

First half of 2004

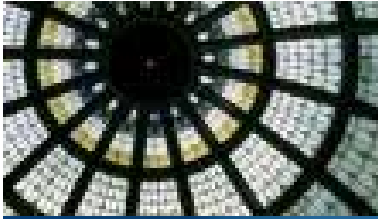
Presentation of Interim Report

Copenhagen, August 17, 2004



Agenda

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First half 2004 vs. first half 2003

- Positive trend in core earnings

Net profit for the period ↓ 8% to DKr4.4bn

- Core income declined 5%
- Operating expenses and depreciation fell 5%
- Provisions for bad & doubtful debts remain low
- Acceptable return on investment portfolios, given market conditions

(DKr m)	H1 2003	H1 2004	Index
Core income	13,872	13,226	95
Expenses	7,494	7,102	95
Core earnings before prov.	6,378	6,124	96
Provisions for bad debts	947	452	48
Core earnings	5,431	5,672	104
Earnings from inv. portfolios	1,282	601	47
Profit before tax	6,713	6,273	93
Tax	1,910	1,850	97
Net profit for the period	4,803	4,423	92

Banking lending ex repos ↑ 7%

- Corporate lending picked up again in H1 2004
- Strong growth in retail lending
- Mortgage lending rose 5%

(DKr bn)	H1 2003	H1 2004	Index
- Corporate loans	283	281	99
- Retail loans	115	147	128
Bank loans ex repos	398	427	107
Repo loans	78	146	187
Mortgage loans	484	508	105
Bonds and shares	444	432	97
Deposits ex repos	429	461	107
Shareholders' equity	63	62	98
Total assets	1.722	1.827	106



Key figures and ratios

- Rise in core earnings in relation to shareholders' equity

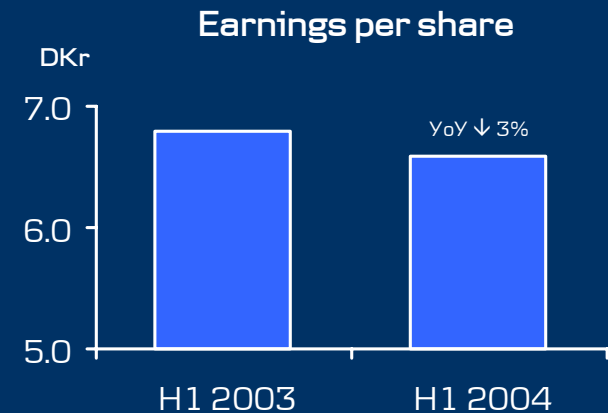
Sound ROE, given lower investment returns

- Return on equity fell to 14.3% because of lower return on investment portfolios
- Rise in core earnings in relation to shareholders' equity
- C/I ratio held steady despite declining income

Key ratios (%)	H1 2003	H1 2004
Net profit as % of avg. share. equity p.a.	15.4	14.3
Core earnings as % of avg. sh. equity p.a.	17.4	18.4
Cost/core income ratio	54.0	53.7
Core (tier1) capital ratio	7.2	7.6
Solvency ratio	10.0	10.4
Earnings per share (DKr)	6.8	6.6

Earnings per share ↓ 3%

- Earnings per share for the period declined 3% to DKr6.6



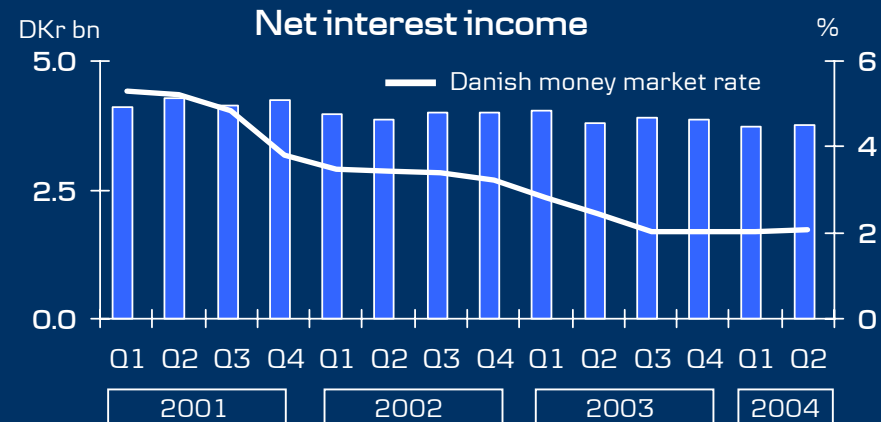


Net interest income

- Higher business volume could not offset falling interest rates

Net interest income ↓ 5%

- Average money market rate in Denmark fell from 2.62% to 2.06%
- Effect of falling money market rates estimated at DKr350m



Net interest income ↓ 5%

- Lending margin affected by strong sales of bank-based property-financing products
- Lower mortgage refinancing activity
- Deposit margin and return on capital declined because of lower interest rates

Net interest income H1 04 vs. H1 03

Net int. inc. H1 2003	7,821
Scandinavian banks	
Loan, volume	357
Loan, margin	-181
Deposit, volume	48
Deposit, margin	-193
Allocated equity	-105
Other	-101
Currency	-41
Scandinavian Banks total	-217
Other banking activities	-42
Mortgage Finance	-81
Other changes	-13
Net int. income H1 04	7,469

