

# Quarterly report – first nine months of 2005

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*This nine-month report is a translation of the original report in the Danish language (Kvartalsrapport 1.-3. kvartal 2005). In case of discrepancies, the Danish report prevails.*

## Danske Bank Group – financial highlights

NET PROFIT FOR THE PERIOD (DKr m)	Q1-Q3 2005	Q1-Q3 2004	Index 05/04	Full year 2004
Net interest income	12,734	11,013	116	14,752
Net fee income	5,284	4,317	122	5,898
Net trading income	4,888	3,270	149	4,877
Other income	1,657	1,206	137	2,029
Net income from insurance business	1,125	870	129	1,631
Total income	25,688	20,676	124	29,187
Operating expenses	13,238	11,023	120	15,393
Profit before credit loss expenses	12,450	9,653	129	13,794
Credit loss expenses	-288	834	-	759
Profit before tax	12,738	8,819	144	13,035
Tax	3,676	2,546	144	3,718
Net profit for the period	9,062	6,273	144	9,317
Attributable to minority interests	3	20	15	28
<b>BALANCE SHEET</b>				
(DKr m)				
Bank loans and advances	824,691	613,921	134	615,268
Mortgage loans	557,717	515,900	108	524,428
Trading portfolio assets	456,773	385,634	118	422,547
Investment securities	51,262	46,580	110	31,505
Assets under insurance contracts	192,449	157,913	122	160,084
Other assets	316,028	267,122	118	298,161
Total assets	2,398,920	1,987,070	121	2,051,993
Due to credit institutions and central banks	485,209	392,959	123	353,369
Due to customers	583,732	474,502	123	487,863
Issued mortgage bonds	438,451	405,853	108	432,399
Trading portfolio liabilities	243,854	173,797	140	215,807
Liabilities under insurance contracts	211,384	186,051	114	189,168
Other liabilities	319,925	251,928	127	272,969
Subordinated debt	45,522	36,847	124	33,423
Shareholders' equity	70,843	65,133	109	66,995
Total liabilities and equity	2,398,920	1,987,070	121	2,051,993
<b>RATIOS AND KEY FIGURES</b>				
Net profit for the period per share, DKr	14.4	9.6		14.4
Diluted net profit for the period per share, DKr	14.4	9.6		14.4
Net profit for the period as % p.a. of average shareholders' equity	17.8	12.8		13.9
Cost/income ratio, %	51.5	53.3		52.7
Solvency ratio, excl. net profit for the period, %	9.4	10.0		10.2
Core (tier 1) capital ratio, excl. net profit for the period, %	6.5	7.4		7.7
Risk-weighted items, end of period, DKr bn	933	797		808
Share price, end of period, DKr	190.1	157.7		167.5
Book value per share, DKr	113.0	102.5		106.7
Full-time-equivalent staff, end of period	19,215	16,669		16,235

## Review

- Better-than-expected net profit of Dkr9,062m, against Dkr6,273m for the first nine months of 2004
- Earnings per share up 50%
- Income up 24%
- Growth in bank lending of 34%
- Net positive entry for credit loss expenses
- Profit on the sale of HandelsFinans to be recognised in the fourth quarter of 2005
- Full-year profit before tax upgraded – now expected to be around 25% higher than in 2004

### Financial results for the first nine months of 2005

Danske Bank Group recorded a net profit of Dkr9,062m for the first nine months of 2005, against Dkr6,273m for the first nine months of 2004. Earnings per share rose 50% to Dkr14.4.

Pre-tax profit amounted to Dkr12,738m, which was better than expected at the presentation of the report for the first half of 2005. Customers' demand for loans and strong business activity, particularly within mortgage financing and securities trading, continued in the third quarter of 2005. Pre-tax profit for the whole of 2005 is now expected to be around 25% higher than pre-tax profit for 2004.

#### Income

Income rose 24% on the figure recorded for the first nine months of 2004 to Dkr25,688m. Income from Banking Activities Northern Ireland and Banking Activities Ireland accounted for one third of the rise. The rest of the increase was owing to favourable developments in all the other business areas of the Group.

Net interest income rose 16% to Dkr12,734m. Persistently good growth in lending more than compensated for the decline in margins resulting from the competitive pressure in the Group's core areas. Property financing products secured on real property with low interest margins accounted for most of the growth in lending.

Net fee income rose 22%. Excluding the net fee income from banking activities in Northern Ireland and the Republic of Ireland, the increase amounted to 13%. The increase reflected in particular a record-high level of property refinancing activity and growth in securities trading volumes.

Trading income rose 49% on a year ago. 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.

Income from the Group's insurance business increased 29% as a result of higher business volume and improved investment returns.

The increase in other income of Dkr451m to Dkr1,657m was owing primarily to profits on the sale of property.

#### Operating expenses

Operating expenses rose 20% to Dkr13,238m. Excluding banking activities in Northern Ireland and the Republic of Ireland, expenses rose 5%. This increase was attributable to the expansion of business activities in the Nordic region and the rise in performance-based compensation. The cost/income ratio improved from 53.3% to 51.5%.

#### Credit loss expenses

The Group recorded a net positive entry for credit loss expenses of DKr288m in the first nine months of 2005, against a charge of DKr834m in the first nine months of 2004. The positive trend was owing to favourable economic conditions, which led to a low ratio of new provisions and allowed reversals of provisions already made.

#### Return on equity

The return on equity rose from 12.8% in the first nine months of 2004 to 17.8%. Earnings per share rose 50% from DKr9.6 to DKr14.4, with share buybacks carried out in 2004 accounting for 8 percentage points of the increase.

### **Integration of banks in Northern Ireland and the Republic of Ireland**

Upon the final approvals of the authorities, Danske Bank's acquisition of Northern Bank and National Irish Bank was completed at the end of February 2005.

The integration of the two banks is going according to plan, and the migration of systems, products and processes to the Group IT platform is still expected to be completed at Easter 2006. On the basis of the business plans prepared for each business area, largely all programming and system development activities have now been completed. At the end of September, the Group successfully completed a test of technical processes for the migration at Easter 2006. The Group will perform another three test migrations in the months ahead.

The planning of the complex implementation of the new organisational structure at the two banks is in progress. The Group has made an agreement with IBOA (association of Irish and Northern Irish banking officials), which positively supports related initiatives, including the extensive e-learning activities for the staff outside normal working hours. Danske Bank will provide the staff with PCs and broadband connections to be at their disposal at home.

Financial plans for 2005-2008 have been made for Northern Bank and National Irish Bank based on the future range of products and price structures, and on the new organisation and staffing of branches and head offices. The plans reflect the expected synergies at the time of acquisition and support the growth ambitions of the two banks.

### **Capital and solvency**

#### Share capital

At the end of September 2005, the share capital totalled DKr6,383,042,760 and shares numbered 638,304,276 after the cancellation of 33,961,476 shares repurchased in 2004. The number of shares outstanding at the end of September 2005 was 626,936,753, and the average number of shares outstanding in the first nine months of 2005 was 627,700,214.

#### Shareholders' equity

Shareholders' equity was DKr71bn at the end of September 2005, against DKr67bn at the end of 2004. The change in equity reflects primarily the dividend payment in March 2005 and the recognition of the net profit for the period.

### Solvency

The solvency ratio at the end of September 2005, excluding the net profit for the period, stood at 9.4%, of which 6.5 percentage points derived from the Group's core (tier 1) capital. The core (tier 1) capital ratio, excluding hybrid core capital, stood at 5.8%. The Group still expects to meet its target core (tier 1) capital and solvency ratios at the end of 2005.

The core (tier 1) capital ratio fell by 0.7 of a percentage point after the deduction of the premium paid over the book value of the banks in Northern Ireland and the Republic of Ireland. The solvency ratio at the end of September 2005, including the net profit for the first nine months of 2005 and a payout ratio of 50%, would be 9.9%.

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 2005, the Bank redeemed notes of a nominal value of \$500m (DKr3.1bn) issued as supplementary capital, and in September 2005, it issued new notes worth €500m (DKr3.7bn) as supplementary capital.

