

Announcement of financial results 2006

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This Announcement of financial results 2006 is a translation of the original announcement in the Danish language (Årsregnskabsmeddelelse 2006). In case of discrepancies, the Danish version prevails.

Danske Bank Group - financial highlights

NET PROFIT FOR THE YEAR (DKr m)	2006	2005	2004	2003	2002
Net interest income	19,501	17,166	14,752	15,593	15,859
Net fee income	7,301	7,289	5,898	5,910	5,842
Net trading income	6,631	6,351	4,732	5,074	4,971
Other income	2,698	2,255	2,029	1,127	1,278
Net income from insurance business	1,355	1,647	1,657	1,958	268
Total income	37,486	34,708	29,068	29,662	28,218
Operating expenses	19,485	18,198	15,393	14,964	15,634
Profit before credit loss expenses	18,001	16,510	13,675	14,698	12,584
Credit loss expenses	-496	-1,096	759	1,662	1,420
Profit before tax	18,497	17,606	12,916	13,036	11,164
Tax	4,952	4,921	3,690	3,750	2,922
Net profit for the year	13,545	12,685	9,226	9,286	8,242
Attributable to minority interests	-12	4	28	-	-
BALANCE SHEET AT DEC. 31 (DKr m)					
Bank loans and advances	1,054,322	829,603	615,238	523,055	478,840
Mortgage loans	602,584	569,092	524,428	497,563	469,506
Trading portfolio assets	490,954	444,521	422,547	588,986	545,719
Investment securities	26,338	28,712	31,505	-	-
Assets under insurance contracts	194,302	188,342	163,205	-	-
Other assets	370,861	371,718	295,584	216,530	257,488
Total assets	2,739,361	2,431,988	2,052,507	1,826,134	1,751,553
Due to credit institutions and central banks	564,549	476,363	353,369	299,880	319,573
Deposits	702,943	631,184	487,863	483,884	427,940
Issued mortgage bonds	484,217	438,675	432,399	603,120	567,912
Trading portfolio liabilities	236,524	212,042	215,807	142,992	162,453
Liabilities under insurance contracts	215,793	212,328	191,467	-	-
Other liabilities	391,212	343,470	271,214	202,258	182,146
Subordinated debt	48,951	43,837	33,698	33,549	31,210
Shareholders' equity	95,172	74,089	66,690	60,451	60,319
Total liabilities and equity	2,739,361	2,431,988	2,052,507	1,826,134	1,751,553
RATIOS AND KEY FIGURES					
Net profit for the year per share, DKr	21.5	20.2	14.4	13.3	11.5
Diluted net profit for the year per share, DKr	21.4	20.2	14.4	-	-
Net profit for the year as % of average shareholders' equity	17.5	18.4	13.9	15.2	14.0
Cost/income ratio, %	52.0	52.4	52.7	50.4	55.4
Solvency ratio, incl. net profit for the year, %	11.4	10.3	10.2	11.0	10.5
Core (tier 1) capital ratio, incl. net profit for the year and hybrid core capital, %	8.6	7.3	7.7	7.7	7.6
Risk-weighted items, end of year, DKr bn	1,119	944	808	767	774
Share price, end of year, DKr	250.0	221.2	167.5	138.8	117.4
Book value per share, DKr	139.1	118.2	106.7	89.9	84.8
Full-time-equivalent staff, end of year	19,253	19,162	16,235	16,935	17,817

For 2004-2006, items are valued in accordance with the IFRS. For 2002-2003, items are valued in accordance with the rules in force at that time.

Review

- Profit after tax up 7% to Dkr13,545m, against Dkr12,685m in 2005
- Income rose 8% due to substantial demand for the Group's products
- Net positive entry for credit loss expenses of Dkr496m
- New capital targets as a result of the new capital adequacy rules and the purchase of Sampo Bank
- Profit before credit loss expenses for 2007 expected to roughly match the level recorded in 2006, including pro forma consolidation of Sampo Bank
- With effect from April 10, 2007, the BG Bank division will merge with the Danske Bank division

Financial results

In 2006, the Danske Bank Group realised a net profit of Dkr13,545m, against Dkr12,685m in 2005.

Pre-tax profit amounted to Dkr18,497m, which was better than expected at the presentation of the report for the first nine months of 2006. The result constituted an increase of 5% relative to the pre-tax profit recorded in 2005. The growth in profit generated by the Group's banking activities outperformed the growth rate realised by the segment in 2005.

Income

The positive trend in income continued in 2006. Income rose by Dkr2,778m, or 8%, on the level recorded a year ago to Dkr37,486m. Income from banking activities grew by Dkr3,068m, of which Northern Bank and National Irish Bank accounted for Dkr848m. The accounts for 2006 include the financial results of the Group's activities in Northern Ireland and the Republic of Ireland for the full year as opposed to the accounts for 2005, which covered only the period from March to December for these markets.

Net interest income rose 14% to Dkr19,501m. Excluding net interest income from Northern Bank and National Irish Bank, the increase amounted to 11%. The positive trend in net interest income was due to continued lending growth, which more than compensated for the narrowing of lending margins. Home financing products secured on real property and lending to corporate customers accounted for the largest shares of growth. Higher interest rates contributed to a widening of deposit interest margins.

Net fee income remained stable at the level recorded in 2005. The increase in fee income of 7% generated by the Group's banking activities could not compensate for the decline in income from mortgage lending owing primarily to the fact that the record-high refinancing activity in 2005 returned to a more normal level in 2006.

Net trading income rose by 4% to Dkr6,631m. Net trading income in 2005 also included one-off income of around Dkr0.8bn. Excluding the one-off income, net trading income rose 19%. The increase was attributable to customer-driven activities and an improved investment return.

The increase in other income of 20% to Dkr2,698m was owing primarily to leasing and real-estate agency business.

Net income from insurance business fell from Dkr1,647m in 2005 to Dkr1,355m. The increase in business volume could not compensate for profit policy adjustments and the booking of risk allowance from previous years in the fourth quarter of 2005. The health and accident business showed improvement, but the result remained unsatisfactory.

Operating expenses

Operating expenses rose by 7% to Dkr19,485m. Excluding the expenses of acquired units, the increase amounted to 1.6% due to a generally higher level of activity. The cost/income ratio improved from 52.4% to 52.0%.