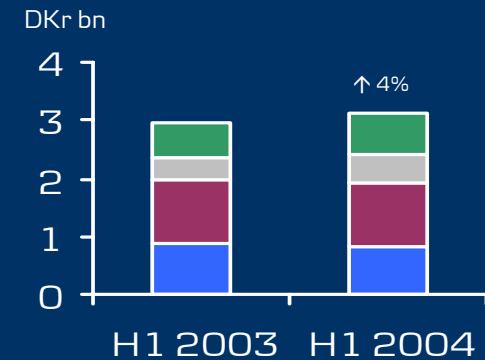
Fee and commission income (net)

- Gain in fees driven by capital market activities

Fee and commission income (net) ↑ 4%

- Commissions on security trading rose 4% because of increased activity in capital markets
- Mortgage refinancing fees declined 8% because refinancing activity in H1 2003 was extraordinarily heavy

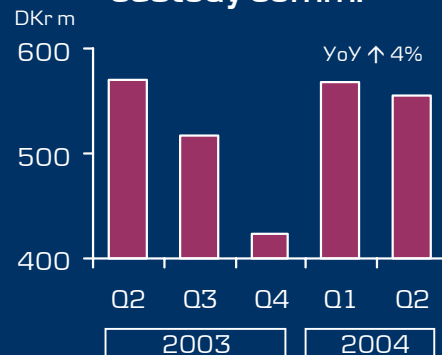
Fees and commissions (net)



Refinancing & processing fees



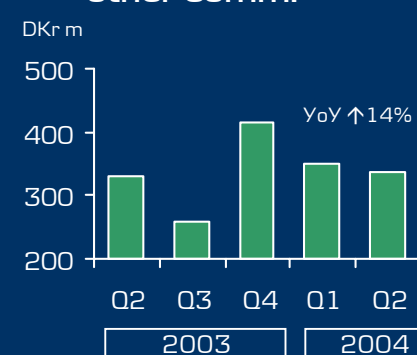
Securities & custody comm.



Payment services fees



Guarantee & other comm.

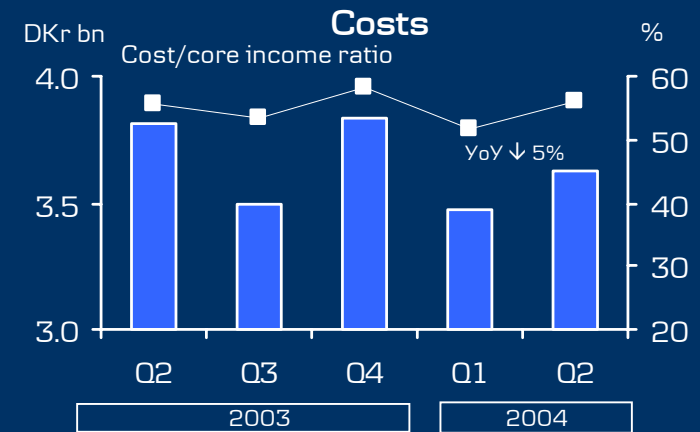


Costs

- Positive trend continues

Costs ↓ 5%

- Costs amounted to DKr7.1bn
- Cost/core income ratio improved slightly to 53.7
- IT outsourcing agreement with IBM

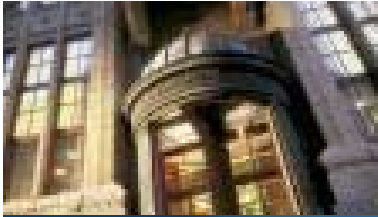


Underlying costs ↓ 2%

- Severance payments of DKr181m
- Headcount reduced 4%

Underlying cost base

(DKr m)	H1 2003	H1 2004	Index
Costs	7,494	7,102	95
Bonuses	377	289	77
Severance payments	347	181	52
Underlying cost base	6,770	6,632	98
FTE staff (avg.)	17,474	16,644	95
FTE staff (period-end)	17,274	16,557	96

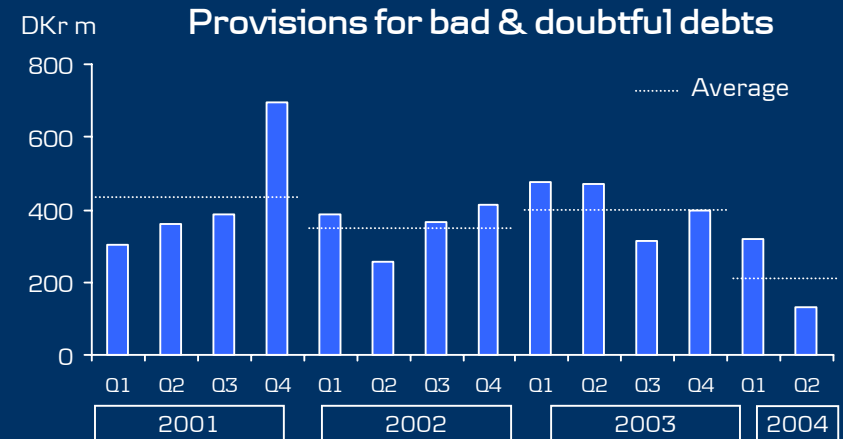


Provisions for bad & doubtful debts

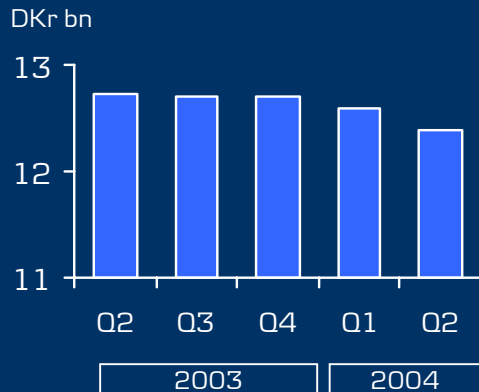
- Provisioning level remains low

Provisions for bad & doubtful debts ↓ 52%

- Provisions equal 8 bp of loans & guarantees per annum
- Healthy macroeconomic climate in the Nordic region
- Average expected loss over a business cycle of 19 bp per annum



