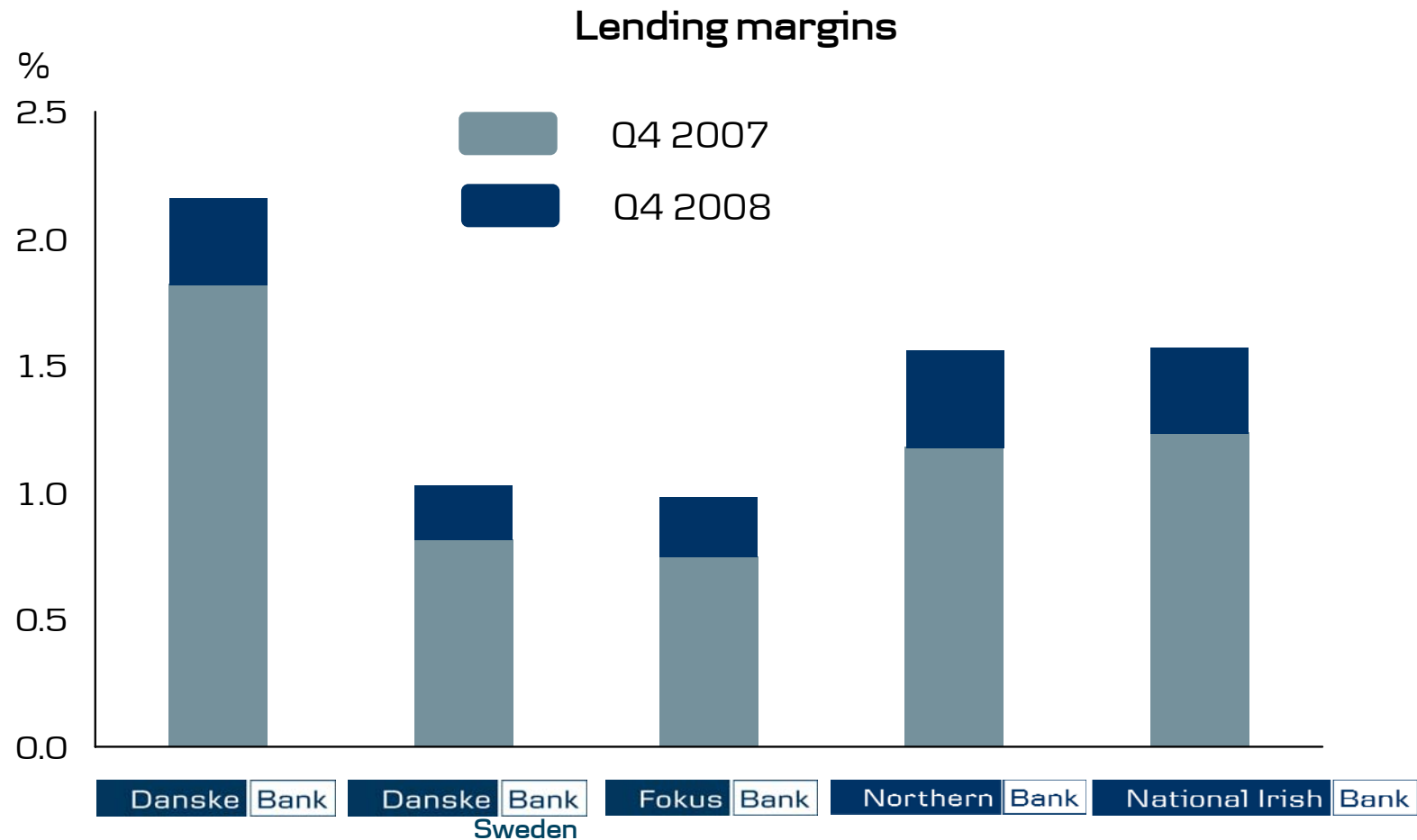


## Specific US subprime exposure

- ABCP backup line
- Collateralised by diversified pool of 16 bonds;
  - 6 AAA-rated
  - 10 A- or B-rated
- 30% 2005 vintage; 70% early 2006; no second-mortgage collateral
- Average future collateral pool losses modelled at 30% under base case

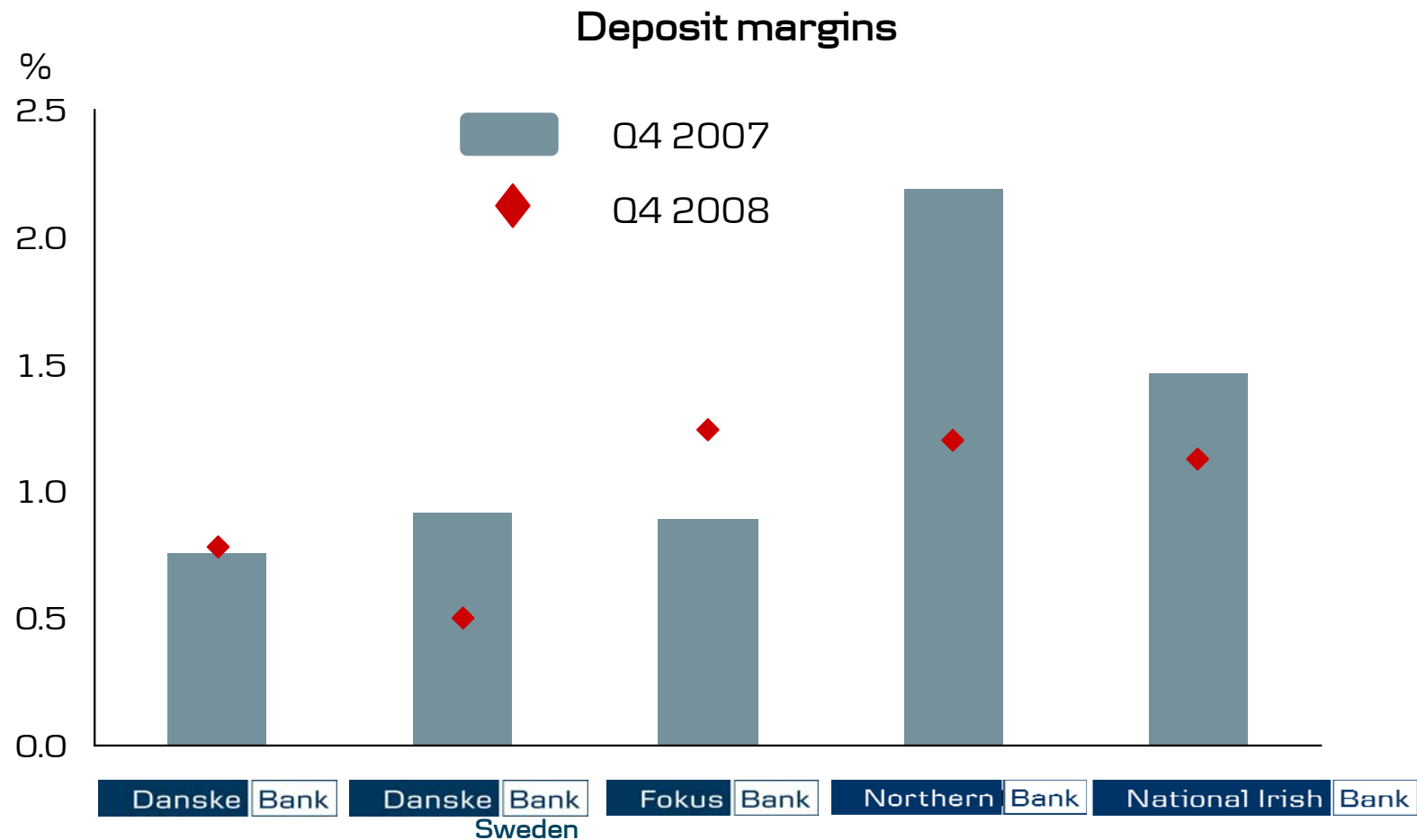
## Net interest income (2)

