

# Announcement of Financial Results 2005

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Stock Exchange Announcement No. 01/2006  
February 9, 2006

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*This announcement of financial results is a translation of the original announcement in the Danish language (Årsregnskabsmeddelelse 2005). In case of discrepancies, the Danish announcement prevails.*

## Danske Bank Group – financial highlights

NET PROFIT FOR THE YEAR (DKr m)	2005	2004	2003	2002	2001
Net interest income	17,166	14,752	15,593	15,859	16,754
Net fee income	7,288	5,898	5,910	5,842	5,926
Net trading income	6,504	4,877	5,074	4,971	4,405
Other income	2,256	2,029	1,127	1,278	1,428
Net income from insurance business	1,677	1,631	1,958	268	1,045
<b>Total income</b>	<b>34,891</b>	<b>29,187</b>	<b>29,662</b>	<b>28,218</b>	<b>29,558</b>
Operating expenses	18,198	15,393	14,964	15,634	16,416
Profit before credit loss expenses	16,693	13,794	14,698	12,584	13,142
Credit loss expenses	-1,096	759	1,662	1,420	1,752
Profit before tax	17,789	13,035	13,036	11,164	11,390
Tax	4,967	3,718	3,750	2,922	2,677
<b>Net profit for the year</b>	<b>12,822</b>	<b>9,317</b>	<b>9,286</b>	<b>8,242</b>	<b>8,713</b>
Attributable to minority interests	4	28	-	-	-
<b>BALANCE SHEET (DKr m)</b>					
Bank loans and advances	829,603	615,238	523,055	478,840	475,862
Mortgage loans	569,092	524,428	497,563	469,506	448,159
Trading portfolio assets	444,521	422,547	588,986	545,719	421,528
Investment securities	28,712	31,505	-	-	-
Assets under insurance contracts	188,342	163,205	-	-	-
Other assets	371,775	295,584	216,530	257,488	193,033
<b>Total assets</b>	<b>2,432,045</b>	<b>2,052,507</b>	<b>1,826,134</b>	<b>1,751,553</b>	<b>1,538,582</b>
Due to credit institutions and central banks	476,363	353,369	299,880	319,573	241,042
Deposits	631,184	487,863	483,884	427,940	400,491
Issued mortgage bonds	438,675	432,399	603,120	567,912	536,352
Trading portfolio liabilities	212,042	215,807	142,992	162,453	89,592
Liabilities under insurance contracts	211,834	191,149	-	-	-
Other liabilities	343,600	271,249	202,258	182,146	182,249
Subordinated debt	43,837	33,698	33,549	31,210	31,765
Shareholders' equity	74,510	66,973	60,451	60,319	57,091
<b>Total liabilities and equity</b>	<b>2,432,045</b>	<b>2,052,507</b>	<b>1,826,134</b>	<b>1,751,553</b>	<b>1,538,582</b>
<b>RATIOS AND KEY FIGURES</b>					
Net profit for the year per share, DKr	20.4	14.4	13.3	11.5	11.9
Diluted net profit for the year per share, DKr	20.4	14.4	-	-	-
Net profit for the year as % of average shareholders' equity	18.5	13.9	15.2	14.0	16.0
Cost/income ratio, %	52.2	52.7	50.4	55.4	55.5
Solvency ratio, %	10.3	10.2	11.0	10.5	10.3
Core (tier 1) capital ratio, including hybrid core capital, %	7.3	7.7	7.7	7.6	7.3
Dividend per share, DKr	10.00	7.85	6.55	4.75	4.75
Share price, end of year, DKr	221.2	167.5	138.8	117.4	135.1
Book value per share, DKr	118.9	106.7	89.9	84.8	78.0
Full-time-equivalent staff, end of year	19,128	16,235	16,935	17,817	18,521

For 2004-2005, items are valued in accordance with the IFRS. For 2001-2003, items are valued in accordance with the rules in force at that time.

## Review

- Danske Bank Group realised a better-than-expected net profit of DKKr12,822m, against DKKr9,317m in 2004.
- Earnings per share increased 42%.
- Volume of bank loans and advances grew 35%.
- Income rose 20%.
- Credit loss expenses amounted to a net positive entry of DKKr1.1bn.
- New capital targets improve the basis for growth and reduce the risk exposure.
- Excluding the considerable one-off income in 2005, the profit before credit loss expenses is expected to increase moderately in 2006.

### Financial results

In 2005, Danske Bank Group realised a net profit of DKKr12,822m, against DKKr9,317m in 2004. The net profit per share increased 42%. Pre-tax profit amounted to DKKr17,789m, which was better than expected at the presentation of the report for the first nine months of 2005. Pre-tax profit in the fourth quarter of 2005 was DKKr5,051m.

The year was characterised by considerable customer activity in all markets. Moreover, the profit for the year benefited from one-off income and an extraordinarily favourable trend in the credit quality of the loan portfolio, which resulted in a net positive entry for credit loss expenses. Expenses were influenced by investments in the expansion of retail banking activities.

#### Income

Income rose by 20% to DKKr34,891m. Income from banking activities in Northern Ireland and the Republic of Ireland accounted for 45% of the increase. The rest was owing to favourable developments in all the other business areas of the Group.

Net interest income rose 16% to DKKr17,166m. Bank loans and advances grew by 35%. The interest margin declined as a result of the product mix adjustments and fierce competition in the Group's core business areas. Property financing products secured on real property with narrow interest margins and a healthy trend in corporate lending were the main contributors to the growth.

Net fee income rose 24%. Excluding the net fee income from banking activities in Northern Ireland and the Republic of Ireland, the increase amounted to 14%. The growth was driven exclusively by rising volume, primarily in property refinancing, which recorded an all-time high, and securities trading.

Net trading income rose 33%. The increase came from strong activity in the fixed-income and equity markets and gains on the sale of loans as part of the Group's reduction of its wholesale banking activities in London and New York. Moreover, the profit on the sale of HandelsFinans added just over DKKr500m to trading income.

Net income from insurance business rose by 3% since the increase in business volume and return on investments compensated for a loss on health and accident business. In 2005, the Group booked the remaining risk allowance for previous years of DKKr441m. In 2004, the allowance booked amounted to DKKr445m. This means that, at January 1, 2006, the risk allowance outstanding from previous years has been eliminated.

The increase in other income of DKKr227m to DKKr2,256m was owing primarily to a favourable trend in operating leases and the acquisition of Krogsveen, a Norwegian chain of real-estate agencies.

#### Operating expenses

Operating expenses rose 18% to Dkr18,198m. Excluding banking activities in Northern Ireland and the Republic of Ireland, operating expenses remained largely unchanged despite the expansion of business activities in the Nordic region and a rise in performance-based compensation reflecting financial results. The cost/income ratio improved from 52.7% to 52.2%.

In view of the excellent financial results achieved in 2005, the employees will receive shares of a total amount of Dkr118m in the spring of 2006.

#### Credit loss expenses

Credit loss expenses fell from a charge of Dkr759m in 2004 to a net positive entry of Dkr1,096m in 2005. The positive trend reflected the high credit quality of the Group's loan portfolio and favourable economic conditions, which led to a low level of new impairment charges and reversals of charges previously made.

#### Tax

The Group's tax charge for 2005 is calculated to be Dkr4,967m, corresponding to an effective tax rate of 28%. The reversal of impairment charges as a result of the transition to IFRS triggered an additional corporation tax charge of Dkr1.3bn. The Danish corporation tax rate was lowered from 30% to 28% in 2005.

#### Return on equity

The return on equity rose from 13.9% in 2004 to 18.5%. Net profit for the year per share increased 42% from Dkr14.4 to Dkr20.4.

### Integration of Northern Bank and National Irish Bank

At the end of February 2005, Danske Bank acquired Northern Bank in Northern Ireland and National Irish Bank in the Republic of Ireland, thus becoming a major player in the local markets of the two banks. The purchase price was Dkr10.7bn. The integration of the banks into the Danske Bank Group is proceeding as planned, and their business performance is in line with expectations. At Easter 2006, the migration of the banks' systems to the Group's shared IT platform will take place.

### Capital and solvency

#### Share capital

At the end of 2005, the share capital totalled Dkr6,383,042,760, and shares numbered 638,304,276 after the cancellation of 33,961,476 shares repurchased under the 2004 buyback programme. The number of shares outstanding at the end of 2005 was 626,704,866, and the average number of shares outstanding in 2005 was 627,573,906.

#### Shareholders' equity

Shareholders' equity was Dkr75bn at the end of 2005, against Dkr67bn at the end of 2004. The change reflects primarily the dividend payment in March 2005 and the recognition of the profit for the year.

The Board of Directors is proposing that the general meeting approve a dividend of Dkr10.00 per share, corresponding to a total dividend payment of Dkr6,383m. The dividend equals 50% of the net profit of the Group.

#### Solvency

The solvency ratio at the end of 2005 stood at 10.3%, of which 7.3 percentage points derived from the Group's core (tier 1) capital. The core (tier 1) capital ratio, excluding hybrid core capital, amounted to 6.6%.

The core (tier 1) capital ratio was reduced by 0.7 of a percentage point after the deduction of the premium paid over the book value for the banks in Northern Ireland and the Republic of Ireland.

To fund the acquisition of Northern Bank and National Irish Bank, Danske Bank issued notes worth £150m as hybrid (tier 1) capital and notes worth €700m as supplementary capital in March 2005. The total value of these new issues is equivalent to DKr6.8bn. In June, the Bank redeemed notes of a nominal value of \$500m (DKr3.1bn) issued as supplementary capital. The Bank subsequently issued new supplementary capital: in September, it issued notes worth €500m (DKr3.7bn) and in December, it issued notes worth Nkr535m (DKr0.5bn).

The increase in risk-weighted items from DKr808bn at the end of 2004 to DKr944bn at the end of 2005 was attributable to the acquisitions in the Republic of Ireland and Northern Ireland and to strong lending growth.

#### Capital targets

The Group's decision to focus on retail banking activities led to the desired reduction of its risk exposure and further improved the basis for growth. Consequently, the Group adjusted its capital targets. The core (tier 1) capital ratio target was lowered from 6.5% to 6.0%-6.5%, and the future payout ratio is expected to be 30%-50%, depending on the expected trend in activities. The Group is planning a payout ratio of 40% for 2006. The Group has not changed its targets for the return on equity. Any excess capital will continue to be distributed to shareholders in the form of dividends and share buybacks, if relevant. The Group does not expect to buy back shares in 2006 and 2007, however.

#### Balance sheet

The assets of the consolidated Group totalled DKr2,432bn at the end of 2005, against DKr2,053bn at the end of 2004.

#### Lending

Bank loans and advances, excluding repo transactions, increased by DKr150bn, or 32%, to DKr621bn.

