

Annual Report 2006: Strong organic and acquisitive growth

January 31, 2007

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2006 in brief: earnings at all-time high

- Organic growth stronger than expected and 2007 platform strong

2006	News Q4 2006	Outlook 2007
<ul style="list-style-type: none">• Another strong year, with earnings better than expected• Strong organic growth in all markets and all segments• Successful integration and earnings turnaround at NB and NIB• Acquisition of Sampo Bank improves diversification• Reduction of tier 1 targets as a bridge to Basel II• Positive trend on financial markets• Reversal of credit losses	<ul style="list-style-type: none">• Strong NII growth continues• Rebound of trading activity• Successful issue of 60.5m new shares• One-off income: DKr 280m	<ul style="list-style-type: none">• Macroeconomics remain benign, supporting growth in 2007• Integration of Sampo has begun• NII expected to increase 8%-10% on consistently strong lending growth and higher short-term interest rates• Expenses are expected to increase by 4%-6%• Profit before credit losses at same level as in 2006 including Sampo• Low credit losses expected• Profit before tax lower than 2006 including Sampo

Performance highlights

- Net profit breaks last year's record

Net profit ↑ 7% to DKr 13.5bn

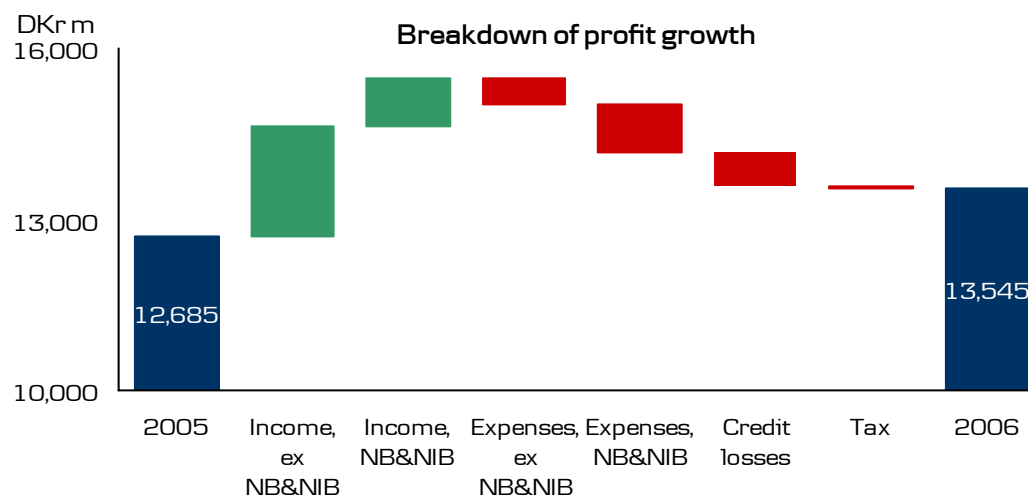
- Result better than expected
- Strong lending growth in all Banking Activities
- Income up 8%, fuelled by NII and trading income growth
- Lower growth in fee income and declining insurance profit
- Expenses up 7% due to integration of NB and NIB and higher activity

Income statement

DKr m	2005	2006	Index
Income	34,708	37,486	108
Expenses	18,198	19,485	107
Profit bef. credit loss exp.	16,510	18,001	109
Credit loss expenses	-1,096	-496	-
Profit before tax	17,606	18,497	105
Tax	4,921	4,952	101
Net profit for the period	12,685	13,545	107

Key figures

	2005	2006	Index
Earnings per share (DKr)	20.2	21.5	106
Return on equity, p.a. (%)	18.4	17.5	95
Cost/income ratio (%)	52.4	52.0	99
Core (tier 1) capital ratio (%)			
excl. Hybrid capital	6.7	7.61	114
Risk-weighted assets (DKr bn)	944	1,119	119
Total loans ex repos (DKr bn)	1,189	1,362	115
Deposits (DKr bn)	631	703	111

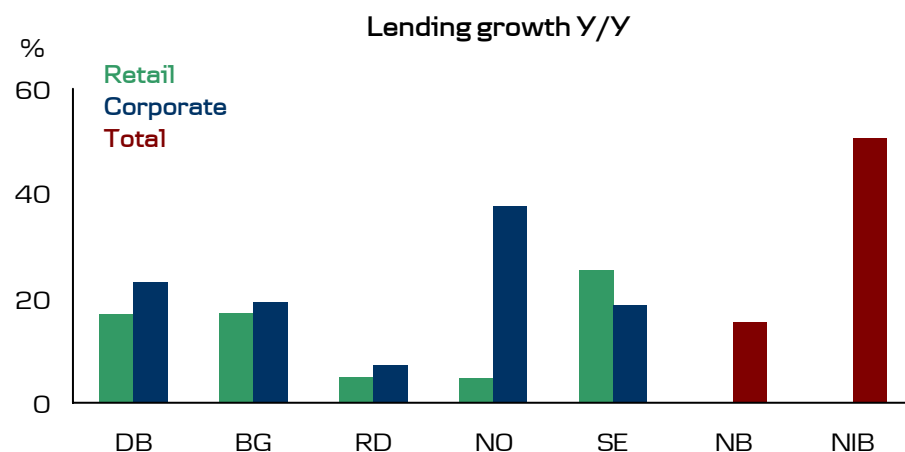
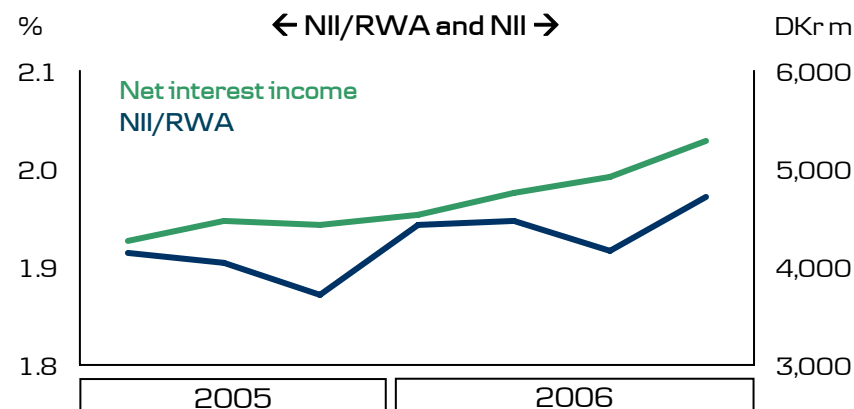


Net interest income

- Strong lending growth and increasing rates offset margin pressure

Net interest income ↑ 14%

- Net interest income up 11 % ex NB and NIB
- NII up 7% Q/Q
- Double-digit lending growth continued
- NII/RWA ratio improved
- Lending growth and higher deposit margins more than offset price competition on lending



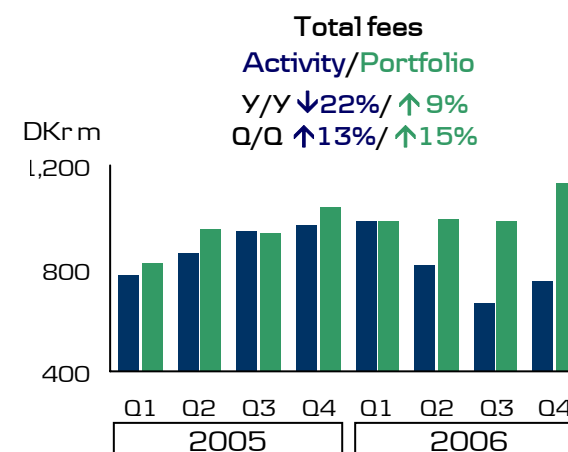
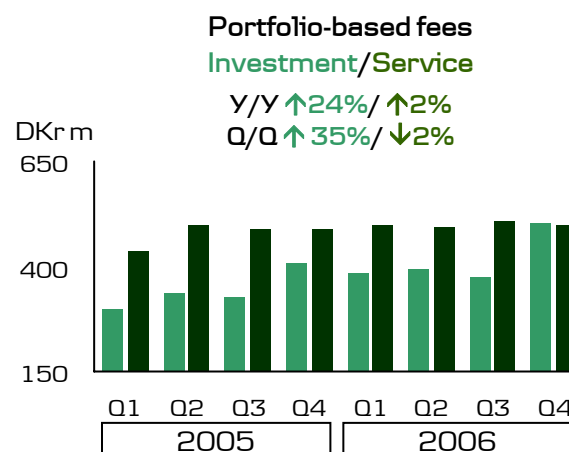
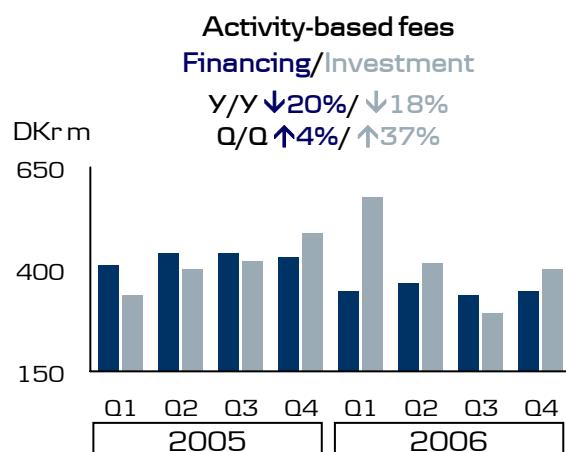
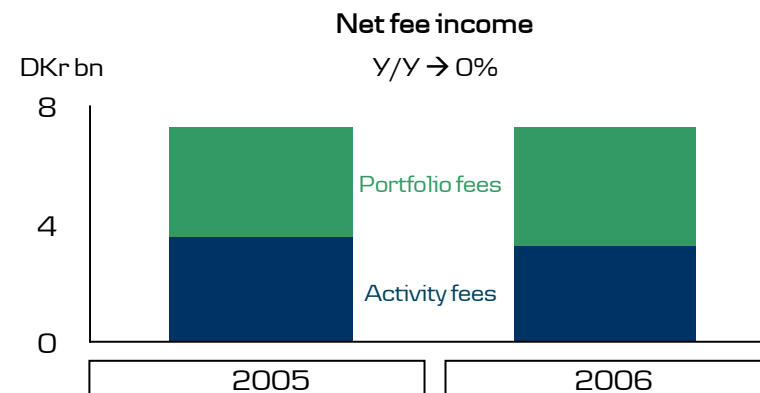
DKr m	06/05	Q406/Q306	
Net interest income	17,166	4,924	
Loan volume	1,487	73	
Lending margins	-1,070	-41	
Deposit volume	316	12	
Deposit margins	494	14	
Allocated equity	391	58	
Other	100	62	+14%
Total, Scandinavian banks	1,718	178	+7%
Other banking activities	476	53	
Mortgage Finance	198	67	
Equity Issue	50	50	
Other changes	-107	19	
Net interest income	19,501	5,291	