Accumulated provisions

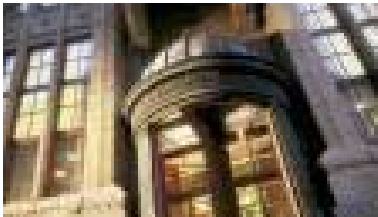


Non-performing loans



Provisions as % of total loans & guarantees





Capitalisation

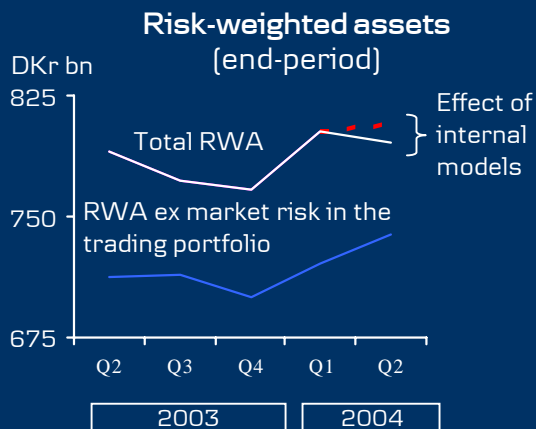
- Hybrid capital raised and share repurchase executed

Active capital management continues

- Increased use of capital for organic growth
- \$750m in hybrid capital raised
- Share repurchases worth DKr3bn, including DKr0.5bn in the July 1-13 period
- Additional buybacks for DKr3bn in H2 2004
- Use of internal risk models

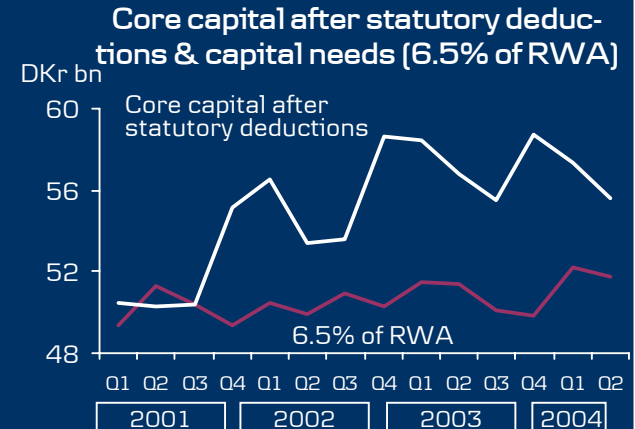
Capital targets and actual levels, H1 2004

(as % of RWA)	Target	H1 2004
Core capital	≈ 6.5	7.0
Hybrid capital	≈ 0.5	0.6
Core (tier 1) capital ratio	≈ 7.0	7.6
Supplementary capital	≈ 2.5	2.8
Solvency ratio	≈ 9.5	10.4



Loans ex repos (end-period)
(local currency, bn)

	2003	H1 2004	Index
Danske Bank - Retail	43	50	117
Danske Bank - Corp.	97	102	105
BG Bank - Retail	24	27	112
BG Bank - Corporate	23	24	102
BA NO - Retail	31	34	110
BA NO - Corporate	29	30	106
BA SE - Retail	33	37	111
BA SE - Corporate	59	65	110

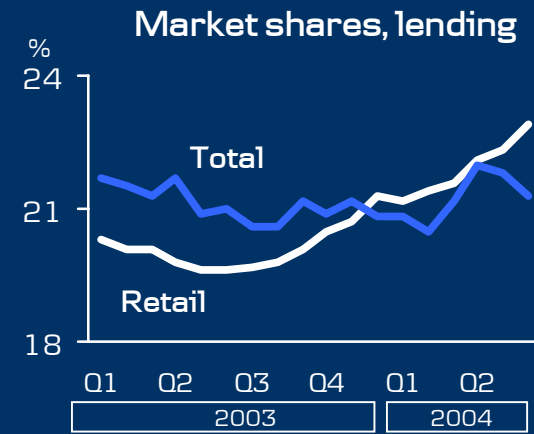
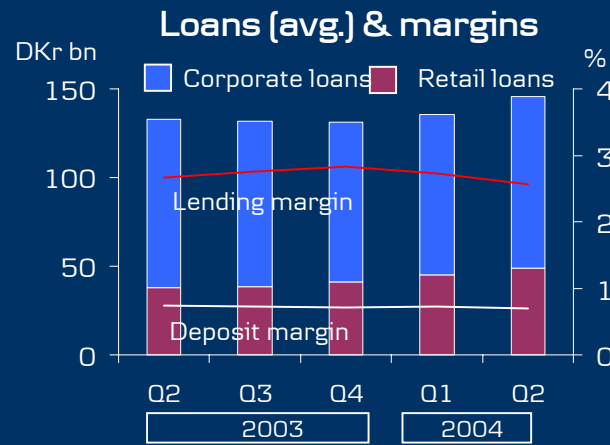
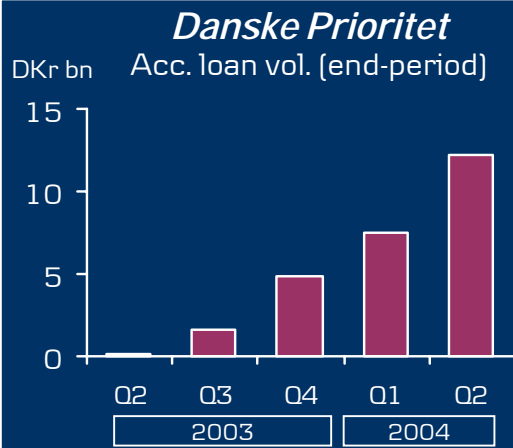
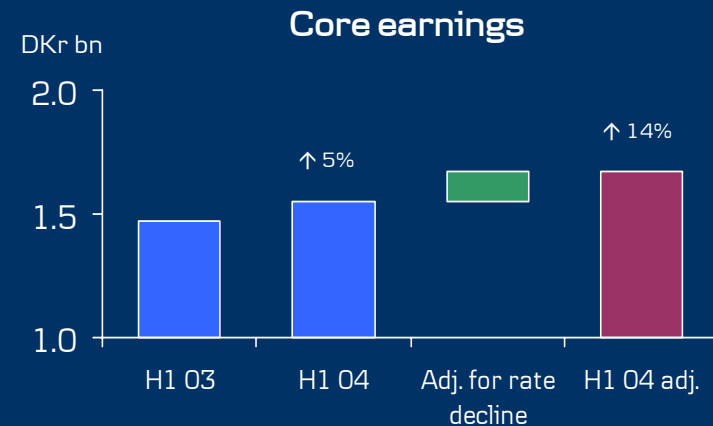


