

Financial results – First half of 2010

August 10, 2010

THIS PRESS RELEASE COMMENTS ON THE FINANCIAL RESULTS OF DANSKE BANK GROUP'S BANKING ACTIVITIES IN FINLAND, SERVING BOTH RETAIL AND CORPORATE CUSTOMERS. THESE RESULTS DO NOT INCLUDE THE RESULTS OF DANSKE MARKETS, DANSKE EQUITIES, CORPORATE FINANCE AND DANSKE CAPITAL IN FINLAND.

DANSKE BANK GROUP'S BANKING ACTIVITIES IN FINLAND TAKE PLACE AT 121 BRANCHES DIVIDED INTO FIVE REGIONS. SAMPO BANK HAS 1.2 MILLION CUSTOMERS AND 2,514 EMPLOYEES IN BANKING ACTIVITIES.

DANSKE BANK GROUP IS THE LARGEST BANK IN DENMARK AND ONE OF EUROPE'S LEADING FINANCIAL INSTITUTIONS, WITH 5 MILLION CUSTOMERS AND BANKING ACTIVITIES IN 14 COUNTRIES.

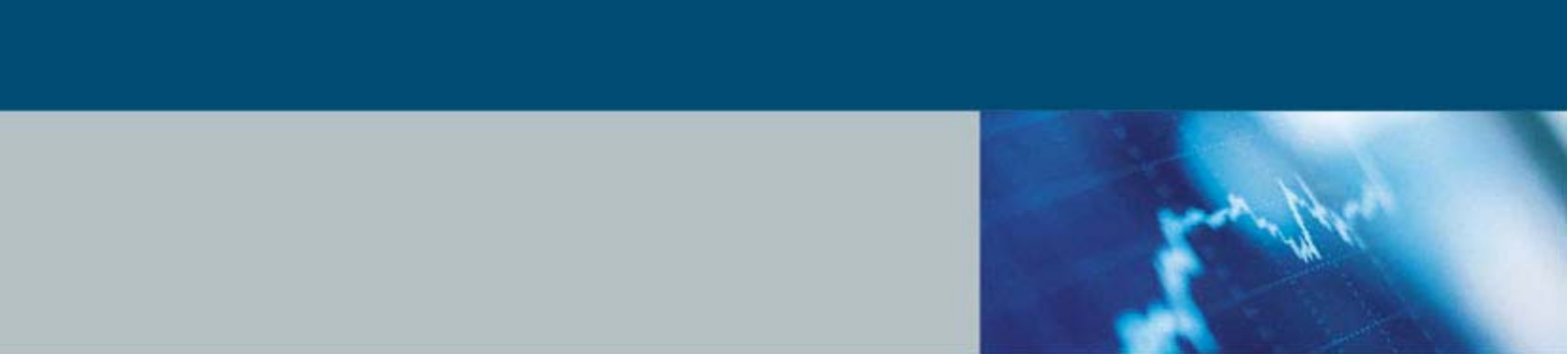
DANSKE BANK GROUP'S CURRENT RATINGS:

	MOODY'S	S&P	FITCH
LONG-TERM	AA3	A	A+
SHORT-TERM	P-1	A-1	F1

## Profit up, impairment charges down significantly

- In the first half of 2010, Banking Activities Finland's and Sampo Bank Group's profit improved considerably from the level a year earlier. Total income rose from the first quarter to the second quarter, and the decline in net interest income halted.
- Banking Activities posted profit before tax and amortisation of intangible assets of €45m. Sampo Bank Group's profit before tax rose to €92m.
- Total expenses continued to decline, falling 5% from the year-earlier level.
- Deposits showed strong growth of 11%.
- Loan impairment charges were 85% lower than in H1 2009.
- Sampo Bank Group has a strong capital position and risk-bearing capacity, with a solvency ratio of 15.2%.

BANKING ACTIVITIES FINLAND [€ m]	First half 2010	First half 2009	Index 10/09
Net interest income	155	229	68
Net fee income	79	72	109
Net trading income	5	7	78
Other income	23	23	100
<b>Total income</b>	<b>262</b>	<b>331</b>	<b>79</b>
Amortisation of intangible assets	32	32	100
Integration expenses	12	17	73
Other operating expenses	179	185	97
<b>Operating expenses</b>	<b>223</b>	<b>234</b>	<b>95</b>
Profit before loan impairment charges	39	97	40
Loan impairment charges	25	172	15
Profit before tax	14	-75	-
Profit before tax (excl. amortisation of intangible assets)	45	-43	-
Loans and advances, end of period	21,346	22,312	96
Deposits, end of period	14,677	13,248	111
Allocated capital (avg.)	901	1,027	88
Profit before loan impairment charges as % p.a. of allocated capital	8.7	18.9	46
Pre-tax profit as % p.a. of allocated capital (ROE)	3.1	-14.6	-
Cost/income ratio (%)	85.0	70.7	120
Cost/income ratio, ex total integration expenses (%)	68.3	55.9	122



In the first half of 2010, Banking Activities Finland's profit before tax increased significantly from the level a year earlier, despite a decline in net interest income resulting from record-low interest rates.

