

21 January 2009

Strictly private and confidential

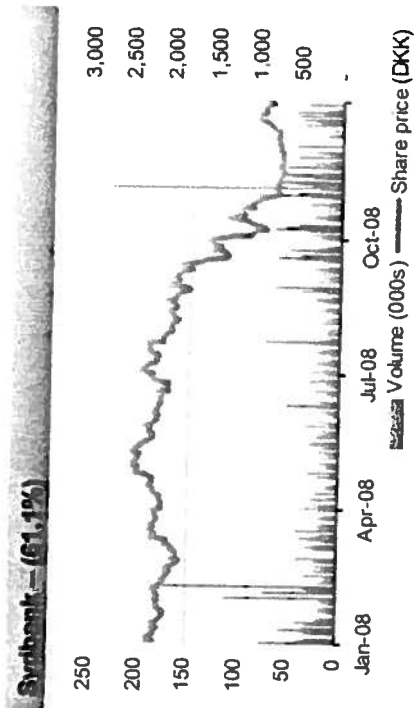
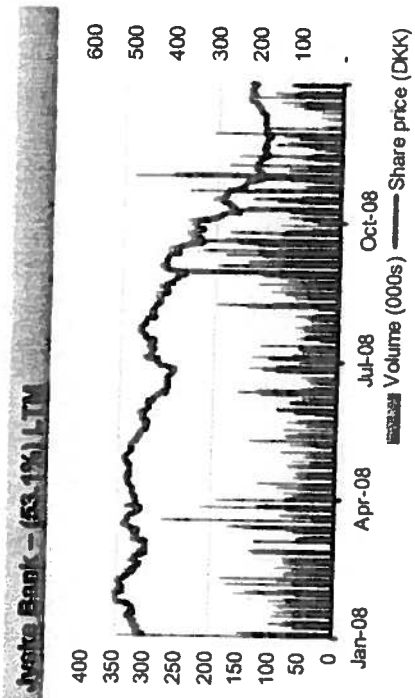
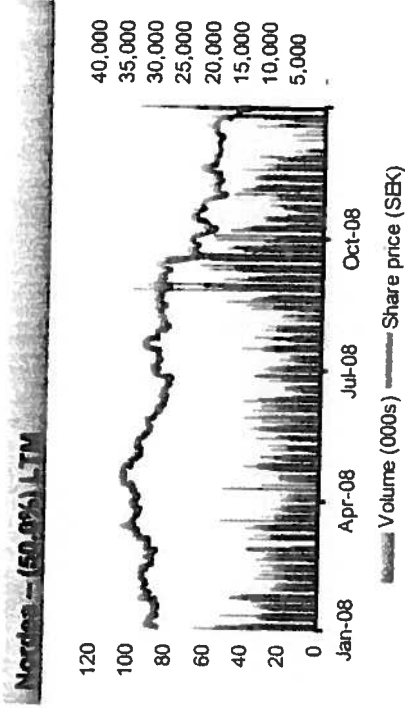
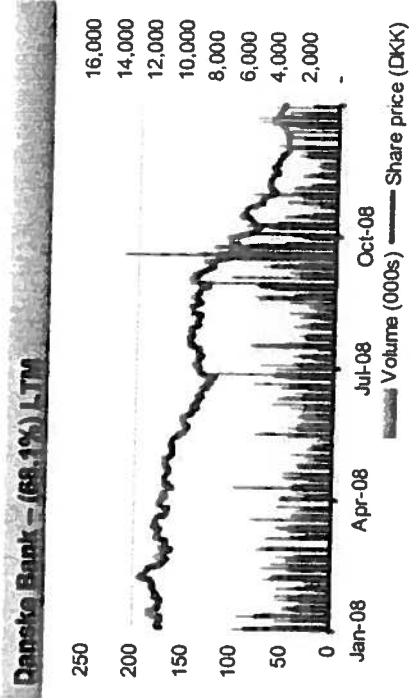
## ■ Project Horizon: market update

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## Group 1 banks: LTM share price performance and volume analysis