The increase in risk-weighted items from DKr808bn at the beginning of the year to DKr933bn at the end of September 2005 was attributable to the acquisitions in the Republic of Ireland and Northern Ireland and to generally high lending growth.

### Balance sheet

#### Lending

Bank loans and advances, excluding repo transactions, increased by DKr134bn, or 29% on the figure recorded a year ago, to DKr590bn.

The acquisition of Northern Bank and National Irish Bank accounted for more than half of this increase. Lending extended by the Group's banking units in Denmark increased by DKr45bn, or 22%, while lending by other units in the Nordic region rose by DKr39bn, or 26%. However, lending was adversely affected by the sale of loans extended by the Group's units in London and New York.

Mortgage lending stood at DKr558bn at the end of September 2005, up 8% on the level recorded a year ago.

Repo loans increased by DKr77bn from the level at the end of September 2004 to DKr235bn, primarily as a result of increased activity in the international repo market.

#### Deposits

Deposits, excluding repo transactions, totalled DKr508bn, against DKr416bn at the end of September 2004, up DKr92bn, or 22%.

Deposits with the banks in Northern Ireland and the Republic of Ireland accounted for DKr63bn of this increase. Excluding these units, deposits rose 7%.

### Trading portfolio assets

Trading portfolio assets grew by DKr71bn, or 18%, to DKr457bn, owing to the increased holdings of bonds and the higher positive market values of derivatives. However, the rise in assets was offset by increases in negative holdings of bonds and negative market values of derivatives.

The Group's overall risk on a change in interest rates of one percentage point amounted to DKr427m at the end of September 2005, against a negative DKr259m at the end of September 2004.

### Accounting policies

This report for the first nine months of 2005 has been prepared in compliance with IAS 34, "Interim Financial Reporting", and the rules on interim financial reporting issued by the Copenhagen Stock Exchange. The application of IAS 34 means that the disclosure is less detailed than in a full annual report and that the valuation principles laid down by the International Financial Reporting Standards (IFRS) are applied.

The Group made the transition to IFRS with effect from January 1, 2005, and has restated comparative figures for 2004. Moreover, comparative figures have been adjusted to reflect the change in the Group's organisation that took effect on January 1, 2005.

As explained in the Annual Report for 2004, the Group has chosen a deviation from IAS 39, "Financial Instruments", approved by the EU inasmuch as it recognises issued mortgage bonds and related mortgage loans at fair value. The updated fair value option of IAS 39, which is expected to be approved by the EU by the end of the year, allows this method of recognition.

The Annual Report for 2004 and Danske Bank's IFRS White paper explain the effect of the transition to IFRS. The Report and the white paper are available at [www.danskebank.com/ir](http://www.danskebank.com/ir). Page 29 of this nine-month report shows the effect of the transition to IFRS on the profit for the four quarters of 2004 and on shareholders' equity.

At the end of February 2005, the Group acquired Northern Bank in Northern Ireland and National Irish Bank in the Republic of Ireland at a total price of around DKr10.9bn. The fair value of the companies' recognised net assets amounted to DKr4.1bn. The premium of DKr6.8bn is carried as identifiable intangible assets (DKr1.7bn), deferred tax (DKr0.4bn) and goodwill (DKr5.5bn) in accordance with IAS 38, "Intangible Assets", and IFRS 3, "Business Combinations". The assets will be amortised over their estimated useful life, which is three years, using the straight-line method.

Furthermore, the Group acquired a Norwegian and a Swedish chain of real-estate agents at a price of DKr201m during the period under review. The total premium of DKr172m paid for the two operations is carried fully as goodwill. Goodwill is not amortised; instead write-downs are made if the estimated value of the goodwill has declined.

## Business areas

Danske Bank Group's pre-tax profit rose 44% compared with the pre-tax profit for the first nine months of 2004. All business areas contributed to the positive trend.

PROFIT BEFORE TAX	Q1-Q3 2005	Q1-Q3 2004	Index 05/04	Share Q1-Q3 2005
(DKr m)				
- Banking Activities Danske Bank	3,796	2,508	151	30%
- Banking Activities BG Bank	1,321	1,125	117	10%
- Banking Activities Norway	424	275	154	3%
- Banking Activities Sweden	610	492	124	5%
- Banking Activities Northern Ireland	74	-	-	1%
- Banking Activities Ireland	-21	-	-	-
- Other Banking Activities	864	529	163	7%
Total Banking Activities	7,068	4,929	143	56%
Mortgage Finance	2,076	1,699	122	16%
Danske Markets	2,766	1,854	149	22%
Danske Capital	317	276	115	2%
Danica Pension	1,125	870	129	9%
Other areas	-614	-809	-	-5%
Total Group	12,738	8,819	144	100%

The organisational adjustments announced in November 2004 took effect on January 1 2005. The adjustments increased focus on expanding the Group's international branch network, reducing international wholesale banking activities and amalgamating administrative and support functions across borders.

"Other areas" includes the Group's real property portfolio and non-allocated expenses for Group support functions, capital and severance payments. Moreover, the item covers the elimination of returns on own shares, despite the fact that part of the returns is distributed to holders of pooled schemes and life insurance policyholders.

The trend in "Other areas" benefited from gains on real property sales in the first nine months of 2005 and from the currency hedging of earnings at units outside Denmark. 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 on 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 breaks down on nine regions with 291 branches, nine finance centres and nearly 4,300 employees.

BANKING ACTIVITIES DANSKE BANK (DKr m)	Q1-Q3 2005	Q1-Q3 2004	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Full year 2004
Net interest income	4,588	4,294	1,593	1,521	1,474	1,481	1,452	5,775
Net fee income	2,434	2,065	873	822	739	740	642	2,805
Net trading income	334	298	117	118	99	97	99	395
Other income	12	22	2	8	2	28	6	50
Total income	7,368	6,679	2,585	2,469	2,314	2,346	2,199	9,025
Operating expenses	3,824	3,847	1,245	1,338	1,241	1,346	1,272	5,193
Profit before credit loss expenses	3,544	2,832	1,340	1,131	1,073	1,000	927	3,832
Credit loss expenses	-252	324	-110	-165	23	27	-93	351
Profit before tax	3,796	2,508	1,450	1,296	1,050	973	1,020	3,481
Loans and adv. to cust. (end period)	187,274	151,488	187,274	186,847	175,649	164,136	151,488	164,136
Due to customers, incl. pooled deposits (end period)	211,256	185,089	211,256	212,122	192,362	189,050	185,089	189,050
Risk-weighted items (avg.)	183,069	159,263	194,261	180,302	174,426	168,272	165,963	161,527
Allocated capital (avg.)	11,899	10,352	12,627	11,720	11,338	10,938	10,788	10,499
Pre-tax profit as % p.a. of allocated cap.	42.5	32.3	45.9	44.2	37.0	35.6	37.8	33.2
Cost/income ratio, %	51.9	57.6	48.2	54.2	53.6	57.4	57.8	57.5

- Pre-tax profit up 51%
- Net positive entry for credit loss expenses
- Growth in retail lending of 27%
- Improved cost/income ratio

Pre-tax profit rose by 51% to DKr3,796m compared with the result for the first nine months of 2004. The increase was attributable to income growth and a net positive entry for credit loss expenses.

Net interest income rose 7% on the same period a year ago. Income benefited from the significant growth in lending that more than compensated for narrowing lending margins, particularly in the retail segment. The trend in margins reflects the increasing share of the portfolio made up by property financing products secured on real property as well as fierce competition. Fee income grew by 18% as a result of the positive trend in the securities markets and strong refinancing activity.

Operating expenses remained at the level recorded in the first nine months of 2004, whereas the cost/income ratio improved from 57.6% to 51.9%.

Total lending grew by 24% compared with total lending at the end of September 2004 and by 14% on the level at the beginning of the year. Loans and advances to retail customers rose by 27% compared with the level at the end of September 2004 and by 13% on the level at the beginning of the year. Growth reflected satisfactory sales of the property financing product *Danske Prioritet* in particular. However, in the first nine months of 2005, the growth rate of sales of *Danske Prioritet* declined as a result, among other factors, of Realkredit Danmark's launch of its *FlexGaranti*<sup>®</sup> product and increasing demand for fixed-rate mortgage loans.

