

Annual Report 2004

Copenhagen, February 10, 2005



Agenda

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Summary

- Overall net profit of Dkr10.6bn is the best result ever
- Denmark: strong lending growth due to product innovation
- Sweden & Norway: market shares continue to grow
- Ireland & Northern Ireland: expansion of our retail banking model – awaiting approvals
- UK & US: downscaling of international wholesale banking is ahead of schedule
- Loan-loss provisions close to zero because of improved macro economic conditions

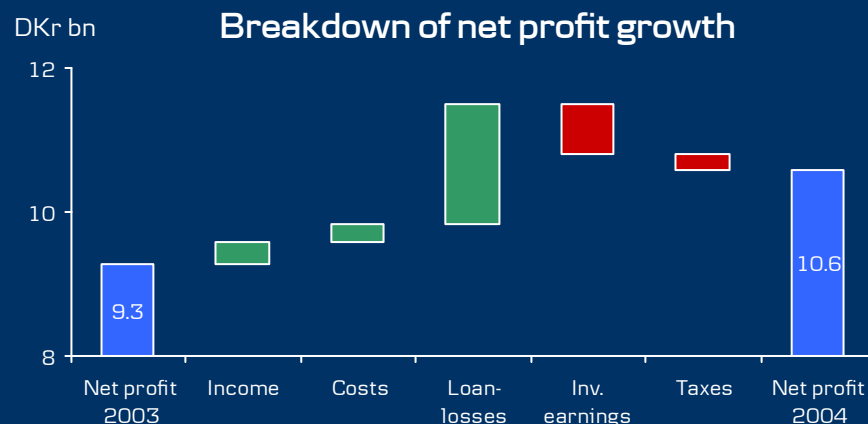
2004 in brief

- Best financial results ever

Net profit for the year ↑ 14% to DKr10.6bn

- Core income increased 1%
- Operating expenses decreased 2%
- Loan-loss provisions close to zero
- Core earnings up 21%
- Lower, but good return on investment portfolios
- Strong lending growth in retail banking

(DKr m)	2003	2004	Index
Core income	26,949	27,257	101
Expenses	14,820	14,593	98
Core earnings before prov.	12,129	12,664	104
Provisions for bad debts	1,662	-18	-
Core earnings	10,467	12,682	121
Earnings from inv. portfolios	2,569	1,883	73
Profit before tax	13,036	14,565	112
Tax	3,750	4,007	107
Net profit for the period	9,286	10,558	114



End-period (DKr bn)	2003	2004	Index
- Corporate loans	267	285	107
- Retail loans	130	173	133
Bank loans ex repos	397	458	115
Repo loans	126	145	115
Mortgage loans	498	517	104
Bonds and shares	494	516	104
Deposits ex repos	435	468	108
Shareholders' equity	60	61	101
Total assets	1,826	2,078	114
Risk-weighted assets	767	808	105

Key figures and ratios

- Improvement across the board

Strong return on equity - rose to 17.4%

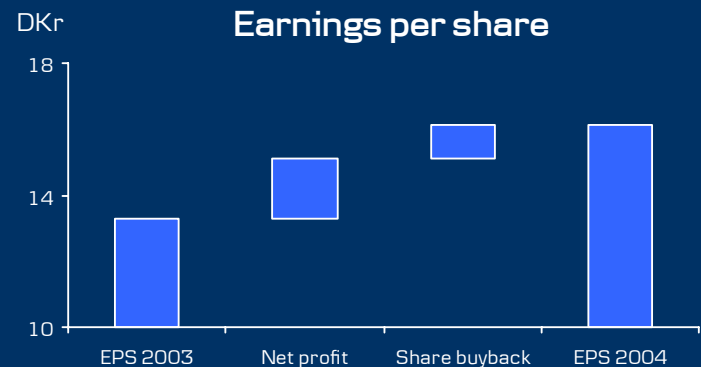
- Core return on equity: 20.9%
- Cost income ratio: 53.5%
(55.0% in 2003)
- EPS rose 21%
- DPS rose 20%

Key ratios

	2003	2004
Net profit as % of avg. sh. equity p.a.	15.2	17.4
Core earnings as % of avg. sh. equity p.a.	17.1	20.9
Cost/core income ratio (%)	55.0	53.5
Core (tier 1) ratio	7.7	7.7
Solvency ratio	11.0	10.2
Earnings per share (DKr)	13.3	16.1
Book value per share (DKr)	89.9	95.3
Dividend per share (DKr)	6.55	7.85

Earnings per share ↑ 21%

- Net profit contribution:
14 percentage points
- Share buyback contribution:
7 percentage points

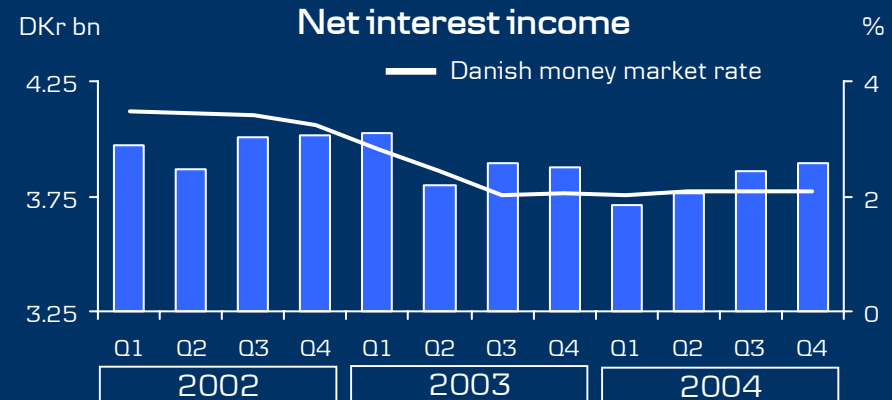


Net interest income

- Driven by strong lending growth, but lower margins

Net interest income ↓ 2%

- Positive trend since Q1
- Lower interest rates reduced income by DKr400m, mainly in H1
- Product mix changes caused lower margins - alter risk profile