# Market update

## Group 1 and 2 listed banks

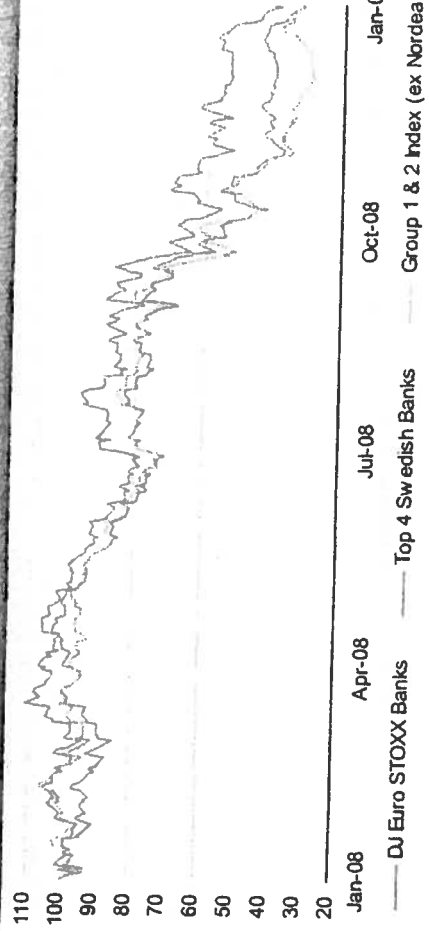
### Share price performance

|                    | Danske  | Nordea  | Jyske Bank | Sydbank | Spar Nord | Alm. Brand | Ringkjøbing LBB | Vestysk | Fionia  | Amagerbanken | Sparbank |
|--------------------|---------|---------|------------|---------|-----------|------------|-----------------|---------|---------|--------------|----------|
| 1 day              | (0.5%)  | 7.8%    | 6.5%       | 5.3%    | (2.1%)    | (0.6%)     | (5.6%)          | 2.9%    | 23.7%   | (2.9%)       | (5.7%)   |
| 1 week             | (10.5%) | (11.8%) | 3.5%       | (3.9%)  | 3.3%      | 5.3%       | (3.1%)          | (6.7%)  | (22.2%) | (22.7%)      | (11.4%)  |
| 1 month            | 10.5%   | (19.9%) | 23.5%      | 17.9%   | 9.2%      | 23.4%      | 11.9%           | 59.1%   | 84.2%   | 107.3%       | (5.0%)   |
| 3 months           | (48.8%) | (36.7%) | (38.8%)    | (43.0%) | (30.1%)   | (28.8%)    | (40.0%)         | (46.2%) | (47.0%) | (63.8%)      | (62.8%)  |
| 6 months           | (60.3%) | (50.3%) | (49.7%)    | (60.9%) | (37.9%)   | (60.1%)    | (45.6%)         | (57.6%) | (60.2%) | (75.4%)      | (65.3%)  |
| LTM                | (68.1%) | (50.0%) | (53.1%)    | (61.1%) | (48.4%)   | (68.1%)    | (48.4%)         | (64.6%) | (72.0%) | (80.4%)      | (74.1%)  |
| Market cap (DKKbn) | 38,784  | 73,864  | 7,452      | 4,742   | 2,768     | 1,467      | 1,761           | 850     | 513     | 388          | 422      |

### Index performance

|          | DJ Euro<br>STOXX<br>Banks | Top 4<br>Swedish<br>Banks | Group 1 & 2<br>Index<br>(excl. Nordea) |
|----------|---------------------------|---------------------------|--|
| 1 day    | 0.7%                      | 6.6%                      | 0.9%                                   |
| 1 week   | (14.9%)                   | (11.0%)                   | (7.4%)                                 |
| 1 month  | (18.3%)                   | (21.2%)                   | (14.8%)                                |
| 3 months | (41.6%)                   | (39.4%)                   | (45.9%)                                |
| 6 months | (58.7%)                   | (54.2%)                   | (58.4%)                                |
| LTM      | (67.3%)                   | (58.6%)                   | (68.8%)                                |

### Relative performance



Source Factset 21/01/2009

# Market update

## News

### **Børsen, 21 Jan 2009**

The Danish rescue package for the financial sector does not violate any EU regulations. This is the conclusion of a memo from financial authority Finanstilsynet. The Danish plans for the state to provide hybrid core capital is in accordance with regulations that come into effect in 2010 but the regulations can be applied in advance according to the EU directive...

Danish pension funds will be able to provide capital for the bank rescue package "Bankpakke II" on the terms as the state. This means that the pension funds will get an interest of 9-12% depending on the risk. PFA Pension and Nordea Liv & Pension both consider to participate with capital for the rescue package. Industriens Pension has not decided whether to participate but does not rule out that it will do so.

### **Nyhetsbyrån Direkt, 21 Jan 2009**

S&P will not change the credit ratings of the rated Danish banks following the bank package. On the other hand, Moody's repeated their negative outlook for the Danish banking sector and said that although the scheme is a positive development, it is not likely that there will be any ratings upgrades as a result.

### **Berlingske Tidende, 20 Jan 2009, online**

Danish pension companies ATP and PFA are interested in the possibility to contribute with financing for the bank sector rescue package. ATP's MD Lars Rohde says that the company will participate if the conditions are right and that this is something that the company will consider when the situation arises. PFA's Henrik Heideby is also positive, provided that the returns are reasonable... It will be possible for private investors to contribute with money for the rescue package but the terms are not yet known.

# Market update

## Broker comments

**Kaupthing, 21 Jan 09 (re Danske, potential Danske + SEB merger and the bank package)**

"Positive share price triggers for Danske Bank... Second bank package provides longer-term state guaranteed hybrid capital at around a 9% interest rate for Danske. DKK 20bn in new hybrid capital will boost Tier 1 ratio to 12%, as is new requirement... Second bank package also offers state guaranteed funding until 2013...  
2nd bank package to ease risk of escalating crisis... It includes a three-year prolonged state-guaranteed funding facility and a hybrid capital offering. The prolonged funding facility will cost the banks a provision fee to the state of maximum 90bps in risk premium to the state. The Danish banks can also apply for hybrid capital of up to either 15%, 35% or 50% of total tier 1 capital, but with different requirements attached. We expect Danske Bank will apply for hybrid capital of up to 35%, which equals hybrid capital at end-2008 of up to DKK 30bn.  
However, we estimate that Danske Bank only DKK 25bn to fulfil the new tier 1 capital requirement of 12%, as we expect it to show a tier 1 ratio of 9.5% end 2008. The capital costs for Danske Bank will likely be 9% and thus reduce NII by DKK 0.5-1.0bn assuming a margin loss of 2-4 percentage points. We have not included a capital increase and related NII impact in our forecasts. We also note that due to the silence period Danske Bank has not commented on any kind of content in this report including their potential interest or need for new capital. The good news is that Danske Bank shareholders will not get diluted by state ownership. For that to happen, Danske Bank's tier 1 ratio ex hybrid capital would need to drop below 7.8% vs. 8.85% at 3Q08."