Net fee income

- At 2005 level, with improvement in portfolio-based fees

Net fee income - unchanged

- Refi activity lower Y/Y, as expected, due to extraordinarily high activity in 2005
- Portfolio-based fees on the rise, reflecting increasing business volume
- Activity-based fees more volatile
- Investment activity recovered in Q4

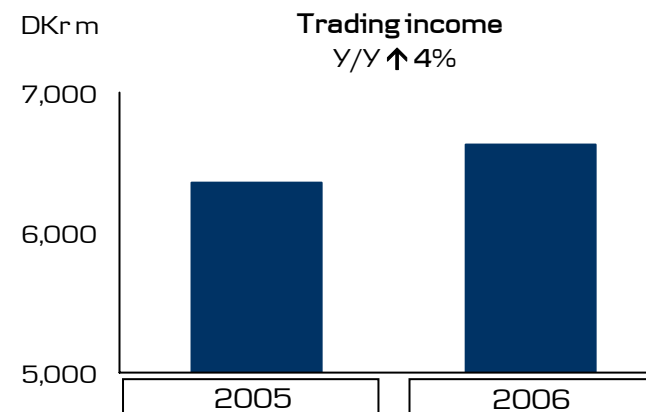


Net trading income

- A year of some volatility, but better than expected

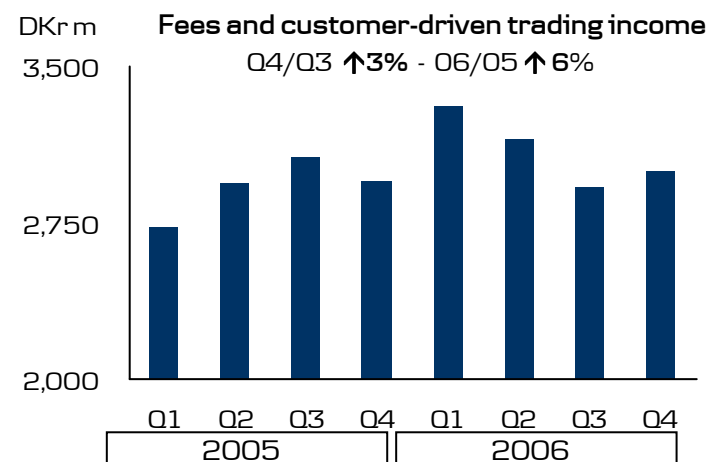
Net trading income ↑ 4%

- Higher than 2005's record level
- ↑14% ex one-offs
- A more volatile year with a correction in May and a rebound in Q4
- Customer-driven activities was the main growth driver
- Prop trading profit maintained despite flattening of the long-term interest rates



Net trading income breakdown

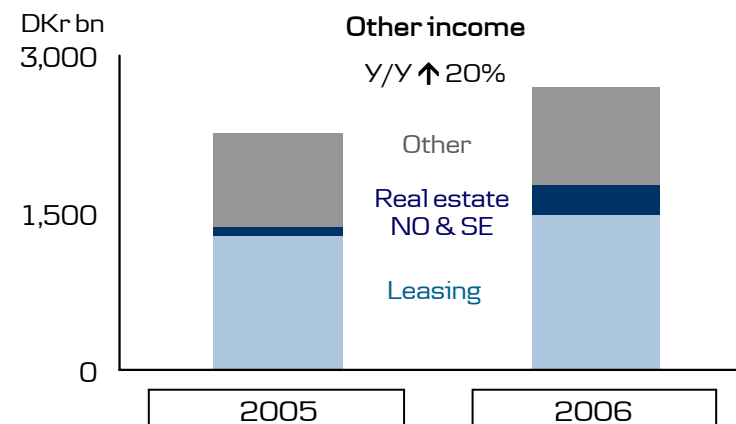
DKr m	2005	2006	Index
Trading activities	3,068	3,502	114
Proprietary trading	378	390	103
Investment portfolio	1,589	1,159	73
Institutional banking	456	484	106
Total, Danske Markets	5,491	5,535	101
Danske Bank & BGBank	604	675	112
Other trading activities	256	421	164
Total trading income	6,351	6,631	104



Other income and insurance

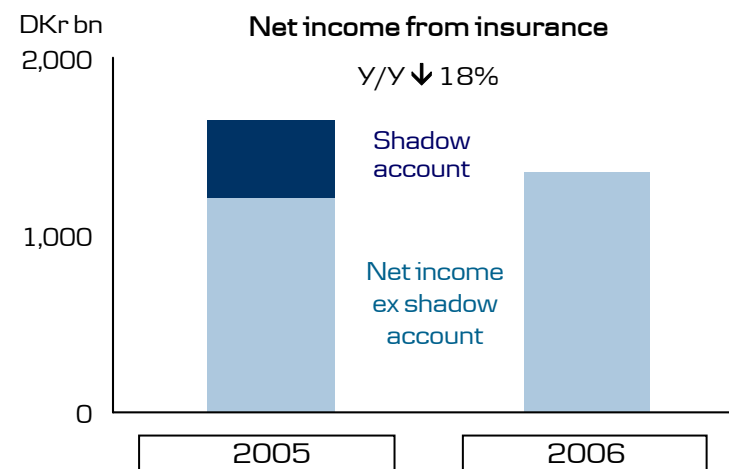
Other income ↑ 20%

- Growth due mainly to increasing leasing activity and activities related to real estate agencies in Norway and Sweden
- The Norwegian real estate agency Nylander was incorporated in the accounts as of August 1, 2006.



Net Income from insurance ↓ 18%

- Net Income up 12% Y/Y ex income from the shadow account in 2005
- Health and accident result improved, but still unsatisfactory; combined ratio 111%
- Risk allowance of DKr 1.0bn, or 0.59% of technical provisions, against DKr 1.1 bn, or 0.61% in 2005
- New financing structure increases funding costs by about DKr 100m – neutral at Group level

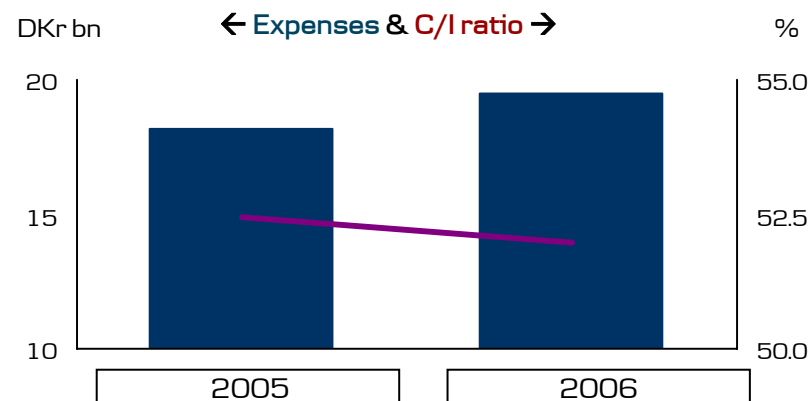


Expenses

- Higher than 2005 due to high activity level and Irish integration

Expenses ↑ 7%

- Expenses ex acquired entities increased 2%
- Expenses related to the NB & NIB integration:
 - Integration expenses: DKr 633m
 - Amortisation of intangibles: DKr 561m
- C/I ratio improved to 52% from 52.4% in 2005 despite integration expenses



Underlying cost base ↑ 4%

- Calculated on a like-for-like basis
- Wage inflation approaching 4%
- Includes investments in
 - general improvement of IT platform
 - new branches in Sweden and Norway
- C/I ratio ex integration expenses improved to 49% from 49.5% in 2005