The acquisition of Northern Bank and National Irish Bank accounted for half of this increase. Lending extended by the Group's banking units in Denmark increased by DKr42bn, or 19%, while lending by other units in the Nordic region rose by DKr44bn, or 28%. Lending was, however, reduced by the sale of loans extended by the Group's units in England and the US.

Mortgage lending stood at DKr569bn at the end of 2005, up 9% on the level recorded a year ago.

Repo loans increased by DKr64bn from the level at the end of 2004 to DKr209bn, primarily as a result of increased activity in the international repo market.

#### Deposits

Deposits, excluding repo transactions, totalled DKr533bn, against DKr436bn at the end of 2004, up DKr97bn, or 22%.

Deposits with Northern Bank and National Irish Bank accounted for DKr62bn of this increase. Excluding these banks, deposits rose 8%.

#### Trading portfolio assets

Trading portfolio assets grew by DKr22bn, or 5%, to DKr445bn. The rise was owing to an increased holding of bonds.

The Group's overall risk on a change in interest rates of one percentage point amounted to DKr508m at the end of 2005, against DKr812m at the end of 2004.

## Accounting policies

For the first time, the Danske Bank Group is presenting its annual consolidated accounts in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The transition is treated according to the rules of IFRS 1 “First-time Adoption of International Financial Reporting Standards”. See Danske Bank’s 2005 Annual Report and IFRS White paper for a detailed explanation of the accounting policies and for restatements of the opening balance sheet and comparative figures.

## Outlook for 2006

In 2006, Europe is likely to see moderate economic growth and slightly increasing interest rates. The Group expects growth in its principal markets to be higher than average European growth.

Net interest and net fee income from banking activities are expected to rise from the level recorded in 2005 as a result of double-digit growth in property financing and corporate lending. In addition, the Group will recognise income from its banking activities in Northern Ireland and the Republic of Ireland for the full year, as opposed to the 10-month period in 2005. Generally, business volume is expected to see healthy growth in 2006. The strong remortgaging and securities trading activity is unlikely to continue at the same pace, however.

Net trading income is expected to be lower due to the one-off revenue and extraordinarily high level of activity recorded in 2005. The Group expects to maintain its market position, but trading income will continue to depend greatly on the trends in the financial markets, including the level of securities prices at the end of the year.

The positive trend in insurance activities is likely to continue in 2006. However, net income from insurance business is expected to be lower than in 2005 as result of the booking of the risk allowance from previous years in 2005 and new accounting rules for calculating provisions for unit-linked contracts.

The sale of real property, unlisted shares (including HandelsFinans) and the loan portfolios of the Group's units in New York and London – together with the booking of a risk allowance from previous years – generated one-off income of Dkr1.6bn in 2005. Nevertheless, the Group expects its total income in 2006 to reach the same level as in 2005.

The Group expects costs to increase by some 5%, with expenses incurred by the banking operations in Northern Ireland and the Republic of Ireland accounting for just over half of this increase. As opposed to the 10-month accounting period of the two banks in 2005, the 2006 accounting year will cover a full year and include increased, planned integration costs. Excluding these factors, expenses are expected to rise around 2%. The increase reflects the general trend in costs and a continued strong activity in the Danish, Norwegian and Swedish retail operations.

Excluding the considerable one-off income in 2005, the profit before credit loss expenses is expected to increase moderately.

Assuming favourable economic trends and a satisfactory loan portfolio quality, the Group expects to record modest credit loss expenses in 2006.

The pre-tax profit for 2006 is expected to be lower than in 2005 due to the considerable one-off income received in 2005. However, the result will continue to depend on the level of activity, economic trends and the direction of prices in the financial markets, among other factors.

The Group expects its tax rate to be 28%.

## Business areas

PROFIT BEFORE TAX (DKr m)	2005	2004	Index 05/04	Share 2005
Banking Activities Danske Bank	5,767	3,481	166	32%
Banking Activities BG Bank	1,782	1,462	122	10%
Banking Activities Sweden	809	665	122	5%
Banking Activities Norway	579	321	180	3%
Banking Activities Northern Ireland	23	-	-	-
Banking Activities Ireland	-106	-	-	-
Other Banking Activities	1,241	714	174	7%
Total Banking Activities	10,095	6,643	152	57%
Mortgage Finance	2,755	2,222	124	15%
Danske Markets	3,872	2,934	132	22%
Danske Capital	509	364	140	3%
Danica Pension	1,677	1,631	103	9%
Other areas	-1,119	-759	-	-6%
Total Group	17,789	13,035	136	100%

Danske Bank Group's pre-tax profit rose 36% compared with the pre-tax profit for 2004. All business areas contributed to the positive trend.

"Other areas" includes the Group's real property activities, unallocated cost of capital and expenses for Group support functions and severance payments. Moreover, the item covers the elimination of returns on own shares in the amount of DKr319m, despite the fact that the return is distributed to holders of pooled schemes and life insurance policyholders.

The profit of "Other areas" benefited from gains on real property sales in 2005 and from currency hedging of profit generated by non-Danish units. The segment was adversely affected by increased capital costs incurred as a result of the acquisitions in the Republic of Ireland and Northern Ireland.

Developments in the individual business areas are described in the following pages.

## Banking Activities Danske Bank

*Banking Activities Danske Bank encompasses the banking activities of the Danske Bank division in Denmark. Danske Bank caters to all types of retail and corporate customers. The bank's finance centres serve large corporate and private banking customers. Banking Activities Danske Bank has nine regions with 291 branches, nine finance centres and nearly 4,300 employees.*

BANKING ACTIVITIES DANSKE BANK (DKr m)	2005	2004	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
Net interest income	6,184	5,775	1,596	1,593	1,521	1,474	1,481
Net fee income	3,319	2,805	885	873	822	739	740
Net trading income	455	395	121	117	118	99	97
Other income	15	50	3	2	8	2	28
Total income	9,973	9,025	2,605	2,585	2,469	2,314	2,346
Operating expenses	5,168	5,193	1,344	1,245	1,338	1,241	1,346
Profit before credit loss expenses	4,805	3,832	1,261	1,340	1,131	1,073	1,000
Credit loss expenses	-962	351	-710	-110	-165	23	27
Profit before tax	5,767	3,481	1,971	1,450	1,296	1,050	973
Loans and advances, end of period	197,674	163,927	197,674	187,064	186,638	175,440	163,927
Deposits, incl. pooled deposits, end of period	216,219	189,050	216,219	211,256	212,122	192,362	189,050
Risk-weighted items (avg.)	186,653	161,466	197,383	194,261	180,302	174,329	168,268
Allocated capital (avg.)	12,132	10,495	12,830	12,627	11,720	11,331	10,937
Pre-tax profit as % p.a. of allocated capital	47.5	33.2	61.5	45.9	44.2	37.1	35.6
Cost/income ratio, %	51.8	57.5	51.6	48.2	54.2	53.6	57.4

- Pre-tax profit up 66%
- Net positive entry for credit loss expenses
- Retail lending up 22% and corporate lending 20%
- Improved cost/income ratio
- Expectations of a high level of activity and fierce competition in 2006

The pre-tax profit of Banking Activities Danske Bank rose by 66% to DKr5,767m, against DKr3,481m in 2004. The profit before credit loss expenses increased 25%.

Banking Activities Danske Bank recorded extraordinarily strong demand for its products, a positive trend in the securities markets and low credit loss expenses. The business activities in 2005 reinforced Danske Bank's position as the leading bank in Denmark.

Net interest income rose 7% on the figure recorded in 2004. Income benefited from high growth in lending to both retail and corporate customers. The growth more than compensated for the narrowing of lending margins, particularly in the retail market. This narrowing reflected the increasing percentage of loans secured on real property and fierce competition.

Strong remortgaging activity contributed to the 18% increase in net fee income. Moreover, customers' increased trading in securities added to the fee income. Equity trading volume was especially high, and the introduction of two new Danske Invest funds (*Mix* and *Mix – med sikring*) also had a positive effect on fee income.

Operating expenses remained stable at the level recorded in 2004.

Danske Bank recorded a net positive entry for credit loss expenses of DKr962m, against a charge of DKr351m in 2004. The change was attributable to the favourable economic climate in Denmark and the high credit quality of the loan portfolio.

Total lending rose by 21% on the level recorded at the end of 2004. Lending to retail customers increased 22%. Growth came mainly from healthy sales of the property financing product *Danske Prioritet*.

Loans to corporate customers rose by 20% primarily as a result of the increasing activities targeting small and medium-sized businesses.

In 2005, Danske Bank further increased its focus on the benefits that corporate customers enjoy from the Business Online self-service solutions.

In the autumn, the *Formueprognose* advisory tool was launched in all nine finance centres. This wealth forecasting tool provides private banking customers with a unique opportunity to estimate changes in asset value in various economic scenarios.

The healthy economic climate in Denmark is expected to continue in 2006. After a year of unusually strong demand for its products, Danske Bank is likely to sustain its high level of activity despite the continuation of fierce competition.

## Banking Activities BG Bank

Banking Activities BG Bank encompasses the banking activities of the BG Bank division in Denmark. BG Bank caters to all types of retail customers and most types of corporate customers through its branch network. In addition, BG Bank serves a number of agricultural customers at special agricultural centres. Banking Activities BG Bank has seven regions with 174 branches, two investment desks and nearly 1,900 employees.

BANKING ACTIVITIES BG BANK (DKr m)	2005	2004	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
Net interest income	2,685	2,599	686	684	662	653	653
Net fee income	1,306	1,182	349	339	321	297	299
Net trading income	149	126	43	38	38	30	32
Other income	11	24	3	1	5	2	14
Total income	4,151	3,931	1,081	1,062	1,026	982	998
Operating expenses	2,392	2,463	630	580	606	576	645
Profit before credit loss expenses	1,759	1,468	451	482	420	406	353
Credit loss expenses	-23	6	-10	68	-31	-50	16
Profit before tax	1,782	1,462	461	414	451	456	337
Loans and advances, end of period	63,803	55,505	63,803	60,359	58,579	56,343	55,505
Deposits, incl. pooled deposits, end of period	74,607	68,208	74,607	71,979	71,012	66,883	68,208
Risk-weighted items (avg.)	58,968	54,142	61,259	59,860	57,548	57,150	55,816
Allocated capital (avg.)	3,833	3,519	3,982	3,891	3,741	3,715	3,628
Pre-tax profit as % p.a. of allocated capital	46.5	41.5	46.3	42.6	48.2	49.1	37.2
Cost/income ratio, %	57.6	62.7	58.3	54.6	59.1	58.7	64.6

- Pre-tax profit up 22%
- Net positive entry for credit loss expenses
- Retail lending up 17% and corporate lending 12%
- Improved cost/income ratio
- Expectations of a high level of activity and fierce competition in 2006

The pre-tax profit of BG Bank rose by 22% to DKr1,782m, against DKr1,462m in 2004. The profit before credit loss expenses increased 20%.