Lending to corporate customers rose by 21% on the level recorded at the end of September 2004 and by 15% on the level at the beginning of the year, mainly as a result of increased lending to small and medium-sized businesses.

## 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 breaks down on seven regions with 173 branches, two investment desks and nearly 1,900 employees.

BANKING ACTIVITIES BG BANK (DKr m)	Q1-Q3 2005	Q1-Q3 2004	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Full year 2004
Net interest income	1,999	1,946	684	662	653	653	653	2,599
Net fee income	957	883	339	321	297	299	272	1,182
Net trading income	106	94	38	38	30	32	33	126
Other income	8	10	1	5	2	14	3	24
Total income	3,070	2,933	1,062	1,026	982	998	961	3,931
Operating expenses	1,762	1,818	580	606	576	645	580	2,463
Profit before credit loss expenses	1,308	1,115	482	420	406	353	381	1,468
Credit loss expenses	-13	-10	68	-31	-50	16	-26	6
Profit before tax	1,321	1,125	414	451	456	337	407	1,462
Loans and adv. to cust. (end period)	60,358	51,232	60,358	58,579	56,343	55,505	51,232	55,505
Due to customers, incl. pooled deposits (end period)	71,979	64,358	71,979	71,012	66,883	68,208	64,358	68,208
Risk-weighted items (avg.)	58,196	53,580	59,860	57,548	57,150	55,816	55,786	54,142
Allocated capital (avg.)	3,783	3,483	3,891	3,741	3,715	3,628	3,626	3,519
Pre-tax profit as % p.a. of allocated cap.	46.6	43.1	42.6	48.2	49.1	37.2	44.9	41.5
Cost/income ratio, %	57.4	62.0	54.6	59.1	58.7	64.6	60.4	62.7

- Pre-tax profit up 17%
- Net positive entry for credit loss expenses
- Growth in lending to retail customers of 19%
- Improved cost/income ratio

Pre-tax profit rose by 17% to DKr1,321m compared with the result for the first nine months of 2004. The increase was attributable to income growth and a fall in operating expenses.

Net interest income rose 3% compared with the first nine months of 2004. The increase in lending compensated for narrowing lending margins, which reflect the increasing share of the portfolio made up by property financing products secured on real property and fierce competition. Fee income rose by 8% as increased bank and mortgage lending and growing equity trading volume compensated for the decline in income from payment services.

Operating expenses fell by 3% due to lower payment services costs and general resource requirements, among other things, and the cost/income ratio improved from 62.0% to 57.4%.

Total lending grew by 18% compared with total lending at the end of September 2004 and by 9% on the level at the beginning of the year. Loans and advances to retail customers grew by 19% on the year-earlier period, reflecting in particular the satisfactory sales of the property financing product *Bolig Plus*. However, in the first nine months of 2005, the growth rate of sales of *Bolig Plus* declined as a result, among other factors, of Realkredit Danmark's launch of its *FlexGaranti*<sup>®</sup> product and increasing demand for fixed-rate mortgage loans. Lending to business customers rose by 16% compared with the level at the end of September 2004 and by 6% on the level at the beginning of the year.

## 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 breaks down on five regions with 70 branches, five finance centres and just over 1,100 employees. Real-estate agency business is carried out through Krogsveen.

BANKING ACTIVITIES NORWAY (DKr m)	Q1-Q3 2005	Q1-Q3 2004	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Full year 2004
Net interest income	932	831	336	303	293	305	286	1,136
Net fee income	271	189	94	89	88	81	68	270
Net trading income	52	21	20	15	17	12	7	33
Other income	65	21	51	8	6	8	9	29
Total income	1,320	1,062	501	415	404	406	370	1,468
Operating expenses	961	783	360	309	292	324	265	1,107
Profit before credit loss expenses	359	279	141	106	112	82	105	361
Credit loss expenses	-65	4	-21	0	-44	36	-27	40
Profit before tax	424	275	162	106	156	46	132	321
Profit before tax in local currency (Nkr)	457	310	171	112	174	47	148	357
Loans and adv. to cust. (end period)	82,402	62,485	82,402	77,686	70,578	65,687	62,485	65,687
Due to customers (end period)	36,718	29,610	36,718	35,876	33,083	31,398	29,610	31,398
Risk-weighted items (avg.)	60,521	46,825	65,416	60,580	55,458	53,827	48,843	48,585
Allocated capital (avg.)	3,934	3,044	4,252	3,938	3,605	3,499	3,175	3,158
Pre-tax profit as % p.a. of allocated cap.	14.4	12.0	15.2	10.8	17.3	5.3	16.6	10.2
Cost/income ratio, %	72.8	73.7	71.9	74.5	72.3	79.8	71.6	75.4

- Pre-tax profit up 54%
- Net positive entry for credit loss expenses
- Growth in lending of 24% measured in local currency

The pre-tax profit of Banking Activities Norway stood at DKr424m in the first nine months of 2005, against DKr275m in the first nine months of 2004, corresponding to an increase of 54%, or 47% in local currency. Profit before credit loss expenses rose 29%.

Net interest income rose 12% on the same period a year ago. Increased business volume with existing customers and a significant inflow of new customers compensated for the lower money market rates and keen margin competition.

Net fee income rose by 43%, or DKr82m. Other income increased by DKr44m as a result of the recognition of income from the real estate chain Krogsveen as of July 1, 2005.

Since September 30, 2004, Banking Activities Norway has increased the number of branches from 67 to 70 and recruited more employees to serve customers. These were the main reasons expenses (excluding expenses from Krogsveen) climbed 18% on the level recorded in the first nine months of 2004.

Credit loss expenses fell from a charge of DKr4m in the first nine months of 2004 to a net positive entry of DKr65m in the first nine months of 2005. This trend reflects the favourable economic climate in Norway and the good quality of the lending portfolio.

In local currency, lending to retail customers rose by 28%, whereas lending to corporate customers was 20% higher at the end of the first nine months of 2005 than a year ago. Growth in lending to both segments outperformed market growth.

## 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 breaks down on five regions with 57 branches, four finance centres and around 1,000 employees. Real-estate agency business is carried out through Skandia Mäklarna.

BANKING ACTIVITIES SWEDEN (DKr m)	Q1-Q3 2005	Q1-Q3 2004	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Full year 2004
Net interest income	1,091	1,007	372	367	352	362	341	1,369
Net fee income	345	313	116	118	111	123	102	436
Net trading income	36	34	12	12	12	10	11	44
Other income	6	4	1	4	1	3	1	7
Total income	1,478	1,358	501	501	476	498	455	1,856
Operating expenses	911	816	307	310	294	330	266	1,146
Profit before credit loss expenses	567	542	194	191	182	168	189	710
Credit loss expenses	-43	50	13	-69	13	-5	80	45
Profit before tax	610	492	181	260	169	173	109	665
Profit before tax in local currency (SKr)	760	606	226	327	207	207	133	813
Loans and adv. to cust. (end period)	106,145	87,539	106,145	100,317	96,833	91,583	87,539	91,583
Due to customers (end period)	35,312	28,664	35,312	34,520	31,532	30,629	28,664	30,629
Risk-weighted items (avg.)	81,922	67,496	87,840	81,539	76,260	73,122	70,382	68,910
Allocated capital (avg.)	5,325	4,387	5,710	5,300	4,957	4,753	4,575	4,479
Pre-tax profit as % p.a. of allocated cap.	15.3	15.0	12.7	19.6	13.6	14.6	9.5	14.8
Cost/income ratio, %	61.6	60.1	61.3	61.9	61.8	66.3	58.5	61.7

- Pre-tax profit up 24%
- Net positive entry for credit loss expenses
- Growth in lending of 24% measured in local currency

Pre-tax profit rose 24% to DKr610m, against DKr492m in the first nine months of 2004. In local currency, the increase amounted to 25%.