Underlying cost base

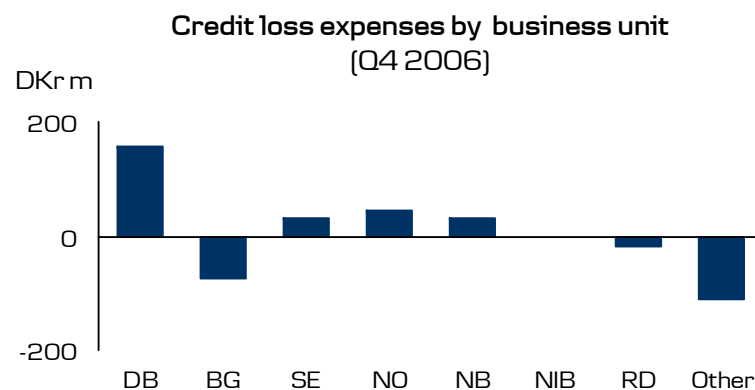
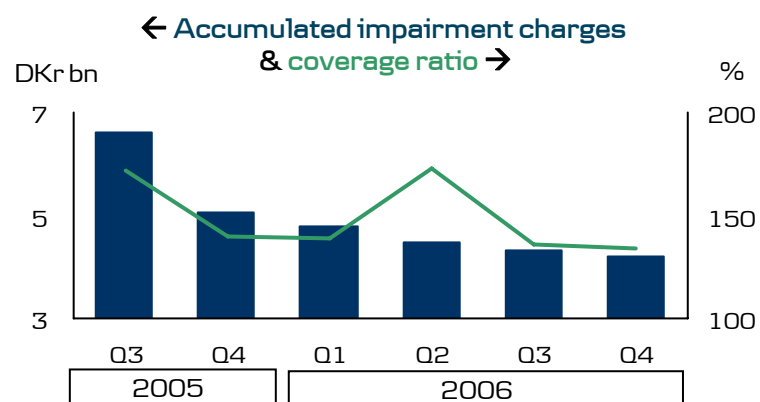
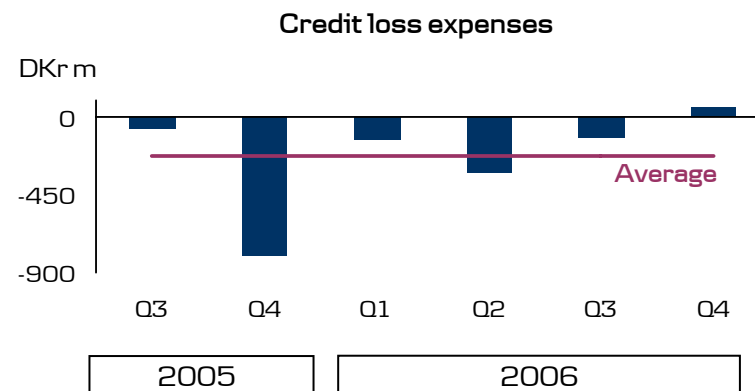
DKr m	2005	2006	Index
Costs	18,198	19,485	107
Operating costs (ex bonuses), NB & NIB	1,543	2,226	144
Integration expenses	553	633	114
Amortisation of intangibles, NB & NIB	459	561	122
Real estate agencies, SE & NO	93	270	290
Costs ex acquired entities	15,550	15,795	102
Bonuses	922	844	92
Sold business units	78	0	-
Operational leases, Nordania	902	965	107
Pension liabilities, writebacks	0	-200	-
Underlying cost base	13,648	14,186	104

Credit loss expenses

- Net reversal for second year in a row, with a small loss in Q4

Good macroeconomics and strong credit book

- Benign macroeconomic conditions
- DKr 496m net reversals of credit losses
- Increase in new impairment charges
- Expected credit loss ratio over the cycle is 14 bp (unchanged), excluding Sampo



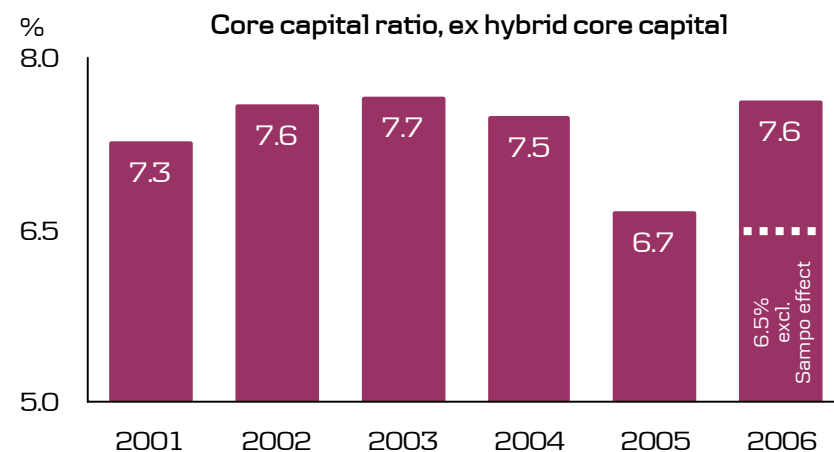
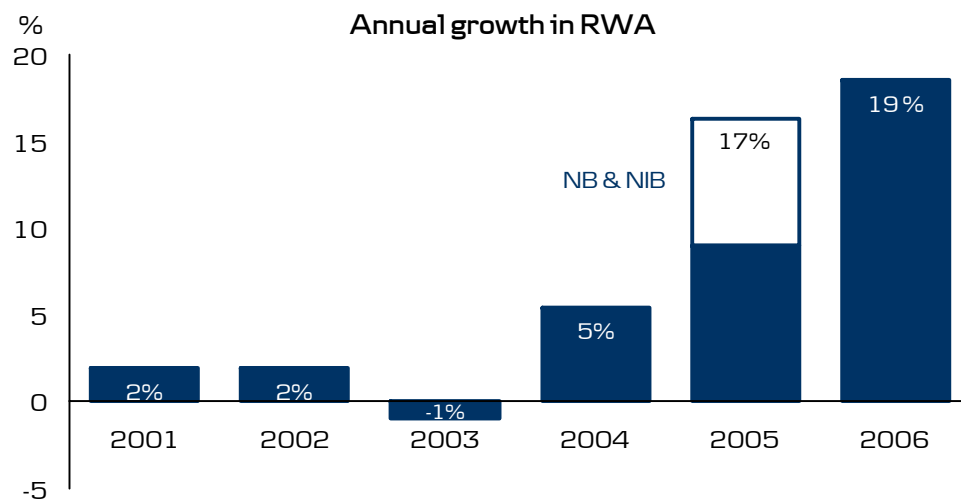
Solvency and RWA

- Capital targets lowered twice in 2006 – building a bridge to Basel II

Solvency above new capital targets

- Solvency ratio at year-end was 11.4% (tier 1 was 8.6%), compared with 10.3% (7.3%) in 2005
- Tier 1 ratio ex hybrid was 7.6%, compared with 6.6% in 2005
- Figures comprise the issue of 60.5m new shares, and 30bn RWA related to the Sampo acquisition
- Strong RWA growth of 19% Y/Y based on organic growth – shows strong demand for our products

Capital targets (as % of RWA)	Target	End-2006
Core capital ex hybrid capital	5.5-6.0	7.6
Hybrid capital	1.0-1.5	1.0
Core capital	6.5-7.5	8.6
Supplementary capital	2.5	2.8
Solvency	9.0-10.0	11.4



CRD

- Capital management is a core competency

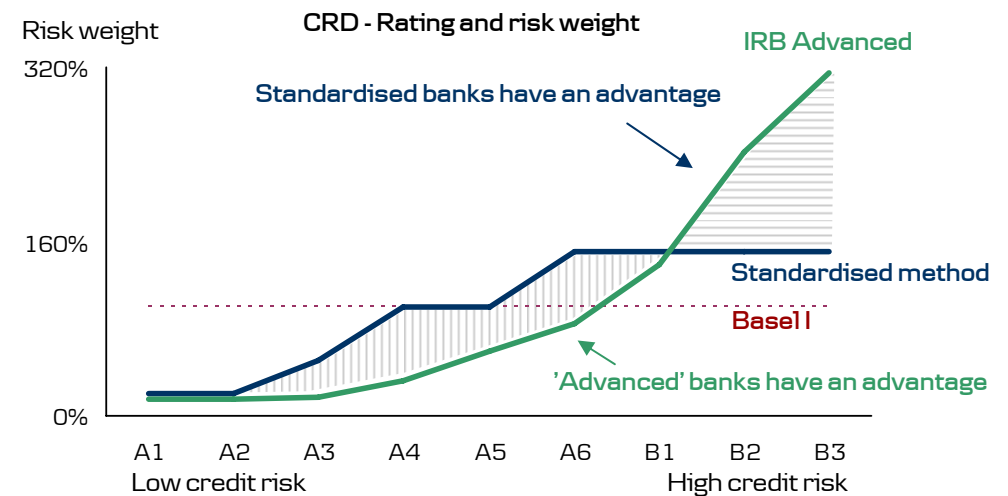
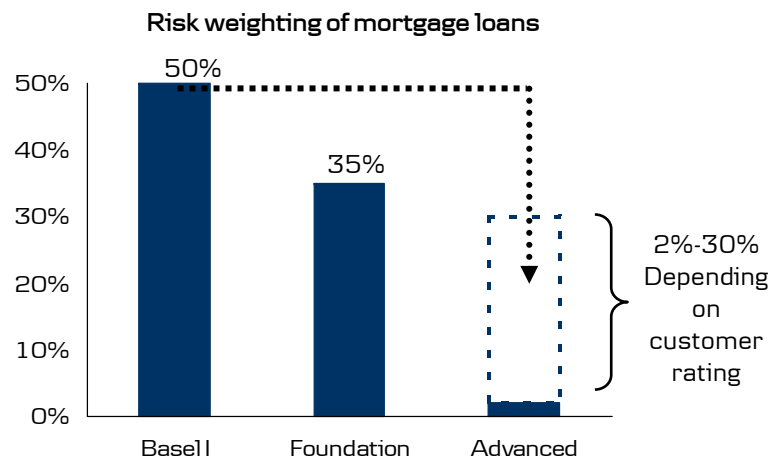
Capital management

- Application for the advanced IRB method submitted to Danish FSA
- Danske Bank will continue in the current Basel I regime in 2007
- Pillar I under CRD; RWA 49% below Basel I RWA
- The new regime will have full effect as of 2010
- New capital targets are a consequence of the reduced capital needed according to Pillar I

Danske Bank Group

RWA as per 30/9-2006 (DKr bn)	CRD	Basel I
Riskweighted assets	540	1053
Minimum capital requirement (Pillar I)	43	84

Note: Pillar I based on 'point in time'



