

Conference call speech & transcript

Annual Report 2005

February 9, 2006



Investor Relations

Danske Bank

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SPEECH

Peter Straarup - Danske Bank - CEO

Thank you, operator.

Welcome, and thank you for taking the time to attend this presentation of our financial results for 2005.

At my side is CFO Tonny Thierry Andersen. We will divide up the presentation between us today.

Head of Investor Relations Martin Gottlob is also here, and he will answer the questions asked through our Web site.

Please go to slide number 2.

I will start by commenting on the Group's performance highlights, then guide you through our general business trends and our outlook for the year. Afterwards, Tonny will give you further details on the performance of the individual business units, including an update on the integration of our two new banks.

Both of us will of course be available for questions after the presentation.

Please go to slide number 3.

2005 was a good year for the Danske Bank Group.

Not only because our net profit was the highest in the Group's history, but also because we invested in future growth. This was our biggest expansion year since the merger with Realdanmark in 2000.

Our net profit for 2005 was 12.8 billion kroner. That represents an increase of 38 per cent over the result for 2004 - which is better than we had expected at the beginning of the year and also after the third quarter.

Our good performance was owing first of all to strong economic activity in the Group's core markets of Denmark, Sweden, Norway, Northern Ireland and the Republic of Ireland. Macroeconomic conditions in these particular countries were more favourable than in the EU generally, and this led to an increased demand for our products and services.

Securities trading and mortgage refinancing were the largest individual contributors to our earnings growth. There was great demand for these services from retail customers in both 2004 and 2005, and the pace held up throughout the year. Activity in the corporate sector also increased over the level in 2004, and it appears that this trend will continue into 2006.

Finally, to be fair, we must note that the result also reflects a number of one-off revenue items as well as extraordinary income from a net reversal of credit loss expenses. But even with these adjustments, I would call our financial results quite solid.

Although the acquisition of the banks in Ireland and Northern Ireland of course contributed to our total income growth of 20 per cent, the advance came across the board, with most of our business units exceeding expectations. If I had to name an area whose performance was not fully satisfactory, it would be the health and accident insurance business at Danica Pension, where rising claims continued to hamper the result.

But that does not change the fact that the Group experienced substantial growth that can be seen in all the key figures. The return on equity rose from 13.9 per cent to 18.5 per cent, and earnings per share climbed 42 per cent.

Please go to slide number 4.

Danske Bank's net interest income rose 16 per cent over the level in 2004. The increase was driven by organic growth as well as our acquisition of the banks in Ireland and Northern Ireland.

The quarterly breakdown in net interest income shows a solid upward trend, but when you compare it with the trend in nominal lending growth, you can easily see the heavy margin pressure.

This pressure was owing both to changes in the product mix because of a higher volume of low-risk property financing products and to a continuation of intense price competition.

Lending volume rose sharply, at nearly double the market rate in Sweden and Norway. Although we have not yet implemented our shared IT platform at Northern Bank and National Irish Bank, we are pleased that growth at our new banks also slightly exceeded the market average.

Please go to slide number 5.

Net fee income rose 24 per cent. The broad-based increase was driven by record-high securities trading volume and remortgaging activity as well as the addition of business in Ireland and Northern Ireland. That can be seen clearly in the growth of securities and custody commissions.

Fee income rose sharply in Norway and generally grew much faster at the units outside of Denmark than in Denmark, where it increased 15 per cent.

Please go to slide number 6.

Trading income was much better than we had estimated at the beginning of the year. We had expected a decline from the level in 2004, but the item rose 34 per cent. Net trading income includes a number of one-off gains from sales of assets, for example some 500 million from the divestment of HandelsFinans.

But excluding one-off revenues, we still saw growing earnings from customer-driven activities, underpinned by Danske Markets' dominant market position.

The return on the Bank's own investment portfolio reflects a strong stock market throughout the year and falling interest rates in the first six months.

Please go to slide number 7.

The Group's total expenses increased 18 per cent. The main reason for the rise was of course the consolidation of Northern Bank and National Irish. Besides the operational costs at the two banks, we booked 554 million in integration charges and 459 million for the amortisation of intangible assets.

In addition, we have decided to let our staff benefit from our especially good results by distributing employee shares worth a total of 118 million.

If you look at our underlying cost base in the table at the bottom of the slide, the rise of only 1 per cent despite our expansion in Sweden and Norway shows that cost control still takes priority at Danske Bank – if anyone is in doubt about that.

Please go to slide number 8.

The underlying credit quality in our banking and mortgage finance business remains very good. The combination of high quality in our credit portfolio and favourable macroeconomic conditions produced a singular result: a positive entry for credit loss expenses. Of course this trend cannot continue indefinitely.

Our Danish business was the main contributor to the net reversal of credit loss expenses in 2005. There was also a small gain on the sale of our portfolio in the US.

Our expected average annual loss over a business cycle has declined in recent years because of both the healthy macroeconomic climate and the composition of our loan portfolio. On the basis of our portfolio at the end of 2005 the figure is unchanged 14 basis points compared with the end of 2004.

Please go to slide number 9.

At the end of 2005, our core capital ratio, excluding hybrid capital, was 6.7 per cent, and our solvency ratio was 10.3 per cent. Both were at the level of our previous targets.

Active and stringent capital management is one of the pillars of Danske Bank's efforts to create value for shareholders. For several years, our capital management policy, through large share buybacks and the increase in our payout ratio in 2003, reflected the modest growth in the lending book.

This picture changed significantly in 2005. Risk-weighted assets rose 16 per cent during the year, even though we sold non-core businesses. Because of the positive macroeconomic outlook for the coming years and the expansion of our retail operations outside of Denmark, we also expect double-digit growth in risk-weighted assets in 2006.

At the same time, we have reduced the Group's risk profile in recent years through our increasing focus on retail banking. I am thinking of the higher proportion of low-risk mortgage loans, and the further geographical diversification of our income sources.

On the basis of our growth expectations as well as a desire to incorporate our lower risk profile in our capital management policy, we are changing our capital targets beginning in the 2006 financial year:

- We are reducing the target for the core capital ratio, excluding hybrid capital, from 6.5 per cent to the range of 6.0 to 6.5 per cent. This change in itself will raise ROE by up to 1 percentage point and thus clearly creates value.

- We are raising the target for the percentage of hybrid capital from 0.5 per cent to the range of 0.5 to 1.0 per cent.
- The tier 2 capital target will remain 2.5 per cent.

