

# Quarterly Report – First Quarter of 2006

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Danske Bank Group - financial highlights _____	3
<b>Management's report</b> _____	4
Financial results _____	4
Integration of Northern Bank and National Irish Bank _____	5
Capital and solvency _____	5
Balance sheet _____	5
Incentive programmes _____	6
<b>Business areas</b> _____	7
Banking Activities Danske Bank _____	8
Banking Activities BG Bank _____	9
Banking Activities Sweden _____	10
Banking Activities Norway _____	11
Banking Activities Northern Ireland _____	12
Banking Activities Ireland _____	13
Other Banking Activities _____	14
Mortgage Finance _____	15
Danske Markets _____	16
Danske Capital _____	17
Danica Pension _____	18
Other areas _____	20
<b>Outlook for 2006</b> _____	21
Danske Bank Group - financial highlights _____	22
Accounting policies _____	23
<b>Accounts of the Danske Bank Group</b> _____	24
Income statement _____	24
Balance sheet _____	25
Capital _____	26
Solvency _____	27
Cash flow statement _____	28
Segment information _____	29
Contingent liabilities _____	31
<b>Additional information</b> _____	32

*This is a translation of the quarterly report for the first quarter of 2006 in the Danish language. In case of discrepancies, the Danish version prevails.*

## Financial highlights – Danske Bank Group

<b>NET PROFIT FOR THE PERIOD</b> (DKr m)	Q1 2006	Q1 2005	Index 06/05	Full year 2005
Net interest income	4,524	4,002	113	17,166
Net fee income	1,963	1,592	123	7,288
Net trading income	1,925	1,597	121	6,351
Other income	513	492	104	2,256
Net income from insurance business	198	356	56	1,647
<b>Total income</b>	<b>9,123</b>	<b>8,039</b>	<b>113</b>	<b>34,708</b>
Operating expenses	4,871	3,958	123	18,198
Profit before credit loss expenses	4,252	4,081	104	16,510
Credit loss expenses	-129	-126	-	-1,096
Profit before tax	4,381	4,207	104	17,606
Tax	1,250	1,223	102	4,921
<b>Net profit for the period</b>	<b>3,131</b>	<b>2,984</b>	<b>105</b>	<b>12,685</b>
Attributable to minority interests	-1	9	-	4
<b>BALANCE SHEET</b> (DKr m)	March 31, 2006	March 31, 2005	Index 06/05	Dec. 31, 2005
Bank loans and advances	860,591	738,880	116	829,603
Mortgage loans	567,002	531,206	107	569,092
Trading portfolio assets	357,484	468,076	76	444,521
Investment securities	31,790	34,555	92	28,712
Assets under insurance contracts	187,732	169,984	110	188,342
Other assets	387,109	328,454	118	371,718
<b>Total assets</b>	<b>2,391,708</b>	<b>2,271,155</b>	<b>105</b>	<b>2,431,988</b>
Due to credit institutions and central banks	422,092	457,525	92	476,363
Deposits	617,987	569,271	109	631,184
Issued mortgage bonds	446,806	465,460	96	438,675
Trading portfolio liabilities	204,690	195,414	105	212,042
Liabilities under insurance contracts	210,402	193,541	109	212,328
Other liabilities	377,429	284,776	133	343,470
Subordinated debt	41,951	40,462	104	43,837
Shareholders' equity	70,351	64,706	109	74,089
<b>Total liabilities and equity</b>	<b>2,391,708</b>	<b>2,271,155</b>	<b>105</b>	<b>2,431,988</b>
<b>RATIOS AND KEY FIGURES</b>	Q1 2006	Q1 2005		Full year 2005
Net profit for the period per share, DKr	5.0	4.8		20.2
Diluted net profit for the period per share, DKr	5.0	4.8		20.2
Net profit for the period as % p.a. of average shareholders' equity	16.8	17.7		18.4
Cost/income ratio, %	53.4	49.2		52.4
Solvency ratio, excl. net profit for the period, %	10.0	9.7		10.3
Core (tier 1) capital ratio, incl. hybrid core capital and excl. net profit for the period, %	7.0	6.8		7.3
Risk-weighted items, end of period, DKr bn	972	884		944
Share price, end of period, DKr	229.0	165.7		221.2
Book value per share, DKr	112.5	103.1		118.2
Full-time-equivalent staff, end of period	19,195	18,885		19,128

## Management's report

- Better than expected net profit of DKr3,131m, against DKr2,984m for the first quarter of 2005
- Net profit for the period per share up 4% despite the defrayed integration costs
- Income up 13%
- Net positive entry for credit loss expenses
- Growth in bank lending, excluding reverse transactions, of 19%
- Northern Bank and National Irish Bank are now operating fully on the IT platform of the Danske Bank Group, and the commercial relaunch of the two banks has begun
- On the basis of the first quarter results, the Group is raising its expectations for full-year 2006 profit.

### Financial results for the first quarter of 2006

Danske Bank Group recorded a net profit of DKr3,131m for the first quarter of 2006, against DKr2,984m for the first quarter of 2005. Earnings per share rose from DKr4.8 to DKr5.0.

Pre-tax profit amounted to DKr4,381m, which was better than expected at the presentation of the annual report for 2005. The result for the first quarter of the year leads the Group to make a slight upward adjustment of its income estimate. The Group now expects its profit before credit loss expenses to increase by 5-8% over the profit for 2005, excluding one-off income of DKr1.6bn in 2005.

#### Adjustment of the accounting policies applied by Danica Pension

Under the adjusted accounting policies, the present value of the future administrative result is not included in the provisions for unit-linked contracts. This change is the result of a new set of rules issued by the Danish Financial Supervisory Authority. Furthermore, the investment return on capital is now recognised as income of Danica Pension and not Danske Markets as was previously the case. Comparative figures have been restated.

#### Income

At DKr9,123m, income rose by 13% on the first quarter of 2005. Income from banking activities in Northern Ireland and the Republic of Ireland accounted for 6% of the increase. The rest was owing to favourable developments in all the Group's other banking activities and in its trading activities.

Net interest income increased 13% to DKr4,524m. Excluding the net interest income from banking activities in Northern Ireland and the Republic of Ireland, the rise amounted to 3%. Persistently good growth in lending more than compensated for a decline in lending mar-

gins resulting from the competitive pressure in the Group's core areas. Property financing products secured on real property with low interest margins accounted for the largest share of lending growth. Rising interest rates helped improve deposit margins.

Net fee income rose 23%. The banking activities in Northern Ireland and the Republic of Ireland accounted for 6% of the increase. The remaining 17% was attributable mainly to strong activity in the securities markets.

Net trading income rose 21% on the same period a year ago. The considerable activity in the fixed-income and equity markets and profitable position taking accounted for most of the growth.

Net income from insurance business declined by 44%, mainly as a result of a negative investment return on the health and accident business.

#### Operating expenses

Operating expenses rose 23% to DKr4,871m. Excluding the costs from acquired business units and performance-based compensation, the increase amounted to 3%. This rise is ascribable to an overall increase in business activity, the general rise in wages and inflation. The cost/income ratio rose from 49.2% to 53.4%.

#### Credit loss expenses

The Group recorded a net positive entry for credit loss expenses of DKr129m, which is largely unchanged from the level of the first quarter of 2005. The positive trend was owing to favourable economic conditions, which led to a low level of new impairment charges and allowed reversals of charges already made.

## Return on equity

The return on equity stood at 16.8%, against 17.7% a year earlier. The net profit for the period per share increased 4% from Dkr4.8 to Dkr5.0.

## Integration of Northern Bank and National Irish Bank

During Easter, the Danske Bank Group successfully completed the migration of Northern Bank and National Irish Bank to its shared IT platform, and their product ranges now match those of the rest of the Group. Moreover, new and efficient administrative procedures and business processes have been implemented.

The shared and scalable platform is essential for achieving economies of scale and thus further profitable growth. The changes that the customers at Northern Bank and National Irish Bank will experience include new and improved products at competitive prices, including customer packages and sophisticated Internet banking facilities. Furthermore, the introduction of Danske Bank's processes and systems will free the staff at Northern Bank and National Irish Bank from a considerable administrative burden and give them more time to serve and advise customers.

In connection with the integration of the two banks, Danske Bank has become a member of the Irish Stock Exchange. This means that the Group's customers can now trade online on the Irish Stock Exchange.

Northern Bank and National Irish Bank have set up financial plans extending until 2008 based on their product ranges, price structures and new organisations. The migration has created the basis for realising synergies within the two banks. Upon the migration, most of the transition agreements with National Australia Bank expired, including payment for services equivalent to the salaries of 360 full-time employees. The Group expects to have realised the estimated synergies of Dkr350m by the end of 2007 with full accounting effect from 2008.

The Group's overall integration costs are still expected to total Dkr1.5bn. At the end of March 2006, costs incurred totalled Dkr953m, of which Dkr191m had been recognised as development costs under intangible fixed assets. The remaining costs for the completion of the integration are expected to be booked by the end of 2007 at the latest.

## Capital and solvency

### Shareholders' equity

Shareholders' equity was Dkr70bn at the end of March 2006, against Dkr74bn at the end of 2005. The change in equity reflects primarily the dividend payment in March 2006 and the recognition of the net profit for the period.

At the end of March 2006, the share capital totalled Dkr6,383,042,760 and shares numbered 638,304,276. The number of shares outstanding at the end of March 2006 was 625,121,511, and the average number of shares outstanding in the first quarter of 2006 was 625,792,850.