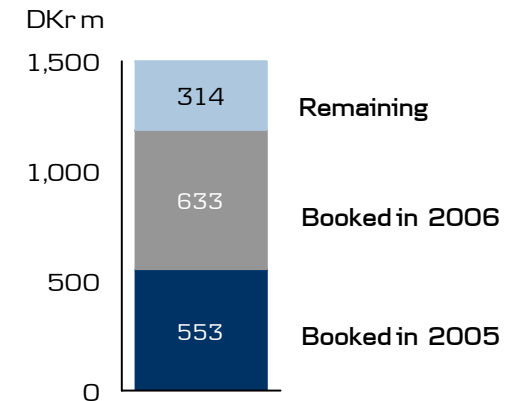
Update on NB and NIB

- Synergies are materialising as expected

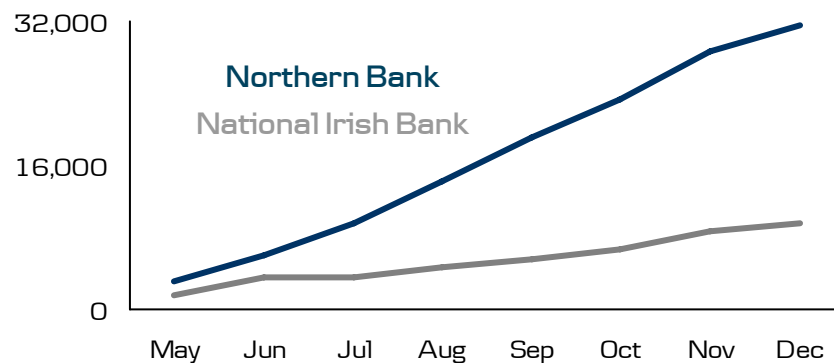
Post-migration process on track

- DKr 175m in synergies achieved in 2006, with full effect in 2007
- Remaining integration expenses: DKr 210m to be spent in 2007, the rest in 2008/09
- Strong sale of packages to both retail and business customers continued in Q4
- Number of employees fell by 4% to 2,560 during 2006

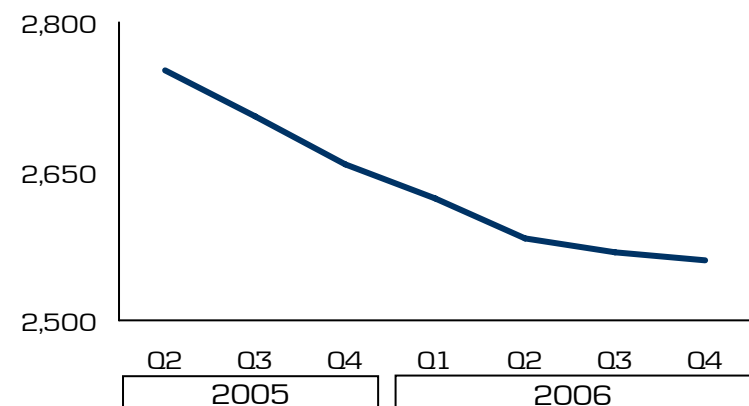
Integration expenses



Number of customer packages sold



Number of full-time employees (NB & NIB)

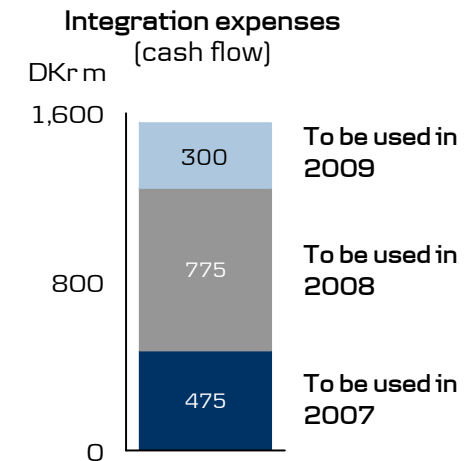


Update on Sampo Bank

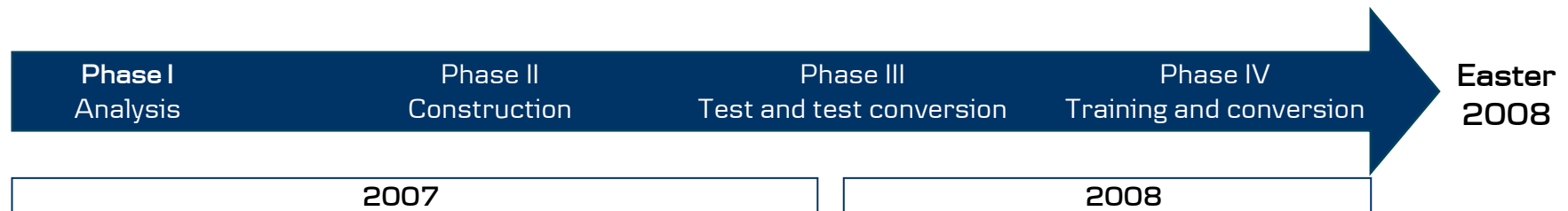
- Integration plan in place

Approval from authorities complete transaction

- Integration of Sampo Bank will take place at Easter 2008
 - Date for integration of banking activities in the Baltics and Russia not yet determined
- Expected annual cost and funding synergies of DKr 610m:
 - DKr 60m in 2007
 - DKr 350m in 2008
 - DKr 200m in 2009



The four steps of the IT conversion



Danske Bank and BG Bank to merge (1)

- Strategic rationale

- BG Bank has satisfied customers and high returns
- But it has lost market share since 2000
- It does not attract enough new customers
- The differentiation between customers at the two banks has diminished since 2000
- The organisation is based on Danske Bank Group's core values



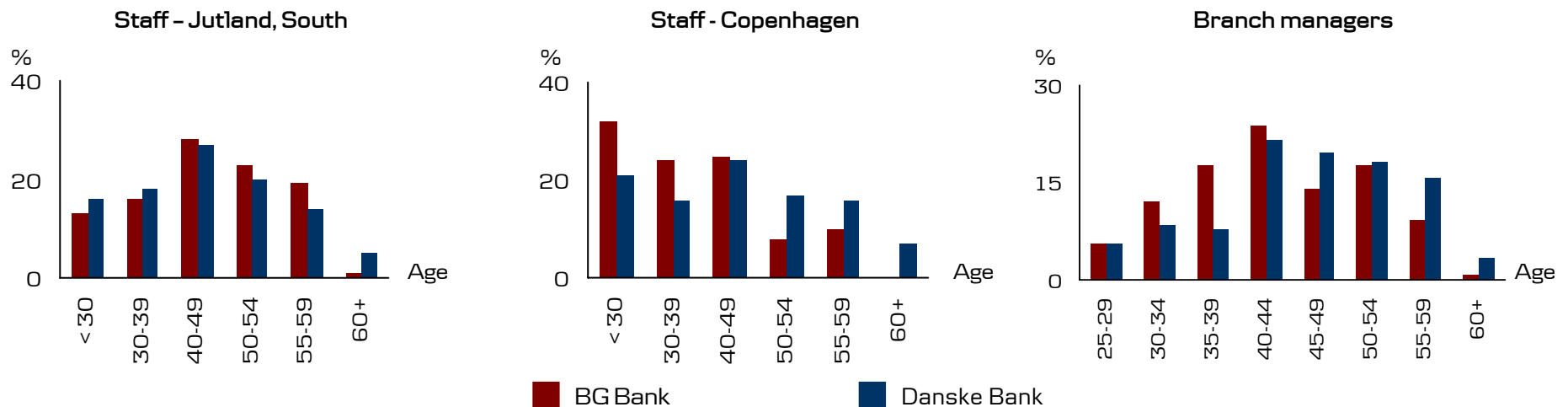
A merger will ensure positive developments in the future

Danske Bank and BG Bank to merge (2)

- Substantial domestic cost synergies

- Cost synergies of approx. 300m – full impact in 2010
 - ≈3.8% of current cost base
 - 2007: 60 branches merge into 30, regional staff, central staff, marketing
 - 2008-10: Further potential for merging of branches
- One-off expenses of approx. Dkr 275m
- 2007: Cost neutral
- Beneficial customer activity planned
- Limited loss of customers expected

	Danske Bank	BG Bank	alt
2006			
Branches	286	172	458
Employees	4,227	1,875	6,102
Market share			0
Lending	21.5	6.7	28.2
Deposits	24.4	7.8	32.2