- Improving lending margins in all markets



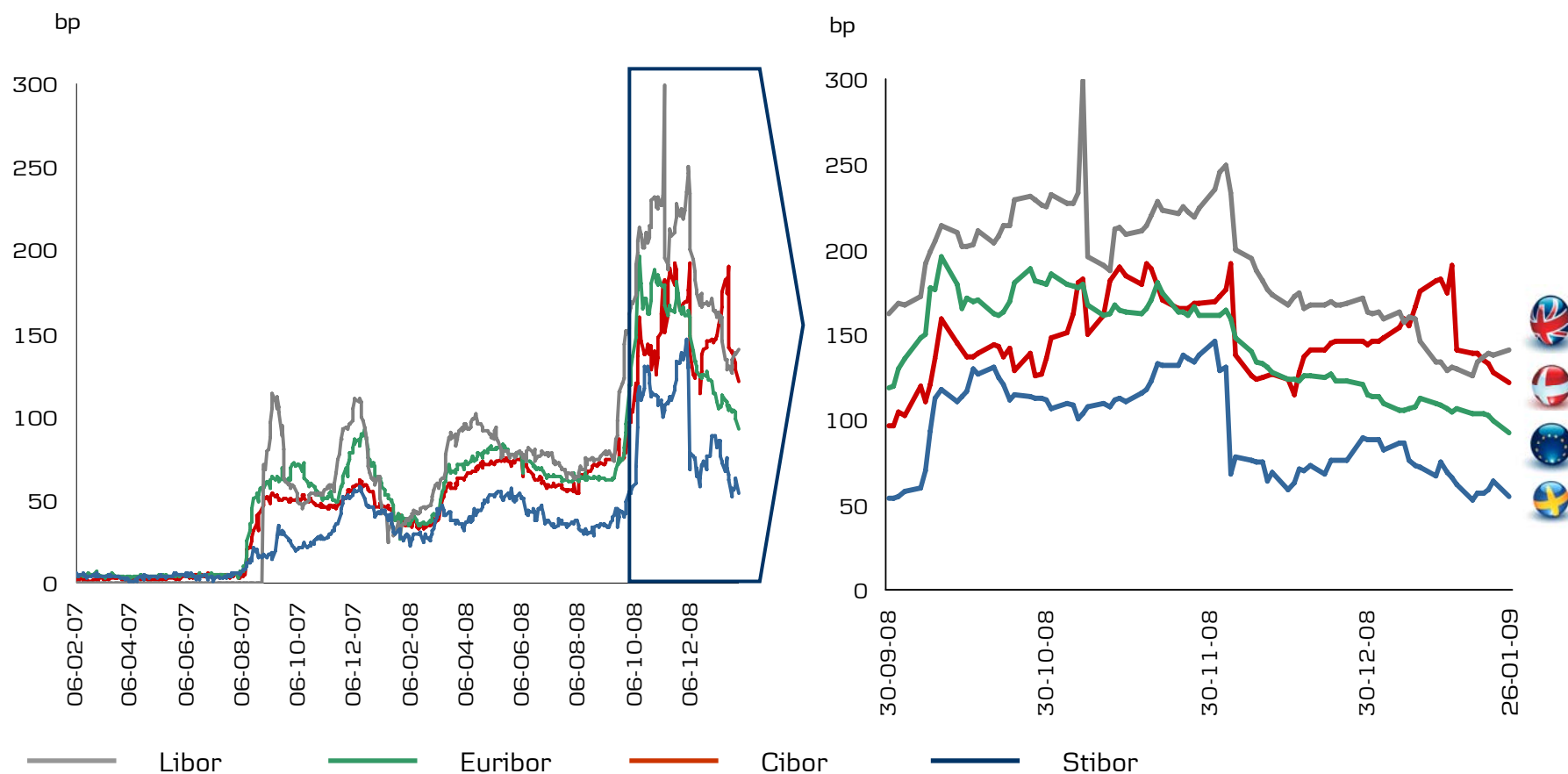
# Net interest income (3)

- Deposit margins



# Money market spreads

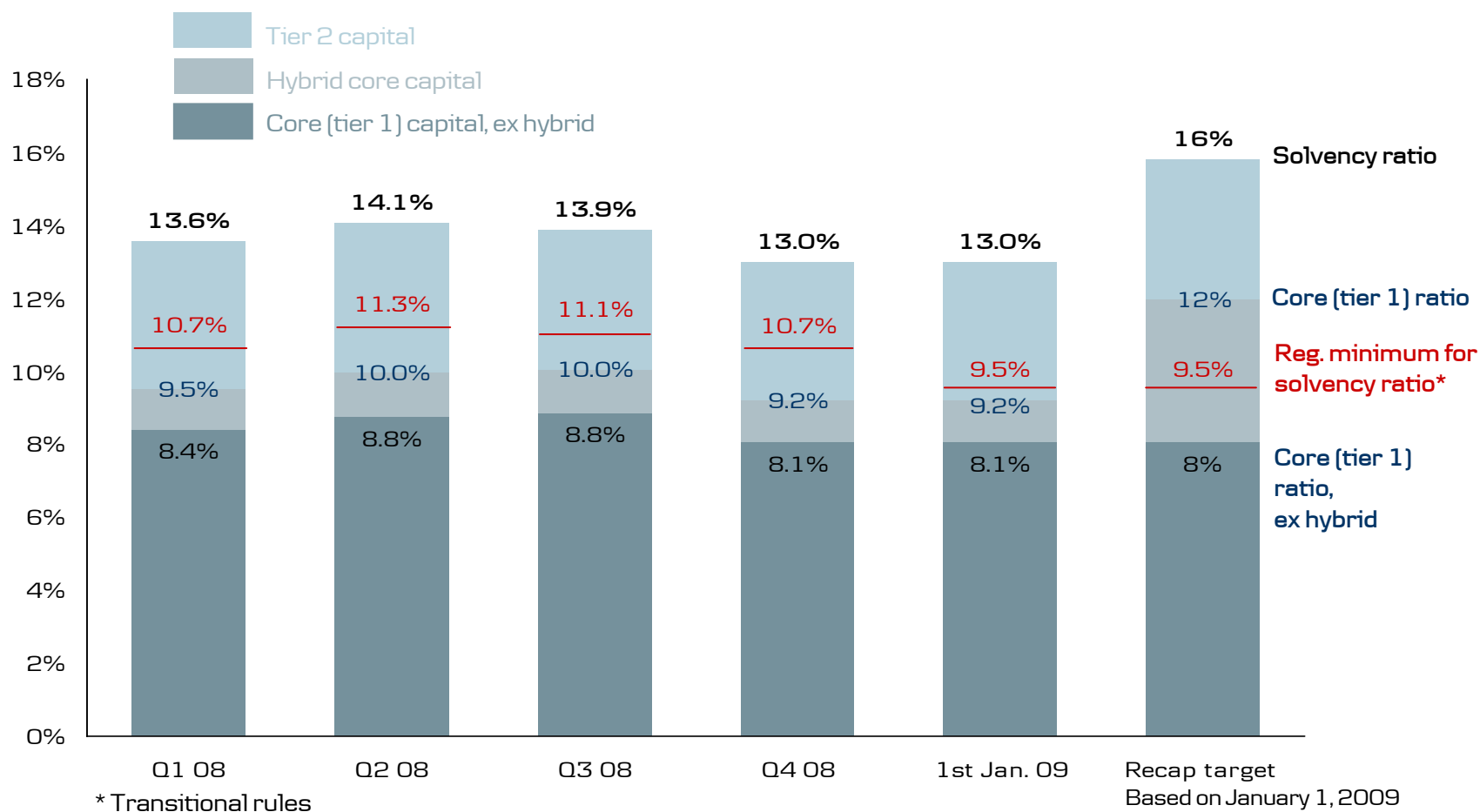
- 3M interbank against OIS, coming down from high levels