### Solvency

The solvency ratio at the end of March 2006, excluding the net profit for the period, stood at 10.0%, of which 7.0 percentage points derived from the Group's core (tier 1) capital. The core (tier 1) capital ratio, excluding hybrid core capital, stood at 6.4%.

The increase in risk-weighted items from Dkr944bn at the beginning of the year to Dkr972bn at the end of March 2006 was attributable primarily to lending growth.

## Balance sheet

### Lending

Bank loans and advances, excluding reverse transactions, increased by Dkr102bn, or 19%, on the figure recorded a year ago, to Dkr643bn. Since the beginning of the year, loans and advances increased 4%.

Lending extended by the Group's banking units in Denmark increased by Dkr42bn, or 18%. Lending by the Group's non-Danish banking activities grew by Dkr49bn, or 18%. Excluding the banking activities sold off in 2005, the increase in lending by non-Danish operations amounted to 24%. Lending at Danske Markets rose Dkr11bn on the level recorded at the end of March 2005.

Total loans and advances to retail customers rose by 23%, whereas corporate loans and advances increased by 16%.

Mortgage lending, measured at fair value, stood at Dkr567bn at the end of March 2006, up 7% on the level recorded a year ago. The lending portfolio, measured at fair value, fell Dkr2bn from the level at the end of 2005. The outstanding nominal bond debt increased by Dkr9bn to Dkr572bn. The private market ac-

counted for 61% of the portfolio at March 31, 2006.

Reverse loans increased by Dkr20bn from the level at the end of March 2005 to Dkr217bn, primarily as a result of increased activity in the international repo market.

#### Deposits

Deposits, excluding repo transactions, totalled Dkr552bn, against Dkr536bn at the end of March 2005, up Dkr16bn, or 3%. Deposits fell 3% compared with deposits at the beginning of the year, however, as the 2% increase in deposits with the Group's banking activities could not compensate for the fall in term deposits at Danske Markets. The decline in term deposits was ascribable to the growing demand for bonds issued by the Bank.

#### Trading portfolio assets

Trading portfolio assets fell by Dkr111bn, or 24%, to Dkr357bn, owing to the decline in holdings of bonds and a fall in the market values of derivatives.

The Group uses the Value-at-Risk measure to calculate the market risk of its exposures. Value at risk expresses the maximum amount that the Group with a probability of 99% would lose, assuming that the exposure was maintained for 10 days. At the end of March 2006, the Group's value at risk amounted to Dkr156m, against Dkr151m a year earlier. In the first quarter of 2006, the Group's average value at risk on its interest rate exposures stood at Dkr170m, against Dkr105m in the first quarter of 2005.

#### Incentive programmes

The total number of share options for the 2005 accounting year, which were allotted in the first quarter of 2006, was 2,028,500, including 170,400 allotted to Executive Board members. The strike price was fixed at Dkr244.57. The market value of the share options was Dkr33m, and the amount is recognised over a period of three years.

Moreover, the Group allotted 592,000 rights to purchase conditional shares, including 12,778 allotted to members of the Executive Board. The market value of these conditional shares was expensed in 2005 as part of the bonus awards for the year.

The allotment of employee shares worth Dkr118m announced in the Annual Report for 2005 was effected in March 2006.

Additional information about the Group's incentive programmes is available at [www.danskebank.com/cg](http://www.danskebank.com/cg).

## Business areas

PROFIT BEFORE TAX	Q1	Q1	Index	Share	Share	Full year
(DKr m)	2006	2005	06/05	Q1	Q1	2005
				2006	2005	2005
Banking Activities Danske Bank	1,595	1,050	152	36%	25%	5,767
Banking Activities BG Bank	444	456	97	10%	11%	1,782
Banking Activities Sweden	142	169	84	3%	4%	809
Banking Activities Norway	164	156	105	3%	4%	579
Banking Activities Northern Ireland	-44	33	-	-	1%	23
Banking Activities Ireland	-39	28	-	-	1%	-106
Banking Activities England, USA and other units	-	200	-	-	4%	528
Other Banking Activities	289	256	113	6%	6%	713
<b>Total Banking Activities</b>	<b>2,551</b>	<b>2,348</b>	<b>109</b>	<b>58%</b>	<b>56%</b>	<b>10,095</b>
Mortgage Finance	618	682	91	14%	16%	2,755
Danske Markets	1,169	850	138	27%	20%	3,719
Danske Capital	119	103	116	3%	2%	509
Danica Pension	198	356	56	4%	9%	1,647
Other areas	-274	-132	-	-6%	-3%	-1,119
<b>Total Group</b>	<b>4,381</b>	<b>4,207</b>	<b>104</b>	<b>100%</b>	<b>100%</b>	<b>17,606</b>

  

INCOME	Q1	Q1	Index	Share	Share	Full year
(DKr m)	2006	2005	06/05	Q1	Q1	2005
				2006	2005	2005
Banking Activities Danske Bank	2,718	2,314	117	30%	29%	9,973
Banking Activities BG Bank	1,117	982	114	12%	12%	4,151
Banking Activities Sweden	566	476	119	6%	6%	2,032
Banking Activities Norway	536	404	133	6%	5%	1,837
Banking Activities Northern Ireland	551	175	315	6%	2%	1,810
Banking Activities Ireland	251	87	289	3%	1%	753
Banking Activities England, USA and other units	-	255	-	-	4%	468
Other Banking Activities	664	581	114	7%	7%	2,364
<b>Total Banking Activities</b>	<b>6,403</b>	<b>5,274</b>	<b>121</b>	<b>70%</b>	<b>66%</b>	<b>23,388</b>
Mortgage Finance	908	940	97	10%	12%	3,879
Danske Markets	1,710	1,301	131	19%	16%	5,491
Danske Capital	231	189	122	3%	2%	893
Danica Pension	198	356	56	2%	4%	1,647
Other areas	-327	-21	-	-4%	-	-590
<b>Total Group</b>	<b>9,123</b>	<b>8,039</b>	<b>113</b>	<b>100%</b>	<b>100%</b>	<b>34,708</b>

The Q1 2005 figures of Banking Activities Northern Ireland and Banking Activities Ireland comprise the financial results for March only.

Danske Bank Group's pre-tax profit rose 4% compared with the pre-tax profit for the first quarter of 2005.

Total income rose 13%. Revenue from the Group's banking activities stood at 70% of total income. Banking activities outside Denmark accounted for one third of this amount.

Income from Other areas was adversely affected by the elimination of returns on own shares as a result of share price appreciation and higher cost of capital following the acquisition of the

banks in the Republic of Ireland and Northern Ireland.

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

## Banking Activities Danske Bank

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

BANKING ACTIVITIES DANSKE BANK (DKr m)	Q1 2006	Q1 2005	Index 06/05	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Net interest income	1,601	1,474	109	1,601	1,596	1,593	1,521	1,474	6,184
Net fee income	979	739	132	979	885	873	822	739	3,319
Net trading income	137	99	138	137	121	117	118	99	455
Other income	1	2	50	1	3	2	8	2	15
Total income	2,718	2,314	117	2,718	2,605	2,585	2,469	2,314	9,973
Operating expenses	1,366	1,241	110	1,366	1,344	1,245	1,338	1,241	5,168
Profit before credit loss expenses	1,352	1,073	126	1,352	1,261	1,340	1,131	1,073	4,805
Credit loss expenses	-243	23	-	-243	-710	-110	-165	23	-962
Profit before tax	1,595	1,050	152	1,595	1,971	1,450	1,296	1,050	5,767
Loans and advances, end of period	208,056	175,440	119	208,056	197,674	187,064	186,638	175,440	197,674
Deposits, incl. pooled deposits, end of period	224,330	192,362	117	224,330	216,219	211,256	212,122	192,362	216,219
Risk-weighted items [avg.]	204,097	174,329	117	204,097	197,383	194,261	180,302	174,329	186,653
Allocated capital [avg.]	13,266	11,331	117	13,266	12,830	12,627	11,720	11,331	12,132
Pre-tax profit as % p.a. of allocated cap.	48.1	37.1		48.1	61.5	45.9	44.2	37.1	47.5
Cost/income ratio, %	50.3	53.6		50.3	51.6	48.2	54.2	53.6	51.8

- Pre-tax profit up 52%
- Increase in income of 17%
- Improved cost/income ratio
- Net positive entry for credit loss expenses
- Lending to retail customers up 20% and lending to corporate customers up 18%
- Strong business activity expected to continue

The pre-tax profit of Banking Activities Danske Bank rose by 52% to Dkr1,595m, against Dkr1,050m in the first quarter of 2005. The profit before credit loss expenses increased 26%.

Banking Activities Danske Bank continued to record strong demand for its products, a positive trend in the securities markets and low credit loss expenses in the first quarter of 2006.

The 9% increase in net interest income was the result of the strong growth in lending to both retail and corporate customers. The growth more than compensated for the narrowing of lending margins, particularly in the retail market. This narrowing reflected an increasing percentage of loans secured on real property and fierce competition. The rise in interest rates contributed to a widening of the deposit margin and a larger return on allocated capital.

Strong activity in the securities markets contributed to the 32% increase in net fee income. Equity trading was especially heavy, and sales of structured products also contributed to the increase in fee income.

The 10% increase in expenses reflects a general rise in wages, inflation, IT development costs and the growth of activity-based expenses. Growing business activity helped reduce the cost/income ratio to 50.3%.

Danske Bank recorded a net positive entry for credit loss expenses of Dkr243m, against a charge of Dkr23m in the first quarter of 2005. The change was attributable to a favourable economic climate in Denmark and the high credit quality of the loan portfolio.