Strong lending growth

- Strong lending growth in all the Nordic countries throughout the year
- NII growth hampered by lower margins
- Drop in NII due to lower interest rates turned around in H2

Loans ex. repos (local currency, bn)	[DKr m]			Q1-Q3	Q4	Full-year
	2003	2004	Index			
				11,717	3,876	15,593
Danske Bank - Retail	43	62	144	683	374	1,057
Danske Bank - Corp.	97	102	106	-440	-314	-754
BG Bank - Retail	24	31	128	80	33	113
BG Bank - Corporate	24	25	106	-259	-70	-329
BA NO - Retail	31	38	124	-114	0	-114
BA NO - Corporate	29	33	115	-87	43	-44
BA SE - Retail	33	41	126	-44	13	-31
BA SE - Corporate	59	69	116	-181	79	-102
				-4	-12	-16
				-147	1	-146
				-55	-47	-102
				11,330	3,896	15,226

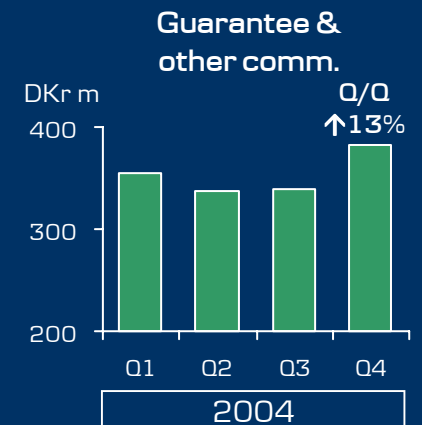
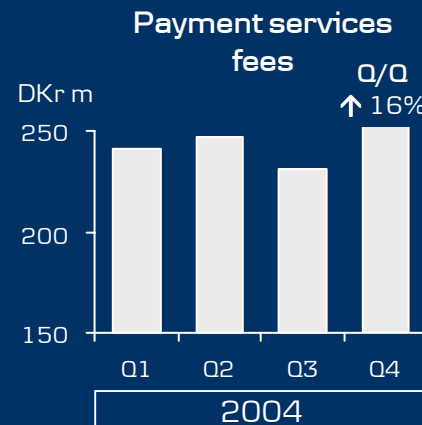
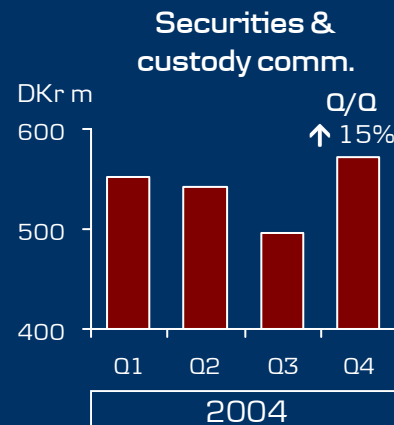
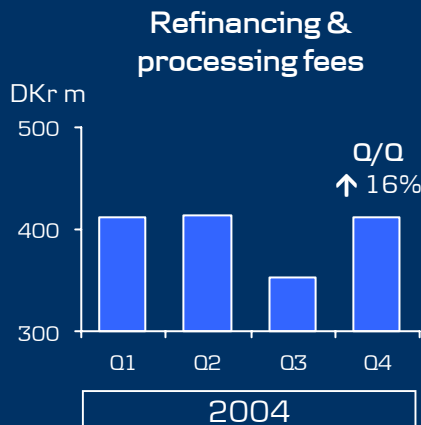
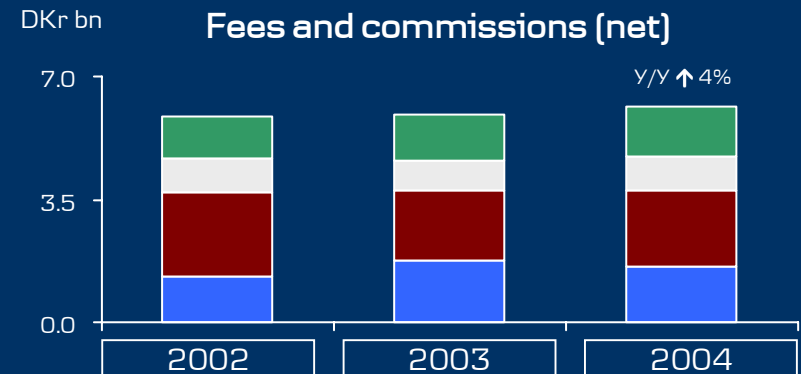


Fee and commission income

- Balanced mix brings 4% increase

Fee and commission income ↑ 4%

- Increase due to strong activity
- Solid equity trading and sales of customer packages, especially in Sweden
- Lower remortgaging activity

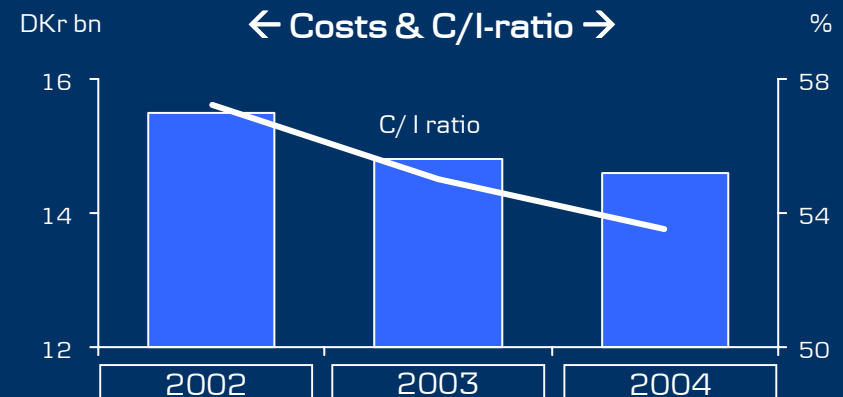


Costs

- Favourable trend continues

Costs ↓ 2%

- Staff costs 2% lower
- Severance payments 26% lower
- Dkr350m in UK/US restructuring costs
- C/I ratio further improved



