

Press conference
First half of 2006

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CORPORATE PARTICIPANTS

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SPEECH

Peter Straarup - CEO

Welcome to a review of our financial results for the first half of 2006. Thank you for taking the time to attend this presentation, which can also be seen live from our Web site.

I will focus on the current financial situation at the Group and speak about the direction in which Danske Bank is moving. I will also touch upon what we take for our services. After my presentation, CFO Tonny Thierry Andersen will go into more detail about the performance of the individual business units.

First half of 2006 in brief

- Satisfactory result

The accounts for the first two quarters of the year show a satisfactory result overall. The underlying economies in the markets where the Danske Bank Group operates remain healthy, and we have benefited from these favourable business conditions. Our profit after tax for the first half of the year was 6.1 billion kroner. That is an increase of 2 per cent over the level in the same period last year, when conditions were very good.

You can see from our overall result that the financial markets were volatile in May and June. But despite this turbulence, nearly all of our business units delivered sound results for the period - the exception is Danica Pension.

First half of 2006 in brief

- Fundamentally sound global economy sustains business activity

Our banking business has gone well both in Denmark and abroad. Our capital markets activities posted reasonable earnings even though the markets were a little more turbulent than in 2005. There is no doubt that the financial sector benefits from a fundamentally sound economic climate globally.

The favourable economic trend can be seen in many lines of our accounts, but it is probably most striking in the item for credit loss expenses.

The loss account shows a solid net positive entry of a full 443 million for the first six months - a clear expression of the good economic conditions.

Stock market

- Volatility on the financial markets, but strong growth in period

The Danes' appetite for securities trading has been on the increase. Trading volume set a new record. But I should add that we can see signs of moderation in June and July.

Danica Pension

- Investment return hurt by falling share prices and rising rates

The volatility in the financial markets in May and June caused Danica Pension's income from the first quarter to be wiped out of our half-year accounts. This means that Danica made almost no contribution to our overall result, whereas in the same period last year our insurance business contributed 721 million.

This shows that there is a risk involved in operating a pension business – for the owner. Customers with conventional products received interest of 2.25 per cent after tax – even though the return on investments was minus 3.7 per cent.

One could say that it was good we set amounts aside in previous years when the return was higher than the interest rate commitment to customers. Danske Bank shareholders make more than 15 billion from equity capital available for customers to ensure Danica's operations. We must hope that market developments give an opportunity for better returns in the future.

As I mentioned, Tonny Thierry will look at the individual business units' performance in detail. But I would like to say a few things about our units outside of Denmark, which have performed very well so far this year.

Sweden and Norway

- Strong growth

In Sweden and Norway, the positive trends are continuing. We are winning customers and market shares at a good pace. Our largest investments in these countries are now behind us, and we have begun reaping their benefits in our two neighbouring markets to the North. These units contributed about 900 million before tax to the Group in the first six months of the year.

Operations in the Republic of Ireland and Northern Ireland are also going according to plan.

Northern Bank & National Irish Bank

- Good start after IT conversion

The conversion to the Group's IT platform system went well. The foundation is now laid for the growth we expect from our two new banks.

We just compiled a report at the end of July. It shows that we have acquired thousands of new customers in Ireland and Northern Ireland and that our business volume is growing very nicely.

Lending has risen 20 per cent in Northern Ireland and a full 54 per cent in Ireland. Deposits have risen 17 per cent and 8 per cent respectively. We have sold a total of 8,500 banking packages, including a good portion to new customers. We have exported our online banking system to the two markets, and almost 50,000 customers have already begun to use this self-service solution. All in all, these achievements make us quite pleased with the outlook for our two new banks.

The result was a loss of 333 million for Ireland and Northern Ireland. But that was fully expected. We continue to invest heavily in the two countries, and we will not really begin to see a return on our efforts until 2008.

Our units outside of Denmark earned a total of about 1.5 billion before tax in the first half of the year, and that represents substantial foreign exchange earnings for Denmark. This gives a good indication of what we are aiming for at Danske Bank. But let me illustrate in a little more detail what kind of company we are trying to create.

We are a retail bank that constantly endeavours to polish the banking model we believe in. We have now exported this model to Sweden, Norway, Ireland and Northern Ireland.