We are also changing the dividend payout ratio target from 50 per cent to the range of 30 to 50 per cent. For 2006, we are planning a payout ratio of 40 per cent.

We are making the payout ratio more flexible mainly so that we can take advantage of the opportunity to achieve the value-creating growth that our retail platform and macroeconomic conditions will make possible in the coming years.

The Group will maintain its strict capital management practices. Any surplus capital will still be distributed to shareholders in the form of share buybacks.

Please go to slide number 10.

Danske Bank's Board of Directors has decided to introduce a series of new corporate governance measures based on the best practices both in Denmark and abroad. These changes are described in the annual report and can also be examined in detail on our corporate governance Web site. Let me now simply mention a few key changes:

- The publication of the remuneration policy for the Board of Directors and Executive Board.
- The disclosure of information about the fees and salaries of the individual members of the two boards.
- A reduction of the Board of Directors' term of office from four years to two years.
- The introduction of an evaluation process for the Board of Directors.
- More detailed charters for the individual committees under the Board of Directors and the publication of a summary of the Rules of Procedure for the two boards.

Please go to slide number 11.

The macroeconomic outlook for 2006 is positive, and economic growth above the EU average is forecast for all of our key markets.

The consolidation of Northern Bank and National Irish Bank will generally bring both increasing income and increasing costs, as the banks will be included in the Group accounts for the full year as opposed to only 10 months in 2005.

Our other expectations for the 2006 financial year are as follows:

We expect double-digit lending growth, which will raise net interest income despite continuing margin pressure. We assume a small rise in average short-term interest rates of 40 basis points over the 2005 level that will also have a positive effect. On the other hand, we do not believe the high volume of mortgage refinancing will continue, and this will put pressure on fee income.

We expect Danske Markets to maintain its market position, but trading income is likely to be lower than in 2005, not least because we booked nearly 1 billion in one-off revenues last year.

We expect a positive underlying trend at Danica Pension, especially in our unit-linked business. But it will not be able to offset other factors in a comparison with 2005: The 2005 result benefited from our being able to book income from the shadow account, and in the 2006 accounts we will implement a new consolidation policy and new accounting rules - which we will comment on later in the presentation.

These factors lead us to expect revenues in 2006 to be around the same level as in 2005, which included one-off gains of 1.6 billion.

We estimate a rise in expenses of 5 per cent, with most of the difference coming from integration costs at Northern Bank and National Irish. Excluding these charges, the increase will be about 2 per cent.

Because of the favourable economic outlook and the high quality of our credit portfolio, we expect credit loss expenses to be low, although not a net reversal as was the case in 2005.

Altogether, this means that - excluding the one-off revenues - our outlook for profit before credit loss expenses is moderately higher than the level in 2005. Our outlook for pre-tax profit is lower than in 2005, assuming stable financial markets.

This concludes my portion of the presentation, and I will now turn the microphone over to Tonny, who will review the performance of the individual business units and report on the integration of our two new banks.

Tonny T. Andersen - Danske Bank - CFO

Thank you, Peter.

Please go to slide number 12.

This slide gives an overview of the trends in pre-tax profit in the individual business areas

The chart on the right shows that we had double-digit lending growth at almost all of our main retail banking divisions. And income also rose more than 10 per cent at some of them. This growth was the cornerstone of our new strategy in 2005 and remains a key factor going forward.

Please go to slide number 13.

At Banking Activities Danske Bank, the Group's largest business area, earnings climbed 66 per cent, driven by higher business volumes and a net reversal of credit loss expenses. Total lending rose 21 per cent, at roughly the same pace in the retail and corporate segments.

Margins continued to decline, mainly because of the product mix changes and the competitive situation. Over the year, the lending margin fell by a total of about 25 basis points, mainly on retail lending. This meant that our lending growth produced a rise in net interest income of 7 per cent.

Furthermore, On the other hand, customers showed strong demand for the Bank's services in the securities and remortgaging areas, driving fee income up 18 per cent.

Despite the large business volume, costs were unchanged.

Please go to slide 14.

Our BG Bank division also saw earnings growth, albeit not at the same level as at Danske Bank. A key reason for the difference is that BG Bank customers typically are trading less securities than Danske Bank customers.

Nevertheless, fee income rose 10 per cent.

Lending volume grew 15 per cent, but net interest income rose only a modest 3 per cent, owing to increased mortgage lending in the product mix as well as the competitive situation in general.

Please go to slide number 15.

Danske Bank Sweden expanded its activities significantly in 2005, enlarging the branch network by 25 per cent and acquiring the real estate agency Skandia Mäklarna.

Retail lending rose 26 per cent, and corporate lending rose 31 per cent - double the market average. This trend brought net interest income growth of 8 per cent despite continuing margin pressure.

As in Norway, we are approaching the end of our branch network expansion in Sweden and plan only a modest number of new branches in the next couple of years. So we also expect to see a gradual improvement of the cost/income ratio here, as growth and increased cross-sales improve profitability.

Please go to slide 16.

In Norway, the profit before credit loss expenses rose 40 per cent, and profit before tax grew a full 80 per cent. The main factors were favourable market conditions that promoted strong lending growth of 28 per cent as well as Fokus Bank's success in raising its cross-sales of investment products in particular. Reversals of loss provisions also contributed to the improvement here.

Fokus Bank continued to take market shares of both retail and corporate lending, with overall lending growth at double the market pace.

When evaluating the profitability, please remember that Fokus Bank opened 11 new branches as recently as in 2004, and they are still in their development phase. That puts pressure on earnings. On the other hand, it also saw a net reversal of credit loss expenses. The expansion phase in Norway has generally been completed now, with only two new branch openings planned for 2006.

We expect that lower cost growth and a continuing rise in cross-sales will gradually increase profitability in the next few years.

Please go to slide number 17.

The integration of Northern Bank and National Irish Bank is proceeding according to plan, as the last preparations for the IT conversion at Easter are now under way. We have held three successful test conversions.

We still expect to spend a total of 1.5 billion on integration measures. Of this amount, we booked 554 million in 2005. We will book most of the rest in 2006 and the last portion in 2007.

Our estimate of cost synergies remains 350 million.

Please go to slide number 18.

We have updated the slide showing the key integration projects, and as you can see, the technical IT conversion is only one aspect of our work. We are undertaking a complete transformation of the two banks across the entire value chain.

I won't comment further on this slide because it is self-explanatory. Let us look instead at the financial results at the two banks.

Please go to slide number 19.