Total lending rose by 19% on the level recorded at the end of March 2005. Lending to retail customers increased 20%. Growth came mainly from satisfactory sales of property financing products.

Lending to corporate customers rose by 18% as a result of growing demand among small and medium-sized businesses as well as large enterprises.

Generally, Danske Bank expects a high level of business activity in 2006 but also persistent, fierce competition.



## Banking Activities BG Bank

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

BANKING ACTIVITIES BG BANK (DKr m)	Q1 2006	Q1 2005	Index 06/05	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Net interest income	682	653	104	682	686	684	662	653	2,685
Net fee income	381	297	128	381	349	339	321	297	1,306
Net trading income	53	30	177	53	43	38	38	30	149
Other income	1	2	50	1	3	1	5	2	11
Total income	1,117	982	114	1,117	1,081	1,062	1,026	982	4,151
Operating expenses	609	576	106	609	630	580	606	576	2,392
Profit before credit loss expenses	508	406	125	508	451	482	420	406	1,759
Credit loss expenses	64	-50	-	64	-10	68	-31	-50	-23
Profit before tax	444	456	97	444	461	414	451	456	1,782
Loans and advances, end of period	65,738	56,343	117	65,738	63,803	60,359	58,579	56,343	63,803
Deposits, incl. pooled deposits, end of period	73,039	66,883	109	73,039	74,607	71,979	71,012	66,883	74,607
Risk-weighted items (avg.)	62,669	57,150	110	62,669	61,259	59,860	57,548	57,150	58,968
Allocated capital (avg.)	4,073	3,715	110	4,073	3,982	3,891	3,741	3,715	3,833
Pre-tax profit as % p.a. of allocated cap.	43.6	49.1		43.6	46.3	42.6	48.2	49.1	46.5
Cost/income ratio, %	54.5	58.7		54.5	58.3	54.6	59.1	58.7	57.6

- Pre-tax profit down 3%
- Income up 14%
- Improved cost/income ratio
- Lending to retail customers up 18% and lending to corporate customers up 15%
- Strong business activity expected to continue

The pre-tax profit of BG Bank fell by 3% to DKr444m, against DKr456m in the first quarter of 2005. The profit before credit loss expenses increased 25%.

BG Bank continued to record a strong demand for its products and a positive trend in the securities markets in the first quarter of 2006.

The 4% increase in net interest income was the result of the strong growth in lending to both retail and corporate customers. The growth more than compensated for the narrowing of lending margins, particularly in the retail market. This narrowing reflected an increasing percentage of loans secured on real property and fierce competition. The rise in interest rates contributed to a widening of the deposit margin and a larger return on allocated capital.

Strong activity in the securities markets contributed to the 28% increase in net fee income. Equity trading was especially heavy, and sales

of structured products also contributed to the positive trend in fee income.

The 6% increase in expenses reflects a general rise in wages, inflation and IT development costs.

Credit loss expenses amounted to DKr64m, against a net positive entry of DKr50m in the first quarter of 2005. This trend was the result of a few isolated losses caused by rising energy prices.

Total lending rose by 17% on the level recorded at March 31, 2005. Lending to retail customers increased 18%. Growth came primarily from satisfactory sales of property financing products. Lending to corporate customers increased 15%.

In March 2006, BG Bank opened its fifth agricultural centre. The centre is located in Næstved on Zealand and thus completes BG Bank's national coverage.

BG Bank is likely to sustain its positive business trend despite the continuation of fierce competition.

## Banking Activities Sweden

Banking Activities Sweden encompasses the banking activities of Östgöta Enskilda Bank and Provinsbankerne in Sweden, which serve all types of retail and corporate customers. Banking Activities Sweden has four regions with 56 branches, four finance centres and nearly 1,150 employees. Real-estate agency business is carried out primarily through the 70 offices of Skandia Mäklarna.

BANKING ACTIVITIES SWEDEN (DKr m)	Q1 2006	Q1 2005	Index 06/05	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Net interest income	400	352	114	400	383	372	367	352	1,474
Net fee income	143	111	129	143	140	116	118	111	485
Net trading income	16	12	133	16	18	12	12	12	54
Other income	7	1	700	7	13	1	4	1	19
Total income	566	476	119	566	554	501	501	476	2,032
Operating expenses	341	294	116	341	346	307	310	294	1,257
Profit before credit loss expenses	225	182	124	225	208	194	191	182	775
Credit loss expenses	83	13	638	83	9	13	-69	13	-34
Profit before tax	142	169	84	142	199	181	260	169	809
Profit before tax in local currency (SKr)	178	207	86	178	252	226	327	207	1,012
Loans and advances, end of period	116,709	96,841	121	116,709	113,964	106,153	100,325	96,841	113,964
Deposits, end of period	39,472	31,532	125	39,472	37,329	35,312	34,520	31,532	37,329
Risk-weighted items (avg.)	96,425	76,260	126	96,425	90,936	87,840	81,539	76,260	84,194
Allocated capital (avg.)	6,268	4,957	126	6,268	5,911	5,710	5,300	4,957	5,473
Pre-tax profit as % p.a. of allocated cap.	9.1	13.6		9.1	13.5	12.7	19.6	13.6	14.8
Cost/income ratio, %	60.2	61.8		60.2	62.5	61.3	61.9	61.8	61.9

- Pre-tax profit down 16%
- Income up 19%
- Improved cost/income ratio
- Growth in lending of 24% in local currency
- Strong growth expected to continue in 2006

The pre-tax profit of banking activities in Sweden fell 16% to DKr142m, against DKr169m in the first quarter of 2005. Measured in local currency, the decline amounted to 14%, whereas the profit before credit loss expenses increased 27%.

Net interest income rose 14% on the same period a year ago. The strong growth in lending compensated for the narrowing of lending margins caused by fierce competition and the fact that an increased percentage of the loan book consisted of property financing products and loans to larger corporates.

The 29% increase in net fee income was due to growing business volume, rising equity trading volume and an increasing number of payment transactions.

The increase in expenses of 16% reflects the high level of activity, the expansion of the branch network and the consolidation of Skandia Mäklarna in the accounts of the Group.

In the first quarter of 2006, the Group opened a new branch in Stockholm, while two small branches in the Eastern region were closed. Another two branches are expected to open in 2006.

A collective impairment charge and a few isolated losses caused credit loss expenses to rise from DKr13m in the first quarter of 2005 to DKr83m in the first quarter of 2006.

In local currency, lending to retail customers rose by 25%, while lending to corporate customers increased by 23% over the level at March 31, 2005. The growth in corporate lending was owing primarily to large and medium-sized businesses, whereas sales of property financing products reinforced growth in lending to retail customers. Growth in both retail and corporate lending outperformed market growth.

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

The expansion of the Swedish branch network and the acquisition of the real-estate agency chain Skandia Mäklarna are expected to make the Group's Swedish banking operations well prepared for persistent, profitable growth.

## Banking Activities Norway

Banking Activities Norway encompasses primarily the banking activities of Fokus Bank in Norway. Fokus Bank serves all types of retail and corporate customers. Banking Activities Norway has five regions with 70 branches, five finance centres and nearly 1,150 employees. Real-estate agency business is carried out primarily through the 21 offices of Krogsveen.

BANKING ACTIVITIES NORWAY (DKr m)	Q1 2006	Q1 2005	Index 06/05	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Net interest income	354	293	121	354	354	336	303	293	1,286
Net fee income	101	88	115	101	106	94	89	88	377
Net trading income	27	17	159	27	9	20	15	17	61
Other income	54	6	900	54	48	51	8	6	113
Total income	536	404	133	536	517	501	415	404	1,837
Operating expenses	365	292	125	365	370	360	309	292	1,331
Profit before credit loss expenses	171	112	153	171	147	141	106	112	506
Credit loss expenses	7	-44	-	7	-8	-21	0	-44	-73
Profit before tax	164	156	105	164	155	162	106	156	579
Profit before tax in local currency (Nkr)	177	174	102	177	165	171	112	174	622
Loans and advances, end of period	90,329	70,640	128	90,329	87,309	82,464	77,748	70,640	87,309
Deposits, end of period	40,344	33,083	122	40,344	39,315	36,718	35,876	33,083	39,315
Risk-weighted items (avg.)	69,579	55,458	125	69,579	68,392	65,416	60,580	55,458	62,505
Allocated capital (avg.)	4,523	3,605	125	4,523	4,445	4,252	3,938	3,605	4,063
Pre-tax profit as % p.a. of allocated cap.	14.5	17.3		14.5	13.9	15.2	10.8	17.3	14.3
Cost/income ratio, %	68.1	72.3		68.1	71.6	71.9	74.5	72.3	72.5

- Pre-tax profit up 5%
- Increase in income of 33%
- Improved cost/income ratio
- Growth in lending of 24% in local currency
- Strong growth expected to continue in 2006

The pre-tax profit of banking activities in Norway rose by 5% to DKr164m from DKr156m in the first quarter of 2005. Measured in local currency, the increase amounted to 2%, whereas the profit before credit loss expenses grew 48%.

Net interest income rose 21% on the same period a year ago. Increased business volume with existing customers and a significant inflow of new customers more than compensated for the effect of keen competition on margins.

The 15% growth in net fee income was attributable to the increase in sales of savings and investment products.

Other income rose DKr48m as a result primarily of the income from the real-estate agency chain Krogsveen, which was consolidated in the accounts of the Group with effect from July 1, 2005.

The recruitment of more employees to serve customers and the reinforcement of centralised advisory expertise to serve corporate customers contributed to the 10% increase in expenses, excluding expenses paid by Krogsveen, on the level recorded a year ago.

