



## Financial results – First half year of 2010

August 10, 2010

NORTHERN BANK IS A SUBSIDIARY OF DANSKE BANK.

THE RESULTS RELATE TO NORTHERN BANK WHICH SERVES BOTH RETAIL AND CORPORATE CUSTOMERS. NORTHERN BANK HAS THREE REGIONS WITH 82 BRANCHES AND AROUND 1,700 EMPLOYEES (1,300 IN BANKING ACTIVITIES AND 400 IN SHARED SERVICES).

DANSKE BANK GROUP IS THE LARGEST BANK IN DENMARK AND ONE OF EUROPE'S LEADING FINANCIAL INSTITUTIONS.

DANSKE BANK GROUP CURRENTLY HAS RATINGS AS SHOWN BELOW.

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

BASED ON DANSKE BANK'S POWERFUL TECHNOLOGY PLATFORM, NORTHERN BANK OFFERS A LEADING EDGE PRODUCT AND SERVICE PROPOSITION FOR PERSONAL, BUSINESS AND CORPORATE CUSTOMERS.

### Danske Bank Group financial results

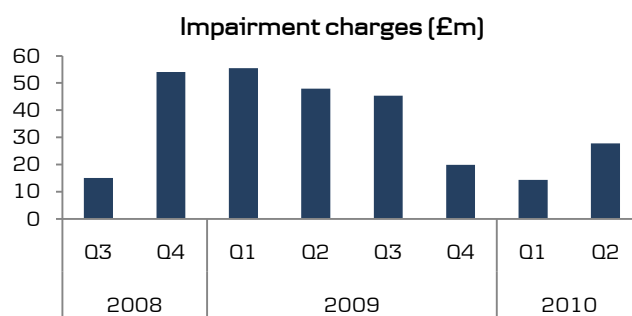
- Profit before impairment charges was £1.2bn (H1 2009: £1.9bn).
- Loan impairment charges amounted to £0.9bn (H1 2009: £1.7bn)
- Net profit was up 135% in Danish Kroner to £0.2bn
- Core (Tier1) capital and Solvency ratios were 13.7%(H1 2009: 12.2%) and 17.2%(H1 2009: 16.1%) respectively

Difficult, albeit gradually improving, macroeconomic conditions in several of the Group's markets continued to have an adverse effect on results.

### Northern Bank financial results

- Operating profit before impairment charges of £25.5m
- Total income is £93.4m
- Costs down 5% on same period 2009
- Impairment charges of £42.2m
- Pre-tax loss of £16.7m, representing a substantial improvement on 2009

The economic conditions remain challenging. The impairment charges for Northern Bank increased in second quarter 2010 but stay comfortably below the levels seen in 2009. Actual write offs remain low at £5.3m for first half of 2010.



A continued focus on cost control has seen 5% cost savings compared to first half of 2009. Income levels are being largely maintained in difficult market conditions where low interest rates and strong competition influence interest income. The underlying trading performance is stable with income reduction reflecting revised liquidity accounting across Danske Bank Group.



<b>NORTHERN BANK, FINANCIAL RESULT</b> (m€)	H1 2010	H1 2009	Index 10/09
Income	93.4	99.7	94
Costs	67.9	71.3	95
Profit before loan impairment charges	25.5	28.4	90
Loan impairment charges	42.2	103.5	41
Profit before tax	-16.7	-75.1	-

Overall lending fell by 2% in the quarter while deposit volumes remained unchanged from Q1 2010 levels, resulting in a continued improvement in Northern Bank's funding position.

Commenting on the results, Chief Executive Officer Gerry Mallon said:

"I am pleased with our core business performance, which remains very resilient. However, the Northern Ireland economy is still very fragile and the level of impairment charges serves to remind us of this. Despite this, the charges are substantially lower than this time last year, having previously fallen for four consecutive quarters.

"We remain strong and healthy and well positioned for future growth.

"In the first half of 2010 we continued to support our existing customers and this has resulted in our highest ever customer satisfaction scores. But we also have a strong appetite for new business and are proactively seeking to acquire good new customer relationships, particularly within the mortgage and business markets. We're seeing increasing numbers of businesses move to Northern Bank and have recently appointed acquisition teams across Northern Ireland to develop relationships with new business customers.

"We are operating in a challenging, highly competitive industry and in a low interest rate environment. However I'm confident that our people, systems and financial strength make us the best financial partner for both consumers and businesses in the local market, enabling us to maximise opportunities for our further growth and that of the local economy."

#### **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 DKK40 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.

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