BG Bank recorded a strong demand for its products, a positive trend in the securities markets and low credit loss expenses. This helped BG Bank maintain its position as Denmark's third-largest bank.

Net interest income rose 3% on the figure recorded in 2004. Income benefited from high growth in lending to both retail and corporate customers. The growth more than compensated for the narrowing of lending margins, particularly in the retail market. This narrowing reflected the increasing percentage of loans secured on real property and fierce competition.

The strong remortgaging activity contributed to the increase in net fee income. Moreover, the positive trend in the securities markets supported fee income. The establishment in Copenhagen and in Vejle on the East coast of Jutland of BG Bank's own customer desks in charge of investment advisory services added to the upward trend in securities trading. Equity trading volume was especially high, and the introduction of two new BG Invest funds (*Blandet* and *Blandet – med sikring*) and the growing demand for customer packages also had a positive effect on fee income.

Increased customer preference for self-service products, especially within payment services, led to a decrease in fee income as well as in operating expenses. Total operating expenses fell by 3% from the level recorded in 2004.

BG Bank recorded a net positive entry for credit loss expenses of DKKr23m, against a charge of DKKr6m in 2004. The change was attributable to the favourable economic climate in Denmark and the high credit quality of the loan portfolio.

Total lending rose by 15% on the level recorded at the end of 2004. Lending to retail customers increased 17%. Growth came primarily from sound sales of the property financing product *Bolig Plus*. Lending to corporate customers increased 12%.

The satisfactory development of BG Bank's agricultural centres continued in 2005. During the year, the centres launched a range of new services and established a co-operative agreement with *LandboUngdom*, an agricultural non-governmental organisation, offering its members special conditions.

The positive trend in retail business in recent years continued in 2005, which saw a rise in the number of advisory customers.

In October 2005, BG Bank opened a new branch in Brejning near Vejle in Jutland.

The healthy economic climate in Denmark is expected to continue in 2006. BG Bank is likely to sustain its positive business trend, with a high level of activity despite the continuation of fierce competition. The rising popularity of self-service products is expected to continue, and this will put pressure on the profitability of payment services.

## Banking Activities Sweden

Banking Activities Sweden encompasses the banking activities of Östgöta Enskilda Bank and Provinsbankerne in Sweden, which serve all types of retail and corporate customers. Banking Activities Sweden has four regions with 58 branches, four finance centres and around 1,000 employees. Real-estate agency business is carried out primarily through the 70 offices of Skandia Mäklarna.

BANKING ACTIVITIES SWEDEN (DKr m)			Q4	Q3	Q2	Q1	Q4
	2005	2004	2005	2005	2005	2005	2004
Net interest income	1,474	1,369	383	372	367	352	362
Net fee income	485	436	140	116	118	111	123
Net trading income	54	44	18	12	12	12	10
Other income	19	7	13	1	4	1	3
Total income	2,032	1,856	554	501	501	476	498
Operating expenses	1,257	1,146	346	307	310	294	330
Profit before credit loss expenses	775	710	208	194	191	182	168
Credit loss expenses	-34	45	9	13	-69	13	-5
Profit before tax	809	665	199	181	260	169	173
Profit before tax in local currency (SKr)	1,012	813	252	226	327	207	207
Loans and advances, end of period	113,964	91,591	113,964	106,153	100,325	96,841	91,591
Deposits, end of period	37,329	30,629	37,329	35,312	34,520	31,532	30,629
Risk-weighted items [avg.]	84,194	68,910	90,936	87,840	81,539	76,260	73,122
Allocated capital [avg.]	5,473	4,479	5,911	5,710	5,300	4,957	4,753
Pre-tax profit as % p.a. of allocated capital	14.8	14.8	13.5	12.7	19.6	13.6	14.6
Cost/income ratio, %	61.9	61.7	62.5	61.3	61.9	61.8	66.3

- Pre-tax profit up 22%
- Net positive entry for credit loss expenses
- Growth in lending of 29% measured in local currency
- Expectations of a high growth rate also in 2006

The pre-tax profit of Banking Activities Sweden rose by 22% to DKr809m, against DKr665m in 2004. In local currency, the increase amounted to 24%. The profit before credit loss expenses increased 9%.

The Swedish economy improved throughout the year, partly as a result of a lowering of the money market rate. Banking Activities Sweden held a market share of lending of 5%. Growth in lending outperformed market growth.

Net interest income rose 8% on the figure recorded in 2004. The significant growth in lending fully compensated for the falling market rates and the narrowing of lending margins. This narrowing reflected fierce competition and the fact that loans secured on real property and lending to medium-sized businesses accounted for a larger share of the lending portfolio.

Net fee income rose by 11% owing to the increasing business volume and equity trading.

Operating expenses grew by 10%, reflecting the higher level of activity and the expansion of the branch network, which counted 58 branches at the end of 2005, against 46 a year earlier.

The Swedish banking operations recorded a net positive entry for credit loss expenses of DKr34m, against a charge of DKr45m in 2004. The change was attributable to a favourable economic climate in Sweden and the high credit quality of the loan portfolio.

In local currency, lending to retail customers rose by 26%, while lending to corporate customers increased by 31%. The growth in corporate lending was owing primarily to large and medium-sized businesses, whereas sales of property financing products reinforced growth in lending to retail customers. Growth in both retail and corporate lending outperformed market growth.

Banking Activities Sweden's market share of lending stood at 5%, while its market share of deposits amounted to 4%.

New products targeted at retail customers included a new gold card and an extended range of index-linked bonds.

In 2005, Banking Activities Sweden was named the Swedish full-service bank with the highest customer satisfaction rate as a result of its local banks' proximity to customers, among other things. Moreover, customers considered the online banking services offered to be among the best in Sweden.

At the end of September, Banking Activities Sweden bought the real-estate agency chain Skandia Mäklarna, which has 70 local offices. In December, the division established a long-term co-operative agreement with Bjurfors, another Swedish chain of real-estate agencies. Both initiatives are expected to further sharpen Danske Bank's real-estate profile and to form an excellent basis for future growth in the Swedish market. The financial results of Skandia Mäklarna's operations were consolidated in the accounts of Banking Activities Sweden with effect from October 1, 2005.

Moreover, the Group will strengthen its Swedish distribution network by establishing three new branches scheduled to open in 2006.

Banking Activities Sweden expects to maintain its high growth rate in 2006 as the healthy economic climate in Sweden is likely to continue.

## Banking Activities Norway

Banking Activities Norway encompasses primarily the banking activities of Fokus Bank in Norway. Fokus Bank serves all types of retail and corporate customers. Banking Activities Norway has five regions with 70 branches, five finance centres and just over 1,100 employees. Real-estate agency business is carried out primarily through the 21 offices of Krogsveen.

BANKING ACTIVITIES NORWAY (DKr m)			Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
	2005	2004					
Net interest income	1,286	1,136	354	336	303	293	305
Net fee income	377	270	106	94	89	88	81
Net trading income	61	33	9	20	15	17	12
Other income	113	29	48	51	8	6	8
Total income	1,837	1,468	517	501	415	404	406
Operating expenses	1,331	1,107	370	360	309	292	324
Profit before credit loss expenses	506	361	147	141	106	112	82
Credit loss expenses	-73	40	-8	-21	0	-44	36
Profit before tax	579	321	155	162	106	156	46
Profit before tax in local currency (Nkr)	622	357	165	171	112	174	47
Loans and advances, end of period	87,309	65,749	87,309	82,464	77,748	70,640	65,749
Deposits, end of period	39,315	31,398	39,315	36,718	35,876	33,083	31,398
Risk-weighted items (avg.)	62,505	48,585	68,392	65,416	60,580	55,458	53,827
Allocated capital (avg.)	4,063	3,158	4,445	4,252	3,938	3,605	3,499
Pre-tax profit as % p.a. of allocated capital	14.3	10.2	13.9	15.2	10.8	17.3	5.3
Cost/income ratio, %	72.5	75.4	71.6	71.9	74.5	72.3	79.8

- Pre-tax profit up 80%
- Net positive entry for credit loss expenses
- Growth in lending of 28% measured in local currency
- Expectations of high growth also in 2006

The pre-tax profit of Banking Activities Norway rose by 80% to DKr579m, against DKr321m in 2004. In local currency, the increase amounted to 74%. The profit before credit loss expenses increased 40%.

Net interest income rose 13% on the figure recorded in 2004. Increased business volume with existing customers and a significant inflow of new customers compensated for the narrowing of interest margins.

Net fee income rose by 40%, or DKr107m. Other income increased by DKr84m as a result of the recognition of income from the real-estate chain Krogsveen as of July 1, 2005.

The recruitment of more employees to serve customers of the bank contributed to a 13% increase in expenses, excluding expenses from Krogsveen.

The Norwegian banking operations recorded a net positive entry for credit loss expenses of DKr73m, against a charge of DKr40m in 2004. The change was attributable to the very favourable economic trends in Norway and the high credit quality of the loan portfolio.

In local currency, lending to retail customers increased by 30% and lending to corporate customers rose 27% over the level at the end of 2004. Lending growth in both segments outperformed market growth.

The market share of lending to retail customers stood at 5%, whereas the market share of lending to corporate customers amounted to 6% at the end of the year.

In June 2005, Fokus Bank acquired Krogsveen, a Norwegian chain of real-estate agencies with 21 local offices. Fokus Bank expects the acquisition to strengthen its product distribution network.

With the opening of a new branch in 2005 and the planned opening of another two in 2006, Banking Activities Norway will have offices in 18 of the 20 largest cities in Norway.

In 2005, the Bank implemented an organisational structure consisting of five regions with a finance centre each and a total of 70 branches.

The healthy economic climate in Norway is expected to continue in 2006. The expansion of the Norwegian branch network, the organisational adjustments and the acquisition of Krogsveen are expected to make the Group's Norwegian banking operations well prepared for further growth.