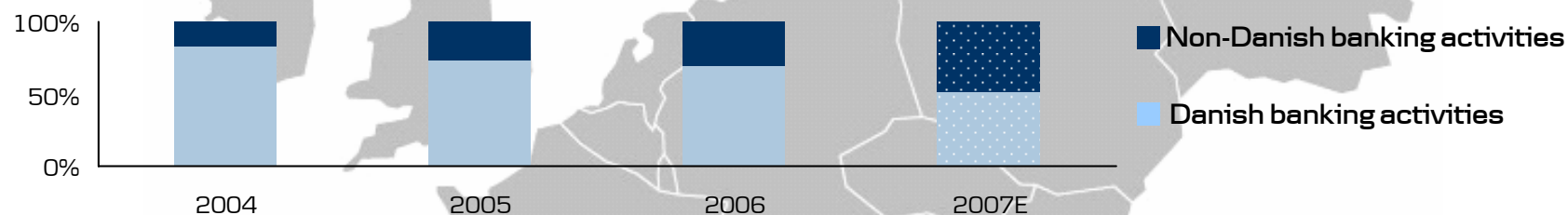


Trends in business areas

- Banking Activities drive the result

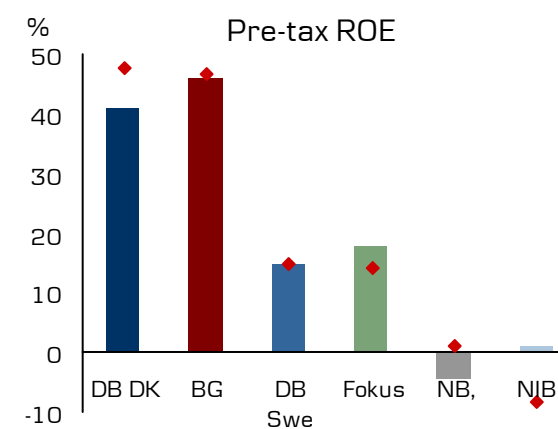
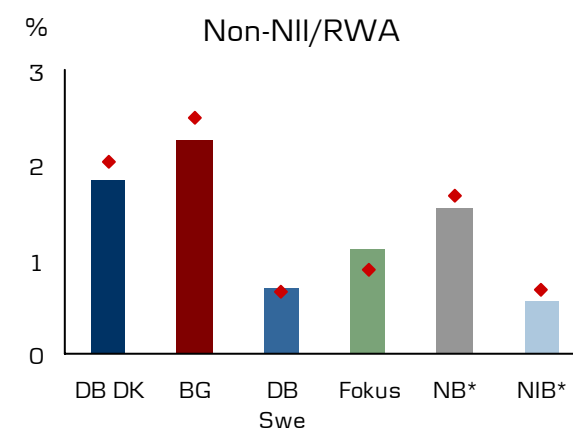
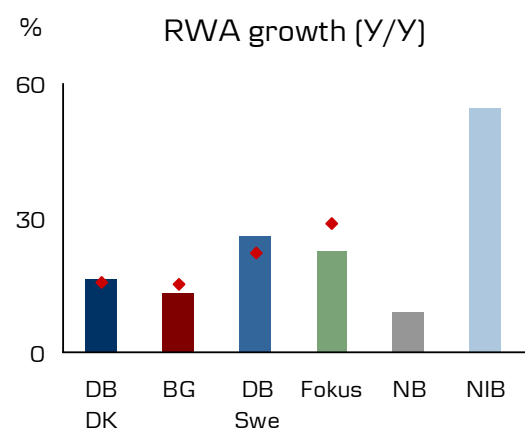
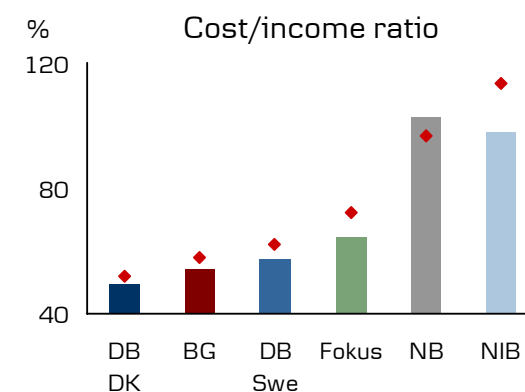
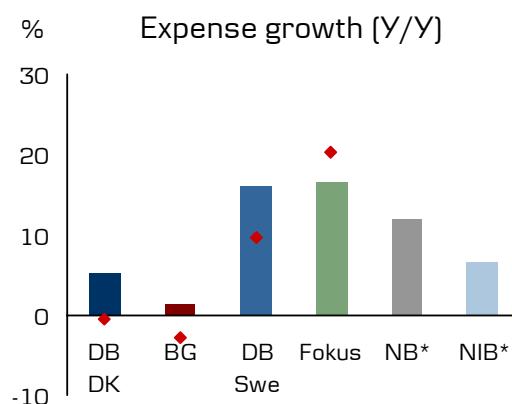
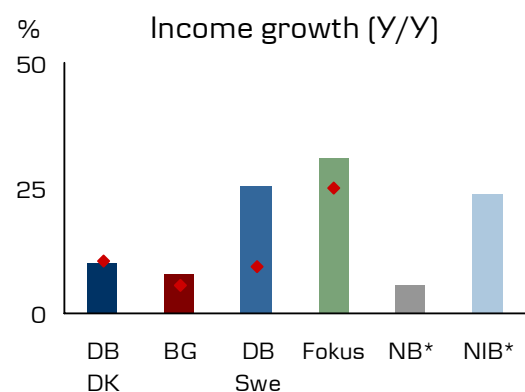
Profit before tax		Index		% of total		Index	
DKrm	2005	2006	06/05	2006	Q3 2006	Q4 2006	Q4/Q3
Banking Activities	10,095	10,892	108	59	2,871	2,852	99
- Danske Bank	5,767	5,772	100	31	1,373	1,269	92
- BG Bank	1,782	1,992	112	11	481	596	124
- Sweden	809	1,013	125	5	284	291	102
- Norway	579	885	153	5	238	190	80
- Northern Ireland	23	-104	-	-1	59	41	69
- Ireland	-106	26	-	0	97	58	60
- Other BA	1,241	1,308	105	7	339	407	120
Mortgage Finance	2,755	2,710	98	15	679	767	113
Danske Markets	3,719	3,639	98	20	880	874	99
Danica Pension	1,647	1,355	82	7	768	554	72
Danske Capital	509	560	110	3	120	201	168
Other	-1,119	-659	-	-4	-204	-359	-
Total for the Group	17,606	18,497	105	100	5,114	4,889	96

Distribution of income - Banking Activities



Trends in Banking Activities

■ Bars: 2006
◆ Dots: 2005



* NB and NIB results are adjusted to 12-month figures for purposes of comparison.

Outlook for 2007

- Growth expected to continue because of benign macroeconomics

Assumptions and underlying conditions

- Favourable macroeconomic conditions in our core markets expected to continue in 2007
- Two Danish interest rate hikes of 25bp each in 2007
- Remortgaging to be at same level as in 2006
- Double-digit retail and corporate lending growth, but intense price competition to continue

DKrm	2006 *	2007 - guidance
Net interest income	22,290	→ Up 8%-10%
Net fee income	9,214	→ Up 0%-2%
Trading income	7,500	→ Down 7%-9%
Other income	3,101	→ Down 12%-17%
Insurance	1,355	→ Down 13%-15%
Total income	43,460	→ Up 0%-2%
Expenses	22,759	→ Up 4%-6%
Profit bef. credit losses	20,701	→ Down 0%-2%

*) 2006 proforma incl. Sampo

Guidance

- NII 8%-10% higher than in 2006 due to double-digit lending growth and increasing short-term interest rates
- Fee income up 0%-2% due to higher demand for investment products
- Trading income expected to be lower than 2006
- Other income is likely to be 12%-17% lower as no property sales are expected
- Expenses up about 4%-6%
 - Up about 1%-3% ex integration costs and amortisation of intangibles related to Sampo
- Profit before credit losses at same level as in 2006
- Low credit losses expected
- Profit before tax lower than 2006

Earnings drivers, short- and medium-term

Growth Acquisitions	Cost base in NB & NIB down more than DKr 0.5bn annually Sampo Bank expected to boost earnings as of H2 2008
Growth Organic investments	Investment in 20%-25% expansion of branch network in Norway and Sweden gradually begins to pay off <ul style="list-style-type: none">Above-market growth and income growth above cost growth and RWA growth
Growth Market conditions	Better macroeconomics than eurozone average <ul style="list-style-type: none">High lending growth; credit losses below average over the cycle; low unemployment rate; and higher short-term interest rates, which lead to higher deposit spread
Growth Capital management	Gradual introduction of CRD / Basel II <ul style="list-style-type: none">Potential for further improvement of capital efficiency

The statements above are not part of Danske Bank's profit guidance, but an indication of future potential only.

Q&A session

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



Press “Ask a question” in
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Appendix

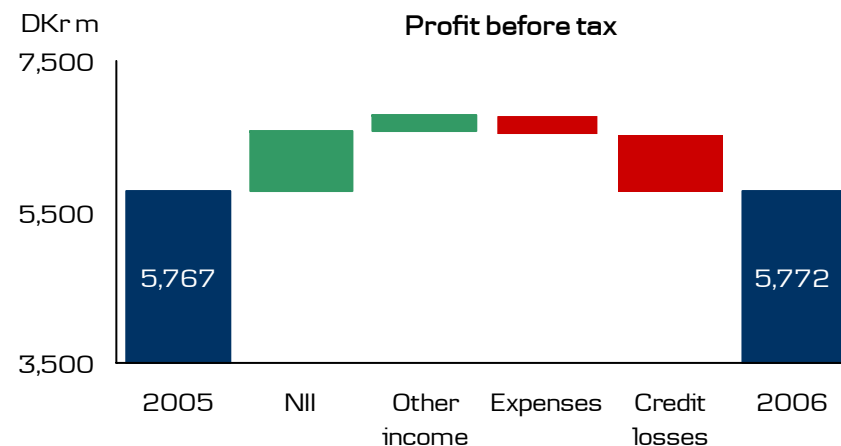
Trends in business areas

Banking Activities Danske Bank

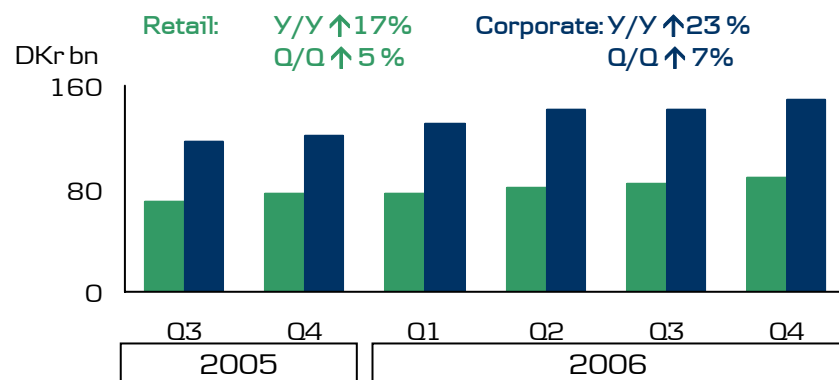
- Strong loan growth, with corporates picking up