Northern Bank and National Irish Bank performed slightly better than we had expected when we valued the banks before the acquisition.

Lending growth exceeded our estimates somewhat, especially in the Republic of Ireland, where it increased 37 per cent since the first quarter of 2005 and thus surpassed the market rate. Lending grew 14 per cent in Northern Ireland in the same period.

Since March 1, Northern Bank contributed 23 million to the Group's profit before tax, while National Irish had a loss of 106 million. This included amortisation of intangible assets of 459 million and integration charges of 554 million. Adjusted for these items, the total pre-tax profit for 10 months was 930 million, or almost 9 per cent of the acquisition price of 10.7 billion. This represents a return on our investment of nearly 10.5 per cent annualised - which is very close to our required return on allocated capital.

For both banks, the solid results lay the foundation for profitable growth after Easter, when they will benefit from Danske Bank's full product range and IT systems.

Please go to slide number 20.

Earnings at Realkredit Danmark rose 24 per cent on record-high remortgaging volume and lending growth of 9 per cent. Total gross lending amounted to 224 billion, an increase of 60 per cent over the level in 2004.

Lending volume was strong in all four quarters because of the launch of FlexGaranti and declining interest rates in the first six months, while the fourth quarter brought a demand for refinancing from variable to fixed rate loans.

With the current yield curve, we expect significantly lower activity in 2006. A decline of 50 per cent is not unrealistic.

Please go to slide number 21.

Earnings at Danske Markets rose 32 per cent over the level in 2004. There were a number of one-off gains in both years, but the underlying business trend was very positive.

One reason for this is that Danske Markets maintained its strong position in the institutional market in Denmark and expanded it in the other Scandinavian countries. Customer activity also increased across the board.

Despite its rising earnings, the division still maintains a relatively conservative risk profile. You can see this from the bottom left-hand chart, which shows the daily fluctuations in both our customer-driven trading income and our proprietary trading. The heavily positive imbalance for trading income especially indicates that this is a robust revenue source. Prop trading also shows a positive imbalance, but naturally there are more days with losses. We wish to stress that the risk profile is low, however.

Please go to slide number 22.

The Group's insurance business recorded a high level of activity in 2005, with total premium growth of 15 per cent. The improvement came mainly from higher sales of unit-linked products, including Danica Balance, which was launched in the spring. The unit-linked business benefited from a strong trend in the stock markets.

Premium income from traditional with guarantee life insurance in Denmark rose a more modest 4 per cent. On the other hand, the return on investments was 12.6 per cent, a satisfactory level given our portfolio composition.

The solid return on investments enabled us to book the risk allowance for the year as income. We also decided to book the remaining 441 million in the shadow account.

On the other hand, the result from our health and accident insurance remained unsatisfactory. We have strengthened the provisions, and this led to a net loss of 247 million despite a good return on investments.

According to our consolidation policy, 30 per cent of the health and accident result is allocated to shareholders and 70 per cent is allocated to customers' funds. Since the result may not be allowed to diminish customers' returns over time, we have considered revising the consolidation policy for some time. For 2005, we have allocated the entire result for the segment to shareholders.

Despite this net income rose by 3 per cent.

Please go to slide number 23.

Beginning this year, Danica's profit will be different for four reasons:

1. A change in accounting for unit-linked business because of new rules from the Danish FSA
2. A change in the risk allowance because of intensified competition in the Danish pension market
3. A change in the investment profile of Danica's equity
4. The inclusion of total investment income on shareholder's equity in Danica's result

Some of these changes are a bit complicated. To clarify them, we have updated the Danica white paper on our Web site with all the new details. In this presentation I will give you the highlights.

Firstly, the new accounting rules from the Danish FSA. Until now we have included the annual change in embedded value (according to the light version of the calculation we use) in our profit. This value will be reduced so that the unit-linked provisions, in certain cases, equal at least the surrender value of the insurance policies. If the new rule had been in force in 2005, the result from the unit-linked segment would have been 182 million lower. Please note that this change concerns only our accounting and has no material effect. In

our fact book, we will continue to publish the value according to the old method.

Secondly, we will change the calculation of the risk allowance because of the trend in health and accident insurance and the competitive situation in general. The future risk allowance will include two items: up to 62 basis points of the technical provisions and 100 per cent of the health and accident result. For 2006 we expect the sum of these two items to be close to 50 basis points of the technical provisions.

Thirdly, we have decided to calibrate the investment profile of shareholders' equity to the composition of customers' funds. This entails increasing the allocations to equities and long-maturity bonds. Obviously, it can be expected to produce both higher returns and somewhat higher volatility.

Finally, Danica's result will now include the full investment return on shareholder' equity minus the cost of allocated capital, of course. If this change had been in force in 2005, Danica's result would have been 154 million higher. Markets' result would have been reduced by the same amount, and the overall effect on the Group is thus neutral.

All in all, these changes lead us to expect a lower result from insurance activities in 2006.

Please go to slide number 24.

Altogether, we can conclude that Danske Bank is emerging from the 2005 financial year stronger strategically as well as financially.

If you compare the Danske Bank Group of today with the one five years ago, you see a more streamlined business model with a clear focus on classic retail banking and also an organisation that is more diversified geographically, operating in healthy economies with significant growth options.

In the short term, the conversion of Northern Bank and National Irish Bank at Easter is of course our next big milestone.

We hope that the annual report, our fact book and this presentation give you a good understanding of recent developments at the Danske Bank Group. But we are of course ready to answer your questions and therefore hand the discussion over to you.

Please operator, we are ready for the Q&A session.

TRANSCRIPT

Operator

Thank you sir.

[OPERATOR INSTRUCTIONS].

Our first question comes from Andreas Håkansson. Please go ahead.

Andreas Håkansson - UBS

Yes, hi it is Andreas Håkansson from UBS.

Two questions, the first one on capital. We see that you make a few changes, you're saying that you're not going to be doing buybacks in '06 and '07. You lower the payout ratio and you lower the minimum Tier 1. And also you're freeing up reserves from your provisions into the result. It makes me just wonder, are you collecting capital and are you preparing for another acquisition? And can you just remind us what you've said and when you would be ready to take the step of the Ireland? That's the first question.

And the second question is on the margin. Looking at Danske Bank retail division, we see that margins continue to go down, roughly at the same speed as in previous quarters. At the same time, you have quite bit over market share losses especially on the corporate side. Have you even decided that you don't want take some of the even -- some of the areas where you have even bigger margin pressure, and if you would have liked to keep your market share would you have experienced even more margin pressure?