## Banking Activities Northern Ireland

*Banking Activities Northern Ireland encompasses the banking activities of Northern Bank, which serves both retail and corporate customers. Banking Activities Northern Ireland has four regions with 95 branches, four finance centres and around 2,000 employees.*

BANKING ACTIVITIES NORTHERN IRELAND (DKr m)			Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
	2005	2004					
Net interest income	1,317	-	406	399	387	125	-
Net fee income	464	-	132	144	141	47	-
Net trading income	9	-	1	14	-6	-	-
Other income	20	-	1	4	12	3	-
<b>Total income</b>	<b>1,810</b>	<b>-</b>	<b>540</b>	<b>561</b>	<b>534</b>	<b>175</b>	<b>-</b>
Amortisation of intangible assets	374	-	111	121	107	35	-
Integration expenses	349	-	183	78	88	-	-
Other operating expenses	1,028	-	295	325	306	102	-
<b>Operating expenses</b>	<b>1,751</b>	<b>-</b>	<b>589</b>	<b>524</b>	<b>501</b>	<b>137</b>	<b>-</b>
Profit before credit loss expenses	59	-	-49	37	33	38	-
Credit loss expenses	36	-	2	15	14	5	-
<b>Profit before tax</b>	<b>23</b>	<b>-</b>	<b>-51</b>	<b>22</b>	<b>19</b>	<b>33</b>	<b>-</b>
Profit before tax in local currency (£)	2	-	-5	2	2	3	-
Loans and advances, end of period	40,497	-	40,497	39,312	37,308	35,529	-
Deposits, end of period	40,501	-	40,501	41,579	39,533	37,711	-
Risk-weighted items [avg.]	35,337	-	38,402	35,551	34,321	33,012	-
Allocated capital [avg.]	2,297	-	2,496	2,311	2,231	2,146	-
Pre-tax profit as % p.a. of allocated capital	1.2	-	-8.2	3.8	3.4	18.5	-
Cost/income ratio, %	96.7	-	109.1	93.4	93.8	78.3	-
Other operating expenses as % of income	56.8	-	54.6	57.9	57.3	58.3	-

2005 comprises the financial results for the period March-December.

- Pre-tax profit in line with expectations
- Increase in lending of 13% measured in local currency
- Integration is progressing according to schedule
- Expectations of high growth also in 2006, although slightly below market growth

The pre-tax profit of banking activities in Northern Ireland for the period March-December 2005 amounted to DKr23m, which was in line with expectations.

In 2005, Northern Ireland saw economic growth in a gradually improving political environment. Northern Bank is one of the leading banks in Northern Ireland.

Total operating expenses of DKr1,751m included amortisation of intangible assets of DKr374m and integration costs of DKr349m.

Credit loss expenses stood at DKr36m, reflecting the high credit quality of the loan portfolio.

Lending amounted to DKr40bn at the end of 2005. Since the acquisition of Northern Bank, lending to retail customers grew 11% and lending to corporate customers increased 15% measured in local currency. Competition, especially in the mortgage finance market, combined with a change in Northern Bank's pricing of lending products, led to a narrowing of interest margins. This narrowing was offset by the growth in lending, however.

Deposits totalled DKr41bn at the end of 2005. In local currency, retail deposits grew 8% and corporate deposits increased 5% since the acquisition.

Northern Bank's market share of retail business was 20%, while its share of corporate business was 33%.

Northern Bank saw a net inflow of retail customers, partly as a result of the launch of a new salary account, Current Account Plus, which offers competitive interest rates and fees as well as the option of an overdraft facility.

Over the year, the bank established a structure consisting of four regions with a finance centre each. The number of branches was unchanged at 95 throughout 2005.

The healthy economic climate in Northern Ireland is expected to continue in 2006. Northern Bank's lending growth is expected to be slightly below market growth in 2006 because the migration to Danske Bank's platform will tie up a considerable share of the bank's resources in the first half of the year in particular.

## Banking Activities Ireland

*Banking Activities Ireland encompasses the banking activities of National Irish Bank, which serves both retail and corporate customers. Banking Activities Ireland has five regions with 59 branches, five finance centres and around 700 employees.*

BANKING ACTIVITIES IRELAND (DKr m)			Q4	Q3	Q2	Q1	Q4
	2005	2004	2005	2005	2005	2005	2004
Net interest income	621	-	193	182	171	75	-
Net fee income	111	-	35	35	31	10	-
Net trading income	6	-	1	-9	14	-	-
Other income	15	-	5	5	3	2	-
Total income	753	-	234	213	219	87	-
Amortisation of intangible assets	85	-	25	26	26	8	-
Integration expenses	204	-	116	52	36	-	-
Other operating expenses	566	-	179	164	172	51	-
Operating expenses	855	-	320	242	234	59	-
Profit before credit loss expenses	-102	-	-86	-29	-15	28	-
Credit loss expenses	4	-	-1	2	3	-	-
Profit before tax	-106	-	-85	-31	-18	28	-
Profit before tax in local currency (€)	-14	-	-11	-5	-2	4	-
Loans and advances, end of period	34,028	-	34,028	30,246	27,245	24,762	-
Deposits, end of period	21,668	-	21,668	20,948	19,153	17,667	-
Risk-weighted items (avg.)	23,920	-	27,902	24,561	22,196	20,937	-
Allocated capital (avg.)	1,555	-	1,814	1,596	1,443	1,361	-
Pre-tax profit as % p.a. of allocated capital	-8.2	-	-18.7	-7.8	-5.0	24.7	-
Cost/income ratio, %	113.5	-	136.8	113.6	106.8	67.8	-
Other operating expenses as % of income	75.2	-	76.5	77.0	78.5	58.6	-

2005 comprises the financial results for the period March-December.

- Pre-tax result in line with expectations
- Increase in lending of 37% measured in local currency
- Integration progressing according to schedule
- Expectations of high growth also in 2006, to match market growth

The pre-tax result of banking activities in the Republic of Ireland for the period March-December 2005 amounted to a loss of DKr106m, which was in line with expectations.

The Republic of Ireland continued to enjoy strong economic growth in 2005, which generated strong demand for loans among both retail and corporate customers. Growth in lending at National Irish Bank outperformed market growth.

Total operating expenses of DKr855m included amortisation of intangible assets of DKr85m and integration costs of DKr204m.

Credit loss expenses stood at DKr4m, reflecting the high credit quality of the loan portfolio.

Lending amounted to DKr34bn at the end of 2005. Since the acquisition of National Irish Bank, lending to retail customers grew 27% and lending to corporate customers increased 45% measured in local currency.

Deposits totalled DKr22bn at the end of 2005. Measured in local currency, retail deposits grew 12% and corporate deposits increased 37% since the acquisition.

Total lending outperformed market growth, reflecting a sharp increase in lending to corporate customers and in mortgages. The increase in lending more than offset the narrowing of margins on both corporate and retail loans resulting from keener competition.

The launch of a mortgage finance product allowing customers to set off credit balances held in other accounts against their mortgage and a change in the price structure of other mortgage finance products contributed to considerable growth in this area.

National Irish Bank's market share of retail business was 3%, while its share of corporate business was 4%.

Over the year, the bank established a structure consisting of five regions with a finance centre each. The number of branches was unchanged at 59 throughout 2005.

The healthy economic climate in the Republic of Ireland is expected to continue in 2006. Lending at National Irish Bank is expected to match market growth in 2006.

## Other Banking Activities

*Other Banking Activities comprises the activities of Nordania and the banking activities carried out in England, the US, Luxembourg, Germany, Poland and Finland.*

OTHER BANKING ACTIVITIES (DKr m)			Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
	2005	2004					
Net interest income	1,013	1,343	207	247	259	300	343
Net fee income	254	410	62	56	64	72	138
Net trading income	273	34	21	20	92	140	13
Other income	1,292	1,124	322	318	328	324	269
Total income	2,832	2,911	612	641	743	836	763
Operating expenses	1,510	1,862	308	390	415	397	725
Profit before credit loss expenses	1,322	1,049	304	251	328	439	38
Credit loss expenses	81	335	-73	-6	177	-17	-147
Profit before tax	1,241	714	377	257	151	456	185
Loans and advances, end of period	55,925	79,670	55,925	53,879	52,369	63,229	79,670
Deposits, end of period	13,089	54,895	13,089	11,275	9,514	61,452	54,895
Risk-weighted items (avg.)	64,822	91,266	55,982	57,179	66,447	80,028	88,350
Allocated capital (avg.)	4,213	5,933	3,639	3,717	4,319	5,202	5,743
Pre-tax profit as % p.a. of allocated capital	29.5	12.0	41.4	27.7	14.0	35.1	12.9
Cost/income ratio, %	53.3	64.0	50.3	60.8	55.9	47.5	95.0

  

PROFIT BEFORE TAX (DKr m)			Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
	2005	2004					
Banking Activities England	188	232	23	-6	57	114	-22
Banking Activities USA	264	-192	47	-2	151	68	-127
Other units	789	674	307	265	-57	274	334
Other Banking Activities	1,241	714	377	257	151	456	185

- Pre-tax profit up 74%
- Gains of DKr120m on sale of loans

The pre-tax profit on other banking activities amounted to DKr1,241m, against DKr714m in 2004. The profit before credit loss expenses increased 26%.

The pre-tax profit on banking activities in England amounted to DKr188m, against DKr232m in 2004. The fall is a natural consequence of the Group's decision to reduce its activities in London. The unit's profit on the sale of loans in the portfolio amounted to around DKr70m.

The pre-tax profit on banking activities in the US amounted to DKr264m, against a loss of DKr192m in 2004. The reduction of lending activities as part of the closure of the branch in New York generated a gain of some DKr50m on the sale of loans and a net positive entry for credit loss expenses of around DKr150m. On December 8, 2005, the Group returned its US banking licence to the local authorities.

The pre-tax profit on other banking activities increased by DKr115m compared with the profit recorded in 2004. All business activities showed positive developments in 2005. The profit before tax at Nordania showed an increase of DKr108m to DKr394m as a result of a favourable trend in business volume.

At the beginning of October 2005, the Danske Bank Group sold HandelsFinans in accordance with its strategy of focusing on conventional banking business. The profit on the sale of just over DKr500m was recognised under the trading income of Danske Markets.

## Mortgage Finance

Mortgage Finance encompasses the Danske Bank Group's mortgage finance and real-estate agency business in Denmark. The division markets its financing solutions through Realkredit Danmark, Danske Bank, BG Bank and "home". Real-estate agency business is carried out through "home", which has 193 offices throughout the country.

MORTGAGE FINANCE (DKr m)	2005	2004	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
Net interest income	3,423	3,062	887	871	848	817	778
Net fee income	83	113	12	2	31	38	39
Net trading income	195	133	46	50	58	41	0
Other income	178	128	42	45	47	44	31
Total income	3,879	3,436	987	968	984	940	848
Operating expenses	1,242	1,232	332	287	316	307	327
Profit before credit loss expenses	2,637	2,204	655	681	668	633	521
Credit loss expenses	-118	-18	-24	-18	-27	-49	-2
Profit before tax	2,755	2,222	679	699	695	682	523
Mortgage loans, end of period	569,092	524,428	569,092	557,717	545,801	531,206	524,428
Risk-weighted items (avg.)	271,182	251,958	276,654	274,042	270,291	263,566	255,133
Allocated capital (avg.)	17,627	16,377	17,983	17,813	17,569	17,132	16,584
Pre-tax profit as % p.a. of allocated capital	15.6	13.6	15.1	15.7	15.8	15.9	12.6
Cost/income ratio, %	32.0	35.9	33.6	29.6	32.1	32.7	38.6

- Pre-tax profit up 24%
- Net positive entry for credit loss expenses
- Growth in lending of 9%
- Improved cost/income ratio
- Expectations of moderate lending activity in 2006 as a result of a decline in remortgaging activity

The pre-tax profit of the Group's mortgage finance activities in Denmark rose by 24% to DKr2,755m, against DKr2,222m in 2004. The profit before credit loss expenses increased 20%.