Total income increased 9%, reflecting the inflow of new customers and higher business volume in up-market customer segments. Net interest income grew 8% on the level recorded in the first nine months of 2004 despite falling market rates and narrowing lending margins. Net fee income rose by 10% to DKr345m due to increased business volume and the larger number of automated teller machines across the country.

Operating expenses grew 12% as a result of increased activity and the expansion of the branch network. A total of 12 new branches were established in the first nine months of 2005.

The Swedish operations recorded a net positive entry for credit loss expenses of DKr43m in the first nine months of 2005, against a charge of DKr50m in the first nine months of 2004. This trend reflects the favourable economic climate in Sweden and the good quality of the lending portfolio.

Lending to retail customers, measured in local currency, rose by 26% and lending to corporate customers increased by 24% from the level recorded at the end of September 2004. 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.

At the end of September, Banking Activities Sweden bought the real estate agency chain Skandia Mäklarna, which has 70 local offices. The acquisition is expected to further sharpen Danske Bank's real-estate profile and form an excellent basis for further growth in the Swedish market. The financial result of Skandia Mäklarna's operations will be consolidated in the accounts of Banking Activities Sweden with effect from October 1, 2005.

## Banking Activities Northern Ireland

*Banking Activities Northern Ireland encompasses the banking activities of Northern Bank. Northern Bank serves retail and corporate customers. Banking Activities Northern Ireland has 95 branches and 13 business centres and employs around 2,000 staff.*

BANKING ACTIVITIES NORTHERN IRELAND (DKr m)	Q1-Q3 2005	Q1-Q3 2004	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Full year 2004
Net interest income	911	-	399	387	125	-	-	-
Net fee income	332	-	144	141	47	-	-	-
Net trading income	8	-	14	-6	-	-	-	-
Other income	19	-	4	12	3	-	-	-
Total income	1,270	-	561	534	175	-	-	-
Amortisation of intangible assets	263	-	121	107	35	-	-	-
Integration expenses	166	-	78	88	-	-	-	-
Other operating expenses	733	-	325	306	102	-	-	-
Operating expenses	1,162	-	524	501	137	-	-	-
Profit before credit loss expenses	108	-	37	33	38	-	-	-
Credit loss expenses	34	-	15	14	5	-	-	-
Profit before tax	74	-	22	19	33	-	-	-
Profit before tax in local currency (£)	7	-	2	2	3	-	-	-
Loans and adv. to cust. (end period)	39,311	-	39,311	37,308	35,529	-	-	-
Due to customers (end period)	41,579	-	41,579	39,533	37,711	-	-	-
Risk-weighted items (avg.)	34,304	-	35,551	34,321	33,012	-	-	-
Allocated capital (avg.)	2,230	-	2,311	2,231	2,146	-	-	-
Pre-tax profit as % p.a. of allocated cap.	5.7	-	3.8	3.4	18.5	-	-	-
Cost/income ratio, %	91.5	-	93.4	93.8	78.3	-	-	-
Other operating exp./income ratio, %	57.7	-	57.9	57.3	58.3	-	-	-

*Q1-Q3 2005 comprises the financial results for the period March-September 2005.*

- Pre-tax profit in line with expectations
- Increase in lending of 11%
- Integration progressing according to schedule

Pre-tax profit on banking activities in Northern Ireland for the period March-September 2005 amounted to DKr74m, which was in line with expectations.

Total operating expenses of DKr1,162m included the amortisation of intangible assets of DKr263m and integration costs of DKr166m.

Excluding these one-off expenses, pre-tax profit amounted to DKr503m, corresponding to a return on allocated capital of 38.7% p.a.

Lending stood at DKr39bn at the end of September 2005. Measured in local currency, lending to retail customers grew 10% and lending to business customers increased 11% from the level at September 30, 2004, the end of the accounting year of Northern Bank. Growth in lending matched market growth.

Deposits totalled DKr42bn at the end of September 2005. Measured in local currency, retail deposits grew 10% and business deposits increased 12% from the level at the end of September 2004.

The net inflow of retail customers was the result, among other things, of the launch of a new product, the Current Account Plus, which offers competitive interest rates and fees as well as the option of an overdraft facility.

## Banking Activities Ireland

*Banking Activities Ireland encompasses the banking activities of National Irish Bank. National Irish Bank serves primarily retail customers and large corporate customers. Banking Activities Ireland has 59 branches and 13 business centres and employs around 700 staff.*

BANKING ACTIVITIES IRELAND (DKr m)	Q1-Q3 2005	Q1-Q3 2004	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Full year 2004
Net interest income	428	-	182	171	75	-	-	-
Net fee income	76	-	35	31	10	-	-	-
Net trading income	5	-	-9	14	-	-	-	-
Other income	10	-	5	3	2	-	-	-
Total income	519	-	213	219	87	-	-	-
Amortisation of intangible assets	60	-	26	26	8	-	-	-
Integration expenses	88	-	52	36	-	-	-	-
Other operating expenses	387	-	164	172	51	-	-	-
Operating expenses	535	-	242	234	59	-	-	-
Profit before credit loss expenses	-16	-	-29	-15	28	-	-	-
Credit loss expenses	5	-	2	3	-	-	-	-
Profit before tax	-21	-	-31	-18	28	-	-	-
Profit before tax in local currency (€)	-3	-	-5	-2	4	-	-	-
Loans and adv. to cust. (end period)	30,246	-	30,246	27,245	24,762	-	-	-
Due to customers (end period)	20,948	-	20,948	19,153	17,667	-	-	-
Risk-weighted items (avg.)	22,578	-	24,561	22,196	20,937	-	-	-
Allocated capital (avg.)	1,468	-	1,596	1,443	1,361	-	-	-
Pre-tax profit as % p.a. of allocated cap.	-2.5	-	-7.8	-5.0	24.7	-	-	-
Cost/income ratio, %	103.1	-	113.6	106.8	67.8	-	-	-
Other operating exp./income ratio, %	74.6	-	77.0	78.5	58.6	-	-	-

*Q1-Q3 2005 comprises the financial results for the period March-September 2005.*

- Pre-tax profit in line with expectations
- Increase in lending of 36%
- Integration progressing according to schedule

Banking activities in the Republic of Ireland recorded a pre-tax loss of DKr21m for the period March-September 2005, which was in line with expectations.

Total operating expenses of DKr535m included the amortisation of intangible assets of DKr60m and integration costs of DKr88m.

Excluding these one-off expenses, pre-tax profit amounted to DKr127m, corresponding to a return on allocated capital of 14.8% p.a.

Lending stood at DKr30bn at the end of September 2005. Measured in local currency, lending to retail customers grew by 26%, whereas lending to business customers increased 43% from the level recorded at September 30, 2004, the end of the accounting year of National Irish Bank. Growth in lending to business customers was higher than market growth, whereas growth in lending to retail customers matched market growth.

Deposits totalled DKr21bn at the end of September 2005. Measured in local currency, retail deposits grew 9% and business deposits increased 42% from the level at the end of September 2004.