Credit loss expenses amounted to DKr7m, against a net positive entry of DKr44m in the first quarter of 2005. The persistently low level of credit loss expenses was attributable to the favourable economic climate in Norway and the high credit quality of the loan portfolio.

In local currency, lending to retail customers increased by 23% and lending to corporate customers rose by 25% over the level at March 31, 2005. Lending growth in both segments outperformed market growth.

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

The expansion of the Norwegian branch network, the organisational adjustments and the acquisition of the real-estate agency chain Krogsveen are expected to make the Group's Norwegian banking operations well prepared for further profitable growth.

## Banking Activities Northern Ireland

Banking Activities Northern Ireland encompasses the banking activities of Northern Bank, which serves both retail and corporate customers. Banking Activities Northern Ireland has four regions with 95 branches, four finance centres and around 1,900 employees.

BANKING ACTIVITIES NORTHERN IRELAND (DKr m)	Q1 2006	Q1 2005	Index 06/05	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Net interest income	401	125	-	401	406	399	387	125	1,317
Net fee income	133	47	-	133	132	144	141	47	464
Net trading income	15	-	-	15	1	14	-6	-	9
Other income	2	3	-	2	1	4	12	3	20
Total income	551	175	-	551	540	561	534	175	1,810
Amortisation of intangible assets	111	35	-	111	111	121	107	35	374
Integration expenses	130	-	-	130	183	78	88	-	349
Other operating expenses	349	102	-	349	295	325	306	102	1,028
Operating expenses	590	137	-	590	589	524	501	137	1,751
Profit before credit loss expenses	-39	38	-	-39	-49	37	33	38	59
Credit loss expenses	5	5	-	5	2	15	14	5	36
Profit before tax	-44	33	-	-44	-51	22	19	33	23
Profit before tax in local currency (£)	-4	3	-	-4	-5	2	2	3	2
Loans and advances, end of period	41,654	35,529	117	41,654	40,497	39,312	37,308	35,529	40,497
Deposits, end of period	41,708	37,711	111	41,708	40,501	41,579	39,533	37,711	40,501
Risk-weighted items (avg.)	39,263	33,012	119	39,263	38,402	35,551	34,321	33,012	35,337
Allocated capital (avg.)	2,552	2,146	119	2,552	2,496	2,311	2,231	2,146	2,297
Pre-tax profit as % p.a. of allocated cap.	-6.9	18.5		-6.9	-8.2	3.8	3.4	18.5	1.2
Cost/income ratio, %	107.1	78.3		107.1	109.1	93.4	93.8	78.3	96.7
Operating expenses excl. integration exp. as % of income	83.5	78.3		83.5	75.2	79.5	77.3	78.3	77.5

Q1 2005 comprises the financial result for March only.

- Pre-tax result in line with expectations
- Increase in lending of 18% in local currency
- Successful IT migration
- Strong growth expected to continue in 2006

The pre-tax result of banking activities in Northern Ireland for the first quarter of 2006 amounted to a loss of DKr44m.

Income totalled DKr551m, which was in line with expectations.

Total operating expenses of DKr590m included amortisation of intangible assets of DKr111m and integration costs of DKr130m.

Credit loss expenses stood at DKr5m, reflecting the high credit quality of the loan portfolio.

Since the end of March 2005, lending to retail customers grew 22% and lending to corporate customers increased 14% measured in local currency. Competition, especially in the mortgage finance market, combined with a change in Northern Bank's pricing of its own lending products led, as planned, to a narrowing of interest margins. This narrowing was offset by the growth in lending, however.

Measured in local currency, retail deposits grew 9% and corporate deposits rose 15% from the level at March 31, 2005.

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

After the successful migration over Easter, Northern Bank now operates on the basis of the Group's shared and scalable IT platform. Marketing campaigns and the offering of new and improved products at competitive prices accompanied the IT conversion, preparing the ground for profitable future growth.

As a result of the Group's focus on its core business, the bank sold off its branch on the Isle of Man in April.

In 2006, growth in lending at Northern Bank is likely to be slightly below market growth as the learning process to be completed by the staff over the next six months is expected to tie up considerable resources.

## Banking Activities Ireland

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

BANKING ACTIVITIES IRELAND (DKr m)	Q1 2006	Q1 2005	Index 06/05	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Net interest income	201	75	-	201	193	182	171	75	621
Net fee income	35	10	-	35	35	35	31	10	111
Net trading income	14	-	-	14	1	-9	14	-	6
Other income	1	2	-	1	5	5	3	2	15
<b>Total income</b>	<b>251</b>	<b>87</b>	<b>-</b>	<b>251</b>	<b>234</b>	<b>213</b>	<b>219</b>	<b>87</b>	<b>753</b>
Amortisation of intangible assets	26	8	-	26	25	26	26	8	85
Integration expenses	79	-	-	79	116	52	36	-	204
Other operating expenses	187	51	-	187	179	164	172	51	566
<b>Operating expenses</b>	<b>292</b>	<b>59</b>	<b>-</b>	<b>292</b>	<b>320</b>	<b>242</b>	<b>234</b>	<b>59</b>	<b>855</b>
Profit before credit loss expenses	-41	28	-	-41	-86	-29	-15	28	-102
Credit loss expenses	-2	-	-	-2	-1	2	3	-	4
<b>Profit before tax</b>	<b>-39</b>	<b>28</b>	<b>-</b>	<b>-39</b>	<b>-85</b>	<b>-31</b>	<b>-18</b>	<b>28</b>	<b>-106</b>
Profit before tax in local currency (€)	-5	4	-	-5	-11	-5	-2	4	-14
Loans and advances, end of period	36,449	24,762	147	36,449	34,028	30,246	27,245	24,762	34,028
Deposits, end of period	21,392	17,667	121	21,392	21,668	20,948	19,153	17,667	21,668
Risk-weighted items (avg.)	30,143	20,937	144	30,143	27,902	24,561	22,196	20,937	23,920
Allocated capital (avg.)	1,959	1,361	144	1,959	1,814	1,596	1,443	1,361	1,555
Pre-tax profit as % p.a. of allocated cap.	-8.0	24.7		-8.0	-18.7	-7.8	-5.0	24.7	-8.2
Cost/income ratio, %	116.3	67.8		116.3	136.8	113.6	106.8	67.8	113.5
Operating expenses excl. integration exp. as % of income	84.9	67.8		84.9	87.2	89.2	90.4	67.8	86.5

Q1 2005 comprises the financial result for March only.

- Pre-tax result in line with expectations
- Increase in lending of 47% in local currency
- Successful IT migration
- Strong growth expected to continue in 2006

The pre-tax result of banking activities in the Republic of Ireland for the first quarter of 2006 amounted to a loss of DKr39m.

Fee income benefited from the strong growth in lending.

Total operating expenses of DKr292m included amortisation of intangible assets of DKr26m and integration costs of DKr79m.

National Irish Bank recorded a net positive entry for credit loss expenses of DKr2m, reflecting the high credit quality of the loan portfolio.

Since the end of March 2005, lending to retail customers grew 39% and lending to corporate customers increased 52% measured in local currency.

Total lending outperformed market growth, reflecting a sharp increase in lending to corpo-

rate customers and in mortgages. The increase in lending more than offset the narrowing of margins on both corporate and retail loans resulting from the keener competition.

Measured in local currency, retail deposits grew 13%, while corporate deposits rose 32% from the level at March 31, 2005.

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

After the successful migration over Easter, National Irish Bank now operates on the basis of the Group's shared and scalable IT platform. Marketing campaigns and the offering of new and improved products at competitive prices accompanied the IT conversion, preparing the ground for profitable future growth.

In 2006, growth in lending at National Irish Bank is likely only to match market growth as the learning process to be completed by the staff over the next six months is expected to tie up considerable resources.

## Other Banking Activities

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

OTHER BANKING ACTIVITIES (DKr m)	Q1 2006	Q1 2005	Index 06/05	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Net interest income	204	178	115	204	200	186	191	178	755
Net fee income	70	56	125	70	60	56	58	56	230
Net trading income	29	24	121	29	21	18	28	24	91
Other income	361	323	112	361	321	316	328	323	1,288
Total income	664	581	114	664	602	576	605	581	2,364
Operating expenses	400	355	113	400	353	353	371	355	1,432
Profit before credit loss expenses	264	226	117	264	249	223	234	226	932
Credit loss expenses	-25	-30	83	-25	-58	-7	314	-30	219
Profit before tax	289	256	113	289	307	230	-80	256	713
Loans and advances, end of period	54,911	49,042	112	54,911	55,925	52,673	51,103	49,042	55,925
Deposits, end of period	12,114	9,950	122	12,114	13,033	11,275	9,492	9,950	13,033
Risk-weighted items (avg.)	58,932	48,944	120	58,932	55,250	53,811	51,046	48,944	52,284
Allocated capital (avg.)	3,831	3,181	120	3,831	3,591	3,498	3,318	3,181	3,398
Pre-tax profit as % p.a. of allocated cap.	30.2	32.2		30.2	34.2	26.3	-9.6	32.2	21.0
Cost/income ratio, %	60.2	61.1		60.2	58.6	61.3	61.3	61.1	60.6

PROFIT BEFORE TAX (DKr m)	Q1 2006	Q1 2005	Index 06/05	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Nordania	128	91	141	128	127	83	94	91	395
Non-Danish banking activities	161	165	98	161	180	147	-174	165	318
Other Banking Activities	289	256	113	289	307	230	-80	256	713

- Pre-tax profit up 13%
- Favourable trend in all banking activities outside Denmark

The pre-tax profit of other banking activities amounted to DKr289m, against DKr256m in the first quarter of 2005. The profit before credit loss expenses increased 17%.

