Danske Bank to Ireland

Acquisition of
National Irish Bank & Northern Bank

Copenhagen, December 14, 2004
Agenda

• Transaction highlights 3
• Strategic rationale & value creation 8
• Compliance issues 22
• Further process 23
• Further information on the Web 24
Transaction highlights

Transaction summary
- Increased focus on retail banking

- Danske Bank to acquire National Irish Bank (NIB) and Northern Bank (NB) for GBP967m / DKr10.4bn
- Expands foreign retail lending by 37% to DKr203bn
- Business development and enhanced productivity through efficient use of IT
- Total cost synergies of approximately DKr350m
- Earnings per share accretive in 2006 after conversion
- Capital ratios will be close to targets by year-end 2005
- Guidance for 2004: core earnings of about DKr12bn
Vision for the acquisition

- Develop the retail business from a stable base

- Stable and profitable base from which to expand operations
- Leading bank in Northern Ireland with potential to grow retail business
- Attractive position in the Republic of Ireland as beachhead for expansion in fast-growing Irish market
- Basis for improving services and product offerings
- Leverage Danske Bank’s retail expertise
- Enhance productivity through efficient use of IT
- Danske Bank’s size will enhance ability to compete with larger local players
- Expand branch network over time, leveraging existing infrastructure
Danske Bank’s int’l retail operations
- Putting things into perspective (end-September 2004)

Transaction highlights

<table>
<thead>
<tr>
<th></th>
<th>DKr bn</th>
<th>Loans</th>
<th>DKr bn</th>
<th>Deposits</th>
<th>Pre-tax ROE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sweden</td>
<td>Norway</td>
<td>NIB</td>
<td>NB</td>
<td>Sweden (9M p.a.)</td>
</tr>
<tr>
<td></td>
<td>87</td>
<td>61</td>
<td>21</td>
<td>34</td>
<td>17</td>
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<tr>
<td></td>
<td>29</td>
<td>30</td>
<td>16</td>
<td>35</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>number</th>
<th>Branches</th>
<th># FTE</th>
<th>Full-time employees</th>
<th>C/I ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sweden</td>
<td>Norway</td>
<td>NIB</td>
<td>NB</td>
<td>Sweden (9M p.a.)</td>
</tr>
<tr>
<td></td>
<td>47</td>
<td>67</td>
<td>59</td>
<td>95</td>
<td>61</td>
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<tr>
<td></td>
<td>100</td>
<td>80</td>
<td>60</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>20</td>
<td>50</td>
<td>30</td>
<td>20</td>
<td>40</td>
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<tr>
<td></td>
<td>20</td>
<td>50</td>
<td>30</td>
<td>20</td>
<td>40</td>
</tr>
</tbody>
</table>

Danske Bank's int'l retail operations
- Putting things into perspective (end-September 2004)
Acquisition price & financing
- No equity funding needed

**Acquisition price:** DKr10.4bn

**Multiples of:**
- P/BV excl. pensions deficit: 2.2x
- P/E (2003/04): 13.1x

**Financed by:**
- Hybrid capital: DKr 1.5bn
- Reduction of share buyback H2 2004: DKr 1.0bn
- Issue of new supplementary capital: DKr 3.0bn
- Cash: DKr 4.9bn

**Capital targets unchanged:**
- Core capital ratio incl. hybrid: 7.0%
- Solvency ratio: 9.5%
- Dividend pay-out ratio: 50%
### Key pro forma figures