Banking Activities, Danske Bank

- Strong lending growth, but pressure on margins

Core earnings ↑ 5%

- Provisions for bad and doubtful debts lower
- Core income hurt by drop in money market rates
- Increased income from customers' securities trading
- Retail lending rose 40%
- Rise in market share of retail customers

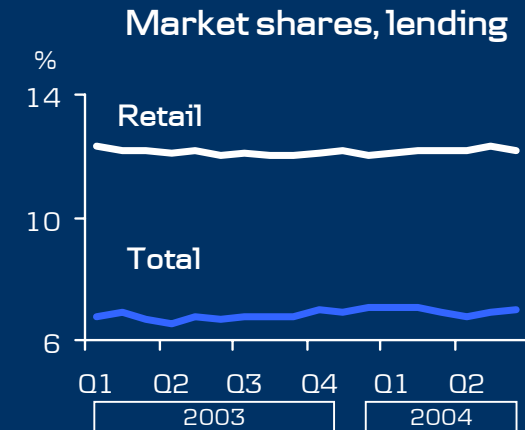
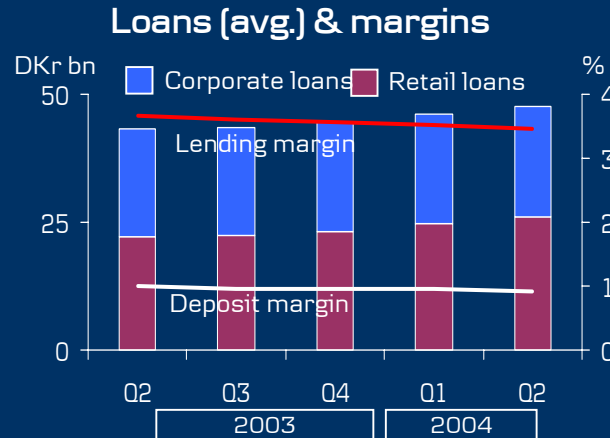
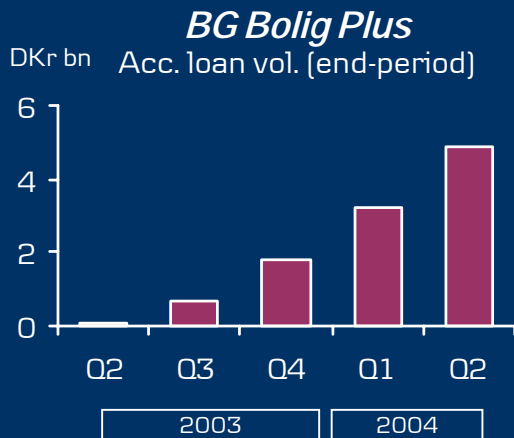
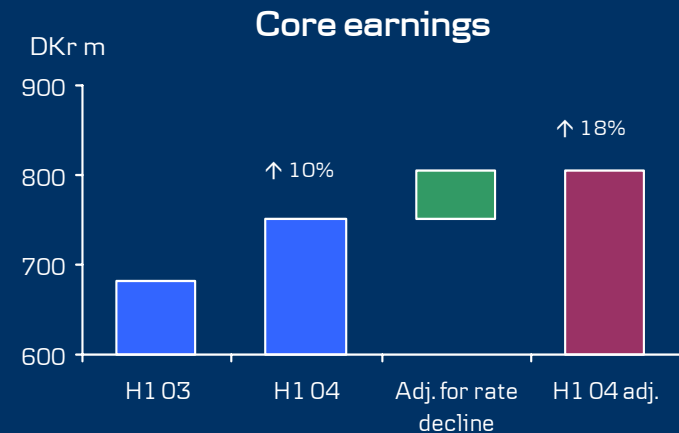


Banking Activities, BG Bank

- Core income maintained despite drop in lending margin

Core earnings ↑10%

- No losses in H1 2004
- Income level steady despite falling interest rates
- Cost/core income ratio improved from 63.5 to 62.2
- Retail lending rose 21% on good sales of *BG Bolig Plus*
- Market shares stabilised