Thanks.

Tonny T. Andersen - Danske Bank - CFO

In terms of the capital side, the reasons why we're making these changes are as we said just to recall that our growth potentials are so significant we're expecting risk weighted asset to grow double digit growth rate in '06. And we also as this juncture expect that to happen in '07. We're expanding in all our retail operations, so you could say we need the capital for organic growth.

We are not hoarding up capital for any planned acquisition at this time. But it makes sense from the growth potential to do so.

And I also think that on the Tier 1 capital, the reduction there is the reflection that the risk profile of Danske Bank has been reduced over the last couple of years.

On terms of the margin pressure in Banking Activities Denmark it is true that we see margin compression going on in that area, and we expect that also to happen this year. I'm not agreeing with you that the market shares are coming down in Denmark. We are having slightly increasing market shares on the corporate segment actually, where some slight decline on the retail private individual side, so it's nothing to do with us getting out of the price competition there.

Andreas Håkansson - UBS

Sorry, I'm just looking in your fact book where I think in Q3 it said you had a market share of 22.5%, and then in Q4 it was 20.9%, in the corporate sector.

Tonny T. Andersen - Danske Bank - CFO

Yes, but you have to keep in mind that there are repo's and reverse repo facilities, that distorts the picture. When you look at the core corporate lending to SMEs, to large corporates and taking out the money market and the repo's the picture is that we actually are increasing the market share.

Andreas Håkansson - UBS

Okay. Thanks.

Operator

Thank you.

Our next question comes from Fred Rizzo. Please go ahead, sir.

Fred Rizzo - Citigroup

Hi, it's Fred Rizzo from Citigroup. I just have three quick questions.

First one is on your fee income outlook. What are your plans to grow fees given the refinancing activity will slow. What areas aside from the -- I should say, what non-remortgage fee income will offset the slowing in the re-fi area?

Second question is with regards to the Swedish operations. Your outlook is seen as pretty upbeat about corporate loan

growth there. I'm just curious what you've seen specifically that gives you the confidence that that is going to continue in '06?

Third and final question is, if you could clarify or give us a little bit of color of what you mean by modest credit loss expansion in 2006? Thanks.

Peter Straarup - Danske Bank - CEO

This is Peter Straarup.

On the fee income there is no specific plans as far as what we should do now that we see remortgaging activity coming off other than, of course, making an effort on all the other income streams. With the good stock markets I would expect stock trading to continue to be buoyant in Denmark also because there's some tax changes put in place which will make, I think, an impact on the private customer's ability to trade in stocks and shares.

And then, of course, also the fee income will be supported by the fact that this year we roll out product platforms in the Irish market based on the IT conversion.

As far as the Swedish operations are concerned one of the foundations for our optimism is obviously that we have seen a good growth in SME customers. And we have established 12 new branches last year in the Swedish market which are structured to target precisely that bracket so I think that will underpin that.

Tonny T. Andersen - Danske Bank - CFO

And if I could add on the Swedish one, if you look at the macroeconomic outlook for Sweden as a country, GDP growth is expected to be around 3 percentage points. And when you look at how the corporate lending has picked up in Sweden in the last three to four months, they are right now on a market base around 10 to 11% in the market growth in Sweden. And we think that we can add something to that, that growth rate there.

Peter Straarup - Danske Bank - CEO

And if you look at the third question you had, which was can you clarify modest losses.

Well, not precisely, but our expected losses through the cycle is 14 basis points. So modest is less than that.

Fred Rizzo - Citigroup

We shall go from a write back to 10 then, somewhere significantly lower than that.

Peter Straarup - Danske Bank - CEO

You can't expect us on an ongoing basis to write back. And we are at the early stage of a new year, we can't make the prognosis that will be net reversal with write offs. We can't.

Fred Rizzo - Citigroup

Thank you very much.

Operator

Our next question comes from Kim Bergo please go ahead.

Kim Bergo - Fox-Pitt Kelton

Kim Bergo from Fox-Pitt.

Just a few questions, one on your strategy in terms of buying up retail or real estate brokers. Obviously you've now got significant capacity in that area in all three Nordic markets. And just sort of if you can give us an idea, you obviously touch upon it, the impact of that that it's had. But also if this is a strategy that is closely connected to your general retail strategy and if we should expect you to try to do something like that in Ireland?

Then the, Finanstilsynet, the Danish Financial Supervisor was out giving a word of caution on the Danish housing market. If you could give us your view on that?

And then just one additional question on competition margin outlook, if you could give us a quick overview of the competitive margin outlook in the different markets, especially in Denmark if you give us an idea about who's being aggressive? And also if the very strong lending growth that we've seen, if that is putting pressure on capital in some of the other players in Denmark, what's your impression there?

Thanks.

Peter Straarup - Danske Bank - CEO

First on the strategy it is true that we have acquired retail brokers in 2005, you have to though accept the fact that these are fairly small activities compared to the total size of

the bank, and also small investments compared to the size of even the Norwegian and Swedish operation.

In the Danish market we have had some benefit of having a retail brokerage attached to the bank, given that this is an outlay of the mortgage financing, I think we're trying to benefit from the same in the other Scandinavian markets.

There are no present plans to make an acquisition of a retail brokerage in Ireland.

Tonny T. Andersen - Danske Bank - CFO

There was a question on the housing market, from the Danish FSA, the letter.

Peter Straarup - Danske Bank - CEO

Yes sorry, the letter from the FSA.

I think the Danish FSA is sending a letter to all banks making sure that, if something happens one day down the road, that he has made a warning. That's one way of looking at it. We, of course, have looked at it in the Danish market and are not of the observation that there's a bubble in the Danish financial market.

If you look at house price inflation in Denmark compared to the fall in interest rates, there is no significant sign that there should be bubble exposures in the Danish market.

We have, of course, been stress testing Danske Bank on an ongoing basis and we are not as sensitive towards the development in prices, but we do not foresee any setbacks on Danish house prices. If interest rates go up, I think that the increases in prices will abate somewhat.

Then you are asking us to single out individual competitors that are aggressive and I think that falls somewhat without -

Kim Bergo - Fox-Pitt Kelton

Or more in terms of maybe groups you know, the smaller players are -

Peter Straarup - Danske Bank - CEO

There are a number of smaller players and middle sized players. I suppose also there are fairly aggressive establishing new branches. We can see that the cost base also is going up in some of these banks and certainly, some of

their capital ratios is coming off and there has also been some of them out trying to borrow hybrid capital. But the competition is intense. I'm not expecting it to abate much at this point in time, so we will continue as we did in 2005, competing head on.