Thriving, high growth markets (slide 8-10)

On the map of Europe behind me you can see our primary markets – the countries marked in blue. When we add a column chart for these countries, we see an interesting pattern. Namely, that we are active in high-growth markets.

Adding another chart makes the picture even more exciting. It shows the growth at our banks in the countries in question. Business growth of 20 to 30 per cent is a level that many other industries would envy.

We can create value because we have a good product – that is, a banking model we have polished in Denmark.

Danske Bank wants to grow - in Denmark too. We have implemented a number of initiatives that ensure that we are an attractive choice for our many customers and many prospective customers.

Good advisory services pay off

We have given our advisers supplementary training so that we are certain they deliver service that creates long-term relationships with customers. And in order to avoid any misunderstanding, we have structured our bonus system so that good advisory services that get customers to remain with us and attract new customers are rewarded with a bonus. An employee does not receive a commission for selling a product.

We have also created greater openness about our fees so that customers and the public can look over our shoulders. We are far from finished with this initiative. In the beginning of 2007 we will take the next step, which will make it even easier, less expensive and better to be a customer of our banks, by expanding our fee Web site so that it can guide customers towards the best and least expensive solutions.

But we also want our prices to be competitive. The Danish price comparison Web site pengepriser.dk shows that we are actually positioned quite favourably. There are individual products on which we could do better, and I will return to that issue in a moment. But we are actually very proud to be a bank that can fulfil generally all of our customers needs, deliver quality products and specialist advisory services, and be accessible 24 hours a day - while at the same time maintaining a good ranking on the price comparison tables - no matter whether we are measured nationally or locally.

We are always seeking to be competitive with quality products, and that is why we evaluate our prices. You are already familiar with our annual fee check.

Interest rate changes

Interest rates are of course also an important parameter when customers select a bank. During the summer we have looked at our interest rates for selected products. The result is that we are now taking the top off the prices of many products. Car loans, home loans and co-op flat loans will now cost a maximum of 9,25 per cent at the current interest rate levels from the ECB and the Danish central bank. We can now offer Danske Prioritet and BG Bolig Plus at even more

attractive prices. The interest rate range will be as low as 4.55 to 6.05 per cent at the current rate level. These are substantial changes that many thousands of customers will benefit from. For a large number, it will mean a reduction of 2 or 3 percentage points.

Child savings

I can also add that we will increase the interest rate on child savings accounts by a half a percentage point to make it more attractive.

Corporate social responsibility, CSR

Upon the presentation of our Annual Report for 2005, I announced that the Danske Bank Group will introduce a CSR policy that will reflect the Group's commitment to sharing responsibility for the societies we are a part of.

We have now formulated our objectives for the CSR policy, decided what areas we will focus on, and released our new CSR Web site.

Our objective is to ensure the proper treatment of our stakeholders. For example, we in the Group must minimise any adverse affects on the environment of our daily work routines.

We focus on four main areas: our relations with customers, our relations with employees, environmental issues and our contribution to society generally.

On the Web site you can see a number of the initiatives that are already under way. In conjunction with the next annual report, we will prepare a CSR report containing a full description of our CSR activities. But enough about that at present.

Altogether Danske Bank has achieved much in the first half of the year, and we have also delivered good financial results for the period - despite the volatility in the financial markets.

That concludes my portion of the presentation. Tonny Thierry Andersen will now go into the details of the individual business units' performance, then you are welcome to ask us questions. Tonny . . .

Tonny T. Andersen - CFO

Income statement

- Satisfactory result – high business volume continues

Thank you.

As Peter mentioned, the Group's profit after tax rose about 2 per cent to 6.1 billion kroner. That result comprises various components.

Income grew 6 per cent. Excluding Danica's contribution, the increase was about 10 per cent, and that gives a good indication of the solid foundation for the Group's business.

Credit loss expenses proved to be a net positive entry again in this period. That means that actual losses and the need for new provisions were more than offset by reversals of previous provisions that were no longer necessary.

Expenses rose 12 per cent, and it is worth looking into the figure a little more closely because we are certainly not used to seeing a double-digit growth rate in this area.