Underlying costs ↓ 3%

- Mainly because of 4% reduction in headcount
- Like-for-like comparison: underlying costs 20% below costs in 2000

Underlying cost base

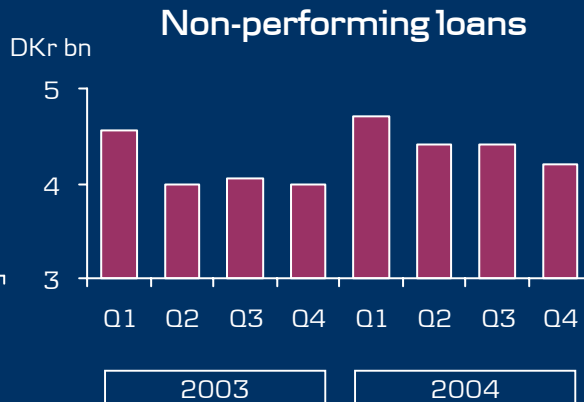
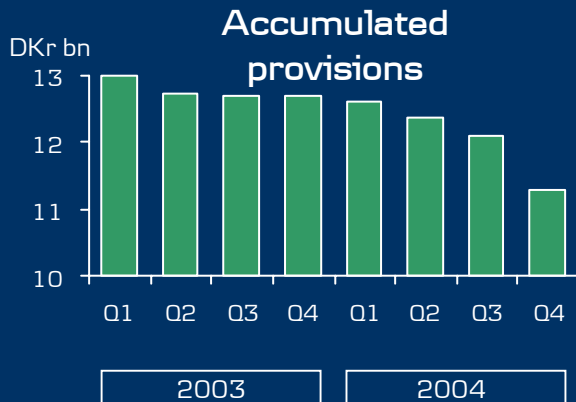
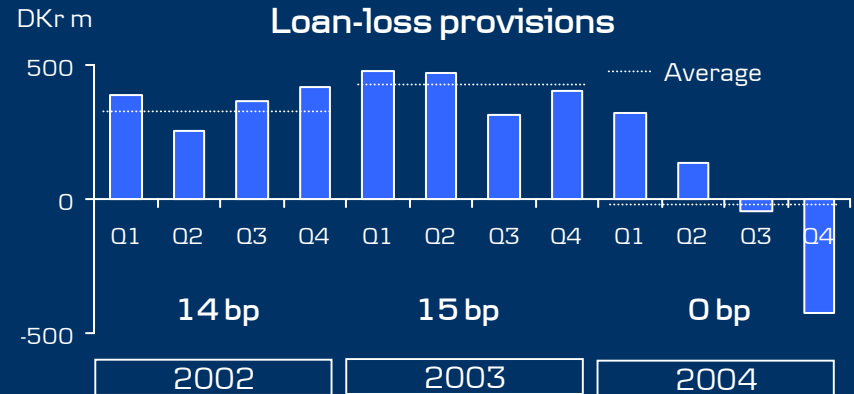
(DKr m)	2002	2003	2004	Index
Costs	15,489	14,820	14,593	98
Bonuses	474	614	570	93
Severance payments	311	464	344	74
Restructuring costs	350	0	350	-
Underlying cost base	14,354	13,742	13,329	97
FTE staff (avg.)	18,068	17,251	16,570	96
FTE (end-period)	17,817	16,935	16,235	96

Loan-loss provisions

- Provisioning ratio extraordinary low

Loan-loss provisions down to zero

- Credit quality improved further
- Sale of UK portfolio
- Accumulated provisions: DKr11.3bn
- Non-performing loans: DKr4.2bn
- Expected loan-loss ratio over a business cycle reduced from 19 bp to 14 bp



Capital structure

- Core capital ratio and solvency ratio above stated goals

Above target (before NIB/NB consolidation)

- Tier 1 ratio above target at year-end 2004
- Share buyback for Dkr5bn in 2004
- RWA up 5.3%
- RWA up 6.9% adjusted for UK/US and NB/NIB
- RWA expected to increase in 2005 due to NB/NIB

	(as % of RWA)	Target	2004
Core capital ex hybrid capital		6.5	7.2
Hybrid capital		0.5	0.5
Core capital		7.0	7.7
Supplementary capital		2.5	2.5
Solvency		9.5	10.2

(DKr bn)	RWA	Tier 1 capital	Tier 1 ratio (%)
end-2004	808	62.5	7.7
- Of which NB/NIB	-10		
- Reduction, UK sale	22		
RWA adjusted, end-2004	820	62.5	7.6
NB/NIB	50		
UK downscaling - US closure	-30		
Goodwill (NB & NIB)		-7.0	
Hybrid capital		1.5	
IFRS	3	2.3	
+ NB&NIB - UK&US	840	59.3	7.1



Trends in business areas

-Strong growth in most activities

Core earnings (DKr m)	Index % of total			
	2003	2004	04/03	2004
Banking Activities	6,394	7,915	124	62
- Danske Bank	2,954	3,607	122	28
- BG Bank	1,208	1,509	125	12
- Norway	374	545	146	4
- Sweden	561	796	142	6
- Others	1,297	1,458	112	11
Mortgage Finance	2,109	2,276	108	18
Danske Markets	1,202	1,014	84	8
Danica Pension	1,004	1,188	118	9
Danske Capital	283	364	129	3
Other	-525	-75	14	-
Total for the Group	10,467	12,682	121	100