Credit loss expenses

As in 2005, the Group recorded a net positive entry for credit loss expenses. The positive result, which amounted to Dkr496m, against Dkr1,096m in 2005, reflected the persistently favourable economic conditions that led to a low level of new impairment charges and reversals of charges previously made.

Tax

The Group's tax charge for 2006 is calculated to be Dkr4,952m, corresponding to an effective tax rate of 27%.

Return on equity

The return on equity stood at 17.5%, against 18.4% in 2005. Net profit for the year per share increased from Dkr20.2 to Dkr21.5, or 6%.

Capital and solvency

Share capital

At the end of 2006, the share capital totalled Dkr6,988,042,760, and shares numbered 698,804,276. This number includes the issue of 60,500,000 shares in November 2006 to fund the acquisition of Sampo Bank. The number of shares outstanding at the end of 2006 was 684,286,799, and the average number of shares outstanding in 2006 was 631,445,484.

Shareholders' equity

Shareholders' equity was Dkr95bn at the end of 2006, against Dkr74bn at the end of 2005. The change reflects primarily the share issue, the recognition of the profit for the year and the dividend payment in March 2006.

The Board of Directors is proposing that the general meeting approve a dividend of Dkr7.75 per share, or 40% of the net profit of the Group, corresponding to a total dividend payment of Dkr5,416m.

Solvency

The solvency ratio at the end of 2006 was 11.4%, of which 8.6 percentage points derived from the Group's core (tier 1) capital, against 10.3% and 7.3%, respectively, at the end of 2005.

The core (tier 1) capital ratio, excluding hybrid core capital, amounted to 7.6%, against 6.6% in 2005. Both the solvency ratio and the core (tier 1) capital ratio benefited from the proceeds from the share issue.

Excluding the proceeds, the solvency ratio and the core (tier 1) capital ratio stood at 10.1% and 6.3%, respectively, at the end of 2006.

The increase in risk-weighted items from Dkr944bn at the end of 2005 to Dkr1,119bn at the end of 2006 was attributable primarily to lending growth and the equity forward contract worth around Dkr30bn that will run until the acquisition of Sampo Bank has been finalised.

Capital targets

Danske Bank Group changed its capital targets in connection with the acquisition of Sampo Bank.

The adjustments should be seen in light of the large share of the Group's loan portfolio for which security has been provided, the coming implementation of the new Capital Requirements Directive (CRD) and the Group's greater geographical diversification resulting from the acquisition of Sampo Bank.

The capital targets were changed to a core (tier 1) capital ratio, excluding hybrid core capital, of 5.5-6.0%; a hybrid core capital ratio of 1.0-1.5%; and a solvency ratio of 9.0-10.0%. The payout ratio target is maintained at 30-50%, and the Group expects to maintain the payout ratio for the 2007 financial year at 40% of the net profit.

CAPITAL TARGETS (%)	NEW	PREVIOUS
Core (tier 1) capital ratio, excluding hybrid core capital	5.5-6.0	6.0-6.5
Hybrid core capital ratio	1.0-1.5	0.5-1.0
Solvency ratio	9.0-10.0	9.0-10.0
Payout ratio	30-50	30-50

Balance sheet

Lending

Bank lending, excluding reverse transactions, rose by Dkr140bn, or 23%, from the end of 2005 to Dkr760bn at the end of 2006.

Loans and advances, excluding reverse transactions, extended by the Group's banking operations in Denmark rose by Dkr52bn, or 20%.

Loans and advances extended by the Group's non-Danish banking operations grew by Dkr85bn, or 26%. Northern Bank and National Irish Bank accounted for Dkr35bn of the increase; Dkr13bn of this amount was owing to the fact that loans and advances are no longer netted against deposits held by the same customers.

Lending by Danske Markets rose Dkr6bn, or 18%, from the end of 2005. Lending at Danske Markets comprises facilities with selected corporate and institutional clients.

Mortgage loans measured at fair value stood at Dkr603bn at the end of 2006, up 6% on the level recorded a year before. The private market accounted for 62% of the mortgage loan portfolio at the end of the year, and the nominal outstanding bond debt rose by Dkr46bn to Dkr609bn.

Bank loans and advances to retail customers rose by 16%, whereas loans and advances to corporate customers grew by 26% on the figure recorded a year earlier.

Reverse transactions were up DKr85bn from the level at the end of 2005 to DKr295bn, primarily as a result of increased activity in the international repo market.

Deposits

Deposits, excluding repo transactions, totalled DKr599bn, against DKr533bn at the end of 2005, a rise of 12%. Deposits, excluding repo transactions, at the Group's banking operations in Denmark rose by DKr24bn, or 8%, from the end of 2005. Deposits at the Group's non-Danish banking operations grew by DKr42bn, or 28%. Deposits at Northern Bank accounted for DKr20bn of the increase; DKr13bn of this amount was owing to the fact that loans and advances are no longer netted against deposits held by the same customers.

Trading portfolio assets

Trading portfolio assets rose by DKr46bn, or 10%, from DKr445bn at the end of 2005 to DKr491bn. The increase was owing to larger bond holdings.

The Group uses the Value-at-Risk (VaR) measure to determine the daily market risk of its exposures. VaR expresses, at a confidence level of 99%, the maximum amount that the Group would lose assuming that the exposure was maintained for 10 days. Excluding Danica Pension, the Group's interest VaR amounted to DKr84m at the end of 2006, against DKr132m a year earlier.

Integration of Northern Bank and National Irish Bank

At the end of 2006, the Group had realised half of the estimated synergies of DKr350m. The Group expects to realise all estimated synergies by the end of 2007, with full accounting effect from 2008.

Overall integration costs are expected to total some DKr1.5bn. At the end of 2006, costs realised totalled DKr1.4bn, of which DKr0.2bn had been recognised as development costs under intangible fixed assets. Costs for the completion of the integration process are expected to be realised by the end of 2007.

Merger of BG Bank and Danske Bank

Danske Bank Group has decided to gather the activities of BG Bank and Danske Bank Denmark in a single banking division with the name Danske Bank. The two brands have become so similar that there are no longer good grounds for maintaining two separate banking operations. The change will take effect on April 10, 2007, when all building facades and printed matter from the Bank will bear the Danske Bank name.