Lending activity in the Danish mortgage credit market recorded an all-time high in 2005 as a result of low interest rates, increasing property prices and new loan products. Mortgage loans extended by Realkredit Danmark accounted for around one-third of total mortgage lending in Denmark.

Net interest income rose by 12%, reflecting an increase in income from administration margins as a result of the larger loan portfolio and record-high lending activity.

Operating expenses were unchanged. Credit loss expenses amounted to a net entry of DKr118m, against DKr18m in 2004.

Pre-tax profit amounted to 15.6% of allocated capital in 2005, against 13.6% in 2004. In view of the relatively limited risk on mortgage finance, the Group considers the result satisfactory.

Total gross lending in the Danish mortgage credit market rose 71% to DKr748bn in 2005. In the beginning of the year, the strong activity came from the interest rate cap loans launched towards the end of 2004. The decline in interest rates in the first six months of 2005 reinforced customers' interest in refinancing their loans and raising supplementary loans. In the fourth quarter of the year, when both long-term and especially short-term interest rates rose, customers' interest in raising supplementary loans remained very high.

Gross lending by Realkredit Danmark amounted to Dkr224bn in 2005, against Dkr141bn in 2004.

The loan portfolio grew by Dkr45bn to Dkr569bn, and the nominal outstanding bond debt rose by Dkr46bn. The private market accounted for 67% of the portfolio increase during the year and for 62% of the portfolio at the end of the year.

Realkredit Danmark's share of gross lending stood at 29.5% in 2005, against 32.0% in 2004. The market share of the loan portfolio was 33.4% at the end of 2005, against 34.2% at the end of 2004.

FlexLån<sup>®</sup> accounted for 30% of Realkredit Danmark's gross lending in 2005, against 60% in 2004. The declining demand for FlexLån<sup>®</sup> was the result in particular of the fall in interest rates of fixed-rate loans in the first six months of 2005 and the relatively low interest rate level of these loans that prevailed throughout the rest of the year. At the end of the year, FlexLån<sup>®</sup> accounted for 45% of the loan portfolio, against 49% at the beginning of the year. The annual auction of bonds to refinance FlexLån<sup>®</sup> held in December generated a very favourable oversubscription rate.

Fixed-rate loans accounted for 48% of gross lending in 2005, against 31% in 2004. The increase was due to the fall in interest rates in 2005. At the end of the year, fixed-rate loans accounted for 44% of the loan portfolio, against 49% at the beginning of 2005.

FlexGaranti<sup>®</sup> loans accounted for 18% of gross lending in 2005, against 9% in 2004. The increase reflects the fact that FlexGaranti<sup>®</sup> was not launched in the market until November 2004. At the end of 2005, FlexGaranti<sup>®</sup> accounted for 9% of the loan portfolio, against 2% at the beginning of the year.

Realkredit Danmark introduced RD Cibor6<sup>®</sup> loans in the autumn of 2005. The product, which is offered to corporate customers, is a floating-rate bond loan to be refinanced at a later date. The interest rate is fixed every January 1 and July 1 on the basis of the 6-month CIBOR rate. By the end of 2005, Realkredit Danmark had disbursed Cibor6<sup>®</sup> loans worth Dkr9.5bn, or 2% of its loan portfolio.

The aggregate share of all types of interest-only loan accounted for 33% of Realkredit Danmark's portfolio of loans to the private market at the end of 2005. At the beginning of the year, the share was 21%.

The corporate market is a key focus area. At the end of the year, Realkredit Danmark intensified its local presence, and today, in addition to the four corporate centres, mortgage finance offices throughout the country are able to serve most corporate customers.

The strong lending activity is not expected to continue in 2006. In view of the expectations of slightly rising interest rates in Denmark, the refinancing activity generated by changes in rates is expected to be less extensive.

## Danske Markets

Danske Markets is responsible for the Group's activities in the financial markets. Trading activities include trading in fixed-income products, foreign exchange, equities and interest-bearing securities, providing the largest corporate and institutional clients with financial products and advisory services on mergers and acquisitions, and assisting customers in connection with their issue of equity and debt on the international financial markets. Proprietary trading encompasses the Bank's short-term investments. The investment portfolio covers the Bank's strategic fixed-income, foreign exchange, and equity portfolios. Institutional banking includes facilities with international financial institutions outside the Nordic region. Institutional facilities with Nordic financial institutions form part of the Group's banking activities.

DANSKE MARKETS (DKr m)			Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
Total income	5,644	4,546	1,492	1,364	1,439	1,349	1,513
Operating expenses	1,779	1,612	379	490	452	458	433
Profit before credit loss expenses	3,865	2,934	1,113	874	987	891	1,080
Credit loss expenses	-7	-	7	-2	-5	-7	-
Profit before tax	3,872	2,934	1,106	876	992	898	1,080
Loans and advances, end of period	32,807	20,548	32,807	36,265	37,134	25,389	20,548
Risk-weighted items (avg.)	106,261	105,070	110,047	115,991	103,299	95,440	92,384
Allocated capital (avg.)	6,907	6,830	7,153	7,539	6,714	6,204	6,005
Pre-tax profit as % p.a. of allocated capital	56.1	43.0	61.8	46.5	59.1	57.9	71.9
Cost/income ratio, %	31.5	35.5	25.4	35.9	31.4	34.0	28.6

TOTAL INCOME (DKr m)			Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
Trading activities	3,068	2,353	701	917	726	724	603
Proprietary trading	378	488	8	112	107	151	148
Investment portfolio	1,742	1,205	665	219	496	362	646
Institutional banking	456	500	118	116	110	112	116
Total Danske Markets	5,644	4,546	1,492	1,364	1,439	1,349	1,513

- Pre-tax profit up 32%
- A year characterised by high activity in the capital markets
- Improved cost/income ratio
- Income expected to be lower in 2006 due to high one-off income in 2005

The pre-tax profit of Danske Markets rose by 32% to DKr3,872m, against DKr2,934m in 2004.

The satisfactory trend in Danske Markets' activities in the Nordic region continued, and the Group consolidated its shares of these markets. The positive trend was attributable in part to a high customer satisfaction rate.

Income from trading activities amounted to DKr3,068m, up 30% on the income recorded in 2004. In 2005, the Group's Corporate Finance department advised customers on a large number of mergers, acquisitions and capital market transactions.

Income from proprietary trading fell 23% on the extraordinarily favourable result recorded in 2004.

Income from the investment portfolio, which included the profit on the sale of HandelsFians, increased 45%. Moreover, the Group realised a profit on the sale of unlisted shares in companies providing the financial infrastructure in Denmark and shares in property companies. The combined profit amounted to just over DKr850m.

Income from institutional banking remained stable during the year, which is considered satisfactory in view of the closure of the Group's branch in New York.

Operating expenses rose 10% over the level recorded in 2004 primarily as a result of increased expenses for performance-based compensation.

The Danish and euro-zone fixed-income markets were relatively stable in the first three quarters of the year, with moderately declining yields. In the fourth quarter, however, both short- and long-term yields picked up. The increased uncertainty about the developments in interest rates led to a growth in demand for risk mitigating products, including fixed-rate loans to refinance variable-rate loans and instruments to hedge interest rate risk.

In 2005, the foreign exchange markets saw a reversal of recent years' trend towards a weakening of the dollar. The dollar was among the foreign currencies to record the strongest appreciations in 2005. The trend in the foreign exchange markets, as well as in the equity and bond markets, reflected the abundant global liquidity.

The trends in the Nordic equity markets were more or less identical throughout the year, and the most important indices climbed around 25%. In 2005, investors had a considerable and constant appetite for shares. Consequently, both the Group's banking activities and Danske Equities, which serves financial investors and large corporate customers, generated satisfactory trading volumes. The positive trend meant that the total trading volume on the Copenhagen Stock Exchange more than doubled. Danske Equities maintained its position as the leading equity trader in Denmark, with an average market share of 18.6%.

The high activity level at Danske Markets is expected to continue in 2006. However, the strong remortgaging and securities trading activity is unlikely to proceed at the same pace.

## Danske Capital

Danske Capital manages the funds of retail customers and institutional investors and the funds of Danica Pension, Danske Fund, Puljeinvest (pooled investment) and Flexinvest. The division also provides advisory services to Danske Invest and BG Invest. Investment management products are sold to retail and corporate customers through the country organisations and external distributors. Danske Capital serves institutional investors directly.

DANSKE CAPITAL (DKr m)	2005	2004	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
Total income	893	690	307	202	195	189	178
Operating expenses	384	326	115	87	96	86	90
Profit before tax	509	364	192	115	99	103	88
Risk-weighted items (avg.)	149	312	128	85	81	304	84
Allocated capital (avg.)	10	20	8	6	5	20	5
Cost/income ratio, %	43.0	47.2	37.5	43.1	49.2	45.5	50.6
Assets under management (DKr bn)	468	414	468	458	442	423	414

- Pre-tax profit up 40% as a result of substantial income from performance fees
- Significant improvement in income from Danske Capital units outside Denmark
- Improved cost/income ratio
- The positive trend in business expected to continue in 2006

The pre-tax profit at Danske Capital rose by 40% to DKr509m, against DKr364m in 2004.

In 2005, Danske Capital strengthened its position in investment management; Danske Capital maintained its considerable share of the Danish retail market and recorded increasing activity in the other Nordic countries.

The main profit driver was higher income, which rose 29% on the level recorded in 2004. The increase derived primarily from the expanding activities of the non-Danish operations, which saw a rise in income of 43%. Danske Capital Finland in particular contributed to the positive trend. Danske Capital units outside Denmark accounted for 24% of total income in 2005, against 22% last year.

Operating expenses rose by DKr58m to DKr384m, mainly as a result of the rising number of employees, the expansion of activities at non-Danish units and increased expenses for performance-based bonuses.

Sales totalled DKr22.8bn in 2005. One of the most successful events of the year was the introduction of Danske Invest's and BG Invest's mixed funds (*Mix* and *Mix - med sikring*, and *Blandet* and *Blandet - med sikring*). Sales of units in these four funds totalled DKr4.9bn. The two *med sikring* funds, which limit the risk of the investor (after seven years the investors will receive at least the principal amount invested), represented an innovative step in the Danish unit trust market.