Banking Activities, Danske Bank

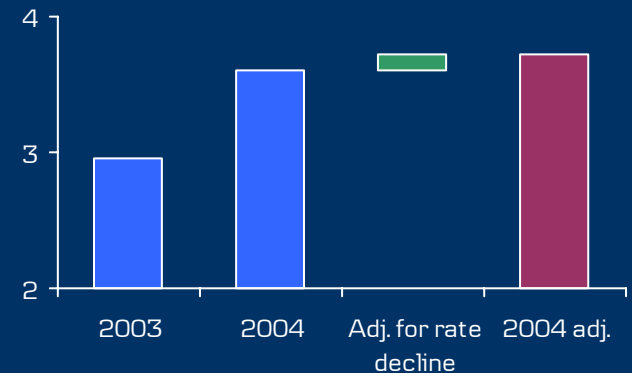
- Strong volume growth - lower margins

Core earnings ↑ 22%

- Strong lending growth in retail segment
- *Danske Prioritet* volume DKr22bn (DKr5bn end-2003)
- Lower margins due to changes in product mix
- Lower loan losses
- Unchanged C/I ratio

DKr bn

Core earnings



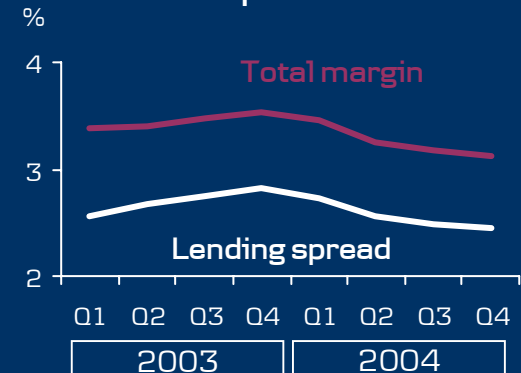
Market shares, lending



Average loans



Spreads

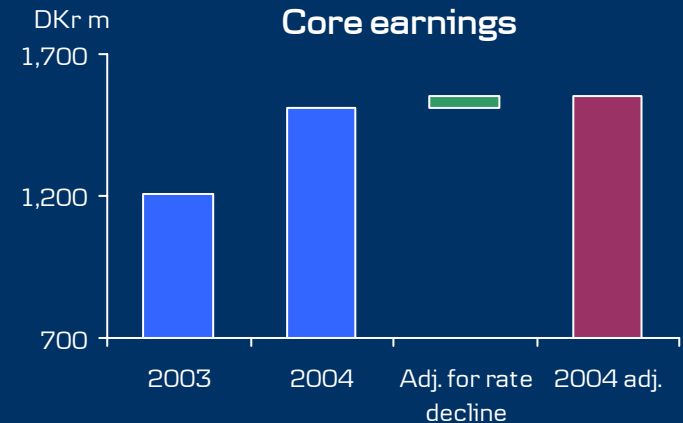


Banking Activities, BG Bank

- Strong volume growth - improved C/I ratio

Core earnings ↑25%

- Strong retail lending growth
- *BG Bolig Plus* volume: DKr8bn (DKr2bn end-2003)
- Loan losses down to zero
- C/I ratio improved 2 percentage points



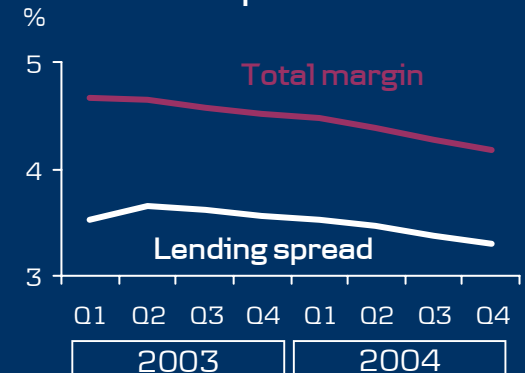
Market shares, lending



Average loans



Spreads



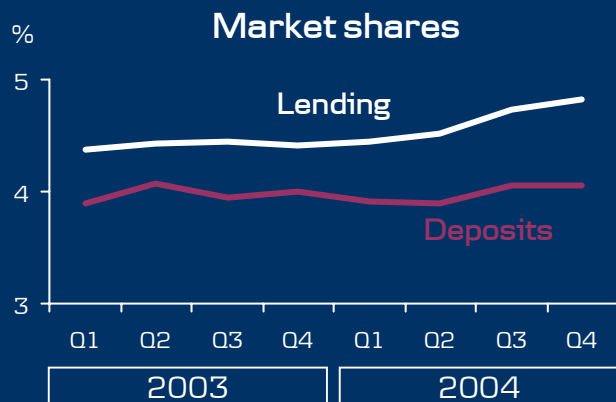
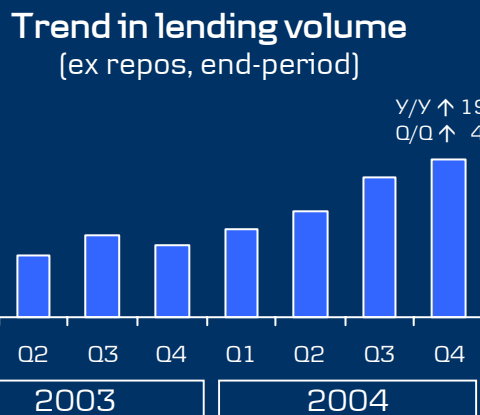
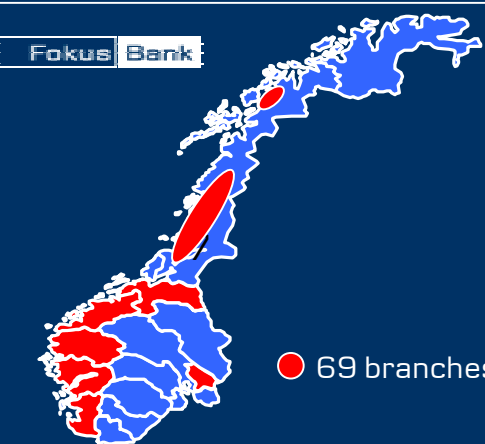
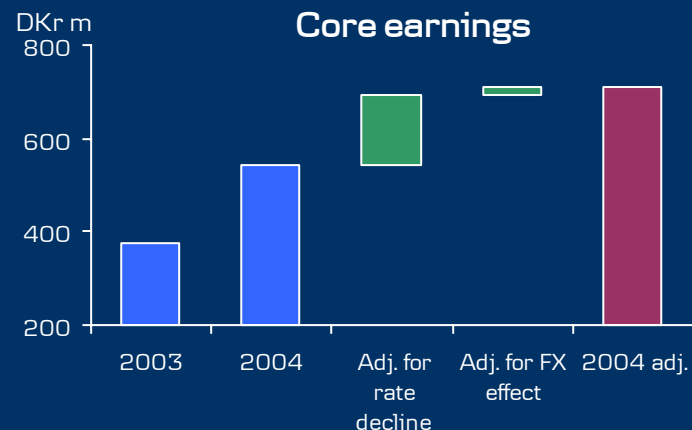