The merger of the two divisions is expected to entail a one-off expenditure of DKr275m. The Group expects to be able to save DKr300m each year through the merger, with full accounting effect in 2010. In 2007, the merger is expected to be cost-neutral.

Sampo Bank

In November 2006, Danske Bank entered into an agreement to buy all the shares of Sampo Bank of Finland. The purchase price was €4.05bn.

The purchase was approved at the end of January 2007, which means that Sampo Bank was not consolidated in the 2006 accounts of Danske Bank.

With the purchase of Sampo Bank, the Danske Bank Group strengthens its position as a competitive player on the entire Nordic market. The investment in Finland is in line with the Group's strategy of expanding its retail banking activities in northern Europe.

Danske Bank expects to complete the integration of Sampo Bank's Finnish activities on its IT platform at Easter 2008. It has not yet been decided when to integrate the still relatively small operations in Estonia, Latvia, Lithuania and Russia.

Sampo Bank will be adjusted to Danske Bank's organisational structure, and its administrative functions will be integrated on the Group's international platform. Sampo Bank will continue to operate under its own brand name.

Profile

Sampo Bank is Finland's third-largest bank. It has subsidiaries in Estonia, Latvia and Lithuania and recently acquired a small bank in Russia.

Sampo Bank has 125 branches in Finland and about 3,500 employees. Its subsidiaries in Estonia, Latvia and Lithuania have a total of 33 branches and some 1,100 employees.

Sampo Bank's business focus is on retail customers, small and medium-sized business customers and institutional clients.

With 1.1 million retail customers and 100,000 corporate customers, Sampo Bank holds 15% of the retail market and 20% of the corporate market in Finland. Most of the bank's business with retail customers is within home financing.

Sampo Bank is technologically advanced and has 800,000 online banking customers.

Most of the bank's business originates in Finland, but the subsidiaries in Estonia, Latvia and Lithuania have seen considerable growth and rising market shares within home financing in particular. Sampo Bank is the third-largest foreign bank in the Baltic region.

In 2006, Sampo Bank took over Industry and Finance Bank in St. Petersburg with a view to expanding its potential for serving large Finnish corporate customers doing business in Russia.

The future

With the purchase, Danske Bank expects to create a very strong basis for future growth.

Furthermore, the acquisition will support Danske Bank's business platform and help create value for the Bank's shareholders. Danske Bank expects the purchase of Sampo Bank to have a positive effect on its earnings per share from the second half of 2008.

The integration of Sampo Bank on Danske Bank's IT platform and the organisation of the administrative functions are estimated to generate annual cost and funding synergies of Dkr0.6bn (Dkr0.1bn in 2007, Dkr0.3bn in 2008 and Dkr0.2bn in 2009), with full accounting effect from 2010.

Until 2009, Danske Bank expects to incur expenses for the integration of Sampo Bank's activities of Dkr1.6bn, which break down into Dkr0.5bn in 2007, Dkr0.8bn in 2008 and Dkr0.3bn in 2009.

Purchase price

The purchase price for Sampo Bank was €4.05bn, or Dkr30.2bn. Expenses amount to Dkr0.6bn: Dkr0.5bn for share transfer tax and Dkr0.1bn for consultants' fees and similar expenses.

The fair value of the net assets of Sampo Bank is currently estimated at Dkr9.3bn. The remainder of the purchase price includes Dkr4.4bn for relations with deposit customers and Dkr0.3bn for relations with other customers. The amortisation periods are expected to be fixed at 10 years and 5 years, respectively. The right to the business name is considered to have an indefinite economic life and is currently valued at Dkr0.3bn. Consequently, goodwill is estimated at Dkr17.8bn.

PRELIMINARY BREAKDOWN OF PURCHASE PRICE [Dkr bn]

Purchase price	30.2
Costs	0.6
Total purchase price	30.8
Net assets (excluding the items below)	9.3
Customer relations (deposits)	4.4
Other customer relations	0.3
Right to name	0.3
Deferred tax	-1.3
Goodwill	17.8

Pro forma financial highlights for 2006

The table below shows selected financial highlights on the assumption that Sampo Bank had been acquired with effect from January 1, 2006. The figures for Sampo Bank are based on the average of the estimates for Sampo Bank's financial results for 2006 provided by four equity analysts. The presentation does not factor in amortisation of intangible assets, integration expenses and finance costs.

The Group will publish financial highlights for 2006 for the pro forma consolidated Group once the purchase is completed and Sampo Bank has presented its accounts for 2006 and the opening balance sheet.

PRO FORMA 2006 PRE-TAX PROFIT FOR THE YEAR (DKr m)	DANSKE BANK GROUP	SAMPO BANK CONSENSUS	TOTAL DANSKE BANK GROUP AFTER ACQUISITION (PRO FORMA)
Net interest income	19,501	2,789	22,290
Net fee income	7,301	1,913	9,214
Net trading income	6,631	869	7,500
Other income	2,698	403	3,101
Net income from insurance business	1,355	-	1,355
Total income	37,486	5,974	43,460
Operating expenses	19,485	3,274	22,759
Profit before credit loss expenses	18,001	2,700	20,701
Credit loss expenses	-496	-4	-500
Profit before tax	18,497	2,704	21,201

Outlook for 2007

The Group's outlook for 2007 is based on the pro forma financial highlights for 2006 shown on page 8.

The year 2007 is expected to be another satisfactory year for Danske Bank Group.

At the outset of 2007, the Danske Bank Group had further strengthened its market position through the acquisition of the Sampo Bank group and its continued focusing and streamlining of the Group organisation.

In 2007, Europe is likely to see a rise in average interest rates and moderate economic growth. The Group expects growth in its principal markets to continue to outperform average euro-zone growth, although at a lower level than in 2006.

Net interest income is expected to rise by 8-10%, primarily as a result of double-digit lending growth in the markets on which the Group operates and the likely rise in average interest rates.

Net fee income is expected to be slightly higher than in 2006, due mainly to an increase in trading volume on the securities markets and despite expenses for the credit default swaps entered into in connection with the financing of the acquisition of Sampo Bank. Mortgage finance activities are expected to remain unchanged.