Profit before tax - unchanged

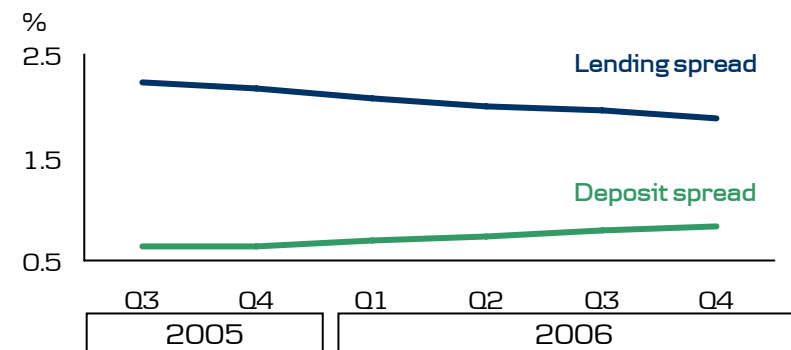
- Profit before credit losses up 15%
- NII up 13%, deposit margins improved
- Demand for lending products remained strong; loans up 21%
- Loan growth came mainly from open-plan products and corporates
- Cost/income ratio improved to 49.5% from 51.8% in 2005



Trend in lending volume (ex repos, end-period)



Spreads

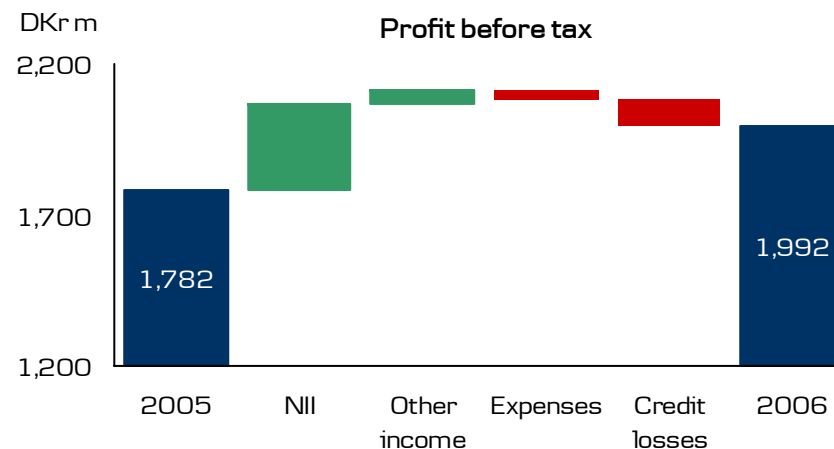


Banking Activities BG Bank

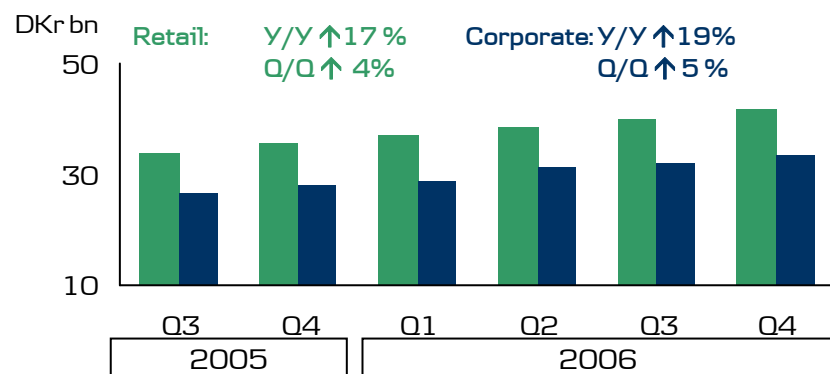
- Another year of strong activity and slow cost growth

Profit before tax ↑ 12%

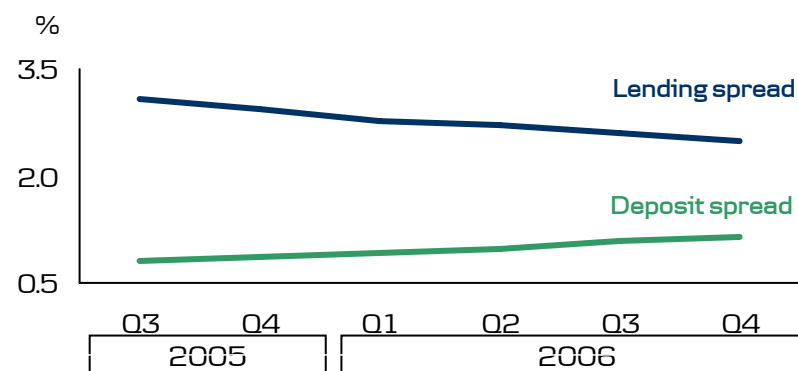
- Profit before credit losses up 17% and RWA up 13%
- Loan growth remained strong; as at DB, corporate lending picked up
- Minor credit losses of DKr 63m
- Cost/income ratio improved from 57.6% to 54.1%



Trend in lending volume (ex repos, end-period)



Spreads

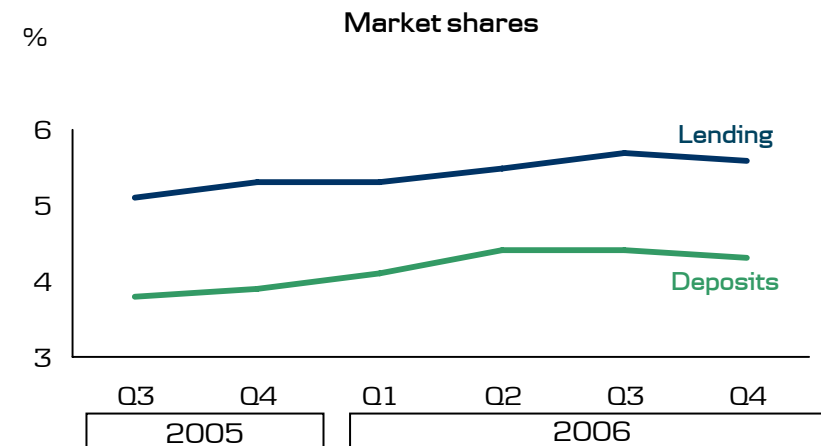
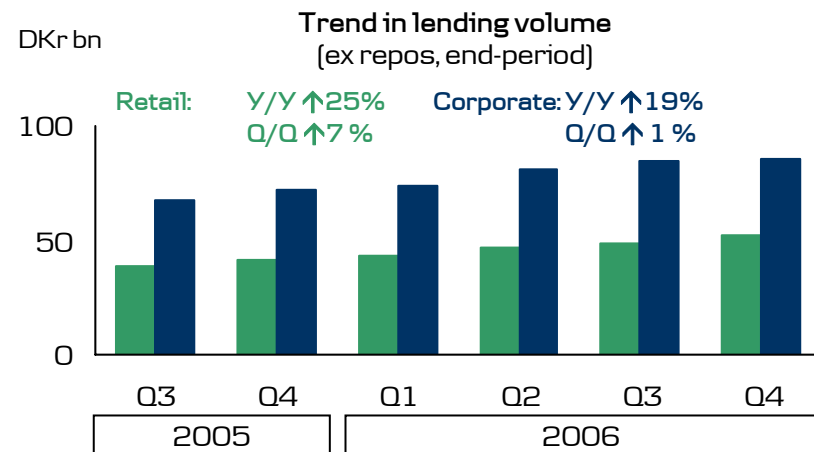
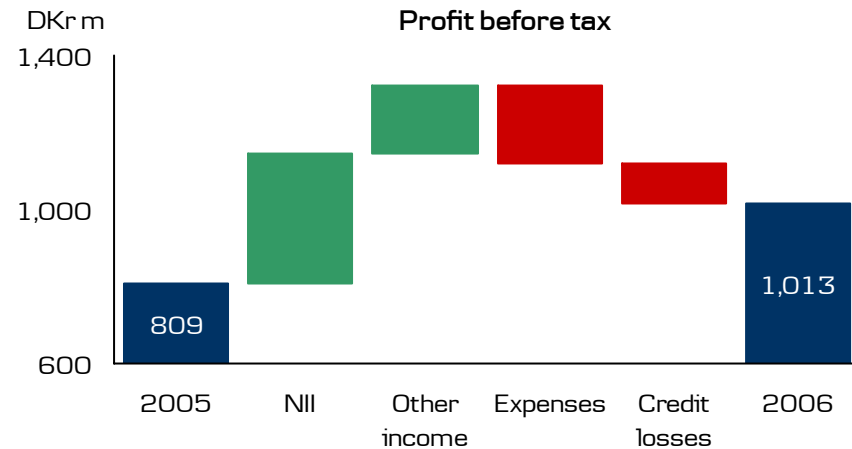


Banking Activities Sweden

- Tough competition, but growth outweighs margin pressure

Profit before tax ↑ 25%

- Profit before credit losses up 40%
- Lending up 21%, and deposit growth even higher at 34%
- 23% growth in NII despite fierce competition
- Named Corporate Bank of the Year by Finansbarometer, the largest independent survey in Sweden