Banking Activities Norway

- Increasing market share

Core earnings ↑ 46%
 (↑42% in local currency)

- Strong activity - increasing market share
- Earnings hurt by lower interest rate
- Organisation trimmed further in Q4



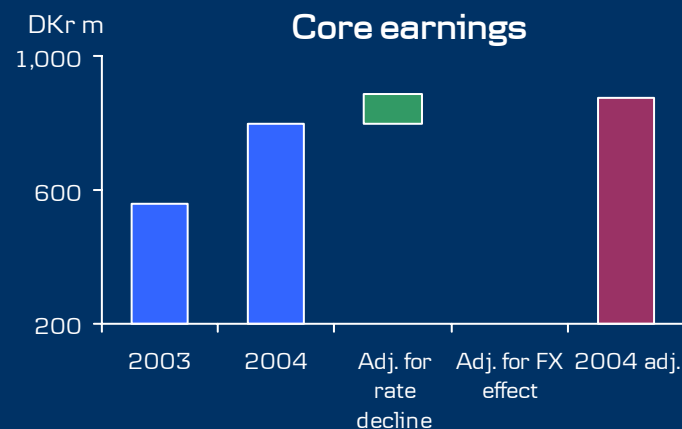


Banking Activities Sweden

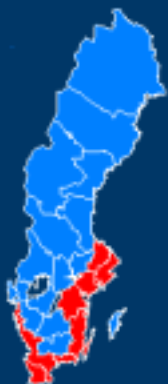
- Successful expansion

Core earnings ↑ 42%
(↑41% in local currency)

- Lending growth of 20%
- Successful launch of *DuoFlex*
- 37% growth in fee income
- Net loan-loss reversals
- Rated “Best bank in Sweden 2004”

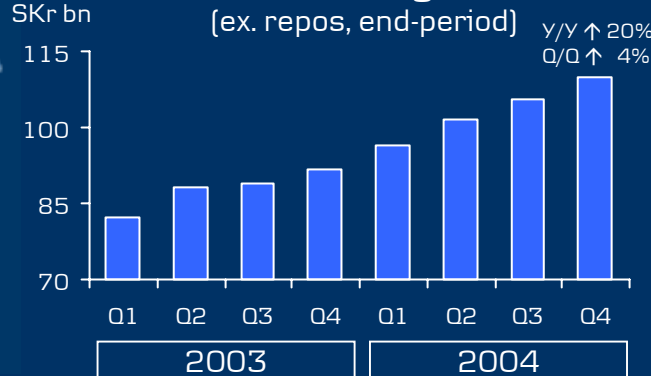


- Västmanlands Provinsbank
- Sörmlands Provinsbank
- Älvsborgs Provinsbank
- Östgöta Enskilda Bank
- Hallands Provinsbank
- Skånes Provinsbank
- Sundsvalls Banken
- Smålands Banken
- Bohus Banken

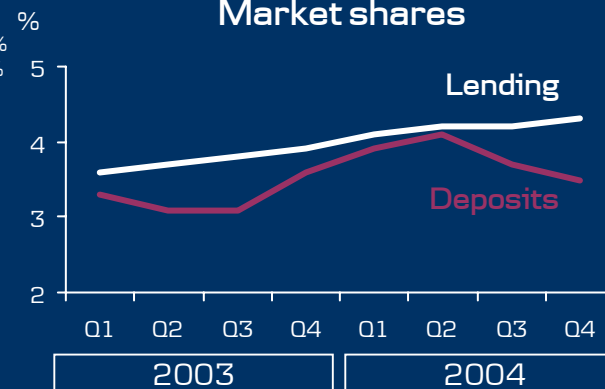


● 47 branches

Trend in lending volume



Market shares



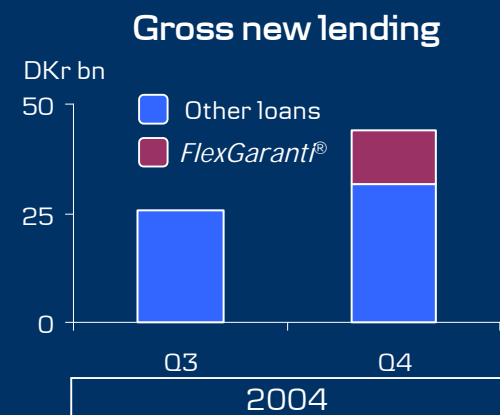
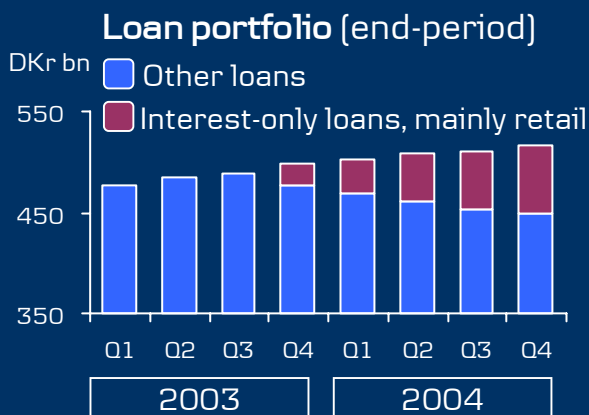
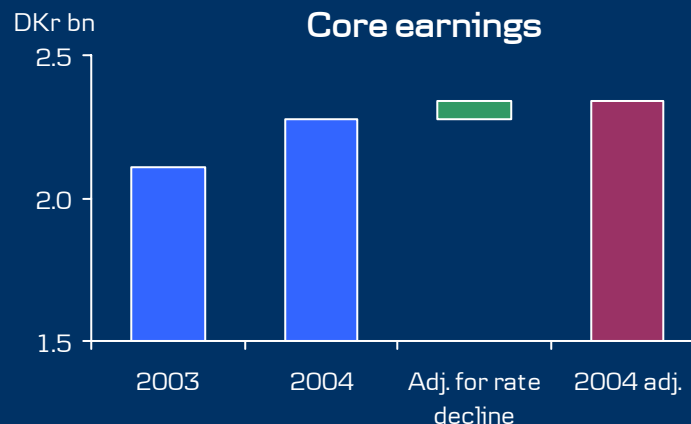