The positive performance was boosted by a 9% increase in net fee income and an 85% decline in loan impairment charges. In the second quarter, loan impairment charges amounted to only €9m. In addition, the declining trend in net interest income came to a halt in the second quarter.

Operating expenses continued to decline. Total expenses were down 5% from the year-earlier level.

### **Strong growth in deposits**

At the end of June, deposits were at a record-high level of €14.7bn, a full 11% higher than a year earlier. Sampo Bank also increased its market share of deposits.

Owing to a recent revival of the housing market, home financing rose moderately. Lending to retail customers grew by 3%, while corporate lending declined 12.5%. Credit exposure to corporate customers rose 1% from the preceding quarter as a result of an increasing demand for corporate loans for the first time since the financial crisis began in 2008.

### **Sampo Bank Group's high solvency gives security**

The financial supervisory authorities systematically monitor the capital adequacy and risk-bearing capacity of banks. With a total solvency ratio of 15.2%, Sampo Bank Group ranks at the top of Finnish peers and stands well above the required level of 8% set by the authorities.

The capital base amounted to €2.654bn, which ensures business continuity in case of disturbances in the financial markets and provides strong protection for depositors. At the end of June, Sampo Bank Group's tier 1 capital ratio was 14.0%.

### **Macroeconomic outlook for 2010**

The global economic recovery is expected to boost exports of Finnish companies and return the economy to a modest growth level during the remainder of 2010. The threat of a new recession is still significant, however. Interest rates are expected to rise slightly before the end of the year, but they will remain relatively low. Consumer spending and the real estate market will benefit from low interest rates and a rapid recovery in consumer confidence.



### **Ilkka Hallavo, Sampo Bank CEO:**

“We saw historically low interest rates early in the year. Rates have now hit bottom, however, and the reference rates have begun to rise moderately. As rates start to rise, customers are advised to lock part of their loans into fixed interest rates. Low interest rates are of course positive news for Finnish households and companies, but from the bank’s point of view, they have meant a decline in net interest income.

“Both Sampo Bank Group and Banking Activities Finland improved their profit before tax significantly over the level one year ago. The good performance in the period was owing especially to the decline in impairment charges. We are very pleased with this development.

“In Europe, new initiatives to tighten banking regulation are currently being planned. If implemented, these proposals will put upward pressure on lending margins in Finland as elsewhere in Europe. The regulation is needed, of course, but the new rules should not inhibit the financing of customers and thus put the economic recovery in jeopardy.”

### **EU-wide stress test of the banking sector**

The Committee of European Banking Supervisors (CEBS) included Danske Bank in the group of 91 European banks covered by the comprehensive 2010 EU-wide stress testing exercise. In the worst adverse scenario, Danske Bank had excess capital of €5.37 bn above the minimum capital threshold set by CEBS. The results placed Danske Bank among the top 25% of the banks covered in the exercise and confirms the Group’s significant financial strength.

The [www.danskebank.com/ir](http://www.danskebank.com/ir) site provides more details on the stress test.

#### **For further information:**

Ilkka Hallavo  
CEO, Sampo Bank  
Tel.: +358 10 546 8057  
E-mail: [ilkka.hallavo@sampopankki.fi](mailto:ilkka.hallavo@sampopankki.fi)

Pekka Kainulainen  
CFO, Sampo Bank  
Tel.: +358 10 546 7807  
E-mail: [pekka.kainulainen@sampopankki.fi](mailto:pekka.kainulainen@sampopankki.fi)

Timo J. Anttila  
Head of Communications, Sampo Bank  
Tel.: +358 10 546 8002  
E-mail: [tj.anttila@sampopankki.fi](mailto:tj.anttila@sampopankki.fi)

The Danske Bank Group’s Interim Report – First Half 2010 can be viewed at [www.danskebank.com/reports](http://www.danskebank.com/reports)