Expenses

- Up 12%

I can tell you already that the underlying growth was lower.

Expenses

- Up 1% ex. Northern Bank and National Irish Bank

If the figures are adjusted for expenses at our new banks in Ireland and Northern Ireland, the rise in expenses was only 1 per cent. Tight cost controls are still necessary because we must expect that lending margins will continue to narrow.

After these introductory remarks on the Group accounts, I will make a brief survey of our individual business units, beginning in Denmark.

Banking activities Danske Bank

- Healthy earnings in an intensely competitive environment

Our Danske Bank Denmark division once again delivered solid growth, with profit before tax of 3.1 billion, or an increase of 33 per cent.

A large factor in this advance was lending growth, which took place across the board, among large corporate customers as well as small businesses and retail customers.

The reason that net interest income rose less than lending is that lending margins continued to narrow. This year, however, that effect was partly offset by higher deposit margins caused by rising interest rates.

Another important factor was strong growth of 21 per cent in fee income. The main reason for this was our customers' demand for securities trading, which more than compensated for the expected drop in remortgaging volume.

At the release of our Annual Report for 2005, I said that our other Danish banking division, BG Bank, had some unfulfilled potential.

Banking activities BG Bank

- Higher growth and satisfactory result

This year the figures for the two Danish banks are quite similar. BG Bank has shifted into a higher gear and – measured by return before credit losses – is actually the most profitable banking unit in the Group.

Lending growth came up to the level of Danske Bank's, and for corporate customers it was even a little higher. And this can partly be seen on our income growth.

Earning rose only 1 per cent. That was mainly because credit loss expenses went from a small net positive entry to a small charge. There is nothing unusual about that, and it is more in the nature of a random fluctuation than a sign of a new trend. With the introduction of the IFRS accounting principles we expect this kind of volatility in credit losses. BG Bank's profit before credit losses was up 22 per cent.

Competition is generally intense on the Danish market, and with interest rates rising and the stock market falling, it is possible we will see a more modest trend in lending growth, especially in the retail segment. But this is not yet apparent in the figures, and we still expect lending growth of more than 10 per cent. On the other hand, it appears that corporate borrowing is on the rise.

Another area that reported strong lending growth – well above the Danish rates, actually – is Sweden.

Banking activities Sweden

- Continuing expansion and growing market shares

Our Swedish operations continued to expand at a fast pace.

That is evident in lending growth of 28 per cent, which is

nearly double the market rate. The main reason is that the many new branches we opened last year have brought us a number of new customers.

Competitive pressures have been somewhat stronger than in Denmark. Mortgage finance margins have narrowed more, for example, although they are still much higher than in Denmark. The rise in net interest income of 16 per cent was therefore actually satisfactory.

We are also pleased with overall income growth of 21 per cent, which was owing to increased sales of products other than loans, particularly savings and investment products.

With strong growth at the new branches, it is natural that expenses also rise. Despite this, profit before credit losses increased 26 per cent. Profit before tax grew only 2 per cent. The reason was – as for BG Bank – fluctuations in credit loss expenses.

The trend at Fokus Bank in Norway resembles the one in Sweden in many areas.

Banking activities Norway

- High growth and sharp rise in earnings

Lending growth of 24 per cent was somewhat higher than the market average. We are pleased with the increase of 37 per cent in overall income, which reflects high business volume in the Norwegian market.

Expenses rose 21 per cent, mainly because of the acquisition of the real estate agency Fokus Krogsvæn, and profit before tax grew a full 74 per cent. Earnings thus rose to a new level in comparison with 2005.

The strong performance is not an indication that there is little competition in Norway. On the contrary, it has intensified lately, particularly in the retail segment.

And increased competition is what we have instigated ourselves at our two new banks. Let me begin with Northern Bank in Northern Ireland.

Banking activities Northern Ireland

- Higher activity than expected

The trend in Northern Ireland is actually better than we had expected. At least if you look back one year. Despite the IT

conversion and the training required for many new systems, we saw a solid rise in lending volume of 20 per cent.

That shows that the economy of Northern Ireland is picking up and that Northern Bank has strengthened its position since the acquisition.

Last year's performance is not really comparable since the bank was included in our accounts for only four months of the period, but we can still see a positive underlying trend in income.