Mortgage Finance

- Product innovation supports growth

Core earnings ↑ 8%

- 4% lending growth, strong in Q4
- Unchanged margins
- Lower re-mortgaging activity in Q1-Q3
- Successful launch of *FlexGaranti*® in Q4
- Growth in interest-only and floaters



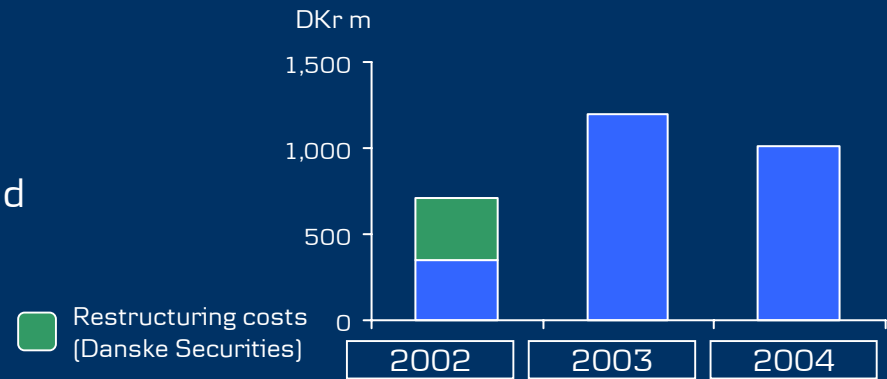
Danske Markets

- Lower result as expected

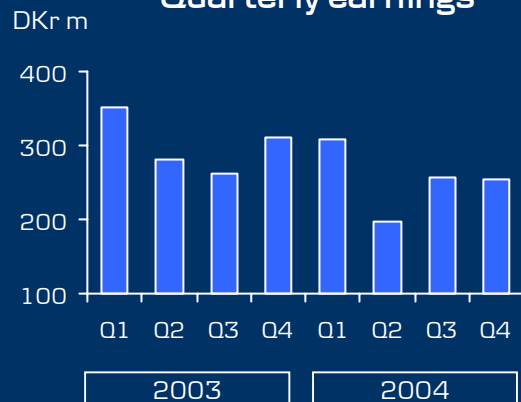
Core earnings ↓ 16%

- Income 10% lower
- Earnings in line with our expectations
- Market positions unchanged in Denmark and Sweden and up in Norway
- Strong equity-related activity

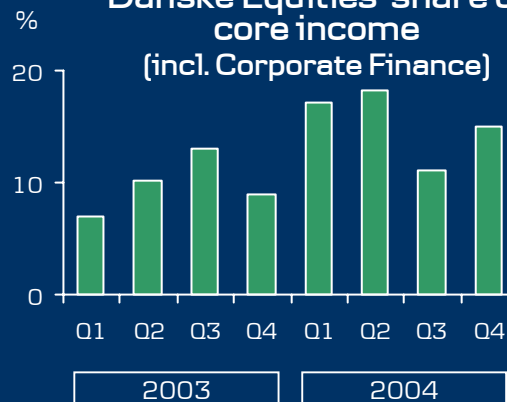
Core earnings



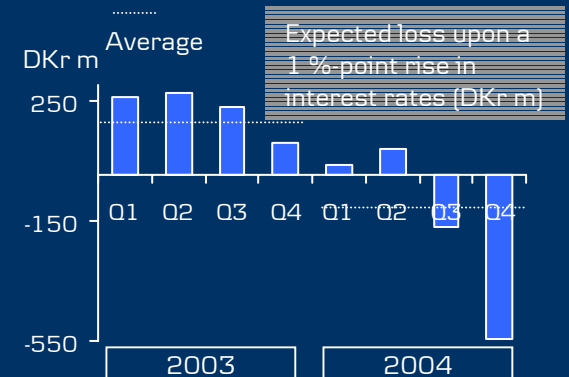
Quarterly earnings



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



Interest rate risk



Danica Pension

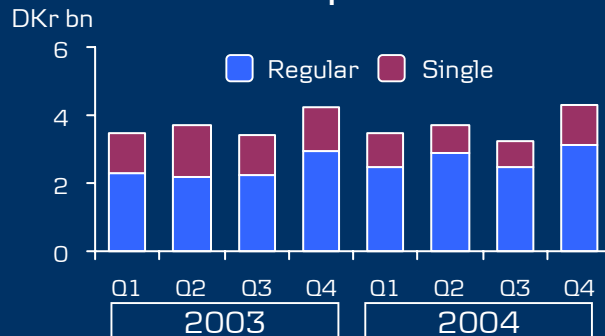
- Earnings picked up in H2

Core earnings ↑ 18%

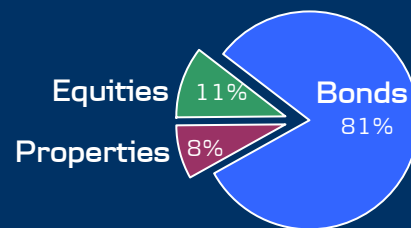
- Regular premiums up 13%
- Net interest on allocated assets down 4%
- Unit-linked continued to grow, accounts for 18% of premiums
- Half of shadow account included in earnings on investments