Kim Berge - Fox-Pitt Kelton

Okay, and then in terms of market, is Denmark worse than Sweden or what, or Norway is there any differences there really in terms of the competitive pressure?

Tonny T. Andersen - Danske Bank - CFO

No, I think you've got to look at the different segments. When you look at the mortgage market in Denmark there is intense competition on the old fashioned mortgage institutions. Still the margin is down 50 basis points and been that stable. I don't think that can come much further down.

When you look at the SME side, that's where on the corporate side we see some margin pressure whereas on CIB customers it's more stable.

And then with the margin pressure on the private individual is on the unsecured lending, that is where we see the margin will come down 30, 40 basis points a year.

Kim Berge - Fox-Pitt Kelton

But geographically, no sort of big differences between the markets?

Tonny T. Andersen - Danske Bank - CFO

Well, there is intense competition and you should understand that our position on the different markets are different because we have a higher average lending margin in Denmark than we have in Sweden and Norway, because we have used a different profile to get into these markets and have a shorter history.

Peter Straarup - Danske Bank - CEO

And as far as margins are concerned, the Danish franchise is positively exposed towards an increase in interest rates.

Kim Berge - Fox-Pitt Kelton

Okay, thank you very much.

Operator

Thank you. Our next question comes from Daniel King. Please go ahead.

Daniel King - Lehman Brothers

Hi, good afternoon gentlemen. I've just the two questions.

The first one is about Danske Capital and just seeing the revenue increase almost 50% Q4 versus Q3. Even in very healthy markets that looks unusual, if you could comment about that.

And then second, just a technical question about the other line, or center, whatever you want to call it. There's a swing there. It lost DKK500m in Q4. There is that negative item. I was just wondering if there was anything specific going through the other or center line.

Thank you.

Tonny T. Andersen - Danske Bank - CFO

On the Danske Capital, it's true that the Q4 was quite strong. It is performance related fees they got, because of very strong investment returns on the asset management mandates. That is what is driving the performance in Q4 for them.

And then your question Daniel was, on the other -

Daniel King - Lehman Brothers

Yes, if I just look at the other, it's -- if I go to this year it's minus 130, minus 240, minus 230 and then minus 500, and that's the biggest level it's been for a while. I was wondering if there was anything special taken in the center?

Tonny T. Andersen - Danske Bank - CFO

No.

The only thing in Q4 is that, keep in mind on the IFRS, when the Danske Bank shares increase in value, we have to eliminate that in our accounts and that cost us quite a lot in Q4 because the Danske Bank equity rose significantly. That is the major part of the deduction in Q4.

Daniel King - Lehman Brothers

And that goes through the other column?

Tonny T. Andersen - Danske Bank - CFO

Yes.

Daniel King - Lehman Brothers

Great, thank you very much.

Operator

Thank you.

Our next question comes from Jesper Brydesholt from Enskilda, Copenhagen. Please go ahead.

Jesper Brydesholt - Enskilda Securities

Thanks. I hope that was me. Anyway,

I have a couple of questions. One relates to the margins, the lending margins in BG Bank. From third quarter to fourth quarter there is a larger drop there than we saw in the Danske Bank brand, and also some of the issues relating to the margins overall in Denmark doesn't really point to such a drop, so, just a short comment on that.

Furthermore, if we're going to see some higher corporate activity in 2006, what's your outlook for effect on, especially commission, on I'm thinking of cash management income related items? And also how much of that is currently included in your guidance on for instance, commission?

And then lastly, on the Danica result, when do you expect to come into positive territory with the health and accident, and be back on, let's say, 62 basis points on the technical provisions? Thank you.

Tonny T. Andersen - Danske Bank - CFO

On the margins, if I take the margins on BG Bank versus Danske Bank. I think that when I look at the two ones, the same margin pressure going on, on the lending side. There were maybe slightly more pressure on the corporate side in BG Bank than we saw in Danske Bank. The reason being that

in BG Bank, if there is the SME segment that is the corporate segment here, whereas in Danske Bank we also have the CIB segment, the large corporates, and the pressure in more intense on the SME segment, because that is where we are fighting head on head with the regional banks that consider the SME as their large customers. That is one of the reasons why you see the larger decrease in margins there, comparable.

In terms of the corporate activity on cash management, it's obviously -- it's part of our I think our corporate product range that we give to the clients. It is part of the fee and I think that we can say that the cash management year-on-year were up significantly, close to 20% when you compare '05 to '04. Will that be the same case in '06? Now that's not part of my guidance. I probably assume that we'll be up about 7%, 8% year-on-year, rather than 20%. So a more modest, because I think there is also competition in this area here.

The last question on Danica, health and accident insurance result is a good question. I think we took a somewhat large provision this last quarter. It's difficult to assess whether there's going to be any further negative. We monitor this quite closely. But it isn't a factor that we can't really influence in terms of the propensity for people to get sick, and then how long they are sick, so we are monitoring this one here closely. We're doing some things in terms of the fee -- the premium. We're doing something in terms of how the claims are coming and how to underwrite these insurance. I will not give you any guarantees that when it comes into positive territory I will say that we will be monitoring this quite closely.

Peter Straarup - Danske Bank - CEO

It is a destiny that we share with the other life insurance providers also. This is a very difficult market.

Jesper Brydesholt - Enskilda Securities

Thank you. Just one additional question relating to kind of your capital.

You're stating that it's unlikely that you'll see buy backs also in 2007. But if we look at your new capital guidance and your risk weighted assets, and then use more or less your own pre-tax profit guidance for this year, with a range of course, then you should still be at least in the top of your core capital ex hybrid capital range, or actually above, both for this year and also next year, unless you are almost aiming at a risk weighted asset growth of 14% to 15% growth, something like that. So it seems a little bit cautious that they already now exclude share backs for 2007.

Tonny T. Andersen – Danske Bank – CFO

But you should keep in mind Jesper that in 2006 the Irish operations are not firing on all cylinders because they're just getting on the IT platform from Easter, and then they need to work with the system. When they are understanding the product range, totally understand all our services, I will see them growing quite strongly in '07, much stronger than we see in '06.

So I don't know your base assumption on risk weighted assets, but I'm saying that they will grow probably more than 10% in '06. I don't know if the base case is probably around 12% with an upside to risk weighted assets growing larger than that, and I do not like to be having that as too much of a constraint.

