

To the editor

Group Communications
Holmens Kanal 2-12
DK-1092 København K
Tel. +45 45 14 56 95

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Danske Bank reports net profit of DKr1,036m (€139m)

Danske Bank today announced its financial results for 2008. The announcement and the annual report can be viewed at www.danskebank.com. Highlights are shown below:

- Net profit was DKr1.0bn (€139m), against DKr14.9bn (€1,999m) in 2007, and thus below the estimate presented with the interim report for the first nine months of 2008.
- The Group's main source of income – its banking activities – proved robust. The performance of market-related activities – in Danske Markets, Danske Capital and Danica Pension – was greatly affected by the turmoil in the financial markets. Income from trading activities in the fourth quarter was very satisfactory, however.
- Earnings reflect individual loan impairment charges of DKr8.8bn (€1.2bn). In addition, the negative trend, which continued into January 2009, prompted the Group to make collective impairment charges of DKr3.3bn (€443m) on its loan portfolio and goodwill impairment charges of DKr3.1bn (€416m), primarily against National Irish Bank, Ireland. The unsatisfactorily high level of impairment charges was the result of the financial crisis, declining asset values and the economic slowdown in the Group's markets.
- Excluding goodwill impairment charges and the guarantee commission of DKr0.6bn (€81m) payable to the Danish state, expenses matched the level in 2007, which was better than expected. Danske Bank chose to participate in the guarantee scheme set up by the Danish state to protect customer deposits and creditors' claims against banks. The scheme took effect on October 5, 2008, and expires on September 30, 2010. Expenses were lower than expected owing to declining integration expenses and realised synergies. In view of the current situation, the Group decided to significantly reduce bonus payments for 2008. Bonus payments to the Executive Board were cancelled.
- In 2008, the Group completed several large integration projects. To adjust the number of employees to the falling level of activity, the Group has decided to cut staff in Denmark by around 350.

- The Board of Directors will propose to the general meeting that the Group be authorised to apply for a capital injection from the Danish state. The Group expects to obtain hybrid core capital of about DKr26bn (€3.5bn). This will further strengthen the Group's capital base and enable it to withstand the losses that will inevitably occur during the recession while maintaining reasonable lending activities.
- At the end of 2008, the solvency ratio stood at 13.0%, with 9.2 percentage points deriving from the Group's core (tier 1) capital. At December 31, 2008, the capital injection would raise the Group's core capital ratio further to around 12% and its solvency ratio to around 16%.
- The financial results in 2009 will depend on macroeconomic conditions in the Group's principal markets and trends in the capital markets. The Group expects the level of loan impairment charges to remain high in 2009, reflecting the general economic climate, although it believes that the turbulent conditions in the fourth quarter of 2008 were extraordinary.
- Robust banking activities, the needed widening of interest margins in 2008, tight cost control and a continuing, strong focus on risk, liquidity and capital management give the Group a good foundation for the future.

“In 2008, the global economy saw unprecedented headwinds, with extreme volatility and huge pressures on the financial markets,” says Peter Straarup, Chairman of the Executive Board. “We are going through the worst crisis since the Great Depression. Obviously, this environment affects all banks, including Danske Bank. We have incurred losses and made provisions for potential losses of a magnitude we had not anticipated. But our financial statements also show – despite strong headwinds – that our core business is robust and that our earnings power is good as we were able to achieve a 5% increase in income from our banking activities in the most turbulent year ever.”

Contacts:

Thursday, February 5, from 11.00am CET:

Peter Straarup, Chairman of the Executive Board, tel. +45 45 14 60 01

Tonny Thierry Andersen, Chief Financial Officer, tel. +45 45 14 07 07

Martin Gottlob, Head of Investor Relations, tel. +45 45 14 07 92

The Annual Report 2008 will be presented at a press conference at 11.00am CET. The press conference will be webcast from www.danskebank.com, where the presentation material will also be accessible.