All non-Danish activities carried under Other Banking activities recorded a positive trend in business in the first quarter of 2006. The profit before credit loss expenses rose by 27% from DKr122m in the first quarter of 2005 to DKr156m.

The profit before tax at Nordania showed an increase of DKr37m to DKr128m as a result of a favourable trend in business volume.



## Mortgage Finance

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

MORTGAGE FINANCE (DKr m)	Q1 2006	Q1 2005	Index 06/05	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Net interest income	875	817	107	875	887	871	848	817	3,423
Net fee income	-61	38	-	-61	12	2	31	38	83
Net trading income	42	41	102	42	46	50	58	41	195
Other income	52	44	118	52	42	45	47	44	178
Total income	908	940	97	908	987	968	984	940	3,879
Operating expenses	300	307	98	300	332	287	316	307	1,242
Profit before credit loss expenses	608	633	96	608	655	681	668	633	2,637
Credit loss expenses	-10	-49	20	-10	-24	-18	-27	-49	-118
Profit before tax	618	682	91	618	679	699	695	682	2,755
Mortgage loans, end of period	567,002	531,206	107	567,002	569,092	557,717	545,801	531,206	569,092
Risk-weighted items (avg.)	279,380	263,566	106	279,380	276,654	274,042	270,291	263,566	271,182
Allocated capital (avg.)	18,160	17,132	106	18,160	17,983	17,813	17,569	17,132	17,627
Pre-tax profit as % p.a. of allocated cap.	13.6	15.9		13.6	15.1	15.7	15.8	15.9	15.6
Cost/income ratio, %	33.0	32.7		33.0	33.6	29.6	32.1	32.7	32.0

- Pre-tax profit down 9%
- Lower refinancing activity
- 7% growth in lending, measured at fair value
- Market share of net new lending of 30.3% for the first quarter of 2006, against 27.5% in 2005
- Solid growth in lending expected to continue

In the first quarter of 2006, activity returned to a more normal level after several years of refinancing waves and launches of a number of new products. The pre-tax profit of the Group's mortgage finance activities in Denmark fell by 9% to DKr618m, against DKr682m in the first quarter of 2005.

The 7% increase in net interest income was the result of a rise in administration margins due to increased lending.

The decline in net fee income reflected the lower refinancing activity and a new model for settlement with Banking Activities.

Operating expenses fell by 2%. Credit loss expenses amounted to a net positive entry of DKr10m, against DKr49m in the first quarter of 2005.

Gross lending on the Danish mortgage finance market totalled DKr109bn in the first quarter of 2006, against DKr748bn for the whole of 2005.

Gross lending by Realkredit Danmark amounted to DKr32bn in the first quarter of 2006, against DKr224bn for the whole of 2005.

The lending portfolio, measured at fair value, fell DKr2bn from the level at the end of 2005. The outstanding nominal bond debt increased by DKr9bn to DKr572bn. The private market accounted for 61% of the portfolio at March 31, 2006.

The market share of gross lending was unchanged at 29.5% in the first quarter of 2006 compared with full-year 2005. The market share of the loan portfolio was 33.1% at March 31, 2006, against 33.4% at the end of 2005. The Group's market share of net new lending was 30.3% in the first quarter of 2006, against 27.5% for full-year 2005.

The composition of gross lending changed in the first quarter of 2006: FlexLån<sup>®</sup> rose to 32%, fixed-rate loans fell to 36%, FlexGaranti<sup>®</sup> rose to 24% and RD Cibor6<sup>®</sup> rose to 8%.

In aggregate, all types of interest-only loan accounted for 35% of Realkredit Danmark's portfolio of loans to the private market at the end of March 2006.

In view of expectations that interest rates will rise slightly in Denmark, the refinancing activity generated by changes in rates is expected to be less extensive throughout 2006.

## Danske Markets

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

DANSKE MARKETS (DKr m)	Q1 2006	Q1 2005	Index 06/05	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Total income	1,710	1,301	131	1,710	1,442	1,346	1,402	1,301	5,491
Operating expenses	549	458	120	549	379	490	452	458	1,779
Profit before credit loss expenses	1,161	843	138	1,161	1,063	856	950	843	3,712
Credit loss expenses	-8	-7	-	-8	7	-2	-5	-7	-7
Profit before tax	1,169	850	138	1,169	1,056	858	955	850	3,719
Loans and advances, end of period	35,699	25,389	141	35,699	32,807	36,265	37,134	25,389	32,807
Risk-weighted items (avg.)	109,898	88,328	124	109,898	103,167	109,315	96,616	88,328	99,424
Allocated capital (avg.)	7,143	5,741	124	7,143	6,706	7,105	6,280	5,741	6,463
Pre-tax profit as % p.a. of allocated cap.	65.5	59.2		65.5	63.0	48.3	60.8	59.2	57.5
Cost/income ratio, %	32.1	35.2		32.1	26.3	36.4	32.2	35.2	32.4

TOTAL INCOME (DKr m)	Q1 2006	Q1 2005	Index 06/05	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Trading activities	1,017	724	140	1,017	701	917	726	724	3,068
Proprietary trading	240	151	159	240	8	112	107	151	378
Investment portfolio	340	314	108	340	615	201	459	314	1,589
Institutional banking	113	112	101	113	118	116	110	112	456
Total Danske Markets	1,710	1,301	131	1,710	1,442	1,346	1,402	1,301	5,491

- Pre-tax profit up 38%
- Income rose 31%
- Activity in the capital markets expected to remain at a high level

The pre-tax profit of Danske Markets rose by 38% to DKr1,169m, against DKr850m in the first quarter of 2005.

The Danish krone fixed-income market saw increases of up to 50bp in the first quarter of 2006, largely matching developments in the euro and US dollar markets.

Equity markets outside Denmark showed sound growth. The DAX rose 10% and the other Nordic equity markets between 10% and 18%. Most of the OMXC20 shares also saw an increase in market value.

All product areas of the trading activities in Denmark and abroad delivered satisfactory earnings. The increase in interest rates prompted even more businesses to switch from variable rates to fixed rates, but it also caused a fall in refinancing activity compared with the same

period last year. Overall, income from trading activities rose 40% on the first quarter of 2005.

Income from proprietary trading grew satisfactorily, in part through successful investments taking advantage of fluctuations in interest rates and in part through favourable placements in the equity market.

Investment portfolio income also increased satisfactorily, due, among other things, to the positive trend in the equity market. The Group's exposure to European fixed-income products compensated for the negative effect of the rise in the leading Danish interest rate.

Operating expenses rose 20%, primarily as a result of increased expenses for performance-based compensation.

The high level of activity at Danske Markets is expected to continue in 2006. However, the refinancing and securities trading activities are unlikely to proceed at the same fast pace as in 2005.



## 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 2006	Q1 2005	Index 06/05	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Total income	231	189	122	231	307	202	195	189	893
Operating expenses	112	86	130	112	115	87	96	86	384
Profit before tax	119	103	116	119	192	115	99	103	509
Risk-weighted items (avg.)	165	304	54	165	128	85	81	304	149
Allocated capital (avg.)	11	20	54	11	8	6	5	20	10
Cost/income ratio, %	48.5	45.5		48.5	37.5	43.1	49.2	45.5	43.0
Assets under management (DKr bn)	473	423	112	473	468	458	442	423	468

- Pre-tax profit up 16%
- Profits in non-Danish units continued to rise substantially
- Good investment results
- Operations expected to continue to grow in 2006

The pre-tax profit of Danske Capital rose by 16% to DKr119m, against DKr103m in the first quarter of 2005.

The growth in income was attributable primarily to increased activities in the non-Danish units whose total income rose 46% on the same period last year. Danske Capital units outside Denmark accounted for 28% of total income in the first quarter of 2006, against 24% a year earlier. Adjusted for performance fees, which accounted for DKr93m in the fourth quarter of 2005, income rose 8% on the fourth quarter of 2005.

The increase in operating expenses was due mainly to the rising number of employees, the expansion of activities at non-Danish units and increased expenses for performance-based compensation.

Total sales stood at DKr2.3bn in the first quarter of 2006, including DKr0.7bn from sales outside Denmark.

Danske Capital's market share of unit trust business targeting Danish retail customers was 34% (measured by assets under management) at March 31, 2006, against 37% a year earlier. The lower market share for Danske Invest and BG

Invest is a result, in part, of Danske Bank's offering a wide range of investment products, including unit trust products supplied by unit trusts other than Danske Invest and BG Invest.

Danske Capital achieved good investment results again in the first quarter of 2006. Norwegian, Swedish, Eastern European and European equities in particular delivered above-benchmark returns. Focus on these areas over a long period is the main reason for the continued progress. Danish equities were the only equities that did not quite match benchmark returns in the first quarter of 2006. Most fixed-income products achieved returns around their benchmarks.