Danske Capital's market share of unit trust business targeting Danish retail customers was 35% of total assets at December 31, 2005, against 38% a year earlier. The lower market share for Danske Invest and BG Invest is a result, in part, of Danske Bank's offering a wide range of investments, including unit trust products supplied by unit trusts other than Danske Invest and BG Invest.

Sales of investment solutions outside Denmark in the amount of DKr9.2bn were satisfactory. To further strengthen international sales, the Group now markets these unit trust solutions under the brand name of Danske Fund (until October 2005, products were marketed under the name of Firstnordic).

Danske Capital achieved good investment results in 2005. The positive trend reflected the Group's increased focus on its principal markets and the outsourcing of products related to remote markets. In the fixed-income market, the return on credit bonds outperformed benchmark returns. In equities, Nordic, European and Eastern European equities in particular delivered above-benchmark returns. Performance fees totalled DKr97m in 2005, against DKr5m in 2004.

At October 1, 2005, Danske Capital Norway acquired Fondsfinans Aktiv Forvaltning ASA, a Norwegian investment manager of assets worth Nkr2.2bn. The acquisition is part of Danske Capital's strategy to become a leading investment manager in the Nordic region.

Danske Capital expects the positive trend in its business to continue in 2006. The strengthening of the international platform is expected to continue, whereas activities in Denmark are likely to develop more moderately.

## Danica Pension

*Danica encompasses all the Danske Bank Group's activities in the life insurance and pensions market. Marketed under the name of Danica Pension, the unit targets both personal and corporate customers. Products are marketed through a range of distribution channels within the Group, primarily Banking Activities' outlets and Danica Pension's insurance brokers and advisers.*

DANICA PENSION (DKr m)			Q4	Q3	Q2	Q1	Q4
	2005	2004	2005	2005	2005	2005	2004
0.5% of technical provisions	856	776	223	219	209	205	198
30% of risk, cost, health and accident results	197	150	-4	72	69	60	48
Total risk allowance	1,053	926	219	291	278	265	246
Net return on allocated capital	116	125	34	26	25	31	34
Unit-linked business	139	92	-7	50	64	32	26
Health care business, etc.	101	43	38	28	24	11	10
Transferred to life insurance customers owing to negative health and accident results	-173	-	-173	-	-	-	-
Change in shadow account balance	441	445	441	-	-	-	445
Net income from insurance business	1,677	1,631	552	395	391	339	761
Technical provisions, incl. unit-linked business	214,190	192,259	214,190	210,805	205,946	196,089	192,259
Allocated capital (avg.)	7,971	7,135	8,184	8,107	8,004	7,588	7,234
Net income as % p.a. of allocated capital	21.0	22.9	27.0	19.5	19.5	17.9	42.1

- Increase in net income of 3%
- Return on investment of customer funds of 12.6%, against 10.3% in 2004
- New consolidation policy in 2006
- Positive trend in business expected in 2006, but lower income in part owing to the new accounting rules

Net income from insurance business rose 3% from DKr1,631m in 2004 to DKr1,677m in 2005. The gain derived mainly from increasing business volume in the unit-linked segment and improved cost management, while health and accident business continued to show a negative trend.

In 2005, Danica Pension strengthened its position as the leading supplier of life and pension products on the Danish market.

The risk allowance was DKr1,053m, or 0.61% of technical provisions, against DKr926m in 2004. The rise was the result of increasing business volume and lower expenses. The health and accident business remained unsatisfactory. The deficit rose by DKr17m to DKr247m. Of that amount 30%, or DKr74m, was set off against the risk allowance. The remaining 70%, or DKr173m, was charged to the income statement and consequently credited to the life insurance customers of Danica Pension, since the current rules provide that the result of the health and accident business may not have a negative effect on the pension savings of the life insurance customers over time.

The return on investments for the year made it possible to book as income the remaining risk allowance of DKr441m from previous years.

Gross premiums, including payments on investment contracts, amounted to DKr16.9bn, against DKr14.7bn in 2004. The increase of 15% was satisfactory.

In May 2005, Danica launched a new life-cycle product, *Danica Balance*. It combines the security of conventional products with the advantages found in unit-linked policies.

Total premiums for the market-based products *Danica Link* and *Danica Balance* rose by 72% to DKr3.2bn, against DKr1.8bn in 2004. In 2005, market-based products accounted for 85% of the total net growth in the insurance portfolio, against 50% in 2004. Some 48,000 customers have already opted for the market-based products.

In Sweden, where unit-linked products are sold through Danske Bank Sweden and brokers, growth in business volume was good. In its efforts to enhance administrative efficiency, Danica developed a new administrative platform for business customers accessible to both employers and Danica. The company received premium income of Dkr1,284m, against Dkr658m in 2004.

Danica's activities in Norway developed according to plan. Danica wrote 8% of new unit-linked policies, and its total premium income amounted to Dkr561m. Danica achieved a profit before tax of Dkr47m on its operations in Norway. Norway has passed legislation making company pension schemes compulsory beginning in 2006. Danica is strengthening its sales organisation to service this market.

Danica has decided to build on the administrative platform for its Danish insurance system when expanding its activities outside Denmark. This work was implemented at the end of 2005 and will continue throughout 2006.

Operating expenses relating to insurance amounted to Dkr1,111m, nearly the same as in 2004. The expense ratio fell from 8.2% in 2004 to 7.1% in 2005.

Danica Pension posted a return on investments of customer funds of 12.6% in 2005, against 10.3% in 2004. Given the market conditions and the chosen risk profile, the return was satisfactory. Danica Pension has decided gradually to increase the portion of customer funds invested in equities. The plan is to raise the equity share to 20%-25%.

The collective bonus potential amounted to Dkr11.4bn at the end of 2005. A 30% fall in equity prices would reduce the collective bonus potential by about Dkr7.7bn. An increase in interest rates of 1.0 percentage point would reduce the collective bonus potential by around Dkr2.7bn.

Considering the return on investments in 2005 and the expectations for future returns, Danica Pension has fixed the rate of interest on policyholders' savings at 4.5%. Danica Pension intends to apply this rate throughout 2006.

Most customers with unit-linked contracts continued to achieve a higher return than customers with conventional products in 2005. The majority of customers with unit-linked contracts chose the Danica-managed investment pool with a medium risk profile and achieved a return of 21.7%, against 8.7% in 2004. *Danica Balance* customers with a 75% equity share under the medium equity risk option saw a return of 14.3% from the launch of the product in May to December 31.

Danica Pension changed its consolidation policy beginning in 2006. As a result of the change, the risk allowance, including the total result of the health and accident business, is expected to be reduced from 0.61% of the technical provisions in 2005 to about 0.5% in 2006.

Also beginning in 2006, new accounting rules for the calculation of the present value of the future administrative result have been adopted to ensure that provisions in certain cases, as a minimum, equal the surrender value of the policies. For Danica, this means that, at the beginning of 2006, the provisions for unit-linked contracts will be increased by up to Dkr0.6bn, deferred tax will be reduced by Dkr0.2bn, and shareholders' equity will be reduced by up to Dkr0.4bn. If the financial statements for 2005 were presented according to the new accounting rules, the profit would have been reduced by Dkr131m.

The net profit for Danica includes the return on a pool of assets equal to the company's shareholders' equity. As a result of the long-term investment strategy, this pool will, more accurately, reflect the asset composition of customers' funds and will therefore have a higher equity ratio than before. Consequently, the return will, to a greater extent than before, depend on developments in the financial markets.

## Net profit broken down by quarter – Danske Bank Group

NET PROFIT FOR THE PERIOD (DKr m)	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
Net interest income	4,432	4,462	4,270	4,002	3,739
Net fee income	2,004	1,880	1,812	1,592	1,581
Net trading income	1,616	1,511	1,732	1,645	1,607
Other income	599	577	588	492	823
Net income from insurance business	552	395	391	339	761
Total income	9,203	8,825	8,793	8,070	8,511
Operating expenses	4,960	4,580	4,700	3,958	4,370
Profit before credit loss expenses	4,243	4,245	4,093	4,112	4,141
Credit loss expenses	-808	-63	-99	-126	-75
Profit before tax	5,051	4,308	4,192	4,238	4,216
Tax	1,291	1,300	1,146	1,230	1,172
Net profit for the period	3,760	3,008	3,046	3,008	3,044
Attributable to minority interests	1	3	-9	9	8
<b>BALANCE SHEET</b>					
(DKr m)					
Bank loans and advances	829,603	824,661	766,921	738,880	615,238
Mortgage loans	569,092	557,717	545,801	531,206	524,428
Trading portfolio assets	444,521	456,773	555,310	468,076	422,547
Investment securities	28,712	51,262	39,051	34,555	31,505
Assets under insurance contracts	188,342	192,449	185,610	169,984	163,205
Other assets	371,775	316,028	340,593	328,454	295,584
Total assets	2,432,045	2,398,890	2,433,286	2,271,155	2,052,507
Due to credit institutions and central banks	476,363	485,209	511,431	457,525	353,369
Deposits	631,184	583,732	603,476	569,271	487,863
Issued mortgage bonds	438,675	438,451	434,358	465,460	432,399
Trading portfolio liabilities	212,042	243,854	262,772	195,414	215,807
Liabilities under insurance contracts	211,834	211,384	207,132	193,194	191,149
Other liabilities	343,600	319,917	304,221	284,816	271,249
Subordinated debt	43,837	45,522	41,888	40,462	33,698
Shareholders' equity	74,510	70,821	68,008	65,013	66,973
Total liabilities and equity	2,432,045	2,398,890	2,433,286	2,271,155	2,052,507
<b>RATIOS AND KEY FIGURES</b>					
Net profit for the period per share, DKr	6.0	4.8	4.9	4.8	4.8
Diluted net profit for the period per share, DKr	6.0	4.8	4.9	4.8	4.8
Net profit for the period as % p.a. of average shareholders' equity	20.7	17.3	18.3	17.8	18.4
Cost/income ratio, %	53.9	51.9	53.5	49.0	51.3
Solvency ratio, excl. net profit for the period, %*	10.3	9.4	9.1	9.7	10.2
Core (tier 1) capital ratio, excl. net profit for the period and hybrid core capital, %*	7.3	6.5	6.5	6.8	7.7
Risk-weighted items, end of period, DKr bn	944	933	927	884	808
Share price, end of period, DKr	221.2	190.1	185.3	165.7	167.5
Book value per share, DKr	118.9	113.0	108.3	103.6	106.7
Full-time-equivalent staff, end of period	19,128	19,215	18,900	18,885	16,235