- Pro forma NIB & NB 8% of combined net profit

<table>
<thead>
<tr>
<th></th>
<th>NIB&amp;NB 03/04 GBP m</th>
<th>NIB&amp;NB 75% of 03/04 DKr m</th>
<th>Danske Bank 9M 2004 DKr m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>198</td>
<td>1,582</td>
<td>11,330</td>
</tr>
<tr>
<td>Other operating income</td>
<td>87</td>
<td>698</td>
<td>8,475</td>
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<tr>
<td>Total operating income</td>
<td>285</td>
<td>2,280</td>
<td>19,805</td>
</tr>
<tr>
<td>Total costs</td>
<td>174</td>
<td>1,394</td>
<td>10,482</td>
</tr>
<tr>
<td>Core earnings before provisions</td>
<td>111</td>
<td>887</td>
<td>9,323</td>
</tr>
<tr>
<td>Provisions for bad and doubtful debts</td>
<td>7</td>
<td>55</td>
<td>405</td>
</tr>
<tr>
<td>Core earnings</td>
<td>104</td>
<td>831</td>
<td>8,918</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>.</td>
<td>.</td>
<td>726</td>
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<tr>
<td>Profit before tax</td>
<td>104</td>
<td>831</td>
<td>9,644</td>
</tr>
<tr>
<td>Tax</td>
<td>30</td>
<td>241</td>
<td>2,765</td>
</tr>
<tr>
<td>Net profit</td>
<td>74</td>
<td>591</td>
<td>6,879</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th></th>
<th>Sept. avg. GBP bn</th>
<th>Sept. avg. DKr bn</th>
<th>End-Sept. DKr bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending</td>
<td>5.1</td>
<td>55</td>
<td>1,111</td>
</tr>
<tr>
<td>Total assets</td>
<td>7.0</td>
<td>75</td>
<td>1,914</td>
</tr>
<tr>
<td>Deposits</td>
<td>4.6</td>
<td>49</td>
<td>504</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>0.5</td>
<td>5</td>
<td>63</td>
</tr>
<tr>
<td>Total liabilities and shareholders' equity</td>
<td>7.0</td>
<td>75</td>
<td>1,914</td>
</tr>
<tr>
<td>Risk weighted assets</td>
<td>4.7</td>
<td>50</td>
<td>797</td>
</tr>
</tbody>
</table>
Exportable retail banking model
- The local bank supported by a global back office

Local bank - global back office

- Local presence
- Regional centres with branch network
- SME banking offerings
- Standardised mass affluent offering
- Affluent individual banking/long-term savings
- Direct support (Web, ATM, call centre)
- Standardised products/processes
- Centralised support functions/processes
- Cross-border IT platform

- Local presence and branding/community proximity
- Scalability
- Global back office and IT infrastructure
In line with retail banking strategy

1. Attractive markets
   • Positioned for growth in attractive markets outside the Nordic region as extension of retail strategy.

2. Platforms for growth
   • Acquisition of substantial businesses with growth potential.

3. Efficiency & cost savings
   • Substantial value-creation opportunity through cost savings and leveraging of Danske Bank’s retail expertise.

4. Revenue benefits
   • Efficient use of IT, investments in existing branches and introduction of new products and services will support growth.
Highest growth in the EU

Republic of Ireland

• Fastest growing economy in the EU from 1994 to 2002
• Strong demographics, low interest rates, and corporate tax rates with financial support from EU

The United Kingdom

• Northern Ireland fastest growing regional economy in the UK in 2004
• Stable growth underpinned by improving political situation and EU/UK funding
High lending growth in Ireland

**Republic of Ireland - Retail lending**
- Average annual lending growth of 20% in the past five years
- Growth expectations lower, but still healthy outlook

**Republic of Ireland - Mortgage lending**
- Average annual lending growth close to 25% in the past five years, supported by lower interest rates
- Growth expectations lower, but still 15-20%

Source: Central Bank & Financial Services of Ireland/Danske Bank
Overview of NIB and NB
- Focus on personal and business financial services

### Y/E Sept. 30, 2004

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Total Income (GBP m)</th>
<th>Direct Costs (GBP m)</th>
<th>Contribution after bad debts (GBP m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal Financial Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NIB</td>
<td>148.3</td>
<td>49.4</td>
<td>95.7</td>
</tr>
<tr>
<td><strong>Business Financial Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NB</td>
<td>115.0</td>
<td>19.8</td>
<td>91.5</td>
</tr>
<tr>
<td><strong>Wealth Management</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NIB</td>
<td>12.2</td>
<td>6.0</td>
<td>6.2</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NIB</td>
<td>9.8</td>
<td>37.0</td>
<td>-27.4</td>
</tr>
</tbody>
</table>