(DKr m)	2003	2004	Index
Net interest on allocated assets	310	297	96
Risk allowance	900	930	103
Unit-linked policies & health ins.	-22	152	-
Core income from insurance bus.	1,188	1,379	116
Funding, net	-184	-191	104
Core earnings from insurance bus.	1,004	1,188	118
Total provisions (DKr bn)	173	190	110

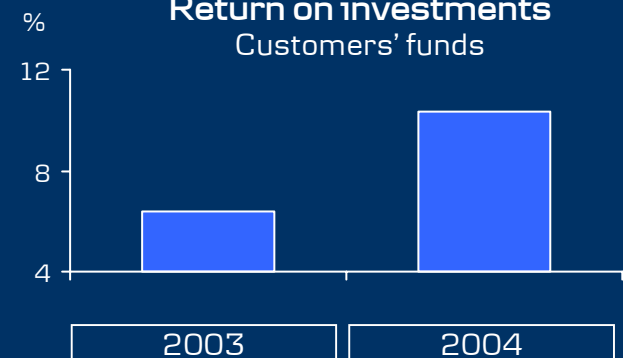
Gross premiums



Asset allocation



Return on investments Customers' funds

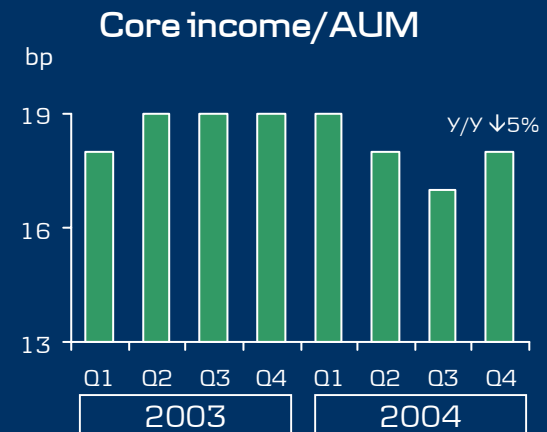
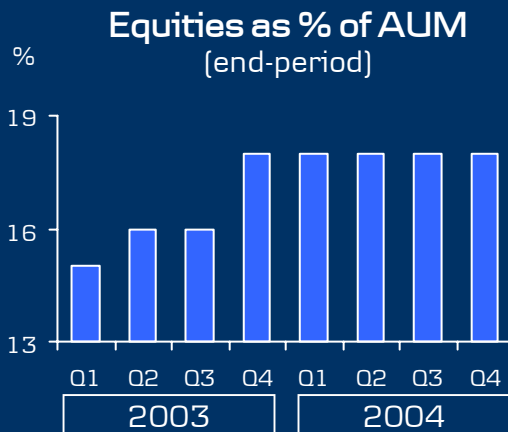
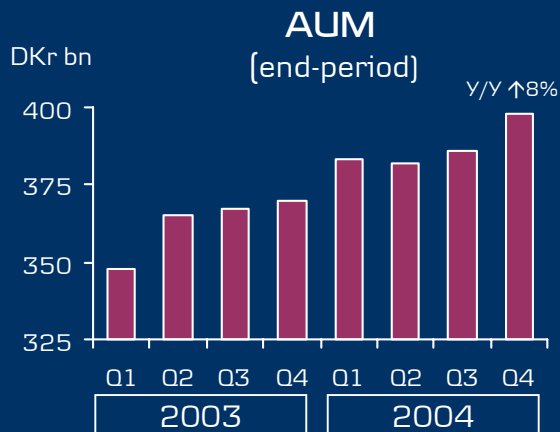
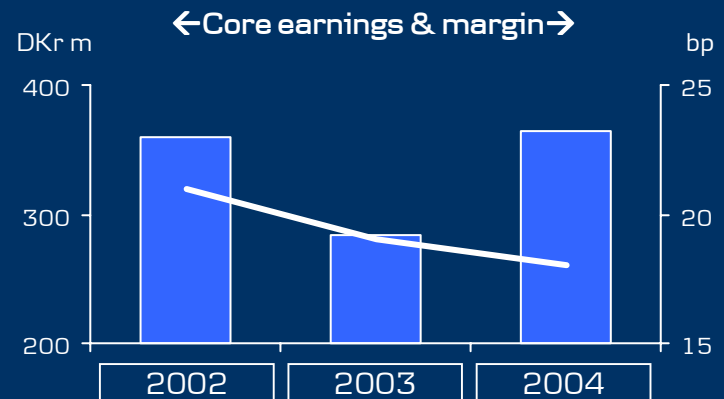


Danske Capital

- Conservative investment pattern limits earnings

Core earnings ↑29%

- AUM up 8%, including 5% from net inflows
- Margins lower due to changes in product mix and customer mix
- Costs down 19%
- Market share in retail mutual funds down from 41% to 38%



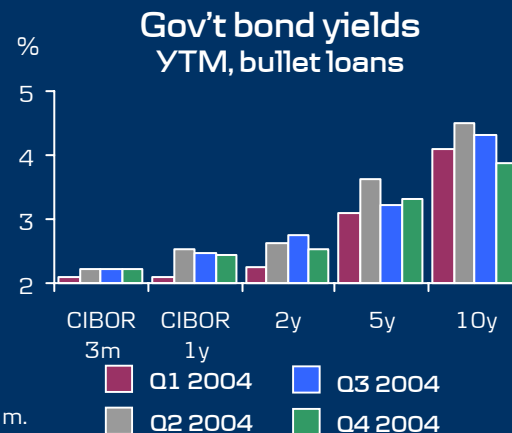
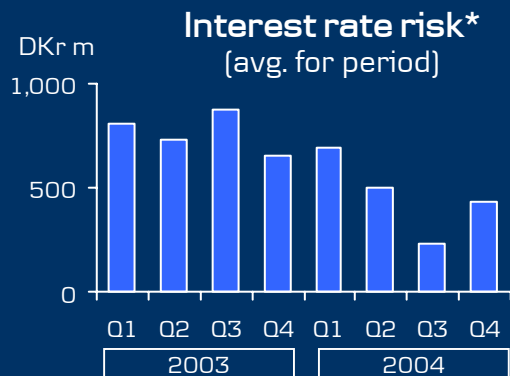
Earnings from investment portfolios