## Other Banking Activities

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

OTHER BANKING ACTIVITIES (DKr m)	Q1-Q3 2005	Q1-Q3 2004	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Full year 2004
Net interest income	806	1,000	247	259	300	343	340	1,343
Net fee income	192	272	56	64	72	138	92	410
Net trading income	252	21	20	92	140	13	-11	34
Other income	970	855	318	328	324	269	268	1,124
<b>Total income</b>	<b>2,220</b>	<b>2,148</b>	<b>641</b>	<b>743</b>	<b>836</b>	<b>763</b>	<b>689</b>	<b>2,911</b>
Operating expenses	1,202	1,137	390	415	397	725	363	1,862
Profit before credit loss expenses	1,018	1,011	251	328	439	38	326	1,049
Credit loss expenses	154	482	-6	177	-17	-147	292	335
Profit before tax	864	529	257	151	456	185	34	714
Loans and adv. to cust. (end period)	53,879	85,372	53,879	52,369	63,229	79,669	85,372	79,669
Due to customers (end period)	11,275	63,374	11,275	9,514	61,452	54,895	63,374	54,895
Risk-weighted items (avg.)	67,769	92,164	57,179	66,447	79,931	88,346	94,351	91,204
Allocated capital (avg.)	4,405	5,991	3,717	4,319	5,196	5,742	6,133	5,928
Pre-tax profit as % p.a. of allocated cap.	26.2	11.8	27.7	14.0	35.1	12.9	2.2	12.0
Cost/income ratio, %	54.1	52.9	60.8	55.9	47.5	95.0	52.7	64.0

PROFIT BEFORE TAX (DKr m)	Q1-Q3 2005	Q1-Q3 2004	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Full year 2004
Banking Activities England	165	254	-6	57	114	-22	116	232
Banking Activities USA	217	-65	-2	151	68	-127	-76	-192
Other units	482	340	265	-57	274	334	-6	674
Other Banking Activities	864	529	257	151	456	185	34	714

### Banking Activities England

Pre-tax profit on banking activities in England amounted to DKr165m, against DKr254m in the first nine months of 2004. The fall is a natural consequence of the Group's decision to reduce activities in London. Banking activities in England recorded a pre-tax loss of DKr6m in the third quarter of 2005 as a result of expenses incurred in connection with the winding up of a number of activities.

### Banking Activities USA

Pre-tax profit on US banking activities amounted to DKr217m, against a loss of DKr65m in the first nine months of 2004. The Group is in the process of reducing its lending activities as part of the closure of the branch in New York; the sale of loans generated a gain of some DKr50m, and the net positive entry for credit loss expenses amounted to around DKr150m. In the third quarter of 2005, the business area posted a loss of DKr2m.

### Other units

Pre-tax profit on other banking activities increased by DKr142m compared with the profit recorded for the first nine months of 2004. All business areas showed positive developments in the first nine months of 2005. However, the pre-tax result of the banking activities in Luxembourg was negative owing to the impairment of individual facilities.

At the beginning of October 2005, the Danske Bank Group sold HandelsFinans, its consumer finance arm, in accordance with the Group's strategy to focus on conventional banking. The profit of around DKr500m will be carried as net trading income in the result for the fourth quarter of 2005.



## 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".

MORTGAGE FINANCE (DKr m)	Q1-Q3 2005	Q1-Q3 2004	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Full year 2004
Net interest income	2,536	2,284	871	848	817	778	784	3,062
Net fee income	71	74	2	31	38	39	7	113
Net trading income	149	133	50	58	41	0	53	133
Other income	136	97	45	47	44	31	30	128
Total income	2,892	2,588	968	984	940	848	874	3,436
Operating expenses	910	905	287	316	307	327	274	1,232
Profit before credit loss expenses	1,982	1,683	681	668	633	521	600	2,204
Credit loss expenses	-94	-16	-18	-27	-49	-2	-13	-18
Profit before tax	2,076	1,699	699	695	682	523	613	2,222
Mortgage loans (end period)	557,717	515,900	557,717	545,801	531,206	524,428	515,900	524,428
Risk-weighted items (avg.)	269,338	250,892	274,042	270,291	263,566	255,133	252,043	251,958
Allocated capital (avg.)	17,507	16,308	17,813	17,569	17,132	16,584	16,383	16,377
Pre-tax profit as % p.a. of allocated cap.	15.8	13.9	15.7	15.8	15.9	12.6	15.0	13.6
Cost/income ratio, %	31.5	35.0	29.6	32.1	32.7	38.6	31.4	35.9

- Pre-tax profit up 22%
- Net positive entry for credit loss expenses
- Record-high refinancing activity
- Market share of total lending portfolio of 33.3%

In the first nine months of 2005, Mortgage Finance generated a pre-tax profit of DKr2,076m, against DKr1,699m for the same period the year before.

Income rose 12% to DKr2,892m. Net interest income increased by 11% on the first nine months of 2004, reflecting a rise in earnings on administration margins due to increased lending and a record-high level of refinancing activity.

Operating expenses were largely unchanged. Credit loss expenses amounted to a net positive entry of DKr94m, against DKr16m in the first nine months of 2004.

Total gross lending on the Danish mortgage finance market soared 80% to DKr561bn in the first nine months of 2005. At the beginning of the year, the very strong refinancing activity came from the interest rate cap loans launched towards the end of 2004. The persistent decline in interest rates reinforced customer demand for fixed-rate loans throughout the period under review. Finally, the change of maturity groups on September 1, 2005, also contributed to speeding up borrowing activity in the third quarter (new maturity groups are opened every three years).

Realkredit Danmark's market share of gross lending stood at 28.1% in the first nine months of 2005, against 30.8% in the first nine months of 2004. Its share of the total lending portfolio was 33.3% at September 30, 2005, against 34.0% the year before. Realkredit Danmark's lending portfolio increased by DKr42bn to DKr558bn at the end of the first nine months of 2005. Market value adjustments accounted for DKr5bn of the rise.

In the first nine months of 2005, *FlexLån*<sup>®</sup> fell to 29% of gross lending, while fixed-rate loans rose to 53% and *FlexGaranti*<sup>®</sup> to 18%.



## Danske Markets

*Danske Markets is responsible for the Group's activities in the financial markets. Trading activities include trading in fixed-income, 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.*

DANSKE MARKETS (DKr m)	Q1-Q3 2005	Q1-Q3 2004	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Full year 2004
Total income	4,152	3,033	1,364	1,439	1,349	1,513	872	4,546
Operating expenses	1,400	1,179	490	452	458	433	363	1,612
Profit before credit loss expenses	2,752	1,854	874	987	891	1,080	509	2,934
Credit loss expenses	-14	-	-2	-5	-7	-	-	-
Profit before tax	2,766	1,854	876	992	898	1,080	509	2,934
Loans and adv. to cust. (end period)	36,265	24,290	36,265	37,134	25,389	20,548	24,290	20,548
Risk-weighted items (avg.)	104,985	109,330	115,991	103,299	95,440	92,384	95,130	105,070
Allocated capital (avg.)	6,824	7,106	7,539	6,714	6,204	6,005	6,183	6,830
Pre-tax profit as % p.a. of allocated cap.	54.0	34.8	46.5	59.1	57.9	71.9	32.9	43.0
Cost/income ratio, %	33.7	38.9	35.9	31.4	34.0	28.6	41.6	35.5

TOTAL INCOME (DKr m)	Q1-Q3 2005	Q1-Q3 2004	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Full year 2004
Trading activities	2,367	1,750	917	726	724	603	533	2,353
Proprietary trading	370	340	112	107	151	148	56	488
Investment portfolio	1,077	559	219	496	362	646	147	1,205
Institutional banking	338	384	116	110	112	116	136	500
Total Danske Markets	4,152	3,033	1,364	1,439	1,349	1,513	872	4,546

- Pre-tax profit up 49%
- Income up 37%
- Conservative investment strategy

Persistently high activity in the fixed-income, currency and equity markets contributed to satisfactory earnings in the first nine months of 2005. The result of the third quarter reflects the conservative strategy of the Group's strategic investment portfolio. The rising medium-term interest rates did therefore not materially affect the result. Modest profits on unlisted equities also affected earnings in the third quarter of 2005.

Income from trading activities stood at Dkr2,367m, reflecting a 35% rise since the first nine months of 2004. The uncertainty that characterised market expectations – particularly expectations for the fixed-income and currency markets - increased customer demand for hedging instruments. Remortgaging activities remained strong in the third quarter. The Group's operations in Norway, Sweden, England and Denmark all contributed to the income from trading activities. Non-Danish activities continued to account for an increasing share of income.

Income from proprietary trading rose 9% to Dkr370m compared with the first nine months of 2004. Income from the investment portfolio nearly doubled to Dkr1,077m on the level recorded for the first nine months of 2004, partly as a result of gains on the sale of unlisted equity holdings. Income from institutional banking remained stable.

Operating expenses rose 19% on the first nine months of 2004 owing to an increase in performance-based compensation.