2. Platforms for growth

Strategic rationale & value creation
Good match
- Similar focus, products and philosophy

- The acquisition is in line with Danske Bank’s pronounced retail strategy
- Opportunity to grow outside the Nordic market

- National Irish Bank and Northern Bank make a good fit with Danske Bank’s structure and strategy
- Shared business philosophy:
  - Product strategy
  - Distribution strategy
  - Infrastructure

<table>
<thead>
<tr>
<th>Customer focus</th>
<th>Danske Bank</th>
<th>NIB</th>
<th>NB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products</td>
<td>Full product range</td>
<td>Standard products</td>
<td>Standard products</td>
</tr>
<tr>
<td>Distribution</td>
<td>Branches, e-banking, telephone</td>
<td>Branches, 2nd tier e-bank, telephone*</td>
<td>Branches, 2nd tier e-bank, telephone*</td>
</tr>
<tr>
<td>Branding</td>
<td>Local</td>
<td>Local</td>
<td>Local</td>
</tr>
<tr>
<td>Back office</td>
<td>Centralised (global)</td>
<td>Decentralised</td>
<td>Decentralised</td>
</tr>
<tr>
<td>*Outsourced</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Developing the business
- The Swedish case

- Business case similar to Danske Bank’s acquisition of Östgöta Enskilda Bank in Sweden in 1997
  - A small retail bank in attractive market
  - Since acquisition, business has expanded significantly
    - Doubled market share
    - Considerable profit increase
  - Conversion to the central platform
  - Östgöta Enskilda Bank has the highest customer satisfaction in Sweden for the fourth consecutive year

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**Lending and deposits**

<table>
<thead>
<tr>
<th>Year</th>
<th>Lending</th>
<th>Deposits</th>
<th>C/I ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>15</td>
<td>12</td>
<td>87%</td>
</tr>
<tr>
<td>1999</td>
<td>24</td>
<td>15</td>
<td>75%</td>
</tr>
<tr>
<td>2000</td>
<td>37</td>
<td>20</td>
<td>67%</td>
</tr>
<tr>
<td>2001</td>
<td>66</td>
<td>25</td>
<td>64%</td>
</tr>
<tr>
<td>2002</td>
<td>76</td>
<td>28</td>
<td>62%</td>
</tr>
<tr>
<td>2003</td>
<td>92</td>
<td>32</td>
<td>61%</td>
</tr>
<tr>
<td>9M 04</td>
<td>106</td>
<td>36</td>
<td>61%</td>
</tr>
</tbody>
</table>

**CAGR**
Key financials
- National Irish Bank

- 59 branches and 13 business banking centres
- Increasing focus on HNW and larger SME
- 134,000 retail, 25,000 premium and 8,000 business banking customers
- 742 full-time employees

Y/E 30 Sept. (GBPm) 2003 2004 4 year CAGR
Net interest income 60.1 63.8 8.4
Other operating income 19.7 18.6 -2.1
Total operating income 79.8 82.4 5.6
Direct costs 34.9 35.9 1.1
Contribution 44.9 46.5 9.7
Provisions for bad debts -1.1 2.7 8.5
Contribution after bad debts 46.1 43.8 9.7

For the ease of comparison NIB’s financials are stated in GBP

For the ease of comparison NIB’s financials are stated in GBP
Key financials  
- Northern Bank

- 95 branches, 5 agencies and 13 business banking centres
- 349,000 retail, 44,000 premium and 22,000 business banking customers
- 2,101 full-time employees