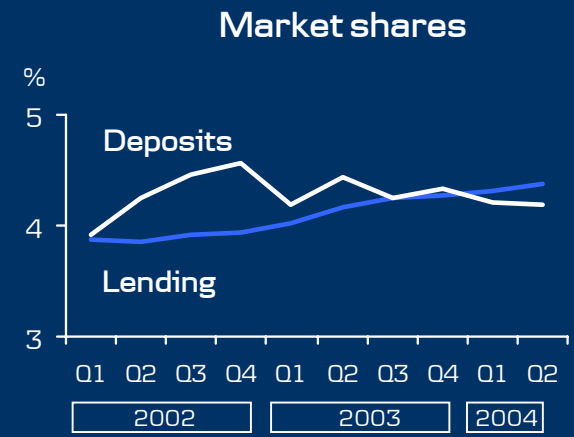
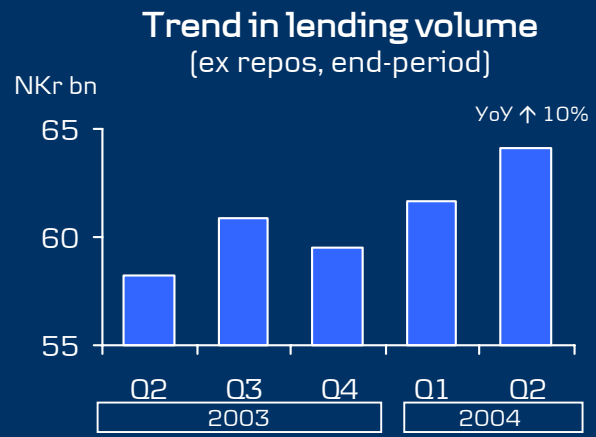
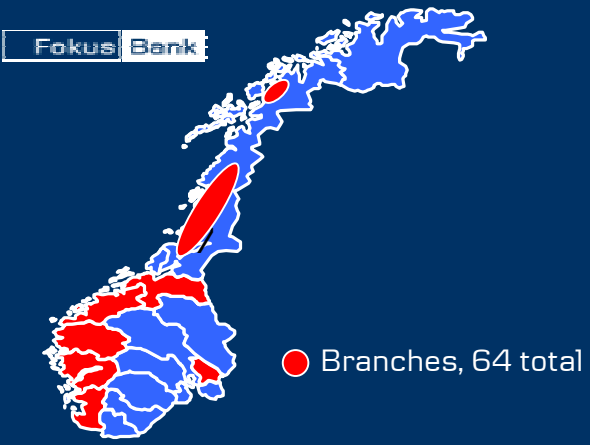
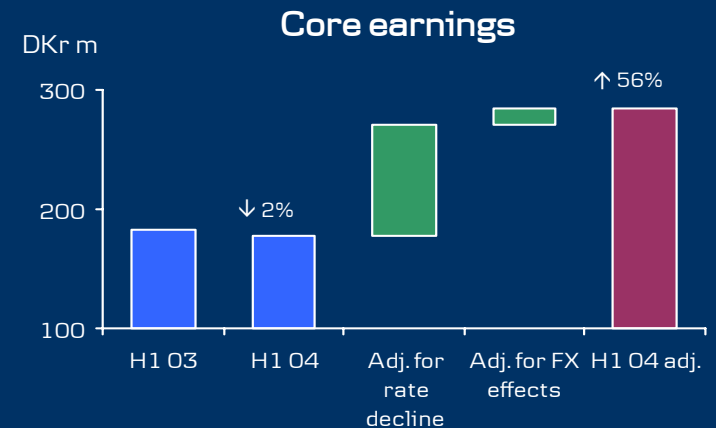


Banking Activities Norway

- Business growth pressured by falling interest and FX rates

Core earnings ↓ 2% (unchanged in local currency)

- Very limited losses in H1
- Average Norwegian money market rate plummeted from 5.70% to 1.98%
- Lending grew 10% in local currency, lifting market shares
- New branches opened in Oslo, Bergen & Trondheim



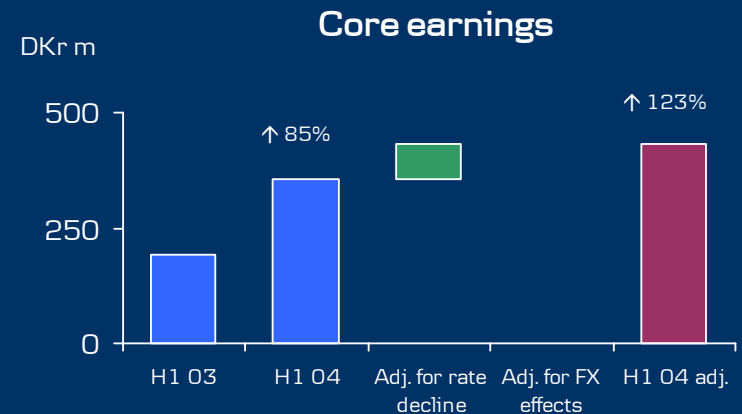


Banking Activities Sweden

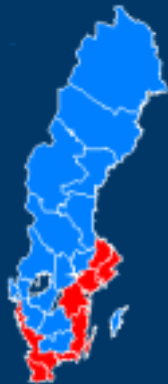
- Earnings grew despite lower interest rates

Core earnings ↑ 85% (↑ 83% in local currency)