Net trading income is expected to be 7-9% lower than the high level recorded in 2006. The Group expects to maintain its market position, but trading income will continue to depend greatly on trends in the financial markets, including the level of securities prices at the end of the year.

Other income is likely to fall by 12-17% as the Group does not expect to realise income from the sale of property on the scale recorded in 2006.

The Group does not expect to achieve an investment return from its insurance business similar to the high return generated in 2006. Overall, net income from insurance business is expected to fall by 13-15%. This result will, however, also depend greatly on trends in the financial markets. The Group expects operating expenses to rise by 4-6%. The increase is attributable primarily to integration costs, the amortisation of intangible assets associated with the acquisition of Sampo Bank and the general increase in salaries and inflation. Excluding integration costs and amortisa-

tion of intangible assets associated with Sampo Bank, operating expenses are expected to increase by 1-3%.

Profit before credit loss expenses is expected to roughly match the level recorded in 2006.

The Group does not expect to realise a net positive entry for credit loss expenses as was the case in 2006. However, the Group assumes favourable economic trends and satisfactory loan portfolio quality and therefore expects to record relatively modest credit loss expenses in 2007.

Profit before tax for 2007 is therefore expected to be somewhat lower than the level in 2006.

The Group expects its tax rate to be 27%.

	DANSKE BANK, INCL. SAMPO BANK 2006 (PRO FORMA) (DKr m)	OUTLOOK 2007 (%)
Net interest income	22,290	8 - 10
Net fee income	9,214	0 - 2
Net trading income	7,500	(7) - (9)
Other income	3,101	(12) - (17)
Net income from insurance business	1,355	(13) - (15)
Total income	43,460	0 - 2
Total operating expenses	22,759	4 - 6
Profit before credit loss expenses	20,701	(2) - 0

() denotes a fall.

Business areas

PROFIT BEFORE TAX (DKr m)	2006	2005	Index 06/05	Share (%) 2006	Share (%) 2005
Banking Activities Danske Bank	5,772	5,767	100	31	33
Banking Activities BG Bank	1,992	1,782	112	11	10
Banking Activities Sweden	1,013	809	125	5	5
Banking Activities Norway	885	579	153	5	3
Banking Activities Northern Ireland	-104	23	-	-1	-
Banking Activities Ireland	26	-106	-	-	-1
Banking Activities England, USA and other units	-	528	-	-	3
Other Banking Activities	1,308	713	183	7	4
Total Banking Activities	10,892	10,095	108	59	57
Mortgage Finance	2,710	2,755	98	15	16
Danske Markets	3,639	3,719	98	20	21
Danske Capital	560	509	110	3	3
Danica Pension	1,355	1,647	82	7	9
Other areas	-659	-1,119	-	-4	-6
Total Group	18,497	17,606	105	100	100

The 2005 results of Banking Activities Northern Ireland and Banking Activities Ireland comprise the months March to December only.

INCOME (DKr m)	2006	2005	Index 06/05	Share (%) 2006	Share (%) 2005
Banking Activities Danske Bank	10,989	9,973	110	29	29
Banking Activities BG Bank	4,481	4,151	108	12	12
Banking Activities Sweden	2,544	2,032	125	7	6
Banking Activities Norway	2,406	1,837	131	6	5
Banking Activities Northern Ireland	2,293	1,810	-	6	5
Banking Activities Ireland	1,118	753	-	3	2
Banking Activities England, USA and other units	-	468	-	-	1
Other Banking Activities	2,625	2,364	111	7	7
Total Banking Activities	26,456	23,388	113	71	67
Mortgage Finance	3,781	3,879	97	10	11
Danske Markets	5,535	5,491	101	15	16
Danske Capital	1,026	893	115	3	3
Danica Pension	1,355	1,647	82	4	5
Other areas	-667	-590	-	-2	-2
Total Group	37,486	34,708	108	100	100

The pre-tax profit of the Group's banking activities rose 8% on the 2005 figure. Banking activities accounted for 59% of the Group's pre-tax profit in 2006, against 57% in 2005.

The results of 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. Danske Bank's finance centres serve large corporate and private banking customers. Banking Activities Danske Bank has nine regions with 286 branches, nine finance centres and nearly 4,300 employees.

BANKING ACTIVITIES DANSKE BANK (DKr m)	2006	2005	Index 06/05	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Net interest income	6,997	6,184	113	1,891	1,792	1,713	1,601	1,596
Net fee income	3,489	3,319	105	836	770	904	979	885
Net trading income	497	455	109	116	117	127	137	121
Other income	6	15	40	2	3	-	1	3
Total income	10,989	9,973	110	2,845	2,682	2,744	2,718	2,605
Operating expenses	5,443	5,168	105	1,419	1,293	1,365	1,366	1,344
Profit before credit loss expenses	5,546	4,805	115	1,426	1,389	1,379	1,352	1,261
Credit loss expenses	-226	-962	-	157	16	-156	-243	-710
Profit before tax	5,772	5,767	100	1,269	1,373	1,535	1,595	1,971
Loans and advances, end of period	238,631	197,674	121	238,631	224,786	221,065	208,056	197,674
Deposits, incl. pooled deposits, end of period	236,439	216,219	109	236,439	227,746	228,992	224,330	216,219
Risk-weighted items (avg.)	217,030	186,653	116	224,796	223,070	215,864	204,097	197,383
Allocated capital (avg.)	14,107	12,132	116	14,612	14,500	14,031	13,266	12,830
Pre-tax profit as % p.a. of allocated cap.	40.9	47.5		34.7	37.9	43.8	48.1	61.5
Cost/income ratio, %	49.5	51.8		49.9	48.2	49.7	50.3	51.6

- Pre-tax profit at unchanged level
- Profit before credit loss expenses rose 15%
- Net positive entry for credit loss expenses
- Lending increased 21%
- High level of activity and persistently fierce competition expected in 2007

The market in 2006

In 2006, as in 2005, the economic climate in Denmark was favourable and generated considerable demand for financial products and services. Interest rates rose throughout the year, but lending margins remained under pressure because of persistently keen competition. Trading volume on the securities markets was substantial in the first quarter of the year, but returned to more normal levels in the remainder of the year.