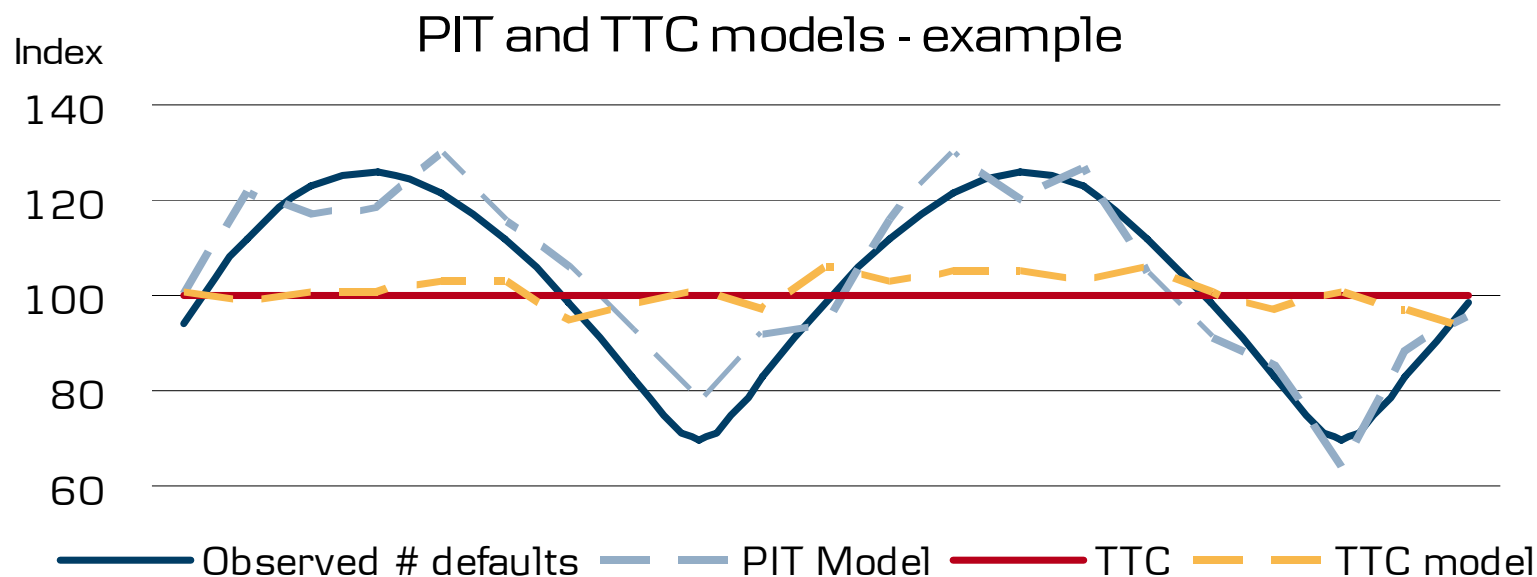
# Capital management (2)

- High ratios strengthened further through new state hybrid capital



# RWA cyclicality

## - Two philosophies: PIT and TTC



PIT (Point-in-Time): the parameter value reflects the short-term value  
TTC (Through-the-Cycle): the parameter value reflects the long-term average

# Banking Activities Denmark

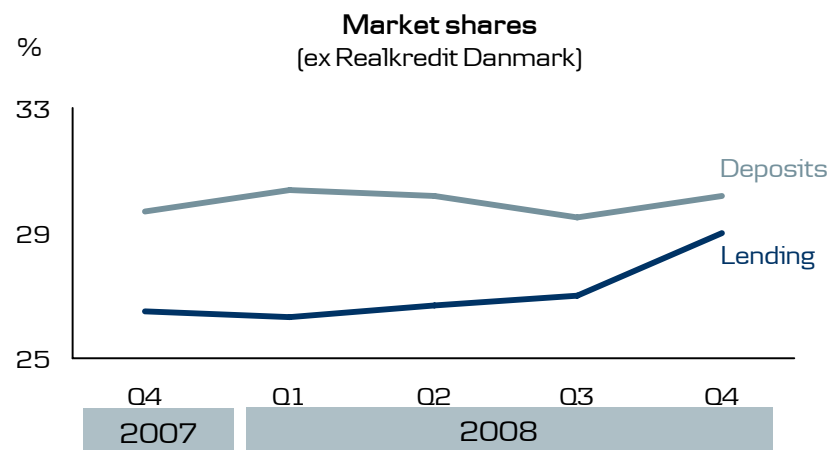
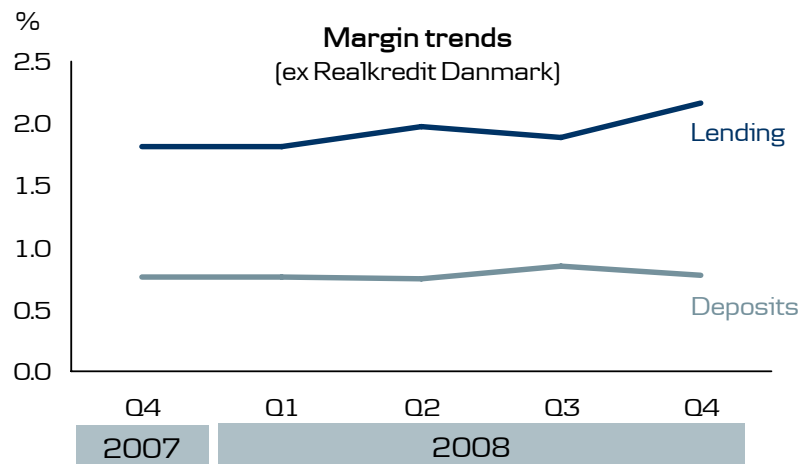
- Very strong NII, but high loan impairment charges

Profit before tax ↓ 41%

- Improving NII, but high loan imp. charges and state guarantee fees

DKr m	2007	2008	Index
Net interest income	14,043	15,555	111
Net fee income	4,234	3,839	91
Other income	1,182	1,599*	135
Total income	19,459	20,993	108
Total integration costs	204	55	27
Expenses ex total intgr. costs	9,170	10,553*	115
Profit bef. loan imp. chgs	10,085	10,385	103
Loan impairment charges	-186	4,354	-
<b>Profit before tax</b>	<b>10,271</b>	<b>6,031</b>	<b>59</b>
ROE before loan imp. chgs	29.2	26.9	92