## 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)	Q1-Q3 2005	Q1-Q3 2004	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Full year 2004
Total income	586	512	202	195	189	178	162	690
Operating expenses	269	236	87	96	86	90	79	326
Profit before tax	317	276	115	99	103	88	83	364
Risk-weighted items (avg.)	156	389	85	81	304	84	66	312
Allocated capital (avg.)	10	25	6	5	20	5	4	20
Cost/income ratio, %	45.9	46.1	43.1	49.2	45.5	50.6	48.8	47.2
Assets under management (DKr bn)	458	402	458	442	423	414	402	414

- Income benefited from the positive trend in the capital markets
- Substantial rise in earnings at Danske Capital's units outside Denmark
- Investment performance exceeded benchmarks

Profit before tax was DKr317m, against DKr276m in the first nine months of 2004. Income growth of 14% was owing primarily to increased activities in the non-Danish units, whose income rose 36% on the same period last year. Danske Capital units outside Denmark accounted for 23% of total income in the first nine months of 2005, against 21% in the same period last year. Equities accounted for 23% of total assets under management in the first three quarters of 2005, against 18% in the first three quarters of 2004.

Operating expenses rose DKr33m to DKr269m, primarily as a result of the rising number of employees and the expansion of the activities of non-Danish units.

Sales totalled DKr10.8bn in the first nine months of 2005. The trend was driven primarily by increased sales outside Denmark. Sales of Danske Invest and BG Invest units declined, and the share of the retail market was 36% of total assets at the end of September 2005, against 39% a year earlier. The lower market share for Danske Invest and BG Invest is a result, among other things, of Danske Bank offering a wide range of investment products, which includes unit trust products supplied by unit trusts other than Danske Invest and BG Invest.

In the first nine months of 2005, Danske Capital achieved good investment results. Credit bonds and global bonds delivered above-benchmark returns, and among equities, especially Nordic, European and Eastern European equities outperformed benchmark returns.

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

## Danica Pension

The Forsikringselskabet Danica Group encompasses all Danica'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 Danske Bank Group, primarily Banking Activities' outlets and Danica Pension's own sales force and team of advisers.

DANICA PENSION (DKr m)	Q1-Q3 2005	Q1-Q3 2004	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Full year 2004
0.5% of technical provisions	633	578	219	209	205	198	193	776
30% of risk, cost, health and accident results	201	102	72	69	60	48	74	150
Total risk allowance	834	680	291	278	265	246	267	926
Net return on allocated capital	82	91	26	25	31	34	30	125
Unit-linked business	146	66	50	64	32	26	40	92
Health care business, etc.	63	33	28	24	11	10	29	43
Change in shadow account balance	-	-	-	-	-	445	-	445
Net income from insurance business	1,125	870	395	391	339	761	366	1,631
Technical provisions (incl. unit-linked business)	210,805	185,448	210,805	205,946	196,089	192,259	185,448	192,259
Allocated capital (avg.)	7,900	7,101	8,107	8,004	7,588	7,234	7,136	7,234
Net income as % p.a. of allocated cap.	19.0	16.3	19.5	19.5	17.9	42.1	20.5	22.5

- Increase in net income of 29%
- Return on investment of customer funds of 11.4%
- Health and accident business remains unsatisfactory

Net income from insurance business increased by DKr255m to DKr1,125m. The life insurance risk allowance totalled DKr834m, against DKr680m for the first nine months of 2004. The rise was the result of increasing business volume and lower expenses. The health and accident results, which are included in the Group's profit at a ratio of 30%, improved by DKr200m to a negative DKr7m owing to a high return on investments in the first nine months of 2005. The trend in claims, however, continued to be unsatisfactory.

Since the current rules do not allow the results of the health and accident business to adversely affect the pension savings of life insurance customers over time, modifications to the contribution model are being considered.

The return on investment of customer funds was 11.4%, against 6.2% in the first nine months of 2004. The return on bonds, including derivatives, totalled 10.8%. The return on equities was 18.8% and the return on real property was 6.8%. Owing to the fall in interest rates, a large part of the return was used to increase life insurance provisions. Customers with unit-linked contracts and a medium risk profile obtained a return of 17.0% in the first nine months of 2005. Customers with Danica Balance contracts and a medium equity risk profile with an equity ratio of 75% achieved a return of 10.2% in the period from May, when the product was launched, to September 30, 2005.

Premiums in the first nine months of 2005, including payments under investment contracts, totalled DKr11.7bn, up 12% on the level recorded in the first nine months of 2004. Total premiums from the market-based products Danica Balance and Danica Link rose by 50% to DKr2.0bn. The expense ratio at Danica Pension fell to 7.1% from 8.5%. Between the end of 2004 and the end of September 2005, the collective bonus potential rose DKr2.8bn to DKr10.5bn, corresponding to a bonus rate of 6.9%.

## Outlook for 2005

Danske Bank Group's pre-tax profit for 2005 is now expected to be higher than predicted at the publication of the Interim Report for the first half of 2005.

In 2005, Europe is likely to continue to see generally low economic growth and generally low interest and inflation rates. The Group expects growth in its principal markets to be higher than overall European growth, however.

Net interest income and net fee income from banking activities and mortgage finance are expected to rise from the level recorded in 2004. The increase in income from property financing at all Nordic units, among other activities, is likely to more than compensate for the decline in income from UK and US wholesale banking activities. The strong remortgaging activity is unlikely to continue at the same pace in the last months of the year. The newly acquired banks in the Republic of Ireland and Northern Ireland were consolidated in the Group's accounts from March 1, 2005.

Net trading income is expected to be higher than in 2004 due to the high level of activity during the first nine months of 2005. The strong activity is not expected to continue in the fourth quarter of 2005. Profits on the sale of HandelsFinans and unlisted shares will exceed similar one-off revenue in 2004. During the rest of the year, net 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.

Net income from insurance business is expected to be lower owing to the booking of DKr445m in the fourth quarter of 2004 for risk allowances from previous years. The possible booking of part of the risk allowance outstanding from previous years of DKr436m has not yet been decided on.

Hence, the Group expects total income to increase around 15% from the level in 2004, although this still depends on the trend in prices on the financial markets, among other factors.

Expenses, other than those incurred by the banks in the Republic of Ireland and Northern Ireland, are expected to remain stable at the level recorded in 2004. The acquisitions in the Republic of Ireland and Northern Ireland will increase total expenses, partly due to the operating expenses of the banks, and partly as a result of the integration costs and related costs of some DKr1.5bn. A good one-third of these costs will be expensed in 2005. Moreover, nearly DKr1.7bn of the total acquisition price will be recognised with other intangible assets that are amortised over a period of three years.

Consequently, the Group expects its total costs and its cost/income ratio to increase.

On the basis of the relatively favourable economic trends and the satisfactory quality of its loan portfolio, the Group expects to record a modest net positive entry for credit loss expenses.

Against this background, the pre-tax profit for 2005 is now expected to be around 25% higher than in 2004. However, the result will continue to depend, among other factors, on the level of activity, economic trends and the trends in prices on the financial markets.

The Group expects its tax rate to be 28%.