The bank's market share at end-2006 was unchanged from the level at the end of 2005.

Income

Net interest income advanced 13% to DKr6,997m. The higher net interest income resulted partly from continued growth in lending, which more than offset the compression of lending margins, and partly from an interest rate-driven widening of deposit margins. Home financing products secured on real property and increased lending to corporate customers accounted for most of the growth in lending.

Net fee income rose 5% in 2006, mainly because of heavy trading volume on the securities markets in the first quarter; equity trading in particular generated good results. Danske Bank was also the lead manager of a number of issues, and these contributed significantly to the rise in net fee income.

Operating expenses

The 5% increase in operating expenses reflected costs relating to enhancement of the bank's IT systems and growth in activity-based expenses. The rise in income led to an improvement of the cost/income ratio to 49.5%.

Credit loss expenses

Banking Activities Danske Bank recorded a net positive entry for credit loss expenses of DKr226m, against a net positive entry of DKr962m in 2005. The trend was attributable to a persistently favourable economic climate and the high credit quality of the loan portfolio.

Lending

Total lending rose 21% on the level recorded at end-2005. Lending to retail customers was up 17%, primarily because of satisfactory sales of home financing products. Generally stronger demand for credit facilities among corporate customers lifted lending to this segment by 23%.

Deposits

Deposits rose 9% on the 2005 figure. Retail customer deposits were up 6%, while corporate customer deposits rose 14%.

Local initiatives

In 2006, Danske Bank continued its strategy of branding itself as a nation-wide bank with strong community commitment. Through Danske Initiative Funds, the bank provided more than Dkr4m in sponsorship funding for local initiatives within knowledge, culture and sports. The bank also brought local talent into focus, awarding 160 grants to students going abroad to study.

Market outlook for 2007

The healthy economic climate in Denmark is expected to continue in 2007, although with growth rates lower than in 2006. The bank is therefore likely to maintain a high level of activity despite persistently fierce competition.

Danske Bank Group has decided to gather the activities of BG Bank and Danske Bank Denmark in a single banking division with the name Danske Bank.

After the merger with BG Bank, Danske Bank's 2.2 million customers will be able to access the bank at 431 branches, about 1,000 ATMs and post offices throughout the country. Customers can also take advantage of personal telephone service and eBanking facilities 24 hours a day, 365 days a year.

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. BG Bank also serves a number of agricultural customers at special agricultural centres. Banking Activities BG Bank has seven regions with 172 branches, two investment desks and nearly 1,900 employees. With effect from April 10, 2007, the BG Bank division will form part of the Danske Bank division.

BANKING ACTIVITIES BG BANK (DKr m)	2006	2005	Index 06/05	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Net interest income	2,971	2,685	111	802	763	724	682	686
Net fee income	1,324	1,306	101	313	304	326	381	349
Net trading income	178	149	119	38	41	46	53	43
Other income	8	11	73	5	1	1	1	3
Total income	4,481	4,151	108	1,158	1,109	1,097	1,117	1,081
Operating expenses	2,426	2,392	101	635	585	597	609	630
Profit before credit loss expenses	2,055	1,759	117	523	524	500	508	451
Credit loss expenses	63	-23	-	-73	43	29	64	-10
Profit before tax	1,992	1,782	112	596	481	471	444	461
Loans and advances, end of period	75,312	63,803	118	75,312	71,929	69,689	65,738	63,803
Deposits, incl. pooled deposits, end of period	78,724	74,607	106	78,724	76,338	75,619	73,039	74,607
Risk-weighted items (avg.)	66,788	58,968	113	70,500	68,876	64,998	62,669	61,259
Allocated capital (avg.)	4,341	3,833	113	4,583	4,477	4,225	4,073	3,982
Pre-tax profit as % p.a. of allocated cap.	45.9	46.5		52.0	43.0	44.6	43.6	46.3
Cost/income ratio, %	54.1	57.6		54.8	52.8	54.4	54.5	58.3

- Pre-tax profit up 12%
- Profit before credit loss expenses rose 17%
- Credit loss expenses attributable to a few individual facilities
- Lending increased 18%
- BG Bank will in future form part of the Danske Bank division

The market in 2006

In 2006, as in 2005, the economic climate in Denmark was favourable and generated considerable demand for financial products and services. Interest rates rose throughout the year, but lending margins remained under pressure because of the keen competition. Trading volume on the securities markets was substantial in the first quarter of the year, but returned to more normal levels in the remainder of the year.

The bank's market share at end-2006 was unchanged from the level at the end of 2005.

Income

Net interest income rose 11% on the figure recorded in 2005. The higher net interest income resulted partly from continued growth in lending, which more than offset the compression of lending margins, and partly from an interest rate-driven widening of deposit margins. The narrower lending margins reflected an increasing percent-

age of loans secured on real property and fierce competition.

Net fee income was up 1%, mainly because of considerable trading volume on the securities markets in the first quarter of 2006. BG Bank's investment desks also achieved substantial earnings on currency trading and investment services. Refinancing fees were lower, however, because of the decrease in refinancing activity.

Operating expenses

Operating expenses rose 1% on the figure for 2005. The rise was due to costs relating to enhancement of BG Bank's IT systems. An increase in income led to an improvement of the cost/income ratio to 54.1%, down from 57.6% in 2005.

Credit loss expenses

Credit loss expenses amounted to DKr63m, against a net positive entry of DKr23m in 2005. The loss was attributable to a few individual facilities.

Lending

Total lending rose 18% on the level recorded for 2005. Lending to retail customers grew 17%. This growth came primarily from healthy sales of the home financing product *Bolig Plus*. A general increase in demand for credit facilities among

corporate customers lifted lending to this segment by 19%.

Deposits

Deposits rose 6% on the 2005 figure. Retail customer deposits were up 3%, while corporate customer deposits rose 13%.

Retail investing

In October 2006, BG Bank launched two new offers to retail customers investing in securities: To self-service customers, BG Bank now offers its eBanking product *BG Investing Online*, and for customers who invest with the assistance of an adviser, a new and more simplified brokerage structure has been set up.

Merger of BG Bank and Danske Bank

Danske Bank Group has decided to gather the activities of BG Bank and Danske Bank Denmark in a single banking division with the name Danske Bank.