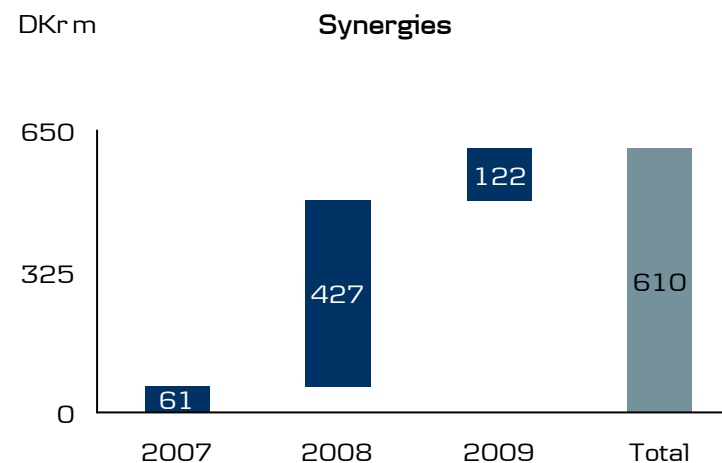
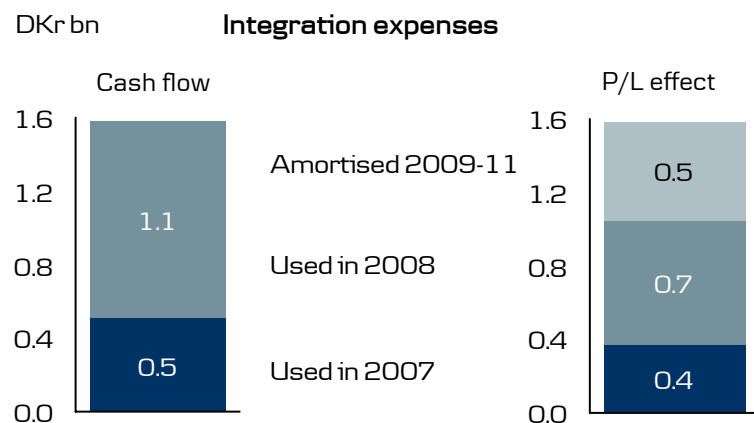
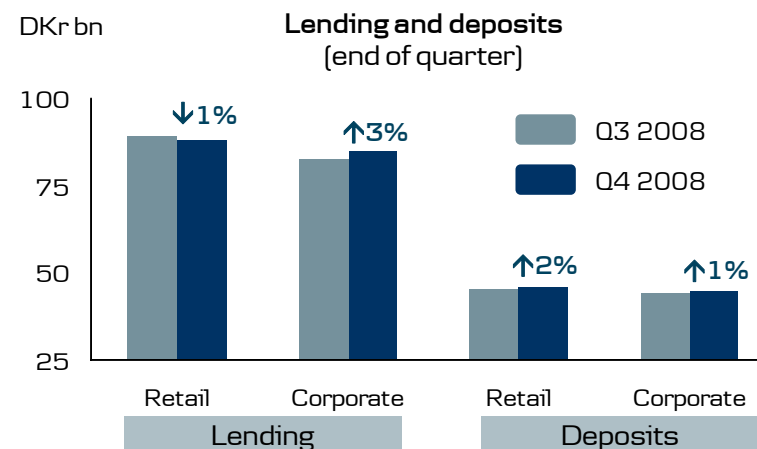
\* Danske Leasing became part of BADK on April 1, 2008.



# Update on Sampo Bank

– Service improved to satisfactory level; synergies intact

- Net interest income up 19% y/y
- Continued focus on IT and customer service
- Fee income down Y/Y but up Q/Q as the level is normalising after the migration
- Expenses up 17% due to higher
  - integration expenses
  - other costs



# Banking Activities Finland

- Increased loan impairment charges and heavy (planned) integration costs

Profit before tax ↓ 59%

- Reflects high loan imp. charges and planned integration costs

DKrm	2007	2008	Index
Net interest income	2,822	3,352	119
Net fee income	1,210	1,037	86
Other income	246	319	130
Total income	4,278	4,708	110
Total integration costs	949	1,051	111
Expenses ex total intgr. costs	2,434	2,892	119
Profit bef. loan imp. chgs	895	765	85
Loan impairment charges	270	511	189
<b>Profit before tax</b>	<b>625</b>	<b>254</b>	<b>41</b>
ROE before loan imp. chgs	13.2	10.0	76

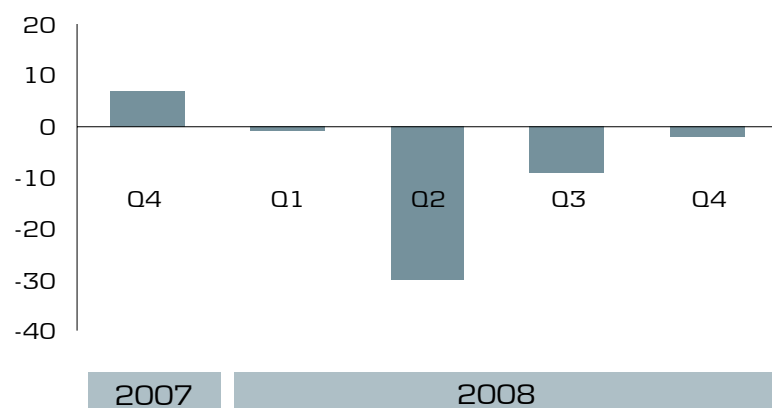
DKr bn

Trend in lending volume  
(average)



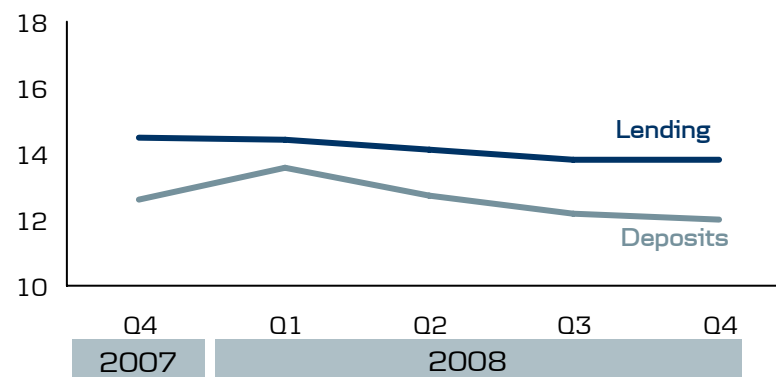
(000s)

Customer trend (net)



%

Market shares



# Banking Activities Sweden

- Still good growth and acceptable return before loan imp. charges

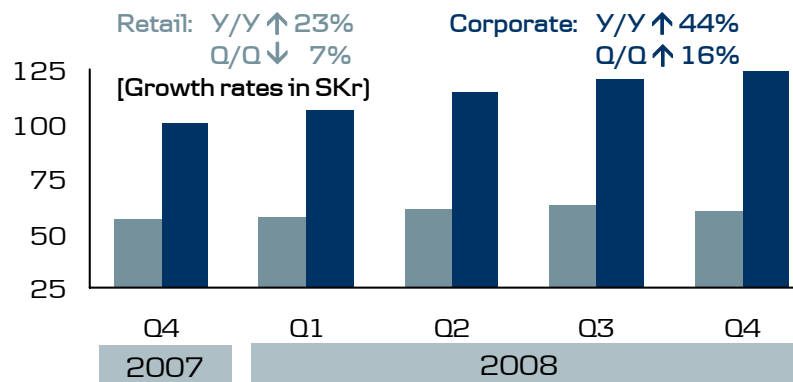
Profit before tax ↓ 20%

- Rising income, but also high loan imp. charges; return before loan imp. charges remains competitive

DKr m	2007	2008	Index
Net interest income	1,846	2,120	115
Net fee income	656	673	103
Other income	155	160	103
Total income	2,657	2,953	111
Expenses	1,495	1,555	104
Profit bef. loan imp. chgs	1,162	1,398	120
Loan impairment charges	69	520	-
<b>Profit before tax</b>	<b>1,093</b>	<b>878</b>	<b>80</b>
ROE before loan imp. chgs	17.0	16.6	98

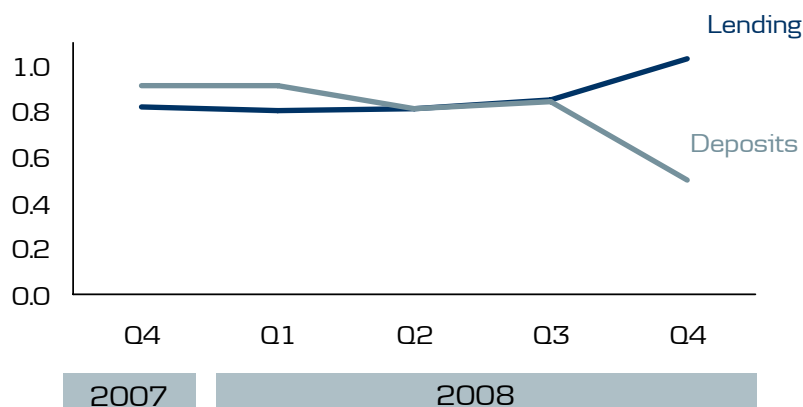
DKr bn

Trend in lending volume  
(average)