Jesper Brydesholt – Enskilda Securities

Okay, thank you.

Operator

Thank you.

Our next question comes from Rodney Alfvén. Please go ahead.

Rodney Alfvén – Cheuvreux

Yes, thank you. I have three quick questions.

The first one is on your guidance for fee income. You said now on the telephone conference that the re-mortgage fees can come down as much as 50%, and I wonder if that's what's in your guidance?

The second question is on the life insurance, where you said that the maximum risk allowance could be 61 basis points of technical provisions, and you expect 50 for '06. Can you explain what is the driving forces behind the different ratios?

And then, on the lending growth, I know you talked about that before, but if you please can elaborate what you think will be the main driver of lending growth '06. And also if you expect that the change in product mix that has put pressure on margins in '05 will continue in '06?

Tonny T. Andersen – Danske Bank – CFO

If I take the last question first, the lending growth.

Well if you look at these countries where we are active, in the Nordics and in Ireland, they all have GDP growth substantially higher than the euro zone – double the euro zone GDP expectations. That in itself incurs corporate investments, the sentiment is quite good also among the consumers. So in all of these areas the market growth in itself is double digit. And what we are saying is that we think we can add something to that going into '06 and '07.

I think we will see still product mix changes but probably to a lesser extent in '06 than we saw in '05, because some of our open plan products will not sell as briskly as they did in '05 compared to '04.

On the fee income, part of my guidance is a 50% drop in the re-fi activities. That is included in the guidance.

Rodney Alfvén – Cheuvreux

Okay.

Tonny T. Andersen – Danske Bank – CFO

And your question on life, I didn't get that.

Rodney Alfvén – Cheuvreux

Yes, well you said that with a new pricing structure you can have a maximum 61 basis points of technical provisions that you guide for 50 in '06. So if you can elaborate under what market circumstances will it be 50, and when will it be 60?

Martin Gottlob – Danske Bank- Head of Investor Relations

Hi, it's Martin here. I can take that.

What we're saying is that we -- the total risk allowance contains of two elements. 61 basis points of the technical provisions, and on top of that we have to add the result from the health and accident insurance. And what we've said is that for 2006 we expect that these two ones together will give us a return -- or risk allowance of around 50 basis points. And this also means that we are saying that we can take up to 62 basis points and not exactly 62.

Rodney Alfven - Cheuvreux

Yes, and can you elaborate? Why do you think it could be 50 and when can it be 62?

Martin Gottlob - Danske Bank - Head of Investor Relations

Well that depends on the market conditions. It also depends on the result in our health and accident insurance. Will there be more provisions? How will the return on the equity be -- How will the equity market be in 2006 and that's, of course, something that we cannot tell you at this stage. We will have to wait and see.

Rodney Alfven - Cheuvreux

Okay, thanks.

Martin Gottlob - Danske Bank - Head of Investor Relations

But we have given you the guidance of 50 basis points.

Rodney Alfven - Cheuvreux

Yes, exactly.

Operator

Thank you.

Our next question comes from Matti Ahokas. Please go ahead.

Matti Ahokas - Handelsbanken Capital Markets

Thank you, good afternoon. I guess that was me. A question on the re-mortgaging fees.

I remember in the third quarter teleconference, Tonny, you mentioned that you expected that the re-mortgaging fees would come down, if I'm not mistaken by 30%, and now if you look at the line, the commission line, it's actually up. There is a difference, and also how much of that line is loan fees and how much are direct fees related to re-mortgaging?

Tonny T. Andersen - Danske Bank - CFO

Okay, it's true that we said the Q4 re-stated fees would come down 30%. It actually did in the old traditional classical re-fi, where you re-fi because of lower interest rate.

What happened in Q4 was that, because of uncertainty on the interest rate environment, a lot of people migrated from floaters to fixed rates, and that traffic sort of compensated for the traditional slow down in the classical re-fi activity.

And what I'm now saying in '06 is that we think that the change from floaters to fixed was dealt with in '05. I think the old traditional re-fi, the yield curve isn't really conducive for people to do re-fi right now the old fashioned way. So that's why we have this guidance. When we say that re-fi will be down this year about 40% to 50%, that means around DKK300m roughly in fee income, on a like-for-like basis we're taking out in '06 compared to '05.

Matti Ahokas - Handelsbanken Capital Markets

Okay, thanks.

Operator

Thank you.

Our next question comes from Fiona Swaffield Please go ahead.

Fiona Swaffield - Execution

Hi. Can I just ask questions in two areas?

One is on the cost guidance. You've said costs excluding the impact of Ireland and re-structuring costs in Ireland would be up 2%. I was quite surprised at that, given you're talking about such strong activity. Are you making savings somewhere, or is maybe severance going down to zero in impact, if you could talk about that, and talk about Denmark relative to Sweden and Norway?

The other area was Ireland. I wondered if you could talk about margins because the margins are coming down significantly over the quarters in both operations and how much of that is competition and how much is product mix?

And also on Ireland, I wanted to get a feel for -- you've obviously seen very strong loan growth, particularly in the Republic, whether all those loans are being written under your credit criteria, and whether your, in terms of the

expected loss, is quite low in that business, even though you've got very strong corporate growth? I wondered if you could talk about that.

Tonny T. Andersen - Danske Bank - CFO

Yes, I can take the cost line and then I think Mr. Straarup will take Ireland.

On the cost side, it's true that 2% up is quite modest. You should keep in mind that, when I am on the guidance saying that we will have a lower result in trading, that also implies a lower bonus in our trading division, so that in itself you could say helps the '06 number compared to '05. But we're probably talking about a couple of hundred million or something like that. It will be DKK300m reduced by '06 to '05. That helps the cost increase, because when you look at it generically Denmark in both BG Bank and Danske Bank will have more or less the same number of employees. That means the costs will go up by 3.5%. You see Sweden and Norway costs will go up also on the like-for-like basis. Ireland, you have integration but that's separately. And then we may have some savings on some IT facility management.

And also the fact that, in '05, we have allocated DKK180m for in employee shares. Right. That is not included in the guidance for '06. So you have the underlying cost up drift, which you have to reduce by less bonuses in Markets and the absence of employee shares. That is why it would be around the 2% range.

Fiona Swaffield - Execution

And will severance fall out completely? Would we assume there would be no severance charge?