\*Q4 2004 and Q4 2005 include net profit for the year

## Income statement – Danske Bank Group

(DKr m)	2005	2004
Interest income	88,904	68,666
Interest expense	60,111	42,828
Net interest income	28,793	25,838
Fee income	9,158	7,596
Fee expenses	2,120	1,811
Net trading income	16,870	9,310
Other income	3,776	3,253
Net premiums	15,252	13,617
Net insurance benefits	36,796	28,414
Income from associated undertakings	347	411
Profit on sale of associated and subsidiary undertakings	545	349
Staff costs and administrative expenses	17,030	15,018
Amortisation and depreciation	2,102	1,337
Credit loss expenses	-1,096	759
Profit before tax	17,789	13,035
Tax	4,967	3,718
Net profit for the year	12,822	9,317
Portion attributable to:		
Shareholders of the Parent Company	12,818	9,289
Minority interests	4	28
Net profit for the year	12,822	9,317
Net profit for the year per share, DKr	20.4	14.4
Diluted net profit for the year per share, DKr	20.4	14.4
Proposed dividend per share, DKr	10.00	7.85

## Balance sheet – Danske Bank Group

(DKr m)	2005	2004
<b>ASSETS</b>		
Cash in hand and demand deposits with central banks	13,881	7,741
Due from credit institutions and central banks	274,918	230,690
Trading portfolio assets	444,521	422,547
Financial investment securities	28,712	31,505
Bank loans and advances	829,603	615,238
Mortgage loans	569,092	524,428
Assets under pooled schemes and unit-linked investment contracts	35,676	29,207
Assets under insurance contracts	188,342	163,205
Holdings in associated undertakings	1,044	1,308
Intangible assets	7,626	447
Investment property	3,626	4,463
Tangible assets	7,248	6,468
Current tax assets	116	132
Deferred tax assets	506	488
Other assets	27,134	14,640
<b>Total assets</b>	<b>2,432,045</b>	<b>2,052,507</b>
<b>LIABILITIES</b>		
Due to credit institutions and central banks	476,363	353,369
Deposits	631,184	487,863
Trading portfolio liabilities	212,042	215,807
Issued mortgage bonds	438,675	432,399
Deposits under pooled schemes and unit-linked investment contracts	42,287	35,944
Liabilities under insurance contracts	211,834	191,149
Other issued bonds	251,099	190,255
Current tax liabilities	621	2,047
Deferred tax liabilities	1,711	563
Other liabilities	47,882	42,440
Subordinated debt	43,837	33,698
<b>Total liabilities</b>	<b>2,357,535</b>	<b>1,985,534</b>
<b>SHAREHOLDERS' EQUITY</b>		
Shareholders of the Parent Company	74,463	66,706
Minority interests	47	267
<b>Total shareholders' equity</b>	<b>74,510</b>	<b>66,973</b>
<b>Total liabilities and equity</b>	<b>2,432,045</b>	<b>2,052,507</b>

# Capital – Danske Bank Group

(DKr m)

Capital	Shareholders of the Parent Company						
	Share capital	Foreign currency translation reserve	Proposed dividends	Profit brought forward	Total	Minority interests	Total
Shareholders' equity at January 1, 2005	6,723	-32	5,010	55,005	66,706	267	66,973
Translation of foreign units	-	706	-	-	706	-	706
Foreign unit hedges	-	-686	-	-	-686	-	-686
Tax on entries on shareholders' equity	-	-	-	-94	-94	-	-94
Net gains not recognised in the income statement	-	20	-	-94	-74	-	-74
Net profit for the year	-	-	-	12,818	12,818	4	12,822
Total income	-	20	-	12,724	12,744	4	12,748
Capital reduction	-340	-	-	340	-	-	-
Dividends paid	-	-	-5,010	81	-4,929	-	-4,929
Proposed dividends	-	-	6,383	-6,383	-	-	-
Acquisition of own shares	-	-	-	-15,897	-15,897	-	-15,897
Sale of own shares	-	-	-	15,617	15,617	-	15,617
Share-based payment	-	-	-	104	104	-	104
Employee shares	-	-	-	118	118	-	118
Adjustment of minority interests	-	-	-	-	-	-224	-224
Shareholders' equity at December 31, 2005	6,383	-12	6,383	61,709	74,463	47	74,510

The Board of Directors is proposing that the annual general meeting, to be held on March 14, 2006, approve a dividend of DKr10.00 per share for the financial year 2005.

Shareholders' equity at January 1, 2004	7,117	-	4,403	55,498	67,018	256	67,274
Translation of foreign units	-	105	-	-	105	-	105
Foreign unit hedges	-	-137	-	-	-137	-	-137
Value adjustment of domicile property	-	-	-	4	4	-	4
Tax on entries on shareholders' equity	-	-	-	-78	-78	-	-78
Net gains not recognised in the income statement	-	-32	-	-74	-106	-	-106
Net profit for the year	-	-	-	9,289	9,289	28	9,317
Total income	-	-32	-	9,215	9,183	28	9,211
Capital reduction	-394	-	-	394	-	-	-
Dividends paid	-	-	-4,403	71	-4,332	-	-4,332
Proposed dividends	-	-	5,010	-5,010	-	-	-
Acquisition of own shares	-	-	-	-17,916	-17,916	-	-17,916
Sale of own shares	-	-	-	12,710	12,710	-	12,710
Share-based payment	-	-	-	49	49	-	49
Adjustment of minority interests	-	-	-	-	-	-17	-17
Other adjustments	-	-	-	16	16	-	16
Shareholders' equity at December 31, 2004	6,723	-32	5,010	55,027	66,728	267	66,995
Change of method for impairment of loans and advances in accordance with accounting policies	-	-	-	-22	-22	-	-22
Adjusted shareholders' equity at December 31, 2004	6,723	-32	5,010	55,005	66,706	267	66,973

The annual general meeting held on March 15, 2005, adopted a dividend of DKr7.85 for the financial year 2004.

## Capital – Danske Bank Group

(DKr m)	2005	2004
Shareholders' equity	74,510	60,806
Proposed dividends	-6,383	-
Minority interests	2,992	2
Own shares	-	-1,396
Intangible assets, banking business	-7,740	-351
Other	-641	-643
<b>Core capital less statutory deductions</b>	<b>62,738</b>	<b>58,418</b>
Hybrid core capital	6,376	4,101
<b>Core capital, including hybrid core capital, less statutory deductions</b>	<b>69,114</b>	<b>62,519</b>
Subordinated debt, excluding hybrid core capital	35,953	27,953
Revaluation of real property	664	25
Statutory deduction for insurance subsidiaries	-8,254	-7,622
Other deductions	-37	-135
<b>Capital base less statutory deductions</b>	<b>97,440</b>	<b>82,740</b>
Risk-weighted items		
not included in trading portfolio	882,222	757,491
with market risk in trading portfolio	61,941	50,838
<b>Total risk-weighted items</b>	<b>944,163</b>	<b>808,329</b>
Core (tier 1) capital ratio, %	6.65	7.23
Core (tier 1) capital ratio, including hybrid core capital, %	7.32	7.73
Solvency ratio, %	10.32	10.24

Minority interests in 2005 include the Group's share of special reserves in associated undertakings that, under the Danish Financial Business Act, are consolidated on a pro rata basis in the calculation of the capital base.

Capital base and solvency ratio for 2004 are calculated in accordance with the rules in force at that time.

## Cash flow statement – Danske Bank Group

(DKr m)	2005	2004
<b>Cash flow from operations</b>		
Net profit for the year	12,822	9,317
Adjustment for non-liquid items in the income statement		
Adjustment of income from associated undertakings	-347	-411
Amortisation of intangible assets	640	63
Depreciation of property and equipment	1,339	1,225
Credit loss expenses	-1,096	759
Adjustment for tax paid	-204	903
Other non-cash items	-4,868	1,441
<b>Total</b>	<b>8,286</b>	<b>13,297</b>
<b>Cash flow from operating capital</b>		
Cash in hand and demand deposits with central banks	109,626	62,588
Trading portfolio	-22,671	-53,521
Other financial instruments at fair value	2,793	67,208
Bank loans and advances	-153,082	-80,170
Mortgage loans	-46,327	-19,062
Deposits	87,840	34,632
Issued mortgage bonds	6,276	35,859
Assets/liabilities under insurance contracts	-4,452	-3,801
Other assets/liabilities	58,122	23,841
<b>Cash flow from operations</b>	<b>46,411</b>	<b>80,871</b>
<b>Cash flow from investing activities</b>		
Acquisition of subsidiaries and other business units	-10,964	-
Sale of subsidiaries and other business units	545	349
Acquisition/sale of own shares	-57	-157
Acquisition of intangible assets	-459	-446
Acquisition of tangible assets	-2,738	-1,529
Sale of tangible assets	1,258	760
<b>Cash flow from investing activities</b>	<b>-12,415</b>	<b>-1,023</b>
<b>Cash flow from financing activities</b>		
Changes in subordinated debt and hybrid core capital	8,352	816
Dividends	-4,929	-4,332
Buyback of own shares	-	-5,000
Change in minority interests	220	-11
<b>Cash flow from financing activities</b>	<b>3,643</b>	<b>-8,527</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>234,830</b>	<b>163,509</b>
Change in cash and cash equivalents	37,639	71,321
<b>Cash and cash equivalents, end of year</b>	<b>272,469</b>	<b>234,830</b>
<b>Cash and cash equivalents, end of year</b>		
Cash in hand and demand deposits with central banks	13,881	7,741
Deposits with credit institutions and central banks with terms shorter than 3 months	258,588	227,089
<b>Total</b>	<b>272,469</b>	<b>234,830</b>

Cash and cash equivalents of acquired businesses amounted to DKr12.5bn in 2005 (2004: DKr0bn). Cash and cash equivalents of divested businesses amounted to DKr0bn (2004: DKr0bn).