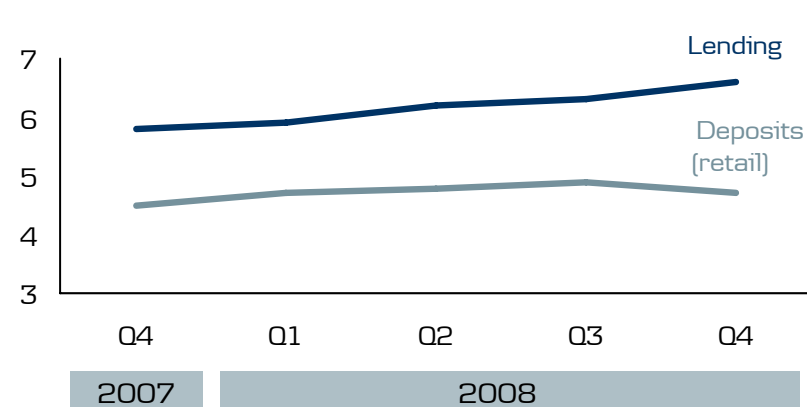
%

Margin trend



%

Market shares



# Banking Activities Norway

## - Solid growth and increasing margins

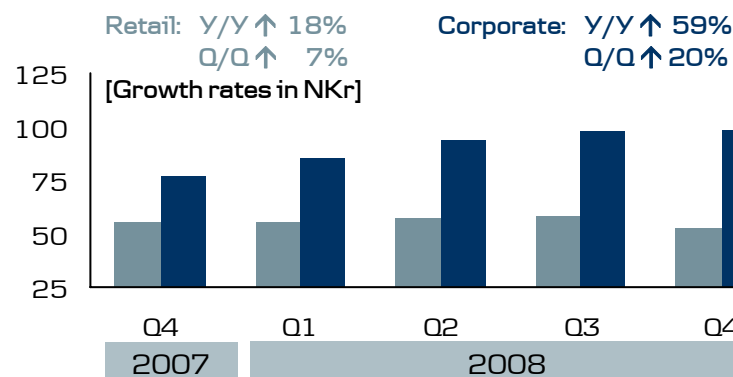
Profit before tax ↓ 40%

- Very strong NII and increasing margins, hurt by Krogsvæn goodwill and high loan imp. charges

DKr m	2007	2008	Index
Net interest income	1,698	2,095	123
Net fee income	461	394	85
Other income	455	479	105
Total income	2,614	2,968	114
Expenses	1,618	1,914	118
Profit bef. loan imp. chgs	996	1,054	106
Loan impairment charges	53	489	-
<b>Profit before tax</b>	<b>943</b>	<b>565</b>	<b>60</b>
ROE before loan imp. chgs	18.5	14.2	77

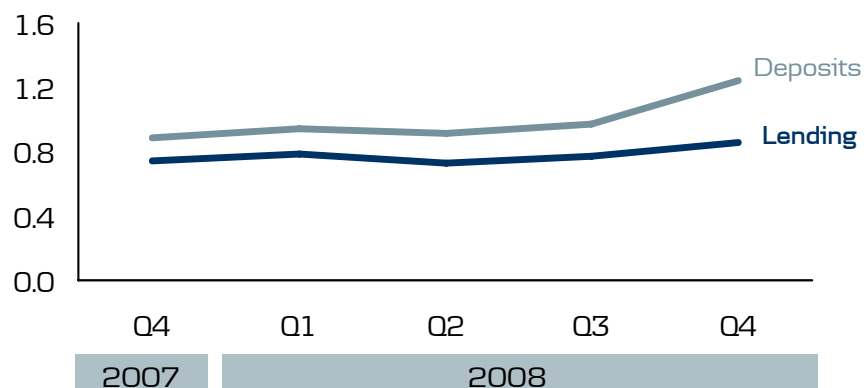
DKr bn

Trend in lending volume  
(average)



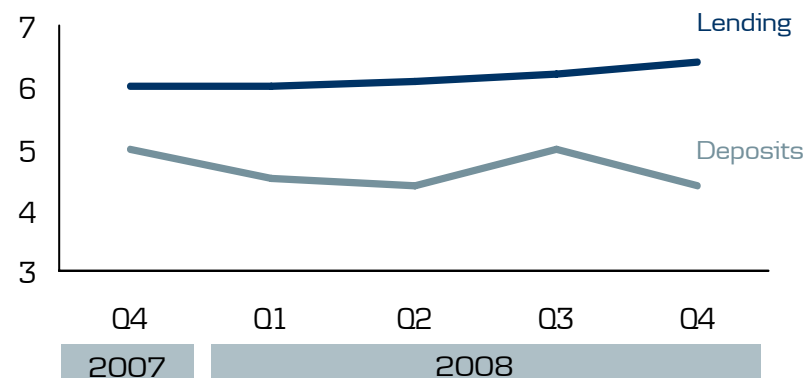
%

Margin trend



%

Market shares



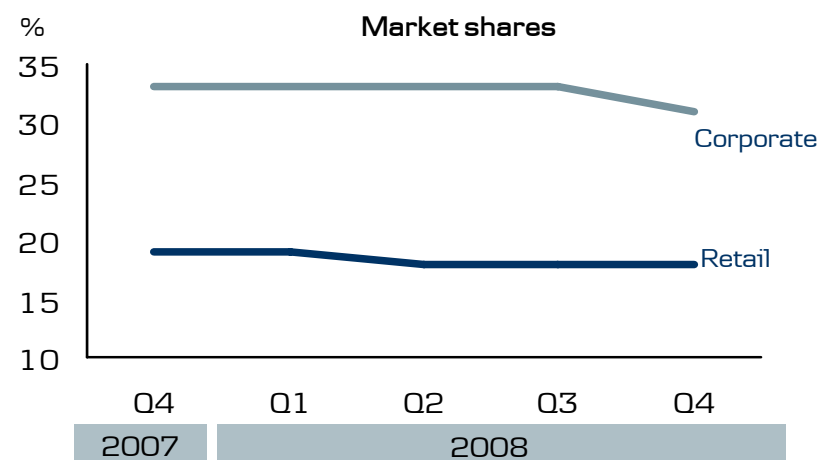
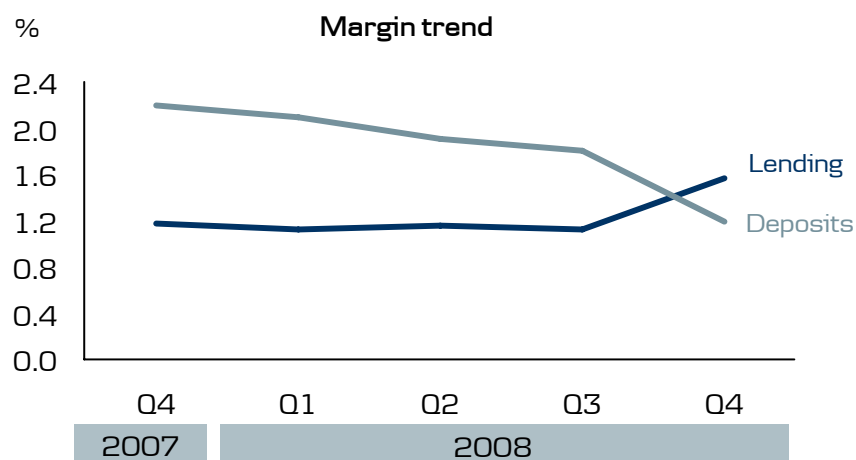
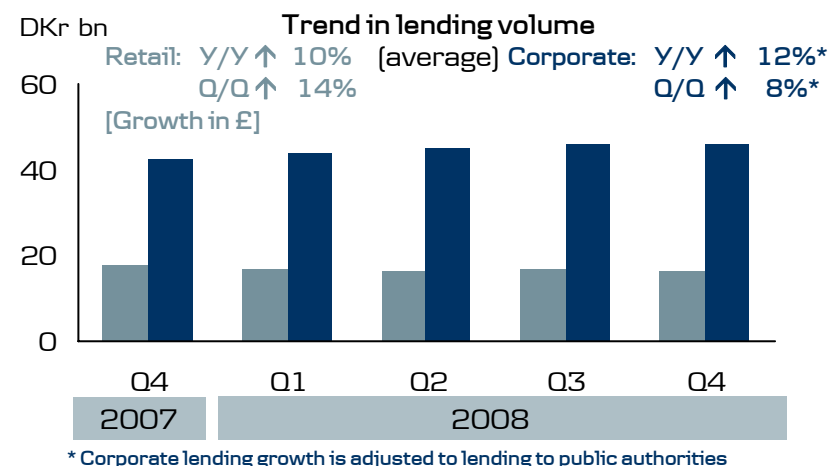
# Banking Activities Northern Ireland