- Net reversal of losses from earlier periods
- Average money market rate fell from 3.58% to 2.37%
- Lending grew 15% in local currency
- Successful launch of Duoflex
- Rise in fees from capital market activities

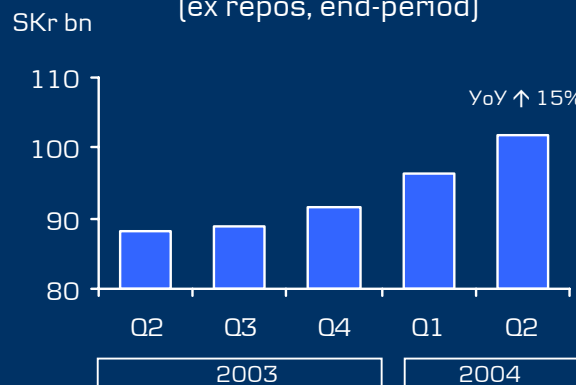


- Västmanlands Provinsbank
- Sörmlands Provinsbank
- Älvsborgs Provinsbank
- Östgöta Enskilda Bank
- Hallands Provinsbank
- Skånes Provinsbank
- Sundsvalls Banken
- Smålands Banken
- Bohus Banken

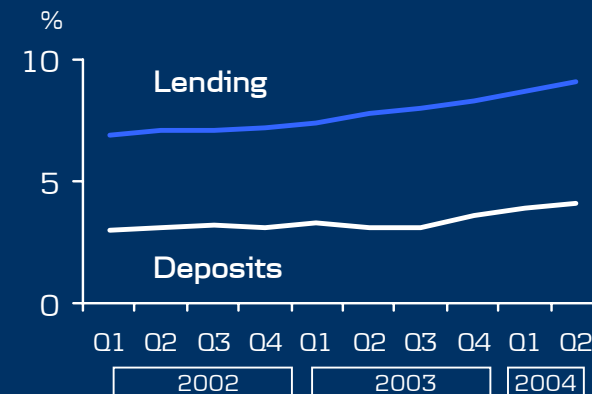


● Branches, 46 total

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



Market shares



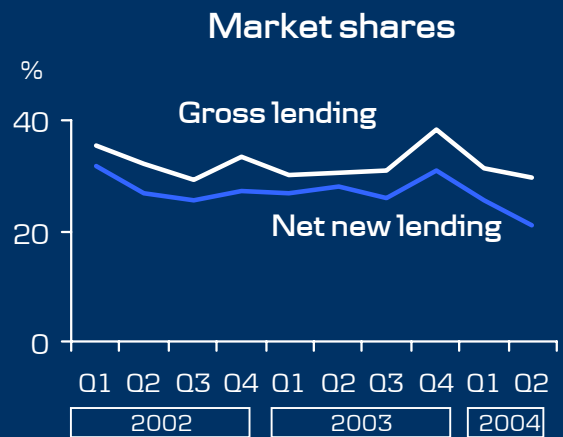
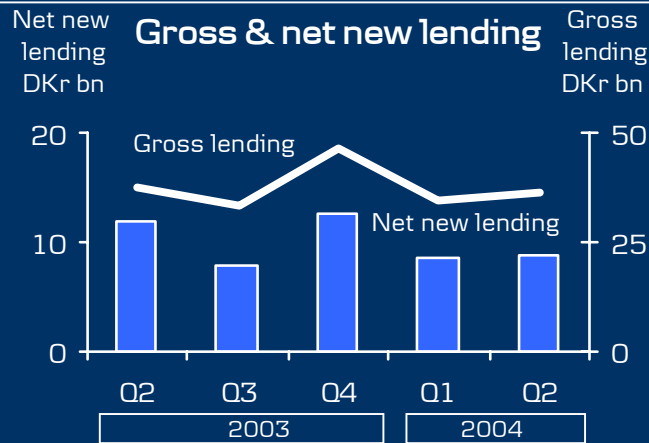
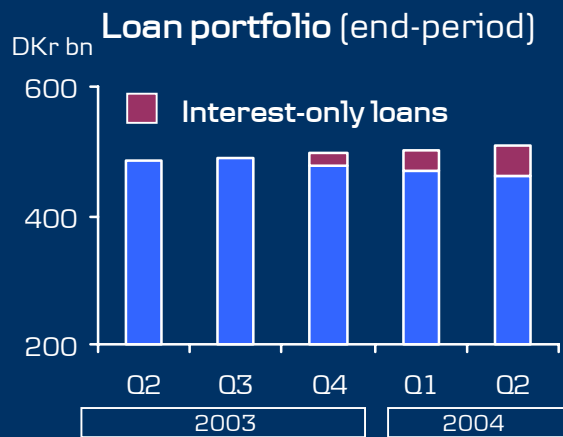
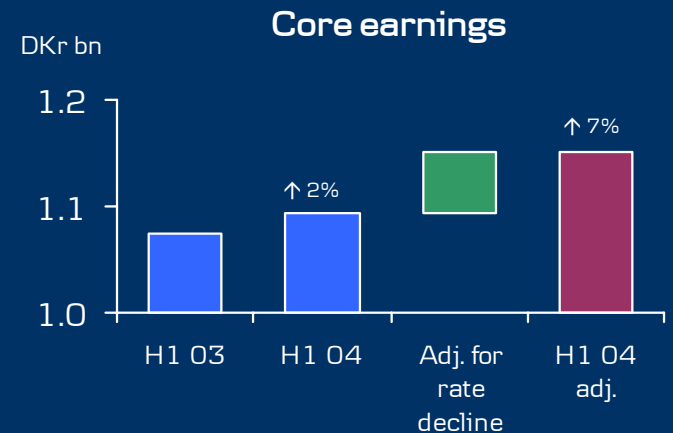