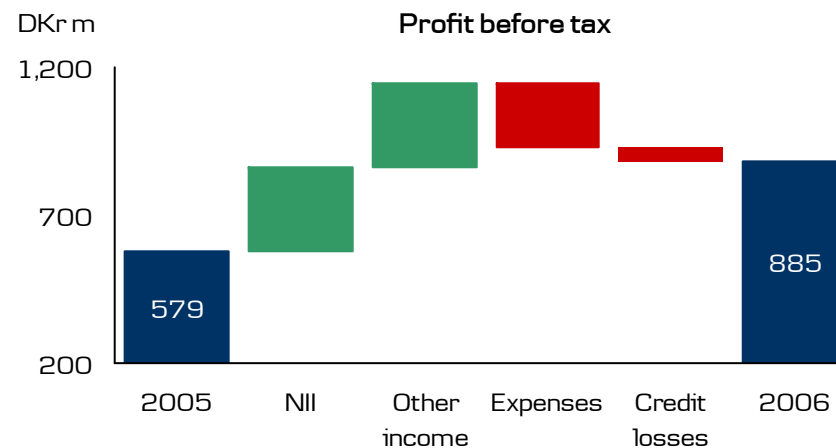


Banking Activities Norway

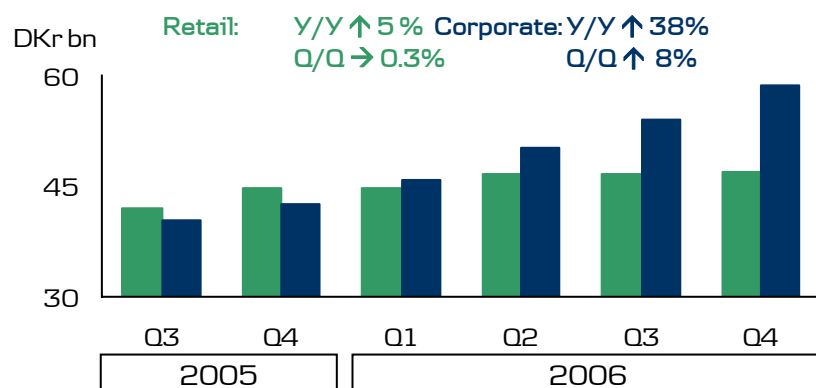
- Improved cross selling and profitability

Profit before tax ↑ 53%

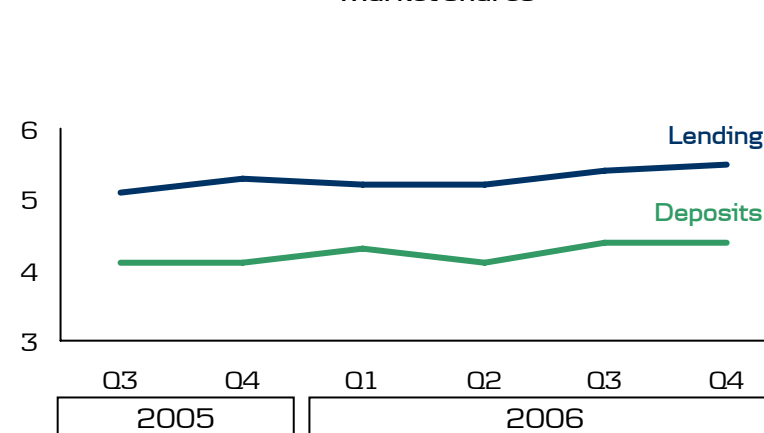
- Profit before credit losses up 69%
- Improved cross selling drove fee income up 10%
- Full-year effect of the real estate chain Krosveen and Nylander boosted other income
- ROE before tax up from 14% to 18%



Trend in lending volume (ex repos, end-period)



Market shares

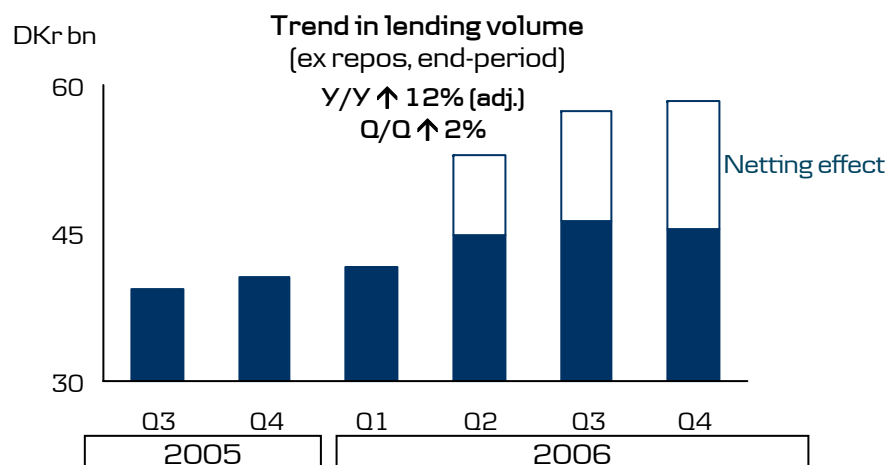
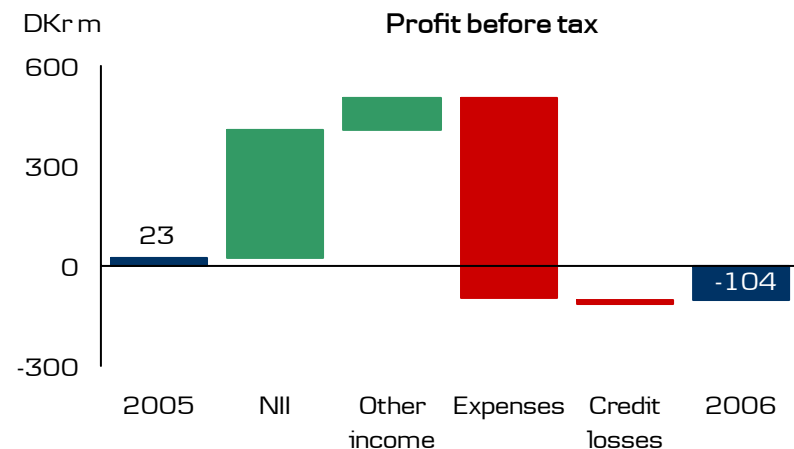


Banking Activities Northern Ireland

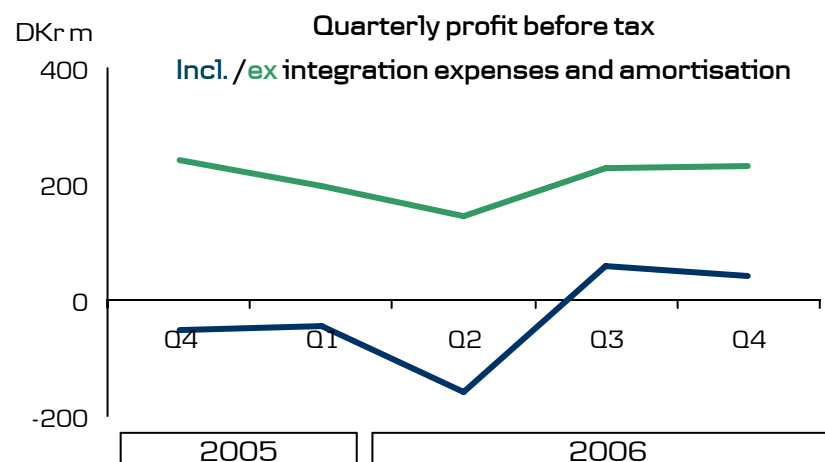
- Strong deposit growth and earnings turnaround in H2

Profit before tax DKr -104m

- Deposit surplus strengthened: deposits up 19% and lending up 12% after adjusting for the netting effect
- NII up 11% (Q4/Q4)
- Expenses included:
 - Integration expenses: DKr 445m
 - Amortisation of intangibles: DKr 459m



Change in netting raised lending by DKr 8bn in Q2, DKr 11bn in Q3 and DKr 13bn in Q4.

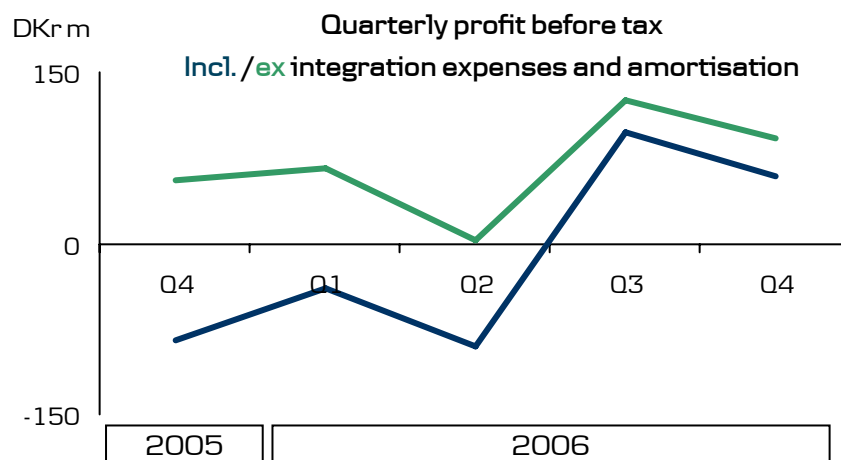
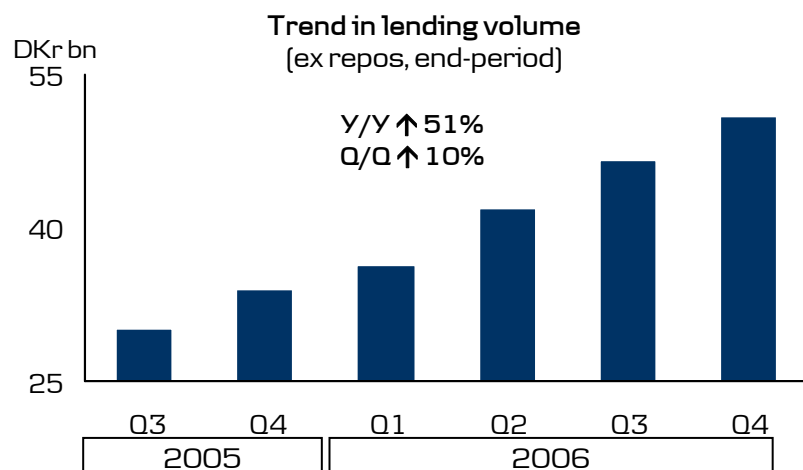
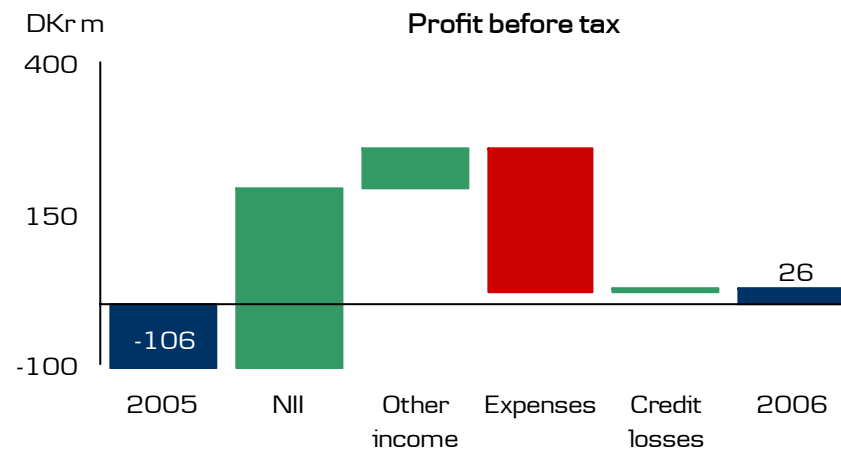