The change will mean that 60 branch offices of BG Bank and Danske Bank will merge into 30 branches during the spring. These are branches that are located very close to each other. Customers will continue to be served by the advisers they know because the advisers will move to the continuing branch.

The change will take effect on April 10, 2007, when all building facades and printed matter from the Bank will bear the Danske Bank name.

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 59 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)	2006	2005	Index 06/05	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Net interest income	1,812	1,474	123	505	473	434	400	383
Net fee income	614	485	127	176	137	158	143	140
Net trading income	71	54	131	20	20	15	16	18
Other income	47	19	247	15	12	13	7	13
Total income	2,544	2,032	125	716	642	620	566	554
Operating expenses	1,460	1,257	116	394	351	374	341	346
Profit before credit loss expenses	1,084	775	140	322	291	246	225	208
Credit loss expenses	71	-34	-	31	7	-50	83	9
Profit before tax	1,013	809	125	291	284	296	142	199
Profit before tax in local currency (SKr)	1,253	1,012	124	356	353	366	178	252
Loans and advances, end of period	138,454	113,964	121	138,454	133,499	128,151	116,709	113,964
Deposits, end of period	50,062	37,329	134	50,062	45,917	44,537	39,472	37,329
Risk-weighted items (avg.)	106,104	84,194	126	114,843	110,053	102,850	96,425	90,936
Allocated capital (avg.)	6,897	5,473	126	7,465	7,153	6,685	6,268	5,911
Pre-tax profit as % p.a. of allocated cap.	14.7	14.8		15.6	15.9	17.7	9.1	13.5
Cost/income ratio, %	57.4	61.9		55.0	54.7	60.3	60.2	62.5

- Pre-tax profit up 25%
- Profit before credit loss expenses rose 40%
- Lending increased 17% in local currency
- Growth expected to continue in 2007

The market in 2006

In 2006, as in 2005, the economic climate in Sweden was favourable and generated considerable demand for financial products and services. The market was highly competitive in 2006, and lending margins remained under pressure despite the gradual rise in interest rates during the year.

The market share of Banking Activities Sweden improved in 2006 to 5.6% for lending and 4.3% for deposits, against 5.3% and 3.9%, respectively, in 2005.

Income

Net interest income increased 23% over the 2005 figure as a result of high lending growth – which more than compensated for the narrower lending margins – and a small, interest rate-driven widening of deposit margins. In addition to fierce competition, the narrowing of lending margins was due to a higher proportion of home financing products and increased lending to corporate customers.

Net fee income rose 27% owing to the larger business volume and extensive securities trading.

Operating expenses

Operating expenses rose 16%, reflecting the higher level of activity, including the expansion of the branch network in 2005 and 2006 as well as a rise in the number of employees.

Credit loss expenses

Credit loss expenses amounted to DKr71m, against a net positive entry of DKr34m in 2005.

Lending

Banking Activities Sweden continued to expand its lending business in 2006. In local currency, lending to retail customers rose 21%, while lending to corporate customers increased 15%. The growth in corporate lending came primarily from large and medium-sized businesses, whereas sales of home financing products lifted lending to retail customers considerably. Business with the Skandia Mäklarna estate-agency chain contributed to a higher number of home financing loans.

Deposits

In local currency, deposits rose 29% on the figure recorded at the end of 2005. Retail customer deposits were up 25%, while corporate customer deposits grew 31%.

Awards

Banking Activities Sweden received several awards in 2006. For example, Danske Bank Sweden was named business bank of the year by Finansbarometern, one of Sweden's largest independent surveys of the Swedish banking, finance and insurance market. The survey showed that Danske Bank's business model based on community involvement and excellent staff qualifications was of decisive importance to Banking Activities Sweden's success.

Market outlook for 2007

Banking Activities Sweden expects to achieve continued growth in 2007 provided that the economic climate in Sweden remains favourable. Economic growth is expected to be marginally lower than in 2006, however. The expansion of the Swedish branch network in recent years, the organisational adjustments and the acquisition of real-estate agency chains are expected to make the Group's Swedish banking operations well prepared for further 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 61 branches, five finance centres and around 1,300 employees. Real-estate agency business is carried out primarily through the 40 offices of Fokus Krogsvveen.

BANKING ACTIVITIES NORWAY (DKr m)	2006	2005	Index 06/05	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Net interest income	1,567	1,286	122	418	410	385	354	354
Net fee income	416	377	110	118	90	107	101	106
Net trading income	111	61	182	28	33	23	27	9
Other income	312	113	276	96	88	74	54	48
Total income	2,406	1,837	131	660	621	589	536	517
Operating expenses	1,552	1,331	117	427	395	365	365	370
Profit before credit loss expenses	854	506	169	233	226	224	171	147
Credit loss expenses	-31	-73	-	43	-12	-69	7	-8
Profit before tax	885	579	153	190	238	293	164	155
Profit before tax in local currency (Nkr)	954	622	153	210	259	308	177	165
Loans and advances, end of period	105,319	87,309	121	105,319	100,610	96,718	90,329	87,309
Deposits, end of period	46,667	39,315	119	46,667	40,385	44,447	40,344	39,315
Risk-weighted items (avg.)	76,760	62,505	123	83,573	80,246	73,450	69,579	68,392
Allocated capital (avg.)	4,989	4,063	123	5,432	5,216	4,774	4,523	4,445
Pre-tax profit as % p.a. of allocated cap.	17.7	14.3		14.0	18.3	24.5	14.5	13.9
Cost/income ratio, %	64.5	72.5		64.7	63.6	62.0	68.1	71.6

- Pre-tax profit up 53%
- Profit before credit loss expenses rose 69%
- Lending increased 25% in local currency
- Growth expected to continue in 2007

The market in 2006

Banking Activities Norway saw strong market growth again in 2006, reflecting the positive international economic trends and high economic activity in Norway. The year was characterised by rising interest rates, but lending margins remained under pressure because of the fierce competition.

The market share of Banking Activities Norway improved in 2006 to 5.6% for lending and 4.4% for deposits, against 5.3% and 4.1%, respectively, in 2005.