Mortgage Finance

- Core earnings in line with 2003

Core earnings ↑ 2%

- Losses remain very low
- Core income lower because refinancing activity last year was extraordinarily heavy
- Costs reduced 10%
- Interest-only loans totalled DKr48bn
- Market shares reduced by Group's sale of bank-based property-financing products



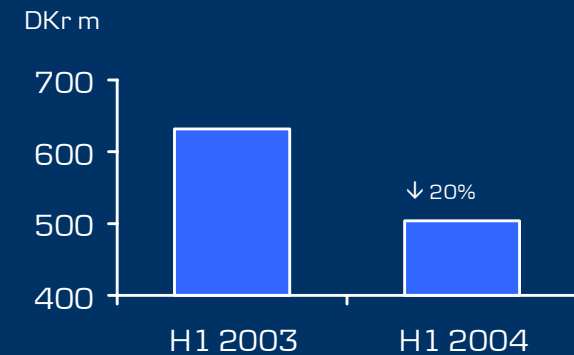
Danske Markets

- Earnings decline after challenging second quarter

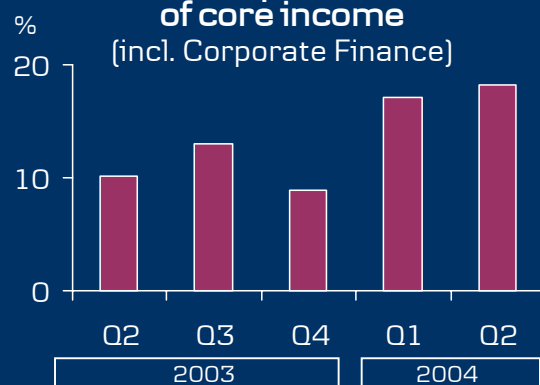
Core earnings ↓ 20%

- Income level remained satisfactory considering market conditions, especially in second quarter
- Maintained position as leading player in the Scandinavian fixed income markets
- Rise in earnings from equity trading and corporate finance
- Moderate risk profile

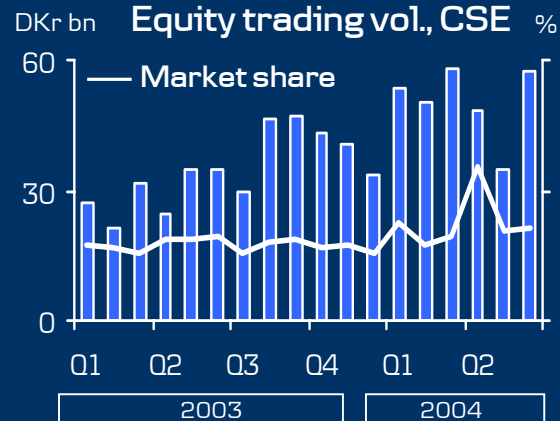
Core earnings



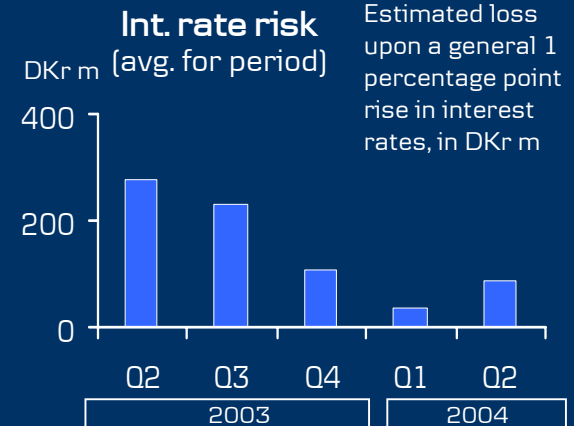
Danske Equities' share of core income (incl. Corporate Finance)



Equity trading vol., CSE



Int. rate risk (avg. for period)



Danica Pension

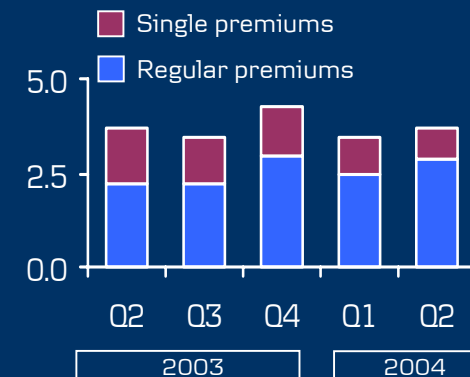
- Earnings fall because of disappointing H&A result

Core earnings ↓ 8%

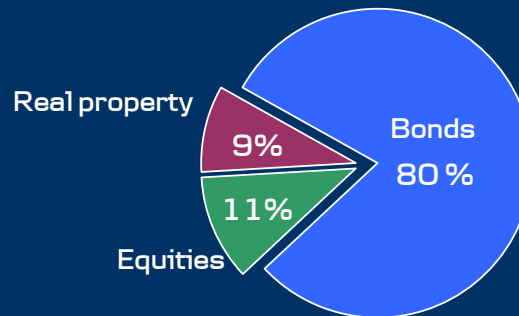
- Risk allowance down because of extraordinary provisions for health & accident insurance
- Return on investment of customers' funds of 2.7%
- Growth in regular premiums
- Collective bonus potential of DKr7.3bn