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

## Danica Pension

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

DANICA PENSION (DKr m)	Q1 2006	Q1 2005	Index 06/05	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Share of technical provisions, etc.	265	271	98	265	291	287	279	271	1,128
Health and accident result, insurance result	-76	-26	-	-76	-557	-26	-66	-26	-675
Health and accident result, investment result	-110	20	-	-110	313	31	64	20	428
Total risk allowance	79	265	30	79	47	292	277	265	881
Insurance result on unit-linked and personal injury business	14	3	467	14	5	16	14	3	38
Investment result	161	136	118	161	122	104	118	136	480
Financing result	-56	-48	-	-56	-47	-54	-44	-48	-193
Change in shadow account balance	-	-	-	-	441	-	-	-	441
Net income from insurance business	198	356	56	198	568	358	365	356	1,647
Gross premiums	4,259	3,812	112	4,259	4,458	3,499	3,524	3,812	15,293
Premiums, investment contracts	495	290	171	495	816	211	339	290	1,656
Technical provisions (avg.)	179,639	164,197	109	179,639	171,189	168,727	165,510	164,197	167,406
Allocated capital (avg.)	8,693	8,117	107	8,693	8,631	8,605	8,255	8,117	8,402
Net income as % p.a. of allocated cap.	9.1	17.5		9.1	26.3	16.6	17.7	17.5	19.6

Only 30% of the health and accident results are recognised in the accounts for the first nine months of 2005 in accordance with the profit model in force at that time.

- Premium income up 16%
- Unsatisfactory investment return in health and accident business
- A negative 1.6% return on investment of customer funds
- New profit model

The activity in the first quarter of 2006 was satisfactory, with an increase in premium income of 16%. Premiums from market-based products rose 165% in Denmark and 71% in Sweden.

The net income from insurance business fell to DKr198m as a result of the negative investment return in the health and accident business.

The accounting policies were changed to ensure that the present value of the future administrative result will no longer be recognised in the provisions for the unit-link business.

The profit policy for 2006 has been changed, as stated in the annual report for 2005. The change results in a reduction in the risk allowance.

Additional information is available in the updated white paper about Danica at [www.danskebank.com/ir](http://www.danskebank.com/ir).

The risk allowance was DKr79m, or 0.04% of technical provisions, against DKr265m in the

first quarter of 2005. The fall is due to the development in the health and accident business.

Danica Pension's investment return on shareholders' equity is now recognised under Danica Pension and no longer under Danske Markets. Comparative figures have been restated. The return on assets allocated to shareholders' equity amounted to DKr161m and benefited from the allocation of over 20% of the assets to equities and the rest to short-dated bonds in the first quarter of 2006.

The return on customers' funds was a negative 1.6% in the first quarter of 2006, against a positive 2.3% in the same period last year. The return was affected by the rise in interest rates which resulted in a negative return of 4.2% on bonds, including derivatives, while equities yielded a positive return of 5.7%. Danica Pension increased the equity allocation of total customer funds during the quarter, and the ratio was 21% at the end of March 2006. Due to the higher interest rates, a large part of the increased provisions made over previous years was reversed, and the collective bonus potential rose from DKr11.3bn at the beginning of the year to DKr12.7bn at March 31, 2006.

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Customers with unit-linked contracts held most of their funds in the Danica-managed investment pool with a medium risk profile and achieved a return of 3.4% in the first quarter of 2006. Danica Balance customers with a 75% equity share under the medium equity share option saw a return of 3.6% in the first quarter of 2006.

## Other areas

*Other areas encompasses the Group's real property activities, unallocated cost of capital and expenses for Group support functions and severance payments. Moreover, the area covers the elimination of returns on own shares.*

OTHER AREAS (DKr m)	Q1 2006	Q1 2005	Index 06/05	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Net interest income	-197	-89	-	-197	-283	-224	-249	-89	-845
Net fee income	-41	-2	-	-41	-15	-2	-13	-2	-32
Net trading income	-125	-38	-	-125	-142	-92	-34	-38	-306
Other income	36	108	-	36	162	150	173	108	593
Total income	-327	-21	-	-327	-278	-168	-123	-21	-590
Operating expenses	-53	111	-	-53	227	68	123	111	529
Profit before credit loss expenses	-274	-132	-	-274	-505	-236	-246	-132	-1,119
Credit loss expenses	-	-	-	-	-	-4	4	-	-
Profit before tax	-274	-132	-	-274	-505	-232	-250	-132	-1,119

  

PROFIT BEFORE TAX (DKr m)	Q1 2006	Q1 2005	Index 06/05	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Cost of capital	-237	-101	-	-237	-206	-198	-291	-101	-796
Own shares	-96	-44	-	-96	-164	-31	-81	-44	-320
Others	59	13	-	59	-135	-3	122	13	-3
Total Other areas	-274	-132	-	-274	-505	-232	-250	-132	-1,119

- Profit before tax down DKr142m

The segment was adversely affected by increased capital costs incurred as a result of the acquisitions in the Republic of Ireland and Northern Ireland. Elimination of returns on own shares reduced income owing to higher equity prices. Moreover, profits in 2005 benefited from gains on property sales.

## Outlook for 2006

On the basis of the first quarter results, the Group is raising its expectations for income in 2006 relative to the expectations announced in the annual report for 2005.

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

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

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

The positive trend in insurance activities is likely to continue in 2006. However, net income from insurance business is expected to be lower than in 2005 as result of the booking of the risk allowance from previous years in 2005.

The sale of real property, unlisted shares (including HandelsFinans) and the loan portfolios of the Group's units in New York and London – together with the booking of a risk allowance from previous years – generated one-off income of Dkr1.6bn in 2005. Despite the considerable one-off income, the Group now expects total income in 2006 to be slightly higher than that received in 2005.

The Group expects costs to increase by some 5%, with expenses incurred by the banking operations in Northern Ireland and the Republic of Ireland accounting for just over half of this increase. As opposed to the 10-month accounting period of the two banks in 2005, the

2006 accounting year will cover a full year and include increased, planned integration costs. Excluding these factors, expenses are expected to rise around 2%. The increase reflects the general trend in costs and the continuation of strong activity in the Danish, Norwegian and Swedish retail operations.

Excluding the considerable one-off income in 2005, the profit before credit loss expenses is now expected to increase by 5-8%.

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

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

The Group expects its tax rate to be 28%.

## Financial highlights – Danske Bank Group

<b>NET PROFIT FOR THE PERIOD</b> (DKr m)	Q1 2006	Q1 2005	Index 06/05	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Net interest income	4,524	4,002	113	4,524	4,432	4,462	4,270	4,002	17,166
Net fee income	1,963	1,592	123	1,963	2,004	1,880	1,812	1,592	7,288
Net trading income	1,925	1,597	121	1,925	1,566	1,493	1,695	1,597	6,351
Other income	513	492	104	513	599	577	588	492	2,256
Net income from insurance business	198	356	56	198	568	358	365	356	1,647
<b>Total income</b>	<b>9,123</b>	<b>8,039</b>	<b>113</b>	<b>9,123</b>	<b>9,169</b>	<b>8,770</b>	<b>8,730</b>	<b>8,039</b>	<b>34,708</b>
Operating expenses	4,871	3,958	123	4,871	4,960	4,580	4,700	3,958	18,198
Profit before credit loss expenses	4,252	4,081	104	4,252	4,209	4,190	4,030	4,081	16,510
Credit loss expenses	-129	-126	-	-129	-808	-63	-99	-126	-1,096
Profit before tax	4,381	4,207	104	4,381	5,017	4,253	4,129	4,207	17,606
Tax	1,250	1,223	102	1,250	1,283	1,286	1,129	1,223	4,921
Net profit for the period	3,131	2,984	105	3,131	3,734	2,967	3,000	2,984	12,685
Attributable to minority interests	-1	9	-	-1	1	3	-9	9	4

  

<b>BALANCE SHEET</b> (DKr m)	Mar. 31, 2006	Mar. 31, 2005	Index 06/05	Mar. 31, 2006	Dec. 31, 2005	Oct. 31, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2005
Bank loans and advances	860,591	738,880	116	860,591	829,603	824,661	766,921	738,880	829,603
Mortgage loans	567,002	531,206	107	567,002	569,092	557,717	545,801	531,206	569,092
Trading portfolio assets	357,484	468,076	76	357,484	444,521	456,773	555,310	468,076	444,521
Investment securities	31,790	34,555	92	31,790	28,712	51,262	39,051	34,555	28,712
Assets under insur. contracts	187,732	169,984	110	187,732	188,342	192,449	185,610	169,984	188,342
Other assets	387,109	328,454	118	387,109	371,718	316,028	340,593	328,454	371,718
<b>Total assets</b>	<b>2,391,708</b>	<b>2,271,155</b>	<b>105</b>	<b>2,391,708</b>	<b>2,431,988</b>	<b>2,398,890</b>	<b>2,433,286</b>	<b>2,271,155</b>	<b>2,431,988</b>
Due to credit institutions and central banks	422,092	457,525	92	422,092	476,363	485,209	511,431	457,525	476,363
Deposits	617,987	569,271	109	617,987	631,184	583,732	603,476	569,271	631,184
Issued mortgage bonds	446,806	465,460	96	446,806	438,675	438,451	434,358	465,460	438,675
Trading portfolio liabilities	204,690	195,414	105	204,690	212,042	243,854	262,772	195,414	212,042
Liabilities under insur. contracts	210,402	193,541	109	210,402	212,328	211,848	207,544	193,541	212,328
Other liabilities	377,429	284,776	133	377,429	343,470	319,848	304,162	284,776	343,470
Subordinated debt	41,951	40,462	104	41,951	43,837	45,522	41,888	40,462	43,837
Shareholders' equity	70,351	64,706	109	70,351	74,089	70,426	67,655	64,706	74,089
<b>Total liabilities and equity</b>	<b>2,391,708</b>	<b>2,271,155</b>	<b>105</b>	<b>2,391,708</b>	<b>2,431,988</b>	<b>2,398,890</b>	<b>2,433,286</b>	<b>2,271,155</b>	<b>2,431,988</b>

  

<b>RATIOS AND KEY FIGURES</b>	Q1 2006	Q1 2005	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005
Net profit for the period per share, DKr	5.0	4.8	5.0	6.0	4.7	4.8	4.8	20.2
Diluted net profit for the period per share, DKr	5.0	4.8	5.0	6.0	4.7	4.8	4.8	20.2
Net profit for the period as % p.a. of average shareholders' equity	16.8	17.7	16.8	20.7	17.2	18.1	17.7	18.4
Cost/income ratio, %	53.4	49.2	53.4	54.1	52.2	53.8	49.2	52.4
Solvency ratio, excl. net profit for the period, %	10.0	9.7	10.0	10.3	9.4	9.1	9.7	10.3
Core (tier 1) capital ratio, incl. hybrid core capital and excl. net profit for the period, %*	7.0	6.8	7.0	7.3	6.5	6.5	6.8	7.3
Risk-weighted items, end of period, DKr bn	972	884	972	944	933	927	884	944
Share price, end of period, DKr	229.0	165.7	229.0	221.2	190.1	185.3	165.7	221.2
Book value per share, DKr	112.5	103.1	112.5	118.2	112.3	107.7	103.1	118.2
Full-time-equivalent staff, end of period	19,195	18,885	19,195	19,128	19,215	18,900	18,885	19,128

\* Q4 includes the net profit for the year.