## Segment reporting – Danske Bank Group

(DKr m)

### Business segments 2005

	Banking Activities	Mortgage Finance	Danske Markets	Danske Capital	Danica Pension	Others	Total	Reclassi- fication	Highlights
Interest income	30,363	25,505	51,464	123	6,368	-24,919	88,904	-54,912	33,992
Interest expense	15,783	22,082	46,299	115	116	-24,284	60,111	-43,285	16,826
Net interest income	14,580	3,423	5,165	8	6,252	-635	28,793	-11,627	17,166
Net fee income	6,316	83	440	922	-690	-33	7,038	250	7,288
Net trading income	1,007	195	-866	-36	17,082	-512	16,870	-10,366	6,504
Other income	1,485	178	142	-	1,396	575	3,776	-1,520	2,256
Net premiums	-	-	-	-	15,252	-	15,252	-15,252	-
Net insurance benefits	-	-	-	-	36,796	-	36,796	-36,796	-
Income from equity investments	-	-	763	-1	115	15	892	-892	-
Net income from insurance business	-	-	-	-	-	-	-	1,677	1,677
Total income	23,388	3,879	5,644	893	2,611	-590	35,825	-934	34,891
Operating expenses	14,264	1,242	1,779	384	934	529	19,132	-934	18,198
Credit loss expenses	-971	-118	-7	-	-	-	-1,096	-	-1,096
Profit before tax	10,095	2,755	3,872	509	1,677	-1,119	17,789	-	17,789
Loans and advances, excluding reverse transactions	589,201	569,648	32,799	15	-	-2,700	1,188,963	-	1,188,963
Other assets	219,202	55,786	1,894,797	1,162	219,126	-1,146,991	1,243,082	-	1,243,082
Total assets	808,403	625,434	1,927,596	1,177	219,126	-1,149,691	2,432,045	-	2,432,045
Deposits, excluding repo deposits	405,007	-	128,039	126	-	9	533,181	-	533,181
Other liabilities	369,830	607,807	1,792,650	1,041	211,155	-1,158,129	1,824,354	-	1,824,354
Allocated capital	33,566	17,627	6,907	10	7,971	8,429	74,510	-	74,510
Total liabilities	808,403	625,434	1,927,596	1,177	219,126	-1,149,691	2,432,045	-	2,432,045
Internal interest income	4,746	695	13,008	14	1,247	-19,710	-	-	-
Capital expenditure	8,981	4	-	8	11	1,429	10,433	-	10,433
Non-cash operating items	-960	4,815	1,581	55	-300	-859	4,332	-	4,332
Amortisation and depreciation	1,586	7	2	1	-	506	2,102	-	2,102
Impairment charges	1	3	-	-	-	3	7	-	7
Reversal of impairment charges	-	-	-	-	-	36	36	-	36
Profit before tax as % of allocated capital (avg.)	30.1	15.6	56.1	5,090.0	21.0	-	23.9	-	23.9
Cost/income ratio, %	61.0	32.0	31.5	43.0	35.8	-	53.4	-	52.2
Risk-weighted items (avg.)	516,399	271,182	106,261	149	-	15,395	909,386	-	909,386
Full-time-equivalent staff (avg.)	11,239	751	621	212	825	4,928	18,576	-	18,576

In the financial highlights of the Group, the profit contributed by Danske Markets is recognised as net trading income, whereas the profit contributed by Danica Pension is recognised as net income from insurance business. The reclassification column shows the aggregate profit contributions of both business areas.

## Segment reporting – Danske Bank Group

(DKr m)

### Business segments 2004

	Banking Activities	Mortgage Finance	Danske Markets	Danske Capital	Danica Pension	Other	Total	Reclassi- fication	Highlights
Interest income	25,958	25,394	32,640	57	6,618	-22,001	68,666	-35,243	33,423
Interest expense	13,736	22,332	28,373	50	54	-21,717	42,828	-24,157	18,671
Net interest income	12,222	3,062	4,267	7	6,564	-284	25,838	-11,086	14,752
Net fee income	5,103	113	470	702	-571	-32	5,785	113	5,898
Net trading income	632	133	-1,011	-19	10,253	-678	9,310	-4,433	4,877
Other income	1,229	128	134	-	1,089	673	3,253	-1,224	2,029
Net premiums	-	-	-	-	13,617	-	13,617	-13,617	-
Net insurance benefits	-	-	-	-	28,414	-	28,414	-28,414	-
Income from equity investments	5	-	686	-	55	14	760	-760	-
Net income from insurance business	-	-	-	-	-	-	-	1,631	1,631
Total income	19,191	3,436	4,546	690	2,593	-307	30,149	-962	29,187
Operating expenses	11,771	1,232	1,612	326	962	452	16,355	-962	15,393
Credit loss expenses	777	-18	-	-	-	-	759	-	759
Profit before tax	6,643	2,222	2,934	364	1,631	-759	13,035	-	13,035
Loans and advances, excluding reverse transactions	448,426	525,072	20,548	556	-	-10	994,592	-	994,592
Other assets	279,409	51,074	1,422,258	1,025	196,608	-892,459	1,057,915	-	1,057,915
Total assets	727,835	576,146	1,442,806	1,581	196,608	-892,469	2,052,507	-	2,052,507
Deposits, excluding repo deposits	341,216	-	94,359	194	-	-262	435,507	-	435,507
Other liabilities	359,035	559,769	1,341,617	1,367	189,473	-901,234	1,550,027	-	1,550,027
Allocated capital	27,584	16,377	6,830	20	7,135	9,027	66,973	-	66,973
Total liabilities	727,835	576,146	1,442,806	1,581	196,608	-892,469	2,052,507	-	2,052,507
Internal interest income	4,615	347	13,791	12	1,638	-20,403	-	-	-
Capital expenditure	1,193	3	-	-	105	531	1,832	-	1,832
Non-cash operating items	-1,814	-1,790	228	32	-14	281	-3,077	-	-3,077
Amortisation and depreciation	839	4	1	-	-	493	1,337	-	1,337
Impairment charges	1	-	-	-	-	23	24	-	24
Reversal of impairment charges	-	-	-	-	-	-	-	-	-
Profit before tax as % of allocated capital (avg.)	24.1	13.6	43.0	1,820.0	22.9	-	19.5	-	19.5
Cost/income ratio, %	61.3	35.9	35.5	47.2	37.1	-	54.2	-	52.7
Risk-weighted items (avg.)	424,369	251,958	105,070	312	-	11,345	793,054	-	793,054
Full-time-equivalent staff (avg.)	8,887	919	607	192	836	5,138	16,579	-	16,579

In the financial highlights of the Group, the profit contributed by Danske Markets is recognised as net trading income, whereas the profit contributed by Danica Pension is recognised as net income from insurance business. The reclassification column shows the aggregate profit contributions of both business areas.

## Effect of the transition to IFRS – Danske Bank Group

EFFECT ON THE NET PROFIT FOR THE PERIOD (DKr m)	Q4 2004	Q3 2004	Q2 2004	Q1 2004	Full year 2004
Profit under 2004 practice	3,679	2,456	1,983	2,440	10,558
Impairment write-downs of loans and advances	-353	-265	-165	-14	-797
Origination fees	-8	-9	-8	-9	-34
Staff commitments	-36	79	44	-84	3
Pension commitments	-79	-14	4	-1	-90
Elimination of own shares	-110	-141	-83	-53	-387
Share-based payment	55	48	15	-3	115
Properties	-104	-13	-70	-47	-234
Leasehold improvements	-12	-12	-11	-12	-47
Reserves subject to a reimbursement obligation	-52	-1	-8	-2	-63
Outstanding claims provisions, insurance contracts	-3	-	-	-	-3
Unit-linked schemes	-9	-3	-2	-4	-18
Hedge accounting, operating leases	-29	-31	68	-43	-35
Foreign currency translation	27	7	3	-5	32
Minority interests	8	2	9	9	28
Deferred tax	-66	-	-	-	-66
Other tax effect	136	110	43	66	355
<b>Total change</b>	<b>-635</b>	<b>-243</b>	<b>-161</b>	<b>-202</b>	<b>-1,241</b>
<b>Net profit for the period</b>	<b>3,044</b>	<b>2,213</b>	<b>1,822</b>	<b>2,238</b>	<b>9,317</b>

CHANGES IN SHAREHOLDERS' EQUITY (DKr m)	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	March 31, 2004	Jan. 1, 2004
Shareholders' equity under 2004 practice	60,806	63,354	62,181	61,995	60,253
Dividends	5,010	-	-	-	4,403
Shareholders' equity under adjusted 2004 practice	65,816	63,354	62,181	61,995	64,656
Impairment write-downs of loans and advances	4,654	5,007	5,272	5,437	5,451
Origination fees	-449	-441	-432	-424	-415
Staff commitments	-395	-359	-438	-482	-398
Pension commitments	-303	-224	-210	-214	-213
Elimination of own shares	-1,762	-1,654	-1,701	-1,620	-1,241
Share-based payment	296	193	145	130	133
Properties	248	340	353	423	470
Leasehold improvements	128	140	152	163	175
Reserves subject to a reimbursement obligation	83	135	136	144	146
Outstanding claims provisions, insurance contracts	-30	-27	-27	-27	-27
Unit-linked schemes	-42	-33	-30	-28	-24
Hedge accounting, operating leases	-175	-146	-115	-183	-140
Foreign currency translation	-	-	-	-	-
Minority interests	267	267	269	263	256
Deferred tax	-297	-231	-231	-231	-231
Other tax effect	-1,044	-1,188	-1,256	-1,274	-1,324
<b>Total change</b>	<b>1,179</b>	<b>1,779</b>	<b>1,887</b>	<b>2,077</b>	<b>2,618</b>
Shareholders' equity	66,995	65,133	64,068	64,072	67,274
Adjustment of method for impairment of loans and advances in accordance with accounting policies	-22	-	-	-	-
Adjusted IFRS practice	66,973	65,133	64,068	64,072	67,274

## Additional information

### Press conference and conference call

Danske Bank will hold a press conference and a conference call upon the presentation of its annual report on Thursday, February 9, 2006. The press conference is scheduled for 2.00pm, CET and the conference call for 5.00pm CET. Both conferences are transmitted live at [www.danskebank.com](http://www.danskebank.com)

### Annual general meeting

The annual general meeting of Danske Bank will be held on Tuesday, March 14, 2006, at 2.00pm, at the Tivoli Concert Hall in Copenhagen. The Bank plans to transmit the report of the chairman of the board of directors live at [www.danskebank.com](http://www.danskebank.com).

The Board of Directors is proposing that the annual general meeting approve a dividend of Dkr10.00 per share, corresponding to a total dividend payment of Dkr6,383m. For the 2004 accounting year, Danske Bank paid a dividend totalling Dkr5,010m.

### Financial calendar

Danske Bank has planned the announcement of financial reports for 2006 to take place on the following dates:

First-quarter Report:	May 2, 2006
Interim Report:	August 10, 2006
Nine-month Report:	October 31, 2006

The Annual Report for 2005 is available on Danske Bank's Web site at [www.danskebank.com](http://www.danskebank.com). The printed version will be available in mid-February.

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### Relevant links

[www.danskebank.com/ir](http://www.danskebank.com/ir)  
[www.bgbank.dk](http://www.bgbank.dk)  
[www.fokus.no](http://www.fokus.no)  
[www.danskebank.se](http://www.danskebank.se)  
[www.nbonline.co.uk](http://www.nbonline.co.uk)  
[www.nib.ie](http://www.nib.ie)  
[www.rd.dk](http://www.rd.dk)  
[www.danicapension.dk](http://www.danicapension.dk)