(DKr m)	H1 2003	H1 2004	Index
Risk-free return on share. equity	151	143	95
Risk allowance	448	415	93
Unit-linked policies & health ins.	41	39	95
Core income from insurance bus.	640	597	93
Funding, net	-89	-92	103
Core earnings from insurance bus.	551	505	92
Total provisions (DKr bn)	170	177	104

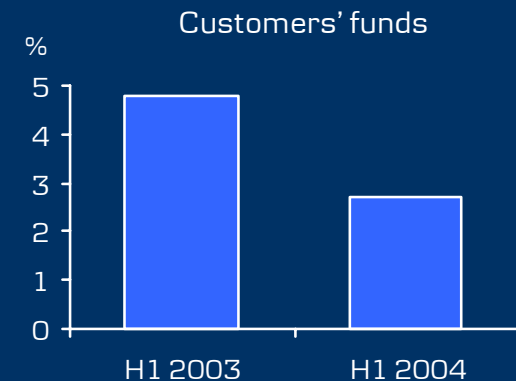
Gross premiums



Asset allocation



Return on investments



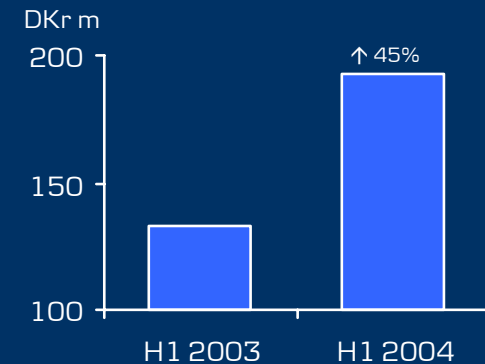
Danske Capital

- Trend in capital markets boosted income

Core earnings ↑ 45%

- Assets under management rose to DKr382bn
- Positive turnaround in sales to institutional clients
- Equities represented 18% of assets under management
- Costs reduced

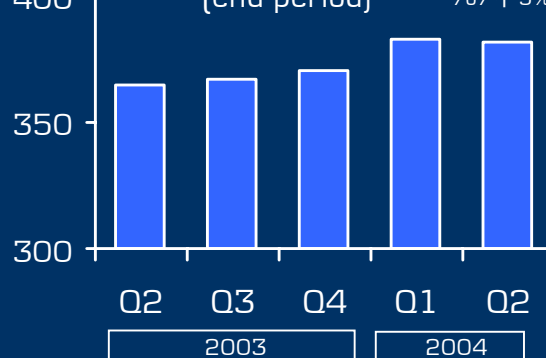
Core earnings



Equities as % of AUM (end-period)



AUM (end-period)



Core income/AUM





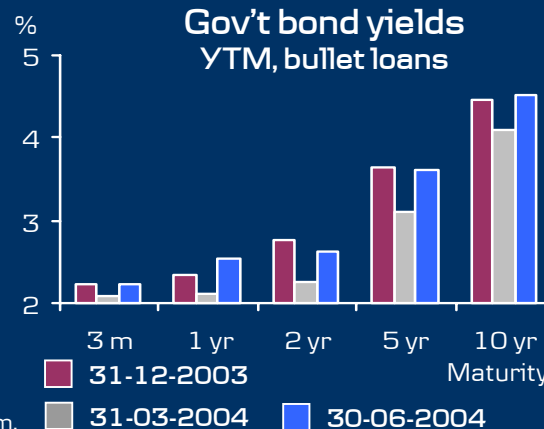
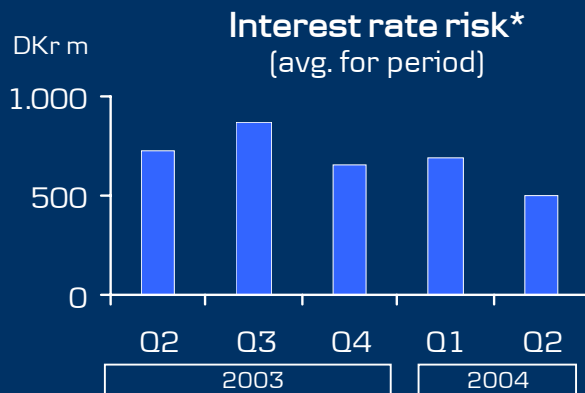
Earnings from investment portfolios

- Good performance, given market conditions in Q2

Earnings from inv. portfolios ↓ 53%

- Considering Q2 market conditions, earnings were acceptable because of defensive risk profile
- Assuming unchanged yield levels, a risk allowance can be booked for Danica upon a drop of 15% in equity markets

(DKr m)	H1 2003	H1 2004	Index
Fixed income & FX	531	115	22
Shares, unlisted	375	266	71
Shares, listed	317	206	65
Costs	82	78	95
Investment earnings, banking	1,141	509	45
Investment earnings, Danica	141	92	65
Investment earnings, total	1,282	601	47



Equity indices

(end-period)	2003	H1 2004	Index
KFX	244	264	108
OMX	636	698	110
Dow Jones	10,454	10,413	100
SP500	1,112	1,136	102
MSCI World	779	806	104

*Est. loss upon a general 1 % point rise in int. rates, in DKr m.

Outlook for the remainder of 2004

- Core earnings of DKr1 1bn to DKr12bn

- Core income in line with 2003
- Costs a little lower than in 2003
- Provisioning ratio lower than 2003
- Core earnings in the range of DKr1 1bn to DKr12bn
- Investment earnings in banking and insurance businesses depend as usual on the trend in the financial markets
- Group's tax rate expected to be 30% of profit before tax

Q & A session

Press “1” to ask a question

Press “#” to cancel

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