## Accounting policies – Danske Bank Group

This report for the first quarter of 2006 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 has not changed its accounting policies from those followed in the Annual Report for 2005 except in the instances mentioned below.

With effect from January 1, 2006, the Group has adjusted its policies for the recognition of provisions for unit-linked contracts to comply with the new rules issued by the Danish Financial Supervisory Authority. Under the earlier accounting policies, the present value of the future administrative result was recognised at the establishment of contracts. The adjustment means that future provisions will, as a minimum, equal the surrender value of the contracts. Comparative figures have been restated.

This adjustment reduced net income from insurance business by Dkr45m and tax by Dkr13m in the first quarter of 2006. The effect on the comparative figures for 2005 was a reduction of Dkr183m and Dkr46m, respectively. The policies effective as of January 1, 2006, led to a decline in the value of other assets of Dkr57m, a rise in liabilities under insurance contracts of Dkr494m, a decrease in deferred tax liabilities of Dkr130m and a lowering of shareholders' equity of Dkr421m.

Furthermore, the presentation of the business areas Danica Pension and Danske Markets has been revised: Danica Pension's return on investment from assets allocated to the shareholders' equity is now recognised as income of Danica Pension and not of Danske Markets as was previously the case. The amount reclassified for 2005 was Dkr153m. Comparative figures have been restated.

Standards and interpretations that have not yet come into force

The International Accounting Standards Board (IASB) has approved a number of international

accounting standards and interpretations that have not yet come into force. None of these is expected to affect the Group's financial reporting.

## Income statement – Danske Bank Group

(DKr m)	Q1 2006	Q1 2005
Interest income	22,641	19,940
Interest expense	16,153	13,074
Net interest income	6,488	6,866
Fee income	2,550	2,186
Fee expenses	620	622
Net trading income	-3,145	2,939
Other income	1,166	787
Net premiums	4,165	3,746
Net insurance benefits	1,290	7,655
Income from associated undertakings	50	418
Profit on sale of associated and subsidiary undertakings	-	-387
Staff costs and administrative expenses	4,499	3,791
Amortisation and depreciation	613	406
Credit loss expenses	-129	-126
Profit before tax	4,381	4,207
Tax	1,250	1,223
Net profit for the period	3,131	2,984
Portion attributable to:		
Shareholders of the Parent Company	3,132	2,975
Minority interests	-1	9
Net profit for the period	3,131	2,984
Net profit for the period per share, DKr	5.0	4.8
Diluted net profit for the period per share, DKr	5.0	4.8



## Balance sheet – Danske Bank Group

(DKr m)	March 31, 2006	Dec. 31, 2005	March 31, 2005
<b>ASSETS</b>			
Cash in hand and demand deposits with central banks	29,677	13,881	10,257
Due from credit institutions and central banks	275,488	274,918	245,078
Trading portfolio assets	357,484	444,521	468,076
Financial investment securities	31,790	28,712	34,555
Bank loans and advances	860,591	829,603	738,880
Mortgage loans	567,002	569,092	531,206
Assets under pooled schemes and unit-linked investment contracts	37,501	35,676	32,619
Assets under insurance contracts	187,732	188,342	169,984
Holdings in associated undertakings	991	1,044	651
Intangible assets	7,576	7,626	7,143
Investment property	3,580	3,626	4,428
Tangible assets	7,314	7,248	7,567
Current tax assets	145	116	152
Deferred tax assets	444	506	935
Other assets	24,393	27,077	19,624
<b>Total assets</b>	<b>2,391,708</b>	<b>2,431,988</b>	<b>2,271,155</b>
<b>LIABILITIES</b>			
Due to credit institutions and central banks	422,092	476,363	457,525
Deposits	617,987	631,184	569,271
Trading portfolio liabilities	204,690	212,042	195,414
Issued mortgage bonds	446,806	438,675	465,460
Deposits under pooled schemes and unit-linked investment contracts	43,863	42,287	38,377
Liabilities under insurance contracts	210,402	212,328	193,541
Other issued bonds	296,379	251,099	200,417
Current tax liabilities	921	621	2,225
Deferred tax liabilities	1,580	1,581	477
Other liabilities	34,686	47,882	43,280
Subordinated debt	41,951	43,837	40,462
<b>Total liabilities</b>	<b>2,321,357</b>	<b>2,357,899</b>	<b>2,206,449</b>
<b>SHAREHOLDERS' EQUITY</b>			
Shareholders of the Parent Company	70,302	74,042	64,444
Minority interests	49	47	262
<b>Total shareholders' equity</b>	<b>70,351</b>	<b>74,089</b>	<b>64,706</b>
<b>Total liabilities and equity</b>	<b>2,391,708</b>	<b>2,431,988</b>	<b>2,271,155</b>

# Capital – Danske Bank Group

(DKr m)

	Shareholders of the Parent Company				Total	Minority interests	Total
	Share capital	Foreign currency translation reserve	Proposed dividends	Profit brought forward			
Shareholders' equity at January 1, 2006	6,383	-12	6,383	61,709	74,463	47	74,510
Adjustment of accounting policies	-	-	-	-421	-421	-	-421
Adjusted shareholders' equity at January 1, 2006	6,383	-12	6,383	61,288	74,042	47	74,089
Translation of foreign units	-	128	-	-	128	-	128
Foreign unit hedges	-	-130	-	-	-130	-	-130
Tax on entries on shareholders' equity	-	-	-	-22	-22	-	-22
Net gains not recognised in the income statement	-	-2	-	-22	-24	-	-24
Net profit for the period	-	-	-	3,131	3,131	-1	3,130
Total income	-	-2	-	3,109	3,107	-1	3,106
Dividends paid	-	-	-6,383	129	-6,254	-	-6,254
Acquisition of own shares	-	-	-	-6,450	-6,450	-	-6,450
Sale of own shares	-	-	-	5,845	5,845	-	5,845
Share-based payment	-	-	-	12	12	-	12
Adjustment of minority interests	-	-	-	-	-	3	3
Shareholders' equity at March 31, 2006	6,383	-14	-	63,933	70,302	49	70,351
Shareholders' equity at January 1, 2005	6,723	-32	5,010	55,005	66,706	267	66,973
Adjustment of accounting policies	-	-	-	-283	-283	-	-283
Adjusted shareholders' equity at January 1, 2005	6,723	-32	5,010	54,722	66,423	267	66,690
Translation of foreign units	-	285	-	-	285	-	285
Foreign unit hedges	-	-284	-	-	-284	-	-284
Tax on entries on shareholders' equity	-	-	-	16	16	-	16
Net gains not recognised in the income statement	-	1	-	16	17	-	17
Net profit for the period	-	-	-	2,975	2,975	9	2,984
Total income	-	1	-	2,991	2,992	9	3,001
Dividends paid	-	-	-5,010	81	-4,929	-	-4,929
Acquisition of own shares	-	-	-	-5,202	-5,202	-	-5,202
Sale of own shares	-	-	-	5,156	5,156	-	5,156
Share-based payment	-	-	-	4	4	-	4
Adjustment of minority interests	-	-	-	-	-	-14	-14
Shareholders' equity at March 31, 2005	6,723	-31	-	57,752	64,444	262	64,706

## Solvency – Danske Bank Group

(DKr m)	March 31, 2006	Dec. 31, 2006	March 31, 2005
Shareholders' equity	70,351	74,089	64,706
Net profit for the period	-3,612	-	-2,987
Adjustment of accounting policies 2006	-	421	329
Proposed dividends	-	-6,383	-
Minority interests	2,998	2,992	14
Intangible assets of banking business	-7,689	-7,740	-7,046
Deferred tax assets	-402	-569	-1,353
Other	440	-72	269
<b>Core capital less statutory deductions</b>	<b>62,086</b>	<b>62,738</b>	<b>53,932</b>
Hybrid core capital	6,231	6,376	5,933
<b>Core capital, including hybrid core capital, less statutory deductions</b>	<b>68,317</b>	<b>69,114</b>	<b>59,865</b>
Subordinated debt, excluding hybrid core capital	35,722	35,953	33,497
Revaluation of real property	637	664	591
Statutory deduction for insurance subsidiaries	-7,369	-8,254	-7,751
Other deductions	-38	-37	-139
<b>Capital base less statutory deductions</b>	<b>97,269</b>	<b>97,440</b>	<b>86,063</b>
Risk-weighted items			
not included in trading portfolio	908,585	882,222	828,127
with market risk in trading portfolio	63,568	61,941	55,938
<b>Total risk-weighted items</b>	<b>972,153</b>	<b>944,163</b>	<b>884,065</b>
Core (tier 1) capital ratio, %	6.39	6.65	6.10
Core (tier 1) capital ratio, including hybrid core capital, %	7.03	7.32	6.77
Solvency ratio, %	10.01	10.32	9.73

The net profit for the period is calculated in accordance with the rules issued by the Danish Financial Supervisory Authority.