Income

Net interest income rose 22% on the figure recorded in 2005. The rise was due to a larger volume of business with both existing customers and the many new customers acquired in recent years. This trend more than offset the effect of ongoing competition on interest margins. A small, interest rate-driven increase in deposit margins also contributed to the rise in net interest income.

Net fee income was up 10%, reflecting the larger business volume.

Other income was up DKr199m to DKr312m, mainly because of the recognition of income generated by Fokus Krogsvveen for the full year 2006, against only the second half-year in 2005. With effect from August 1, 2006, Fokus Krogsvveen took over the estate-agency chain Nylander. This acquisition also contributed to the rise in other income.

Operating expenses

Operating expenses were up 17%, primarily because of the recognition of expenses at Fokus Krogsvveen for the full year and the acquisition of Nylander. The recruitment of more employees to serve customers and the reinforcement of centralised advisory expertise to serve corporate customers contributed to the 5% increase in expenses (excluding expenses incurred by Fokus Krogsvveen and Nylander) over the level a year ago.

Credit loss expenses

Banking Activities Norway recorded a net positive entry for credit loss expenses of DKr31m, against a net positive entry of DKr73m in 2005. The low level of losses was attributable to the favourable economic climate in Norway and the high credit quality of the loan portfolio.

Lending

In local currency, lending to retail customers increased 8% and lending to corporate customers rose 42% over the level at end-2005. The rise in the business volume of Banking Activities Norway came from both new and existing customers.

Deposits

In local currency, deposits rose 23% on the 2005 figure. Retail customer deposits were up 5%, while corporate customer deposits rose 31%.

Focus on customers and advisers

In 2006, Banking Activities Norway focused on retail and corporate customers with healthy finances and a need for a wide range of banking services. For staff, Banking Activities Norway focused on recruiting highly qualified and specialised advisers, and the bank is developing, for example, an extensive certification programme for retail customer advisers. Corporate advisers benefited from a comprehensive competency development programme.

In December 2006, Fokus Bank entered into an agreement with Sparebanken Vest on the sale of Fokus Bank's branches in Sogn og Fjordane county in western Norway. The proceeds from the sale will be recognised in the first half of 2007. The sale was a natural consequence of Fokus Bank's strategy of establishing and expanding its business in larger towns. At the end of 2006, Fokus Bank was represented in 18 of the 20 largest towns in Norway.

Market outlook for 2007

The healthy economic climate in Norway is expected to continue in 2007. Economic growth is expected to be marginally lower than in 2006, however. The development of the Norwegian branch network in recent years, the organisational adjustments and the acquisition of real-estate agency chains 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)	2006	2005	Index 06/05	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Net interest income	1,702	1,317	-	451	435	415	401	406
Net fee income	485	464	-	122	129	101	133	132
Net trading income	87	9	-	22	24	26	15	1
Other income	19	20	-	7	5	5	2	1
Total income	2,293	1,810	-	602	593	547	551	540
Amortisation of intangible assets	459	374	-	118	118	112	111	111
Integration expenses	445	349	-	72	49	194	130	183
Other operating expenses	1,449	1,028	-	341	369	390	349	295
Operating expenses	2,353	1,751	-	531	536	696	590	589
Profit before credit loss expenses	-60	59	-	71	57	-149	-39	-49
Credit loss expenses	44	36	-	30	-2	11	5	2
Profit before tax	-104	23	-	41	59	-160	-44	-51
Profit before tax in local currency (€)	-9	2	-	4	6	-15	-4	-5
Loans and advances, end of period	58,442	40,497	144	58,442	57,372	52,851	41,654	40,497
Deposits, end of period	60,969	40,501	151	60,969	59,379	54,351	41,708	40,501
Risk-weighted items (avg.)	38,474	35,337	109	38,569	37,138	38,949	39,263	38,402
Allocated capital (avg.)	2,501	2,297	109	2,507	2,414	2,532	2,552	2,496
Pre-tax profit as % p.a. of allocated cap.	-4.2	1.2		6.5	9.8	-25.3	-6.9	-8.2
Cost/income ratio, %	102.6	96.7		88.2	90.4	127.2	107.1	109.1
Operating expenses, excl. integra- tion expenses, as % of income	83.2	77.5		76.2	82.1	91.8	83.5	75.2

2005 comprises the months March to December.

- Pre-tax result was a loss of DKr104m
- Pre-tax result, excluding integration expenses and amortisation of intangible assets, rose DKr54m
- Lending increased 41% in local currency
- Strong growth expected to continue in 2007

The pre-tax result of Banking Activities Northern Ireland in 2006 was a loss of DKr104m, against a profit of DKr23m for the months of March to December 2005. Excluding integration expenses and amortisation of intangible assets, the pre-tax profit amounted to DKr800m, against DKr746m in 2005.

The market in 2006

In 2006, Northern Ireland continued to enjoy good economic growth that generated strong demand for credit facilities among both retail and corporate customers. Intensive competitive pressure resulted in a further narrowing of lending margins, although it was more than offset by the growth in both lending and deposits.

Northern Bank's market share of retail banking was 20%, and its share of corporate banking was 31%.

Income

In line with expectations, income rose to DKr2,293m, with growth driven by solid performances in both lending and deposits. Net interest income increased to DKr1,702m and reflected the strong growth of deposits and lending as well as a small, interest rate-driven widening of deposit margins.

Operating expenses

Operating expenses increased to DKr2,353m, partly as a result of higher integration and marketing expenses. Amortisation of intangible assets accounted for DKr459m and integration expenses for DKr445m of total operating expenses. The increase in other operating expenses was due to overtime payments and rebranding costs relating to integration. Operating expenses for 2006 also reflected the transition to the Danske Bank IT platform.

Credit loss expenses

Credit loss expenses amounted to DKr44m for 2006, against DKr36m in 2005. The level of losses reflected the strong economic growth and the persistently high credit quality of the loan portfolio with accordingly low impairment charges.

Lending

At the end of 2006, lending amounted to Dkr58bn, an increase of Dkr18bn, of which Dkr13bn related to a new method of recognising loans and advances under which loans and advances are no longer netted against deposits held by the same customers. Adjusted for this effect, total lending increased 12%.

Deposits

Deposits totalled Dkr61bn at the end of 2006. Adjusted for the new method of recognising loans and advances, total deposits grew 18%.