Banking Activities Ireland

- Back in the black – positive result and impressive lending growth

Profit before tax DKr 26m

- 51% lending growth
- 34% NII growth (Q4/Q4)
- Expenses included:
 - Integration expenses: DKr 159m
 - Amortisation of intangibles: DKr 102m
- Earnings turnaround in H2 as expected

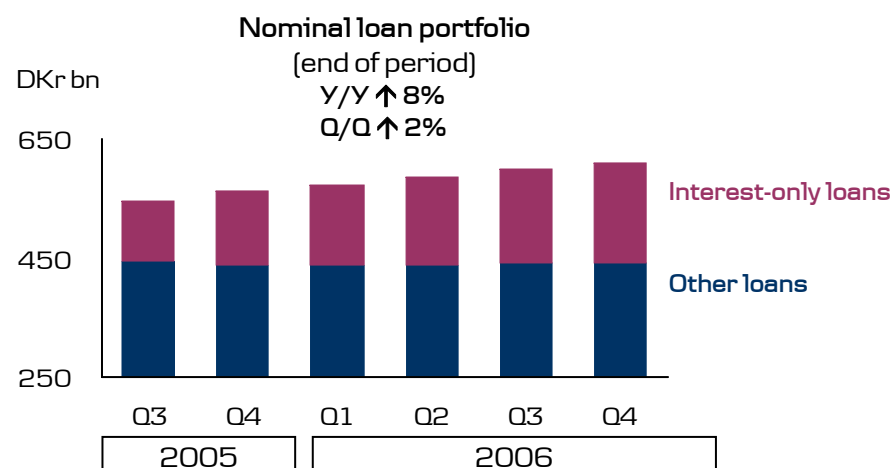
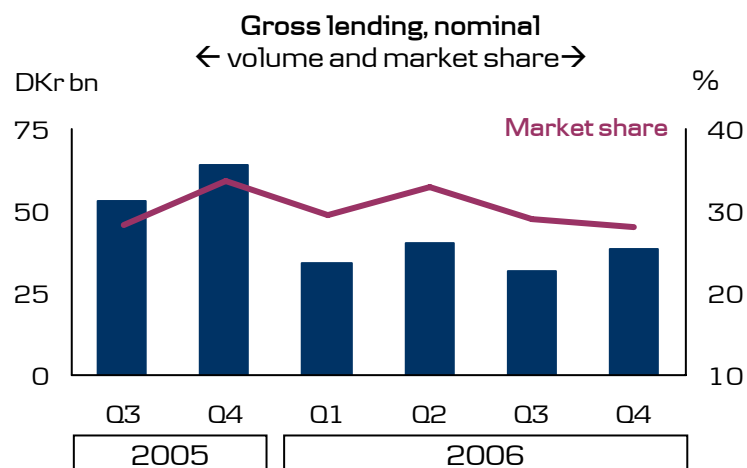
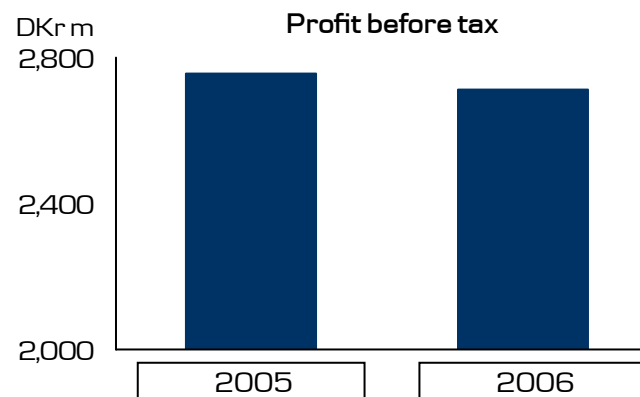


Mortgage Finance

- Level of refi activity normalised and average LTV declines

Net income before tax ↓ 2%

- NII up 6% due to lending growth
- Activity level returned to normal in 2006 as expected after a record-high 2005
- Lower fee income due to lower refinancing and larger commissions to the Danish banks
- Average LTV 53%, compared with 58% in 2005

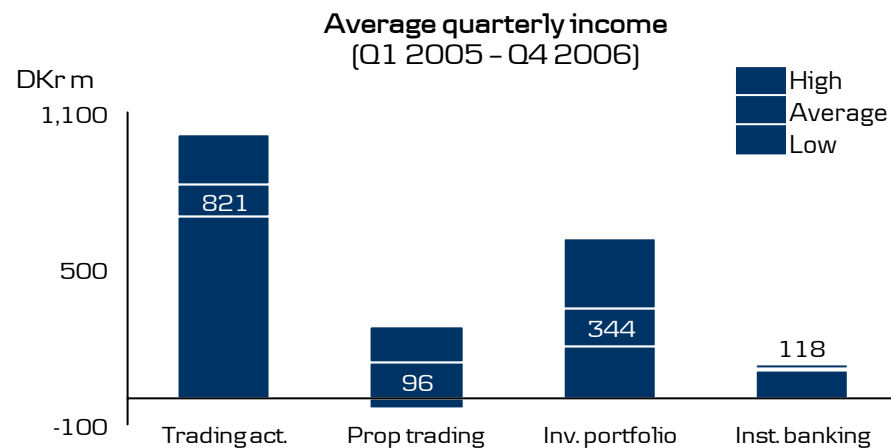
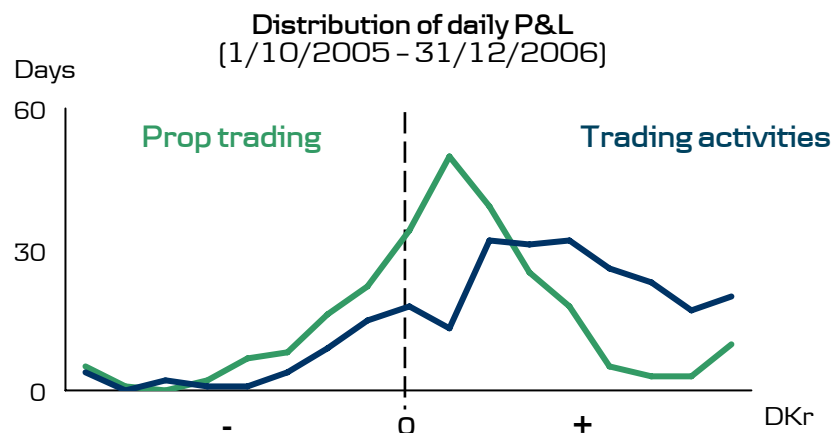
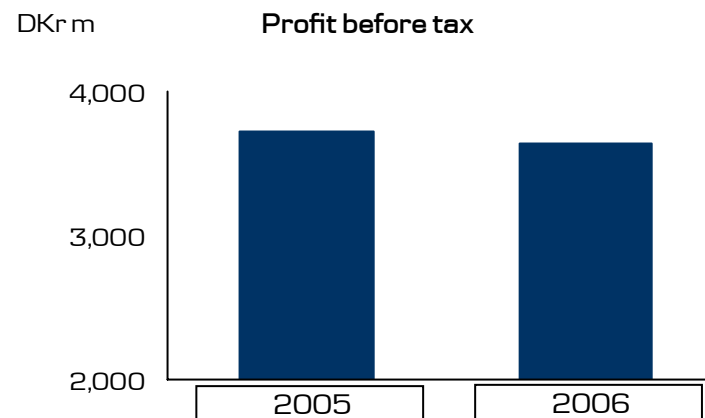


Danske Markets

- Better than expected in comparison with record level in 2005

Profit before tax ↓ 2%

- Customer-driven activity better than expected, in Q1 in particular
- Investment portfolio lower due to large one-offs in 2005
- Prop trading up 3%
- Volume dampened by volatility in May
- Increased demand for products related to risk hedging



Danica Pension

- Underlying profit up and H&A improves, but not enough

Profit before tax ↓ 18%

- Profit down due to postponed risk allowance income in 2005
- Profit excl. shadow account up 12%
- 8% growth in premiums, due mainly to unit-link sales - shift from conventional products to unit-link products continued
- 2.9% investment return
- Efficiency further improved

Net income from insurance business

DKr m	2005	2006	Index
Premiums (DKr bn)	16.9	18.2	108
Share of technical provisions etc.	1,127	1,037	92
Health and accident (ins. and inv.)	-486	-101	-
Insurance result on unit-linked etc.	-25	-53	-
Investment result	783	772	99
Financing result	-193	-300	-
Net income before risk allowance	1,206	1,355	112
Postponed risk allowance	441	0	-
Net income from insurance business	1,647	1,355	82