- Profit before loan imp. charges doubles as integration expenses fall off

## Profit before tax ↓ 97%

- Lower total integration costs but high loan imp. charges reduce profit

DKr m	2007	2008	Index
Net interest income	1,802	1,508	84
Net fee income	491	362	74
Other income	124	143	115
Total income	2,417	2,013	83
Total integration costs	697	134	19
Expenses ex total intgr. costs	1,411	1,229	87
Profit bef. loan imp. chgs	309	650	210
Loan impairment charges	31	641	-
<b>Profit before tax</b>	<b>278</b>	<b>9</b>	<b>3</b>
ROE before loan imp. chgs	12.5	26.5	212





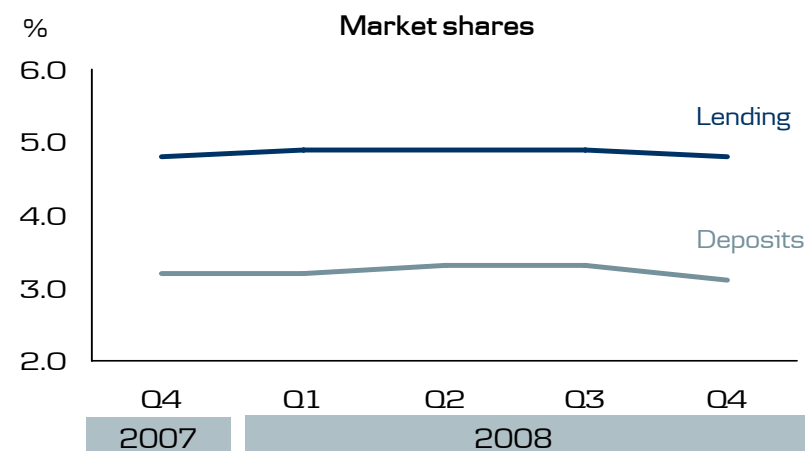
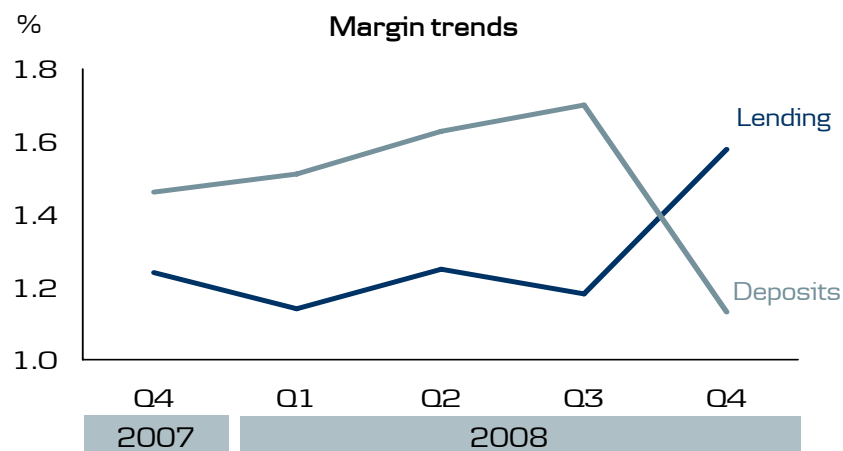
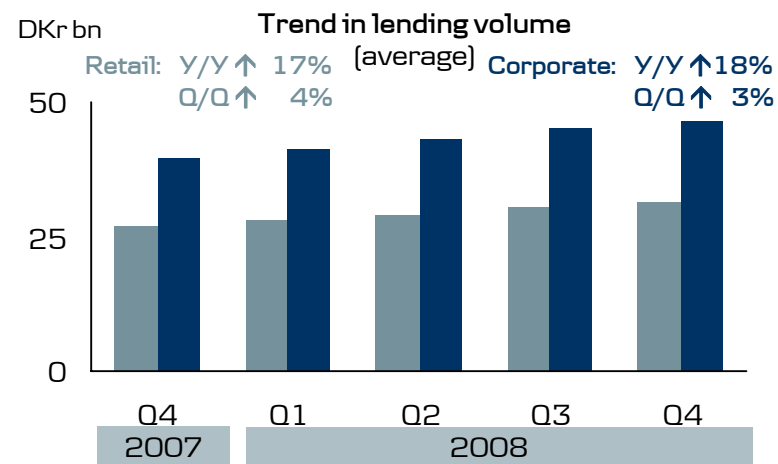
# Banking Activities Ireland

- Goodwill and loan impairment charges take a toll

## Earnings before tax turned negative

- Loss because of goodwill and loan impairment charges

DKrm	2007	2008	Index
Net interest income	1,085	1,284	118
Net fee income	182	160	88
Other income	79	71	90
Total income	1,346	1,515	113
Total integration costs	257	48	19
Goodwill impairment charges	-	2,940	-
Expenses ex.gw and intgr.costs	873	943	108
Profit bef. loan imp. charges	216	-2,416	-
Loan impairment charges	117	1,700	-
<b>Profit before tax</b>	<b>99</b>	<b>-4,116</b>	<b>-</b>
ROE before gw&loan imp.chgs	7.2	16.4	228