Copenhagen, November 1, 2005

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

NET PROFIT FOR THE PERIOD (DKr m)	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004
Net interest income	4,462	4,270	4,002	3,739	3,661
Net fee income	1,880	1,812	1,592	1,581	1,351
Net trading income	1,511	1,732	1,645	1,607	964
Other income	577	588	492	823	374
Net income from insurance business	395	391	339	761	366
Total income	8,825	8,793	8,070	8,511	6,716
Operating expenses	4,580	4,700	3,958	4,370	3,486
Profit before credit loss expenses	4,245	4,093	4,112	4,141	3,230
Credit loss expenses	-63	-99	-126	-75	213
Profit before tax	4,308	4,192	4,238	4,216	3,017
Tax	1,300	1,146	1,230	1,172	804
Net profit for the period	3,008	3,046	3,008	3,044	2,213
Attributable to minority interests	3	-9	9	8	2
<b>BALANCE SHEET</b>					
(DKr m)					
Bank loans and advances	824,691	766,951	738,910	615,268	613,921
Mortgage loans	557,717	545,801	531,206	524,428	515,900
Trading portfolio assets	456,773	555,310	468,076	422,547	385,634
Investment securities	51,262	39,051	34,555	31,505	46,580
Assets under insurance contracts	192,449	185,610	169,984	160,084	157,913
Other assets	316,028	340,593	328,454	298,161	267,122
Total assets	2,398,920	2,433,316	2,271,185	2,051,993	1,987,070
Due to credit institutions and central banks	485,209	511,431	457,525	353,369	392,959
Due to customers	583,732	603,476	569,271	487,863	474,502
Issued mortgage bonds	438,451	434,358	465,460	432,399	405,853
Trading portfolio liabilities	243,854	262,772	195,414	215,807	173,797
Liabilities under insurance contracts	211,384	207,132	193,194	189,168	186,051
Other liabilities	319,925	304,229	284,824	272,969	251,928
Subordinated debt	45,522	41,888	40,462	33,423	36,847
Shareholders' equity	70,843	68,030	65,035	66,995	65,133
Total liabilities and equity	2,398,920	2,433,316	2,271,185	2,051,993	1,987,070
<b>RATIOS AND KEY FIGURES</b>					
Net profit for the period per share, DKr	4.8	4.9	4.8	4.8	3.5
Diluted net profit for the period per share, DKr	4.8	4.9	4.8	4.8	3.5
Net profit for the period as % p.a. of average shareholders' equity	17.3	18.3	17.8	18.4	13.7
Cost/income ratio, %	51.9	53.5	49.0	51.3	51.9
Solvency ratio, excl. net profit for the period, %*	9.4	9.1	9.7	10.2	10.0
Core (tier 1) capital ratio, excl. net profit for the period, %*	6.5	6.5	6.8	7.7	7.4
Risk-weighted items, end of period, DKr bn	933	927	884	808	797
Share price, end of period, DKr	190.1	185.3	165.7	167.5	157.7
Book value per share, DKr	113.0	108.3	103.6	106.7	102.5
Full-time-equivalent staff, end of period	19,215	18,900	18,885	16,235	16,669

\* Fourth quarter comprises the net profit for the year.

## Income statement - Danske Bank Group

(DKr m)	Q1-Q3 2005	Q1-Q3 2004
Net interest income	21,842	19,496
Net fee income	5,187	4,250
Net trading income	16,204	3,964
Other income	2,813	2,382
Net premiums	10,769	9,746
Net insurance benefits	30,448	18,451
Operating expenses	13,917	11,734
Credit loss expenses	-288	834
Profit before tax	12,738	8,819
Tax	3,676	2,546
Net profit for the period	9,062	6,273
Attributable to minority interests	3	20
IFRS accounting format (summary)		

## Balance sheet – Danske Bank Group

(DKr m)	September 30, 2005	December 31, 2004
<b>ASSETS</b>		
Cash in hand and demand deposits with central banks	17,940	7,741
Due from credit institutions and central banks	215,926	230,690
Bank loans and advances	824,691	615,268
Mortgage loans	557,717	524,428
Trading portfolio assets	456,773	422,547
Investment securities	51,262	31,505
Assets under pooled schemes and unit-linked investment contracts	33,565	32,278
Assets under insurance contracts	192,449	160,084
Investments in associated undertakings	979	1,308
Intangible assets	7,629	447
Investment property	3,853	4,463
Tangible fixed assets	7,239	6,468
Other assets	28,897	14,766
<b>Total assets</b>	<b>2,398,920</b>	<b>2,051,993</b>
<b>LIABILITIES</b>		
Due to credit institutions and central banks	485,209	353,369
Due to customers	583,732	487,863
Issued mortgage bonds	438,451	432,399
Trading portfolio liabilities	243,854	215,807
Deposits under pooled schemes and unit-linked investment contracts	39,064	37,875
Liabilities under insurance contracts	211,384	189,168
Other issued bonds	227,343	190,530
Other liabilities	53,518	44,564
Subordinated debt	45,522	33,423
<b>Total liabilities</b>	<b>2,328,077</b>	<b>1,984,998</b>
<b>SHAREHOLDERS' EQUITY</b>		
Shareholders of the parent company	70,799	66,728
Minority interests	44	267
<b>Total equity</b>	<b>70,843</b>	<b>66,995</b>
<b>Total liabilities and equity</b>	<b>2,398,920</b>	<b>2,051,993</b>

## Capital – Danske Bank Group

CHANGES IN EQUITY AND MINORITY INTERESTS (DKr m)	Shareholders of the parent company					Minority interests	Total
	Share capital	Foreign currency translation reserve	Proposed dividend	Profit brought forward	Total		
Shareholders' equity, January 1, 2005	6,723	-32	5,010	55,027	66,728	267	66,995
Translation of non-Danish units	-	818	-	-	818	-	818
Non-Danish unit hedges	-	-791	-	-	-791	-	-791
Tax	-	-	-	89	89	-	89
Net gains not recognised in the income statement	-	27	-	89	116	-	116
Net profit for the period	-	-	-	9,062	9,062	3	9,065
Capital reduction	-340	-	-	340	-	-	-
Dividends paid	-	-	-5,010	81	-4,929	-	-4,929
Acquisition of own shares	-	-	-	-12,585	-12,585	-	-12,585
Sale of own shares	-	-	-	12,396	12,396	-	12,396
Incentive programme	-	-	-	11	11	-	11
Adjustment of minority interests	-	-	-	-	-	-226	-226
Shareholders' equity, September 30, 2005	6,383	-5	-	64,421	70,799	44	70,843
Shareholders' equity, January 1, 2004	7,117	-	4,403	55,498	67,018	256	67,274
Translation of non-Danish units	-	58	-	-	58	-	58
Non-Danish unit hedges	-	-63	-	-	-63	-	-63
Tax	-	-	-	-86	-86	-	-86
Net gains not recognised in the income statement	-	-5	-	-86	-91	-	-91
Net profit for the period	-	-	-	6,253	6,253	20	6,273
Capital reduction	-394	-	-	394	-	-	-
Dividends paid	-	-	-4,403	71	-4,332	-	-4,332
Acquisition of own shares	-	-	-	-13,359	-13,359	-	-13,359
Sale of own shares	-	-	-	9,358	9,358	-	9,358
Adjustment of minority interests	-	-	-	-	-	-9	-9
Other adjustments	-	-	-	19	19	-	19
Shareholders' equity, September 30, 2004	6,723	-5	-	58,148	64,866	267	65,133



## Solvency – Danske Bank Group

CORE CAPITAL, CAPITAL BASE AND SOLVENCY RATIO (DKr m)	September 30, 2005	September 30, 2004	December 31, 2004
Core capital	62,151	56,450	60,783
Hybrid core capital	6,289	4,498	4,101
Statutory deductions	8,230	2,317	2,365
Core capital, including hybrid core capital, less statutory deductions	60,210	58,631	62,519
Eligible subordinated debt and revaluation reserve	35,872	29,105	27,978
Statutory deduction for insurance subsidiaries	8,184	7,375	7,622
Other statutory deductions	380	344	135
Supplementary capital, less statutory deductions	27,308	21,386	20,221
Total capital base, less statutory deductions	87,518	80,017	82,740
Weighted items	932,750	797,447	808,329
Core (tier 1) capital ratio, excluding hybrid capital, %	5.78	6.79	7.23
Core (tier 1) capital ratio, %	6.46	7.35	7.73
Solvency ratio, %	9.38	10.03	10.24

Solvency and core (tier 1) capital ratios are calculated according to the provisions applicable to the accounting periods in question.