<table>
<thead>
<tr>
<th>Y/E 30 Sept. (GBPm)</th>
<th>2003</th>
<th>2004</th>
<th>4 year CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>139.7</td>
<td>134.1</td>
<td>-0.3</td>
</tr>
<tr>
<td>Other operating income</td>
<td>72.1</td>
<td>72.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Total operating income</td>
<td>211.8</td>
<td>206.2</td>
<td>-0.1</td>
</tr>
<tr>
<td>Direct costs</td>
<td>73.3</td>
<td>76.4</td>
<td>-0.4</td>
</tr>
<tr>
<td>Contribution</td>
<td>138.5</td>
<td>129.8</td>
<td>0.1</td>
</tr>
<tr>
<td>Provisions for bad debts</td>
<td>6.7</td>
<td>4.2</td>
<td>3.3</td>
</tr>
<tr>
<td>Contribution after bad debts</td>
<td>131.8</td>
<td>125.6</td>
<td>0.0</td>
</tr>
</tbody>
</table>

- The portfolio is dominated by mortgages and property & construction
- Prudent credit policies:
  - Loan loss ratio 13 bp (Y/E Sept. 30, 04)

Portfolio composition (30 Aug, 2004)

- Mortgages
- Property & construction
- Agricultural
- Personal lending & credit cards
- Wholesale & retail
- Other

September 2004: Total lending GBP 3.2bn
One Group – One System
- Competitive advantage

3. Efficiency & cost savings

- Northern Bank mid-2006
- National Irish Bank mid-2006
- London Branch 1998
- Fokus Bank 2001
- BG Bank 2002
- DBI Luxembourg 2003
- Hamburg Branch 1999
- Helsinki Branch 1997
- ÖEB 2000 & 2002
- DB Polska 2003
Efficient use of IT
- Supporting business development

- Shared data
- Multi-currency
- Multi-language
- Full product range
- Flexible distribution
- Efficient production
- Data security
- Resilience
Cost synergies & restructuring

- IT conversion is the key driver

**Strategic rationale & value creation**

- Cost synergies of DKr350m:
  - De-duplication of back-office operations
  - Implementation of DB’s IT platform
  - Implementation of DB processes
  - Organisational adjustments
- C/I ratio 61% before and below 53% after synergies.

**Cost synergies**

<table>
<thead>
<tr>
<th>Year</th>
<th>DKr m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>140</td>
</tr>
<tr>
<td>2006</td>
<td>150</td>
</tr>
<tr>
<td>2007</td>
<td>60</td>
</tr>
<tr>
<td>2008</td>
<td>350</td>
</tr>
</tbody>
</table>

- **Restructuring costs of DKr1.5bn:**
  - IT investments
  - Branch refurbishing and branding
  - Severance payments
- Pension schemes deficit
  - Estimated at DKr1.2bn after tax

**Restructuring charges**

<table>
<thead>
<tr>
<th>Charges</th>
<th>DKr bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated restructuring charge</td>
<td>1.5</td>
</tr>
<tr>
<td>Costs in 2005</td>
<td>0.5</td>
</tr>
<tr>
<td>Costs 2006-2008</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Updated February 25, 2005
Business development
- Overview

- Productivity enhanced by investments in IT and other investments in existing branches
- Introduction of high quality products and services
- 2005-2006 focus on conversion and optimisation
- 2006-2012 above-market growth
- In the longer term, branch expansion will be key to driving increased cross-sales across the Group
Indemnity on compliance issues

- National Irish Bank has been the object of high court investigation relating to:
  - Mis-selling offshore investment products
  - Failing to comply with certain statutory tax collection responsibilities
  - Overcharging of fees and interest
- Investigations have focused on the period 1988 to 1998
- No pending issues with authorities
- Danske Bank will not bear any risk relating to these matters
  - Full indemnification from NAB
## Time Table
### Key Events

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>December: Announcement of the deal</td>
</tr>
<tr>
<td>2005</td>
<td>February 10: Annual Report for Danske Bank</td>
</tr>
<tr>
<td></td>
<td>Q1: Approval (Irish and British FSA &amp; EU)</td>
</tr>
<tr>
<td></td>
<td>Completion of the acquisition</td>
</tr>
<tr>
<td></td>
<td>IT conversion begins</td>
</tr>
<tr>
<td>2006</td>
<td>Q2: IT conversion completed</td>
</tr>
</tbody>
</table>
For more information, please visit

www.danskebank.com/irireland