Tonny T. Andersen - Danske Bank - CFO

No, I would expect that severance would be around DKr150m something like that. Where, it was around, I think DKr200m this year.

Martin Gottlob - Danske Bank - Head of Investor Relations

Yes a reduction of around 50 millions.

Peter Straarup - Danske Bank - CEO

And on the Irish margins there are margin pressure in the Irish market, and in the Republic certainly also. There is

competition, and we have noticed that the other banks have noticed that we're around. Still margins on, for example, mortgages are somewhat above the level that we write them happily in the Danish market.

The loan book we have taken over in National Irish Bank is conservatively structured and put together well, and NAB has not had a history for credit losses in the franchises.

But I can assure you that the growth we have seen has been written with Danske Bank's credit criteria, and we have now also gone through the loan book in both Irish Banks are we are satisfied with the quality of it.

Tonny T. Andersen - Danske Bank - CFO

Alright?

Fiona Swaffield - Execution

That's great. Thank you.

Operator

Thank you.

Our next question comes from Kato Mukuru. Please go ahead.

Kato Mukuru - Citigroup

Hello. Kato Mukuru from Citigroup. I just had some question on the Danica pensions.

Firstly, I'd like to get a sense of the underlying sector trends with regards to unit-linked volume growth and health premium growth. What are you guys expecting to see in terms of '06/'07 outlook?

And also, more particularly on your health business, the charges you took you said were sector-wide. I just wanted to confirm that this was not particular to you, but it was generally sector wide health insurance had to take these charges.

And thirdly, on the health business, you say you're still not satisfied with the performance of that business. Could you give us an indication of the ROE, i.e. the performance, what your return is on that business? And at what point do you start maybe rethinking the need to be in this business. What are you using as a make or break in terms of ROE on

performance, at which point you maybe rethink whether you need to be in it.

Thank you.

Peter Straarup - Danske Bank - CEO

Well, it's very difficult to give comments on returns on something that's running at a deficit. And this has been running at a deficit for a while.

I think when you lute to the fact that this is sector write downs, that is true. It is different from company to company, of course, what the extent of the write downs required are. But all companies are facing difficulties in this market. It's a market which is slightly complicated to exit from because it's tied to some of the other activities that Danica undertakes for example, company pension schemes. And there you have this also.

We have increased premiums. We are monitoring it. We have made another -- a lot of other activities towards improving the quality of the risk undertaking. And that is basically what we can do at this point in time.

You asked about the unit-linked, and we saw a strong growth in unit-linked last year, more than 50%. We don't give specific guidance for what the growth will be this year. But I would expect us to see a continuation of the strong growth.

We clearly outperformed the market in terms of growth in the unit-linked market in Danica due to, a very competent presentation of unit-linked possibilities and funds in our unit-link offering.

Kato Mukuru - Citigroup

And in the health insurance business?

Tonny T. Andersen - Danske Bank - CFO

The return on equity?

Kato Mukuru - Citigroup

Premiums. Sorry. I was just talking about premiums.

Tonny T. Andersen - Danske Bank - CFO

They will be double digit.

And lastly, I think it will be double digit premium, in that area. That would be my expectations in the lower end there.

Kato Mukuru - Citigroup

Thank you.

Operator

Thank you.

Our next question comes from Denise Holle. Please go ahead.

Denise Holle - Merrill Lynch

Good afternoon. It's Denise Holle. I think most of my questions have been answered. But one small technical question I have with respect to the dividend.

And you say that the payout target or expected for 2006 is 40%. And guess I'm wondering, because looking at your outlook for profit this year, that suggests to me that the dividend in absolute terms would be coming down from the 10 per share that you've announced for '05. And I'm wondering if that's something you know that is something you would consider to do to keep the dividend floating and really focus on the payout ratio.

Peter Straarup - Danske Bank - CEO

Well, what we're saying is that the dividend will come down if the result comes in accordance with the guidance.

Denise Holle - Merrill Lynch

Okay.

Peter Straarup - Danske Bank - CEO

In absolutely terms. And also relative terms.

Denise Holle - Merrill Lynch

Yes, and the payout in the absolute level. Okay.

Peter Straarup – Danske Bank – CEO

Yes, exactly.

Denise Holle – Merrill Lynch

Alright. Thank you.

Operator

Thank you.

Our next question comes from Anders Hornbak. Please go ahead.

Anders Hornbak – Carnegie

Yes. Hello. It's Anders Hornbak from Carnegie. Just a technical issue.

Your accumulated provisions have been restated. And I wonder if the significant net reversals that you booked in Q4 was related to some technical changes here?

Thank you.

Tonny T. Andersen – Danske Bank – CFO

No. It's not.

The reason why the accumulated provision has been changed is an FSA rule. They say we have to include the present value of the future, expected net reversals of already written off loans. It's a long sentence. So that is something that is coming into effect.

And then, on the other hand, we have a portfolio provisioning. So that is the thing. So it's unrelated to the write back in Q4.

Anders Hornbak – Carnegie

And no changes in the provision policy?

Peter Straarup – Danske Bank – CEO

No.

The restating has a net which is very small. It's about between 20 and 30m.

Anders Hornbak – Carnegie

Okay. Thank you.

Operator

Thank you.

Our next question comes from Garv Spitary. Please go ahead.

Garv Spitary

Yes. Hello. Can you hear me?

Peter Straarup – Danske Bank – CEO

Yes.

Garv Spitary

Yes, okay. I just have one very quick, direct question.

Is the company considering any disposals?

Peter Straarup – Danske Bank – CEO

Not at this point in time.

Garv Spitary

Okay. That was the question. Thank you.

Operator

Thank you.

Our next question comes from Per Gronborg. Please go ahead.

Per Gronborg – Alfred Berg

Yes. Good afternoon. It's Per Gronberg from ABN. Two questions.

The first that's been touched upon a few times, but I don't know whether you could be a bit more precise. Your guided risk weighted asset growth, your double-digit growth for '06 and '07. I'm a bit curious whether you can split that down and give us some impression of what you are counting in for the Danish market in '07?

My second question might be a bit provocative, but still I put it up. The new profit-sharing regime in life insurance, you are suffering losses on products which you cannot share with your clients. Therefore you are hiding the profit margin on the post that you are -- were you able to share profit with your clients. My question mark is pretty simple. Why 62 basis points. Why not 90 or 150 basis points? Are there any limits or is that how far the FSA will allow you to go.

Thank you.