# Banking Activities Baltics

- Strong income growth, lending growth is slowing down

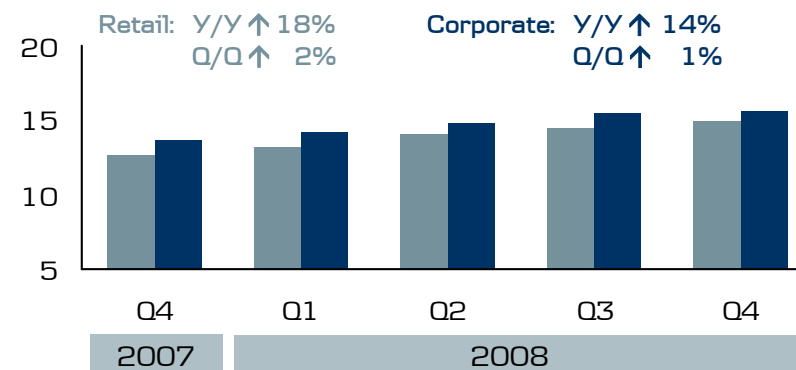
Profit before tax ↓ 60%

- Strong income growth but rising loan imp. charges weigh on profit

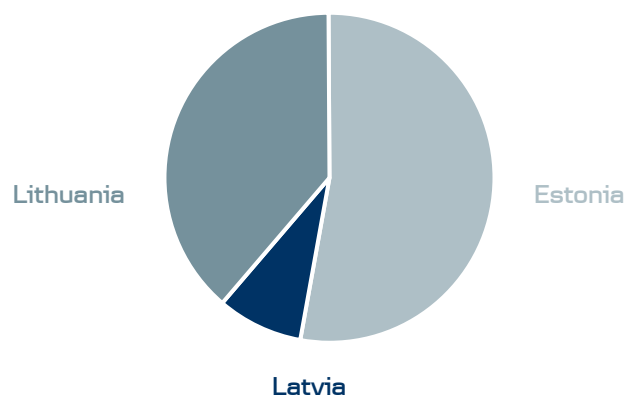
DKr m	2007	2008	Index
Net interest income	537	638	119
Net fee income	132	162	123
Other income	81	129	159
Total income	750	929	124
Total integration costs	5	37	-
Expenses ex total intgr. costs	421	488	116
Profit bef. loan imp. chgs	329	404	123
Loan impairment charges	54	295	546
<b>Profit before tax</b>	<b>275</b>	<b>109</b>	<b>40</b>
ROE before loan imp. chgs	28.9	27.1	94

DKr bn

Trend in lending volume  
(average)

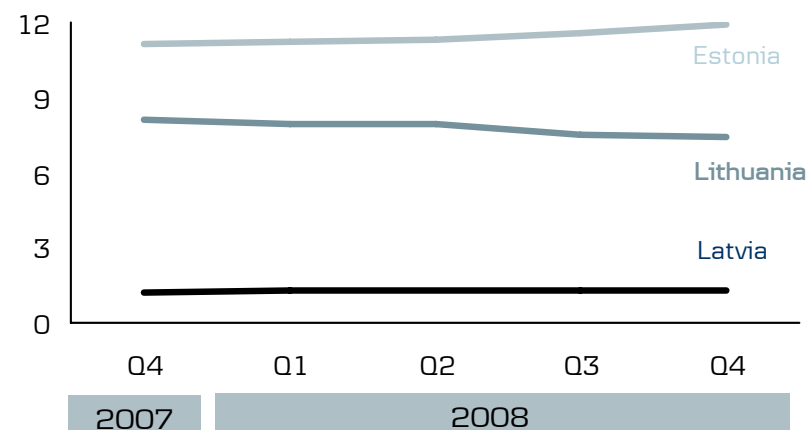


Breakdown of lending  
(DKr 30bn, average)



%

Market shares, lending



# Danske Markets

- Customer activity still high, but widening spreads hurt

## Earnings before tax turned negative

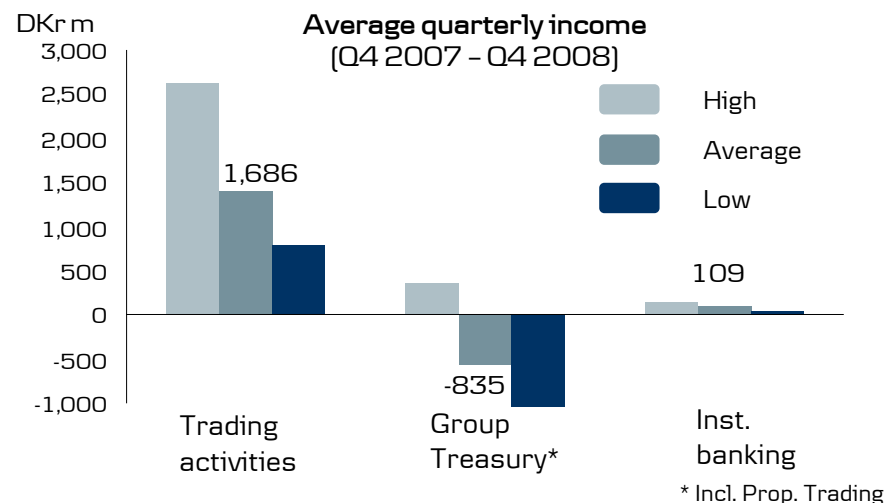
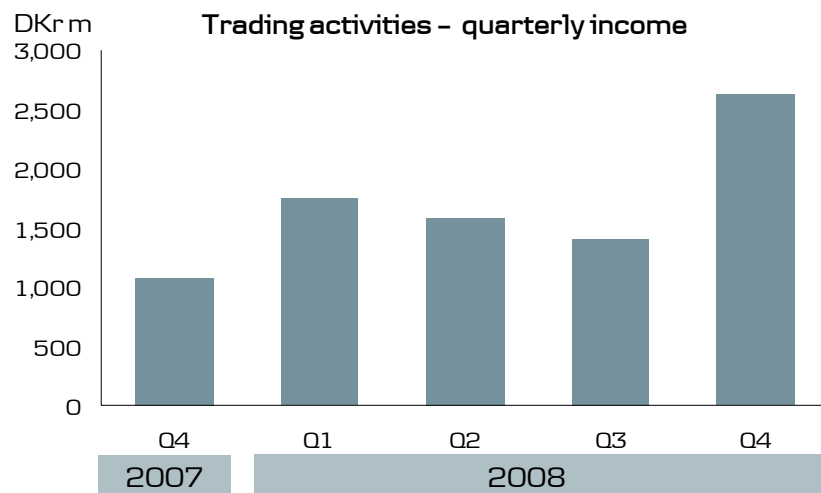
- Loss due to financial turmoil and loan imp. charges, but customer activity remains high

DKrm	2007	2008	Index
Total income	5,555	3,763	68
Expenses	2,630	2,530	96
Profit bef. loan imp. chgs	2,925	1,233	42
Loan impairment charges	15	3,237	-
<b>Profit before tax</b>	<b>2,910</b>	<b>-2,004</b>	<b>-</b>
ROE before loan imp. chgs	183.9	41.3	22

## Breakdown of income

- Down 32% on mark-to-market losses

DKrm	2007	2008	Index
Trading activities	4,419	7,361	167
Proprietary trading	429	-1,545	-
Group Treasury	189	-2,451	-
Institutional banking	518	398	77
<b>Total Danske Markets</b>	<b>5,555</b>	<b>3,763</b>	<b>68</b>