Costs have also risen substantially. Integration costs especially, but relaunching the bank after the conversion at Easter also entailed significant expenses, as we had expected. Both expenditures were necessary investments in order to raise our income in the future and reap the synergies we have announced.

As expected, this led to a minor loss of about 200 million for the first half of the year.

Let us now move south a little ways to Dublin.

Banking activities Ireland

- High growth and earnings in line with expectations

The trend in lending growth at National Irish Bank was even better than at Northern Bank. Lending rose more than 50 per cent. That demonstrates both that the economy is expanding and that National Irish Bank is taking market shares.

In comparing the two banks, we must remember that with a market share of 3 to 4 per cent, National Irish Bank is much smaller than Northern Bank, which has a market share of over 20 per cent.

The result was a small loss of 129 million because of integration and relaunch expenses, just as we had expected.

After this review of our banking activities, we now turn to our other business areas, beginning with Realkredit Danmark.

Realkredit Danmark

- Normal refinancing volume – stronger market position

Realkredit Danmark's activities returned to a more normal level after last year's record-high refinancing wave. This is exactly what we had expected because of rising interest

rates. It means that our income and earnings posted a minor decline of 7 to 8 per cent.

Lending grew by 10 per cent, which is slightly higher than last year.

Realkredit Danmark's market position also strengthened. Its share of new lending increased from 27.5 per cent for 2005 as a whole to 31 per cent now.

Another area that has strengthened its market position, not only in Denmark but also in the rest of the Nordic region, is Danske Markets.

Danske Markets

- High volume better earnings than expected

The trend in the capital markets of course has a decisive influence on Danske Markets' earnings. Nevertheless, the unit succeeded in achieving a better result than we had expected. Despite rising interest rates and falling share prices in the last two months of the period, earnings for the first half of the year rose 4 per cent.

Customer-driven trading in securities and foreign exchange showed a very strong advance of 31 per cent, while the return on the Bank's own investment portfolio declined by 26 per cent. We are of course not immune to substantial fluctuations in the markets.

That applies to Danica Pension's results as well.

Danica Pension

- Good business developments - risk allowance postponed

As Peter mentioned earlier, Danica's earnings were lower than expected.

Profit before tax was 33 million, against 721 million last year. The positive aspect of the result is that part of the decline was owing to a postponement of the risk allowance because of the low return on investments. When the return improves, we will be able to book more than 200 million in income from this period.

We cannot do anything about market trends, of course, and temporary fluctuations must be expected. That's the way it is sometimes. But I should also note that in relative terms Danica's investment return was sound.

Enough about the investment return. The crucial factor is that the underlying business developments remain healthy.

Premiums grew by a total of 11 per cent, with Danica Balance and Danica Link posting the highest rates.

Finally, I will take a look at the future - our earnings expectations for the full year of 2006.

Expectations for 2006 as a whole

- Earnings estimates maintained

First of all, I should state that we are maintaining our earnings estimates.

Our expectations are based on many assumptions about current trends, and the most important are listed on this slide. The main assumption is that the general trend in the first six months of the year continues in the second half. There is much uncertainty about the capital markets, however, and therefore about the earnings from Danica Pension and Danske Markets in particular.

We have not changed our expectations for the full year's financial results from the ones we announced after the first quarter. We estimate that profit before tax 2006 will be lower than in 2005 because of substantial one-off income last year.

We expect profit before credit losses - excluding one-offs - to rise 5 to 8 per cent. The increase will probably be at the lower end of the range, however, as we in our expectations have assumed that the booking of Danica's risk allowance for the full year will also be postponed.

We still expect expenses to rise about 5 per cent, mainly because of two additional months of operations and integration costs in Northern Ireland and Ireland. Excluding this factor, we estimate cost growth of about 2 per cent.

Altogether we have reason to expect sound financial results for 2006. We have invested a substantial amount in the past couple of years, sown many seeds, and with our banks in Ireland and Northern Ireland now on our shared platform, there are good prospects that our operations will remain profitable.

Q&A

That concludes my portion of the presentation, and I will now turn the discussion over to your questions. At this point, we bring to a close our live transmission over the Internet.

Please begin.