- High earnings due to one-off income

Investment earnings ↓ 27 %

- Large gains on sales of unlisted shares:
 - DMdata and PBS International
- Good performance by listed equity portfolio
- Low exposure to fall in interest rates
- Half of shadow account in Danica included

(DKr m)	2003	2004	Index
Fixed-income positions	775	151	19
Shares, listed	364	362	99
Shares, unlisted	443	913	206
Currency positions	55	0	-
Expenses	144	133	92
Investment earnings, banking	1,493	1,293	87
Investment earnings, Danica	1,076	590	55
Total investment earnings	2,569	1,883	73



Equity indices

(end-period)	2003	2004	Index
KFX	244	287	118
OMX	636	742	117
Dow Jones	10,545	10,783	102
SP 500	1,112	1,212	109
MSCI World	779	852	109

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

Status of the NB and NIB acquisition

- Acquisition of Northern Bank in Northern Ireland and National Irish Bank in the Republic of Ireland
- Acquisition price: £967m, or DKr10.4bn
- Expected closing: end-March
- Transition period until IT conversion in Q2 2006
- Integration charge of DKr1.5bn – only slightly more than one third will be used in 2005
- Robbery at Northern Bank will not affect Danske Bank
- Further information on www.danskebank.com/ir



Banking Activities UK & US

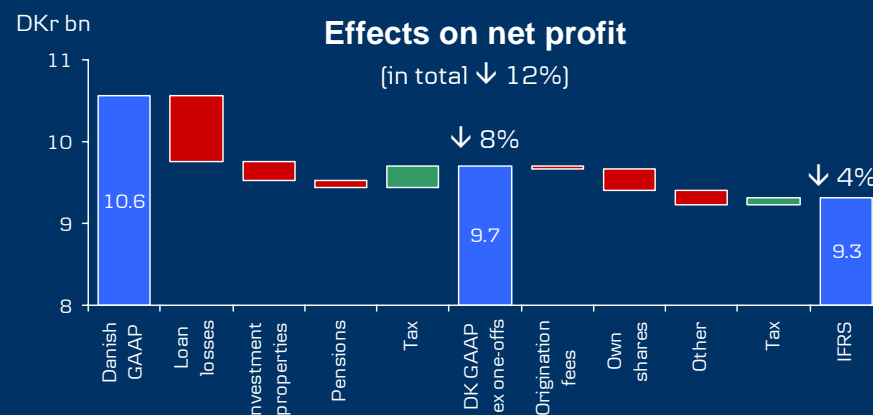
- Status of the downscaling & closure

- Reduction of UK portfolio nearly completed
 - close to Dkr25bn
- Sale faster than expected and prices have been good – at par or better
- Positive impact on income and loan losses in Q4
- New York-branch expected to be closed in Q3 2005
- Restructuring charge of Dkr350m

IFRS

- Lower 2004 earnings due to one-offs

- Many IFRS principles already implemented in Danish GAAP e.g. market values
- Restated 2004 net profit lower mainly due to non-recurring items: net reversals of loans, sale of properties
- Own shares - IFRS understates result if share price increases (pooled schemes and Danica)



2004 / Year-end 2004	Danish GAAP	IFRS	Change (%)	Comments
EPS (DKr)	16.1	14.4	-10.6	Own shares, loan-loss provisions etc.
NAV (DKr)	95.3	106.3	11.5	Loan-loss provisions
ROE (%)	17.4	13.9	-20.1	EPS and NAV
C/l ratio (%)	53.5	52.7	-1.5	Changes in presentation
Tier 1 capital (DKr bn)	62.5	64.8	3.6	Loan-loss provisions
RWA (DKr bn)	808	812	0.4	Minor net change
Tier 1 ratio (%)	7.7	8.0	3.1	Loan-loss provisions
Outstanding shares (m)	638.3	627.8	-1.6	Own shares included for customers'

Extensive information published

- www.danskebank.com/ir

- Most important changes in shareholders' equity and P&L are displayed in the table below
- Change in the operational P&L:
 - Core earnings model discontinued
- Further info on www.danskebank.com/ir:
 - White paper
 - Pre-recorded webcast, presentation and speech
 - Excel spreadsheet

Restated equity end-2004 and net profit 2004

(DKr bn)	Equity 2004	(DKr m)	Net profit 2004
Danish GAAP	65.8	Danish GAAP	10,558
Loan-loss provisions	4.7	Loan-loss provisions	-797
Own shares	-1.5	Own shares	-272
Pension schemes	-0.3	Pension schemes	-90
Other	-0.7	Other	-437
Tax	-1.0	Tax	355
IFRS	67.0	IFRS	9,317

Change in operational P&L

(DKr m)	DK GAAP	Change	IFRS
NII	15,226	150	15,376
Fees	6,151	-32	6,119
Trading	3,061	954	4,015
Other	1,631	415	2,046
Insurance	1,188	443	1,631
Costs	-14,593	-800	-15,393
Loan losses	18	-777	-759
Core earnings	12,682	-	-
Earn. on investm.	1,883	-1,883	-
Pre-tax profit	14,565	-1,530	13,035



IFRS white paper



Outlook for 2005

- In an IFRS regime

- Macroeconomic outlook: moderate growth, low inflation and low interest rates
- Total income higher
- Stable costs, excluding the acquired banks
- Higher C/I ratio
- Loan-loss ratio will remain low
- Operating profit in line with 2004, assuming unchanged interest rates and share prices
- Effective tax rate in line with the 2004 rate (30%)

Q & A session

Press “1” to ask a question

Press “#” to cancel

www.danskebank.com