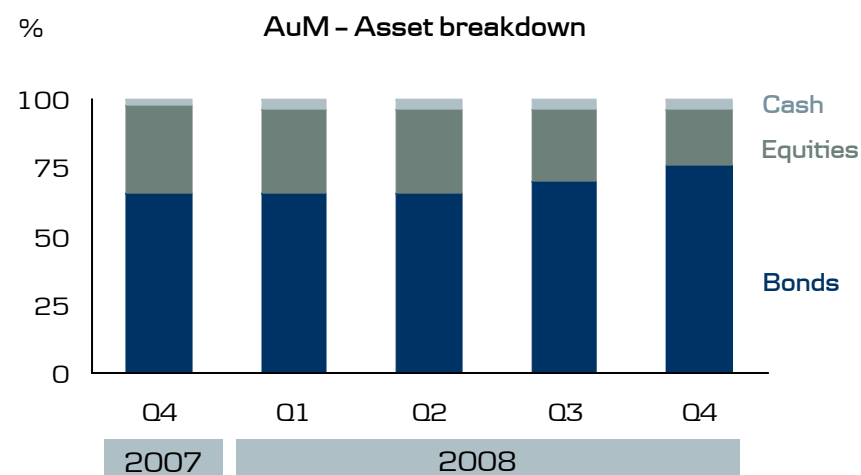
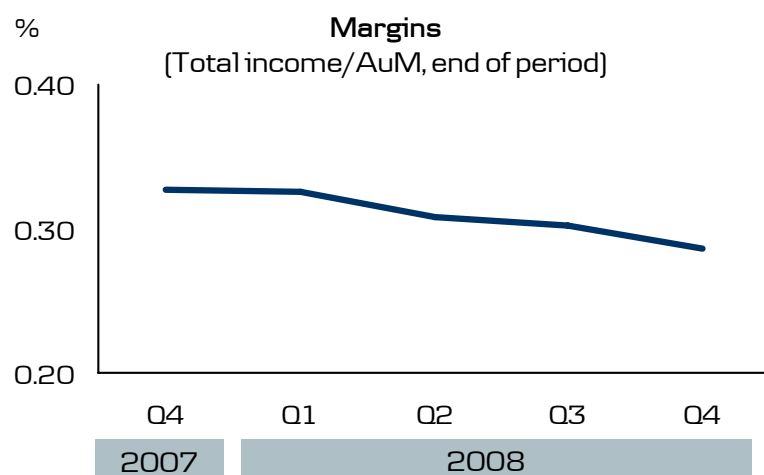
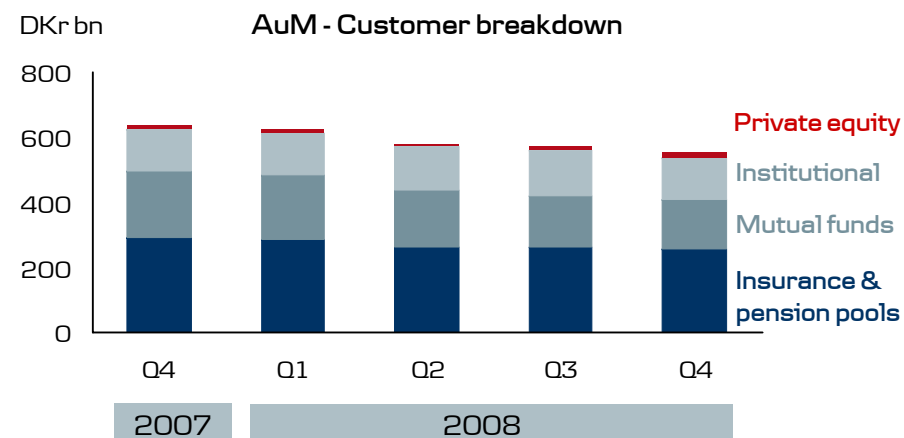
# Danske Capital

- Affected by the falling equity markets

Profit before tax ↓ 57%

- Due to higher expenses and falling income

DKrm	2007	2008	Index
Total income	1,953	1,697	87
Expenses	898	922	103
Profit bef. loan imp. chgs.	1,055	775	73
Loan impairment charges	-2	319	-
Profit before tax	1,057	456	43

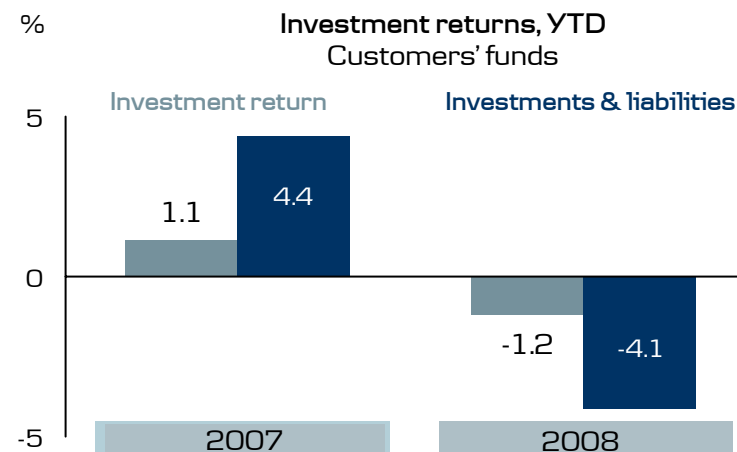


# Danica Pension

- Falling equity markets continue to hurt

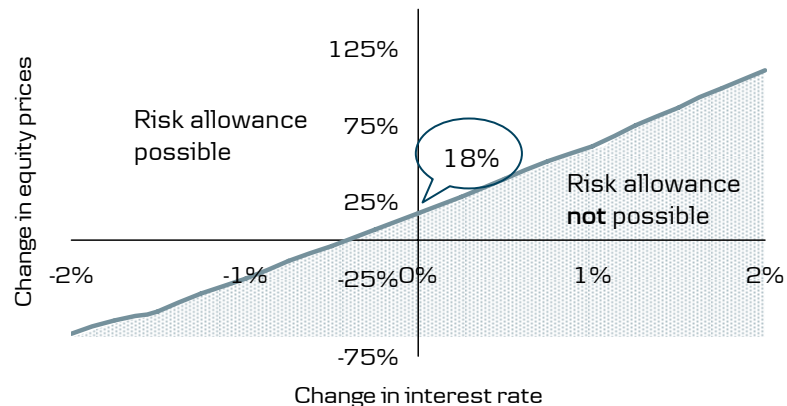
## Net income from insurance business

DKr m	2007	2008	Index
Premiums (DKr bn)	18.9	21.9	116
Share of technical provisions	1,040	1,088	105
Health and accident (insurance result)	-112	-142	-
Insurance result on unit-linked etc.	6	-21	-
Investment result	710	-961	-
Financing result	-526	-609	-
<b>Net income before risk allowance</b>	<b>1,118</b>	<b>-645</b>	<b>-</b>
Postponed risk allowance	0	-1,088	-
<b>Net income from insurance business</b>	<b>1,118</b>	<b>-1,733</b>	<b>-</b>
Net income as % p.a. of allocated cap.	22.9	-33.0	-



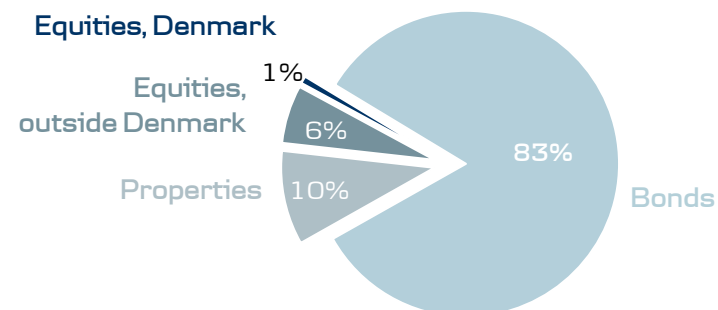
## Possibility of booking full risk allowance

Base: end-Q4 2008



## Asset allocation

Customers' funds



# Danica's profit model

– Risk allowance postponed due to negative investment returns

	Profit model	Condition / sensitivity	2008	DKr m
1	• Risk allowance 64 bp of technical prov. (DKr170bn)	• Total inv. return > average guarantee of 3.2% (2008)	• Total inv. return: -4.1% => risk allowance postponed	1,088 <u>-1,088</u> 0
+				
2	• Return on investment portfolio at shareholders' risk	• Equity markets, interest rates	• Investment return: -4.1%	-961
+				
3	• Financing result	• ST interest rate (equity – alloc. cap. + subord. bonds)	• Increasing ST interest rate 4.6 %	-609
+				
4	• Other items (Health & Accident, unit-linked, etc.)	• Combined ratio, volume growth		-163
=				
Σ	<b>Total</b>			<b>-1,733</b>

Negative equity markets reduced investment return.



Risk allowance postponed, but not lost

Negative investment result:

- DKr 23.4bn portfolio at shareholders' risk:
  - DKr 3.3bn (avg.) equities returned -40%
  - DKr 20.1bn (avg.) bonds/properties returned 5%
- Accrued interest on Health & Accident

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