## Cash flow statement – Danske Bank Group

(DKr m)	Q1 2006	Q1 2005
<b>Cash flow from operations</b>		
Net profit for the period	3,131	2,984
Adjustment for non-liquid items in the income statement	1,830	977
Cash flow from operating capital	23,104	21,725
<b>Total</b>	<b>28,065</b>	<b>25,686</b>
<b>Cash flow from investing activities</b>		
Acquisition/sale of business units	-	-10,577
Acquisition/sale of own shares	-593	-42
Acquisition of intangible assets	-140	-46
Acquisition/sale of tangible assets	-444	-21
<b>Total</b>	<b>-1,177</b>	<b>-10,686</b>
<b>Cash flow from financing activities</b>		
Changes in subordinated debt and hybrid core capital	-	6,838
Dividends	-6,254	-4,929
Change in minority interests	-3	-5
<b>Total</b>	<b>-6,257</b>	<b>1,904</b>
Cash and cash equivalents, beginning of period	272,469	238,431
Change in cash and cash equivalents	20,631	16,904
Cash and cash equivalents, end of period	293,100	255,335

## Business segments – Danske Bank Group

(DKr m)

**Q1 2006**

	Banking Activities	Mortgage Finance	Danske Markets	Danske Capital	Danica Pension	Others	Total	Reclassi- fication	Highlights
Interest income	8,269	5,992	13,938	9	1,630	-7,197	22,641	-15,568	7,073
Interest expense	4,426	5,117	13,651	6	11	-7,058	16,153	-13,720	2,433
Net interest income	3,843	875	287	3	1,619	-139	6,488	-1,964	4,524
Net fee income	1,842	-61	139	224	-172	-42	1,930	33	1,963
Net trading income	291	42	1,257	5	-4,558	-182	-3,145	5,070	1,925
Other income	425	52	-	-	657	32	1,166	-653	513
Net premiums	-	-	-	-	4,165	-	4,165	-4,165	-
Net insurance benefits	-	-	-	-	1,290	-	1,290	-1,290	-
Income from equity investments	2	-	27	-1	18	4	50	-50	-
Net income from insurance business	-	-	-	-	-	-	-	198	198
Total income	6,403	908	1,710	231	439	-327	9,364	-241	9,123
Operating expenses	3,963	300	549	112	241	-53	5,112	-241	4,871
Credit loss expenses	-111	-10	-8	-	-	-	-129	-	-129
Profit before tax	2,551	618	1,169	119	198	-274	4,381	-	4,381
Loans and advances, excluding reverse transactions	610,173	567,346	35,696	44	-	-2,927	1,210,332	-	1,210,332
Other assets	212,866	25,058	1,851,426	2,416	232,823	-1,143,213	1,181,376	-	1,181,376
Total assets	823,039	592,404	1,887,122	2,460	232,823	-1,146,140	2,391,708	-	2,391,708
Deposits, excluding repo deposits	413,891	-	98,495	342	-	369	513,097	-	513,097
Other liabilities	372,673	574,244	1,781,484	2,107	224,130	-1,146,378	1,808,260	-	1,808,260
Allocated capital	36,475	18,160	7,143	11	8,693	-131	70,351	-	70,351
Total liabilities	823,039	592,404	1,887,122	2,460	232,823	-1,146,140	2,391,708	-	2,391,708
Internal interest income	1,216	156	6,419	3	342	-8,136	-	-	-
Pre-tax profit as % p.a. of allocated capital (avg.)	28.0	13.6	65.5	4,327.3	9.1	-	24.9	-	24.9
Cost/income ratio, %	61.9	33.0	32.1	48.5	54.9	-	54.6	-	53.4
Risk-weighted items (avg.)	561,147	279,380	109,898	165	6,755	-13,200	944,145	-	944,145
Full-time-equivalent staff (avg.)	11,687	774	722	225	843	4,933	19,184	-	19,184

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

## Business segments – Danske Bank Group

(DKr m)

Q1 2005

	Banking Activities	Mortgage Finance	Danske Markets	Danske Capital	Danica Pension	Others	Total	Reclassi- fication	Highlights
Interest income	7,478	6,799	10,272	32	1,783	-6,424	19,940	-12,055	7,885
Interest expense	4,206	5,982	9,235	31	18	-6,398	13,074	-9,315	3,759
Net interest income	3,272	817	1,037	1	1,765	-26	6,866	-2,864	4,002
Net fee income	1,364	38	117	193	-144	-4	1,564	28	1,592
Net trading income	298	41	121	-5	2,598	-114	2,939	-1,342	1,597
Other income	345	44	1	-	278	119	787	-295	492
Net premiums	-	-	-	-	3,746	-	3,746	-3,746	-
Net insurance benefits	-	-	-	-	7,655	-	7,655	-7,655	-
Income from equity investments	-5	-	25	-	7	4	31	-31	-
Net income from insurance business	-	-	-	-	-	-	-	356	356
Total income	5,274	940	1,301	189	595	-21	8,278	-239	8,039
Operating expenses	2,996	307	458	86	239	111	4,197	-239	3,958
Credit loss expenses	-70	-49	-7	-	-	-	-126	-	-126
Profit before tax	2,348	682	850	103	356	-132	4,207	-	4,207
Loans and advances, excluding reverse transactions	518,985	531,597	25,378	214	-	-3,218	1,072,956	-	1,072,956
Other assets	284,674	74,409	1,740,220	4,542	219,798	-1,125,444	1,198,199	-	1,198,199
Total assets	803,659	606,006	1,765,598	4,756	219,798	-1,128,662	2,271,155	-	2,271,155
Deposits, excluding repo deposits	407,671	-	93,859	204	-	849	502,583	-	502,583
Other liabilities	363,672	588,874	1,665,998	4,532	211,681	-1,130,891	1,703,866	-	1,703,866
Allocated capital	32,316	17,132	5,741	20	8,117	1,380	64,706	-	64,706
Total liabilities	803,659	606,006	1,765,598	4,756	219,798	-1,128,662	2,271,155	-	2,271,155
Internal interest income	1,066	88	2,577	4	371	-4,106	-	-	-
Pre-tax profit as % p.a. of allocated capital (avg.)	29.1	15.9	59.2	2,060.0	17.5	-	26.0	-	26.0
Cost/income ratio, %	56.8	32.7	35.2	45.5	40.2	-	50.7	-	49.2
Risk-weighted items (avg.)	497,174	263,566	88,328	304	7,112	12,510	868,994	-	868,994
Full-time-equivalent staff (avg.)	9,771	760	608	202	828	4,933	17,102	-	17,102

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

## Contingent liabilities – Danske Bank Group

Owing to its size and business volume, the Danske Bank Group is continually a party to various lawsuits. The Group does not expect the outcomes of the cases pending to have any material effect on its financial position.

The Group's pension obligations are recognised at their estimated value calculated on the basis of the corridor method. Actuarial calculations show an additional liability of Dkr79m at March 31, 2006.

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 payment 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 prior-year corporation tax of companies that were jointly taxed before January 1,

2005. With effect from January 1, 2005, the taxation applies to 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 Group is liable for deferred tax of Dkr28m (December 31, 2005: Dkr16m) on shares in subsidiary undertakings held for less than three years.

The table below shows guarantees, irrevocable loan commitments made by the Group and other liabilities that do not appear on the balance sheet.

GUARANTEES AND OTHER LIABILITIES (DKr m)	March 31, 2006	Dec. 31, 2005	March 31, 2005
Guarantees, etc.	79,505	81,099	80,960
Other liabilities	208,491	202,731	192,247
<b>Total</b>	<b>287,996</b>	<b>283,830</b>	<b>273,207</b>

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## Additional information

### Conference call

Danske Bank will hold a conference call upon the presentation of its financial report for the first quarter of 2006 on May 2, 2006. The conference call is scheduled for 4.00pm CET and will be transmitted live at [www.danskebank.com](http://www.danskebank.com).

### Financial calendar

Danske Bank plans to release its remaining financial reports in 2006 on the following dates:

Half-year report: August 10, 2006

Nine-month report: October 31, 2006

### Contacts

Peter Straarup,  
Chairman of the Executive Board  
Tel. +45 33 44 01 07

Tonny Thierry Andersen,  
Chief Financial Officer  
Tel. +45 33 44 11 47

Martin Gottlob,  
Head of Investor Relations  
Tel. +45 33 44 27 92

### Address

Danske Bank  
Holmens Kanal 2-12  
DK-1092 København K  
Tel. +45 33 44 00 00  
CVR-nr. 61 12 62 28

### Useful 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.northernbank.co.uk](http://www.northernbank.co.uk)  
[www.nationalirishbank.ie](http://www.nationalirishbank.ie)  
[www.rd.dk](http://www.rd.dk)  
[www.danicapension.com](http://www.danicapension.com)