Tonny T. Andersen - Danske Bank - CFO

If I take the first question on risk weighted asset growth, The thesis for our guidance will be, first of all, how is the underlying macroeconomic outlook. The Danish economy in '06 is probably going to grow plus 3% GDP and the forecast right now on '07 is plus 2% at least on GDP.

And I think that for '06 I would expect risk weighted assets to grow about 10% in the -- in the Danish franchise. '07 is a more long-term guidance. So I would stay away from that.

But I think you can see that the Danish economy is in good conditions. The export is doing quite well. That would also facilitate a good growth rate. But I'm not going to put any number on that Per, that level.

Per Grønberg - Alfred Berg

Fair enough.

Peter Straarup - Danske Bank - CEO

And on the risk margin, there is no specific rate that you cannot exceed or, whatever, other than competition. We have to have a competitive offering in the market.

Per Grønberg - Alfred Berg

If you sold -- the deficit on the health products in 2007, should we then expect the profit margin to be reversed down to 50 or will it stay at 60?

Peter Straarup - Danske Bank - CEO

We have not plans to reverse it.

Per Grønberg - Alfred Berg

Okay. Thank you.

Operator

Thank you.

Our next question comes from Ian Abbott. Please go ahead.

Ian Abbott

Yes. Good afternoon. I just had a quick question in relation to your Irish banks.

You currently pay National Australia Bank a small amount for transition services. I was just wondering how quickly do you see those payments declining.

Peter Straarup - Danske Bank - CEO

Well the bulk of them will disappear after Easter 2006, that is this year.

The bulk of them are payments for IT, administrative activities, back-office activities related to the banks. And we take those over. So we should be done with most of it in April.

Ian Abbott

Thank you.

Operator

Thank you.

Our next question comes from Hampus Brodén. Please go ahead.

Hampus Brodén - Deutsche Bank

Yes. Hi. I have one question on the re-mortgaging activity again.

I was just wondering what can you do, do you think, with the freed up resources if re-fi activity in 2006 really is significantly lower than in 2005. Because I assume that taking care of clients that want to re-mortgage is a pretty time-consuming task for your branch employees.

So basically I'm wondering what products do you think you can focus on instead and put those resources to use. And how much do you think that that might be able to compensate for some of the lost re-mortgaging fees?

Peter Straarup - Danske Bank - CEO

Well that's all included in our guidance.

It is obvious that the heavy re-mortgaging took a great toll on banking staff. And I think it will probably be a benefit. But they could turn that into some of the other product packages we have. Penetration of the Netbank would be increased somewhat. General advice to customers. So it's across the board.

As far as the administrative activities in the back office are concerned, we have had to have overtime work through the year. And, of course, that is going to disappear. But it's not a figure that is significant if you compare it to the overall cost base.

Hampus Brodén - Deutsche Bank

Okay, I see.

And my second question, just why is it that the second kind of re-mortgaging activity that we saw here in Q4 that compensated for some of the decrease in traditional refinancing activity, what factors is it that make you believe that that kind of re-mortgaging will not take place in 2006 to the same extent?

Peter Straarup - Danske Bank - CEO

There could be some.

However, it's normally a rule of thumb that customers are more likely to go into refinancing if they reduce their mortgage bill. If you instead sit and think I'm going to protect my mortgage by taking a fixed rate, then you have to increase your mortgage bill. And we have never seen that as being as popular as reducing your mortgage bill. That's why.

Tonny T. Andersen - Danske Bank - CFO

And another thing, we ought to remind one thing. 2004 was the previous record high year to re-fi. On top of that we had in '05 that was 60% on top of that. So what I would say now is that we think we will come down on re-fi, perhaps at levels more or less as '04 was, which was the second highest ever. So I don't think it's actually a slow down a lot. It's still a very high level which could be helped by people migrating from floaters to fixed rate as the uncertainty may arise on the interest rate environment.

Martin Gottlob - Danske Bank - Head of Investor Relations

I could add one extra thing here is that in Denmark we have the specialty that floaters -- the interest rates are only re-fixed once a year. And that fixed rate's in December. And it is in December people have to consider whether they should take another year with floaters or decide whether they want to re-fi -- to move into fixed rate loans.

It's very difficult at this time of the year to predict how they will react in December, nine months later, ten months later. That was also why we were a little bit surprised that there was this high movement from variables to fixed in December this year. We didn't forecast when we had our Q3 report last year.

Hampus Brodén - Deutsche Bank

Okay. So that effect is bound to go away then in Q1?

Tonny T. Andersen - Danske Bank - CFO

Yes.

Hampus Brodén - Deutsche Bank

Thank you.

Operator

Thank you.

[OPERATOR INSTRUCTIONS].

Our last question comes from Jesper Brydesholt. Please go ahead.

Jesper Brydenholt - Enskilda Securities

Thank you.

Just a follow-up question, a little bit on the Irish acquisitions. When do you feel that you have proven to have made your retail bank platform exportable and thus can, if the opportunity arises, go into other or other retail bank areas?

And secondly, on BG Bank, due to several reasons of course, but when do you think that BG Bank will be able to match the competition in terms of income growth in Denmark?

Peter Straarup - Danske Bank - CEO

I think we will have proven the exportation of the retail bank model in the second quarter 2006. That does not necessarily mean that we are ready and able to turn around and look at acquisitions. However, we will look at the market on an ongoing basis. But you know as well as I do that making an acquisition is not the same as going to a local supermarket. There has to be something for sale.

As far as BG Bank is concerned, we must remember that this is an extremely profitable bank franchise, and it delivers well on returns. After we have reduced the amount of branches at the merger in 2000, there has been an attrition of customers. That we expected.

We would expect BG Bank to start picking up market share and progressing here. We thought that was going to happen during 2005. We hope it's going to happen in 2006. But please note that it is Danske Bank's most profitable bank brand. So we haven't written them off yet.

Jesper Brydenholt - Enskilda Securities

Okay. Thank you.

Operator

[OPERATOR INSTRUCTIONS].

We seem to have no further questions. I hand the conference back to you.

Peter Straarup - Danske Bank - CEO

Well thank you. Thank you operator.

Thank you all for your interest in Danske Bank and for your many good questions. I'm sure that many of you will have additional questions after you have had time to dig into all the details. Please do not hesitate to call us. As usual we will be ready to talk to you until 9.00pm tonight, Danish time and, of course, again tomorrow morning.

Thanks again and goodbye.

Operator

Ladies and gentlemen, thank you for your participation. This concludes today's conference. You may now disconnect your lines. Thank you.