## Cash flow statement - Danske Bank Group

(DKr m)	Q1-Q3 2005	Q1-Q3 2004
<b>Cash flow from operating activities</b>		
Net profit for the period	9,062	6,273
Adjustment for non-cash items	-2,204	-913
Increase/decrease in operating capital	-3,039	36,929
<b>Total</b>	<b>3,819</b>	<b>42,289</b>
<b>Cash flow from investing activities</b>		
Acquisition and disposal of subsidiaries and other business units	-10,869	-
Intangible fixed assets	-279	-301
Tangible fixed assets	9	-702
<b>Total</b>	<b>-11,139</b>	<b>-1,003</b>
<b>Cash flow from financing activities</b>		
Subordinated debt	7,862	1,712
Dividends	-4,929	-4,332
Acquisition/sale of own shares	-178	-4,001
<b>Total</b>	<b>2,755</b>	<b>-6,621</b>
Increase/decrease in cash and cash equivalents	-4,565	34,665
Cash and cash equivalents, beginning of period	238,431	176,209
Cash and cash equivalents, end of period	233,866	210,874

## Segment reporting – Danske Bank Group

SEGMENTS Q1-Q3 2005	Banking Activities	Mortgage Finance	Danske Markets	Danske Capital	Danica Pension	Others	Highlights	Reclassi- fication	Total*
(DKr m)									
Net interest income	10,755	2,536	-	5	-	-562	12,734	9,108	21,842
Net fee income	4,607	71	-	623	-	-17	5,284	-97	5,187
Net trading income	793	149	4,152	-42	-	-164	4,888	11,316	16,204
Other income	1,090	136	-	-	-	431	1,657	1,156	2,813
Net income from insurance business	-	-	-	-	1,125	-	1,125	-1,125	-
Net premiums	-	-	-	-	-	-	-	10,769	10,769
Net insurance benefits	-	-	-	-	-	-	-	30,448	30,448
<b>Total income</b>	<b>17,245</b>	<b>2,892</b>	<b>4,152</b>	<b>586</b>	<b>1,125</b>	<b>-312</b>	<b>25,688</b>	<b>679</b>	<b>26,367</b>
<b>Operating expenses</b>	<b>10,357</b>	<b>910</b>	<b>1,400</b>	<b>269</b>	<b>-</b>	<b>302</b>	<b>13,238</b>	<b>679</b>	<b>13,917</b>
Profit before credit loss expenses	6,888	1,982	2,752	317	1,125	-614	12,450	-	12,450
Credit loss expenses	-180	-94	-14	-	-	-	-288	-	-288
<b>Profit before tax</b>	<b>7,068</b>	<b>2,076</b>	<b>2,766</b>	<b>317</b>	<b>1,125</b>	<b>-614</b>	<b>12,738</b>	<b>-</b>	<b>12,738</b>
<b>Total assets (avg.)</b>	<b>629,557</b>	<b>574,336</b>	<b>934,397</b>	<b>6,172</b>	<b>229,928</b>	<b>17,802</b>	<b>2,392,192</b>		<b>2,392,192</b>
<b>Risk-weighted items (avg.)</b>	<b>508,359</b>	<b>269,338</b>	<b>104,985</b>	<b>156</b>	<b>-</b>	<b>15,703</b>	<b>898,541</b>		<b>898,541</b>
<b>Allocated capital (avg.)</b>	<b>33,043</b>	<b>17,507</b>	<b>6,824</b>	<b>10</b>	<b>7,900</b>	<b>1,021</b>	<b>66,305</b>		<b>66,305</b>
<b>Full-time-equivalent staff, end of period</b>	<b>11,821</b>	<b>757</b>	<b>631</b>	<b>212</b>	<b>826</b>	<b>4,968</b>	<b>19,215</b>		<b>19,215</b>

  

SEGMENTS Q1-Q3 2004	Banking Activities	Mortgage Finance	Danske Markets	Danske Capital	Danica Pension	Others	Highlights	Reclassi- fication	Total*
(DKr m)									
Net interest income	9,078	2,284	-	5	-	-354	11,013	8,483	19,496
Net fee income	3,722	74	-	514	-	7	4,317	-67	4,250
Net trading income	468	133	3,033	-7	-	-357	3,270	694	3,964
Other income	912	97	-	-	-	197	1,206	1,176	2,382
Net income from insurance business	-	-	-	-	870	-	870	-870	-
Net premiums	-	-	-	-	-	-	-	9,746	9,746
Net insurance benefits	-	-	-	-	-	-	-	18,451	18,451
<b>Total income</b>	<b>14,180</b>	<b>2,588</b>	<b>3,033</b>	<b>512</b>	<b>870</b>	<b>-507</b>	<b>20,676</b>	<b>711</b>	<b>21,387</b>
<b>Operating expenses</b>	<b>8,401</b>	<b>905</b>	<b>1,179</b>	<b>236</b>	<b>-</b>	<b>302</b>	<b>11,023</b>	<b>711</b>	<b>11,734</b>
Profit before credit loss expenses	5,779	1,683	1,854	276	870	-809	9,653	-	9,653
Credit loss expenses	850	-16	-	-	-	-	834	-	834
<b>Profit before tax</b>	<b>4,929</b>	<b>1,699</b>	<b>1,854</b>	<b>276</b>	<b>870</b>	<b>-809</b>	<b>8,819</b>	<b>-</b>	<b>8,819</b>
<b>Total assets (avg.)</b>	<b>454,898</b>	<b>531,253</b>	<b>651,019</b>	<b>3,679</b>	<b>198,162</b>	<b>14,661</b>	<b>1,853,672</b>		<b>1,853,672</b>
<b>Risk-weighted items (avg.)</b>	<b>419,328</b>	<b>250,892</b>	<b>109,330</b>	<b>389</b>	<b>-</b>	<b>11,532</b>	<b>791,471</b>		<b>791,471</b>
<b>Allocated capital (avg.)</b>	<b>27,256</b>	<b>16,308</b>	<b>7,106</b>	<b>25</b>	<b>7,101</b>	<b>750</b>	<b>58,546</b>		<b>58,546</b>
<b>Full-time-equivalent staff, end of period</b>	<b>8,965</b>	<b>985</b>	<b>587</b>	<b>185</b>	<b>858</b>	<b>5,089</b>	<b>16,669</b>		<b>16,669</b>

\* IFRS accounting format (summary)

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 IFRS accounting format (summary) reclassifies the profit contributions of both business areas and recognises income and expenses separately.

## Contingent liabilities – Danske Bank Group

Owing to its size and business volume, the Danske Bank Group is continually a party to various lawsuits.

The outcomes of the cases pending are not expected to have any material effect on the financial position of the Danske Bank Group.

Pension obligations are recognised in the Group accounts at the estimated values calculated in accordance with the corridor approach. The actuarial assessment shows an additional liability of DKr539m as at September 30, 2005.

A limited number of employees are employed under terms which grant them, if they are dismissed before reaching their normal retirement age, an extraordinary severance and/or pension payment in excess of what they would have been entitled to under ordinary terms of employment.

The Bank is jointly and severally liable for the corporation tax of the companies that were jointly taxed before January 1, 2005. With effect from January 1, 2005, the joint taxation comprises all Danish group companies. The Bank manages the joint taxation. The Bank is liable only for the tax payable by the Bank itself and amounts received from subsidiaries in payment of the joint corporation tax.

The Bank is registered jointly with all significant wholly-owned Danish subsidiaries for financial services employer tax and VAT, for which it is jointly and severally liable.

In addition to the deferred tax provided for on the balance sheet, the Bank is liable for deferred tax of DKr16m payable for shares in subsidiary undertakings held for less than three years. At the end of 2004, the Bank was also liable for DKr16m.

The table shows the Group's guarantees and indemnities, irrevocable loan commitments and other commitments not recognised on the balance sheet.

GUARANTEES AND COMMITMENTS (DKr m)	September 30, 2005	September 30, 2004	December 31, 2004
Guarantees, etc.	80,889	91,607	86,915
Other commitments	108,786	113,500	124,397
<b>Total</b>	<b>189,675</b>	<b>205,107</b>	<b>211,312</b>

## 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>
Net profit for the period	3,044	2,213	1,822	2,238	9,317

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

## Additional information

### Conference call

Danske Bank will hold a conference call upon the presentation of its report for the first nine months of 2005 on November 1, 2005. The conference is scheduled for 4.00pm and is transmitted live at [www.danskebank.com](http://www.danskebank.com).

### Financial calendar

Danske Bank plans to release its announcement of financial results and Annual Report for 2005 on February 9, 2006.

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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.com](http://www.danicapension.com)