Customer packages

The introduction of new products after Northern Bank's migration to the Danske Bank IT platform generated solid sales of banking packages. Package sales exceeded expectations, and new customers accounted for around 30% of sales. Northern Bank's product range and price structure are now highly competitive and support its aim to be customers' first choice in the Northern Ireland market.

Market outlook for 2007

The rate of economic growth in Northern Ireland is expected to be high again in 2007. The rebranding of Northern Bank and the successful migration during Easter 2006 have created a strong business trend that, together with marketing campaigns and competitive products and prices, forms the basis for a promising outlook for 2007.

Banking Activities Ireland

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

BANKING ACTIVITIES IRELAND (DKr m)	2006	2005	Index 06/05	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Net interest income	918	621	-	258	240	219	201	193
Net fee income	133	111	-	34	36	28	35	35
Net trading income	61	6	-	19	9	19	14	1
Other income	6	15	-	2	1	2	1	5
Total income	1,118	753	-	313	286	268	251	234
Amortisation of intangible assets	102	85	-	26	25	25	26	25
Integration expenses	159	204	-	8	4	68	79	116
Other operating expenses	834	566	-	221	184	242	187	179
Operating expenses	1,095	855	-	255	213	335	292	320
Profit before credit loss expenses	23	-102	-	58	73	-67	-41	-86
Credit loss expenses	-3	4	-	-	-24	23	-2	-1
Profit before tax	26	-106	-	58	97	-90	-39	-85
Profit before tax in local currency (€)	4	-14	-	8	13	-12	-5	-11
Loans and advances, end of period	51,250	34,028	151	51,250	46,677	41,957	36,449	34,028
Deposits, end of period	21,390	21,668	99	21,390	19,738	17,045	21,392	21,668
Risk-weighted items (avg.)	35,993	23,920	150	42,441	38,127	33,103	30,143	27,902
Allocated capital (avg.)	2,340	1,555	150	2,759	2,478	2,152	1,959	1,814
Pre-tax profit as % p.a. of allocated cap.	1.1	-8.2		8.4	15.7	-16.7	-8.0	-18.7
Cost/income ratio, %	97.9	113.5		81.5	74.5	125.0	116.3	136.8
Operating expenses, excl. integration expenses, as % of income	83.7	86.5		78.9	73.1	99.6	84.9	87.2

2005 comprises the months March to December.

- Pre-tax profit of DKr26m, against a loss of DKr106m in 2005
- Pre-tax profit, excluding integration expenses and amortisation of intangible assets, rose DKr104m
- Lending increased 51% in local currency
- Strong growth expected to continue in 2007

The pre-tax profit of Banking Activities Ireland amounted to DKr26m in 2006, against a loss of DKr106m for the months March to December 2005. Excluding integration expenses and amortisation of intangible assets, the pre-tax profit amounted to DKr287m, against DKr183m in 2005.

The market in 2006

The Republic of Ireland continued to enjoy solid economic growth that generated strong demand for credit facilities among retail and corporate customers. Strong competition put further pressure on lending margins, but its effect was more than offset by the growth in both lending and deposits. National Irish Bank lifted its market share of lending from 3% at the end of 2005 to 4% at the end of 2006.

Income

Income rose to DKr1,118m, which was in line with expectations. The rise in net interest income reflected strong growth in lending and deposits as well as a small, interest rate-driven widening of deposit margins.

Operating expenses

Operating expenses rose to DKr1,095m and reflected expenses for rebranding and activity-based costs deriving from the strong growth in the business volume.

Credit loss expenses

Banking Activities Ireland recorded a net positive entry of DKr3m for credit loss expenses, reflecting the positive economic climate and the consistently high credit quality of the loan portfolio.

Lending

Lending amounted to DKr51bn at the end of 2006. Measured in local currency, retail lending grew 52%, while lending to corporate customers was up 50%.

Deposits

Deposits totalled Dkr21bn at the end of 2006, around the same level as in 2005. However, as deposits from large businesses were transferred to Danske Markets as a result of the conversion at Easter 2006, deposits actually rose about Dkr6bn.

Migration and new branches

In April 2006, National Irish Bank successfully completed its migration to the Danske Bank IT platform. The bank received a number of awards for its work on this project.

The growth strategy for banking activities in the Republic of Ireland includes the opening of a number of new branches over the next three years.

Market outlook for 2007

The rate of economic growth is expected to slow down marginally in the Republic of Ireland in 2007, although growth is still likely to significantly outperform average European growth. Lending growth at National Irish Bank is expected to exceed market growth again in 2007.

Other Banking Activities

Other Banking Activities comprises the activities of Nordania and the activities of Danske Bank International S.A., Luxembourg, Hamburg Branch, Poland Branch and Helsinki Branch.

OTHER BANKING ACTIVITIES (DKr m)	2006	2005	Index 06/05	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Net interest income	807	755	107	220	202	181	204	200
Net fee income	282	230	123	72	67	73	70	60
Net trading income	104	91	114	25	21	29	29	21
Other income	1,432	1,288	111	403	329	339	361	321
Total income	2,625	2,364	111	720	619	622	664	602
Operating expenses	1,571	1,432	110	417	381	373	400	353
Profit before credit loss expenses	1,054	932	113	303	238	249	264	249
Credit loss expenses	-254	219	-	-104	-101	-24	-25	-58
Profit before tax	1,308	713	183	407	339	273	289	307
Loans and advances, end of period	63,384	55,925	113	63,384	59,128	58,289	54,911	55,925
Deposits, end of period	15,326	13,033	118	15,326	13,145	13,396	12,114	13,033
Risk-weighted items (avg.)	61,854	52,284	118	63,709	62,769	61,905	58,971	55,250
Allocated capital (avg.)	4,021	3,398	118	4,141	4,080	4,024	3,833	3,591
Pre-tax profit as % p.a. of allocated cap.	32.5	21.0		39.3	33.2	27.1	30.2	34.2
Cost/income ratio, %	59.8	60.6		57.9	61.6	60.0	60.2	58.6

PROFIT BEFORE TAX (DKr m)	2006	2005	Index 06/05	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Nordania	421	395	107	163	50	80	128	127
Other non-Danish banking activities	887	318	279	244	289	193	161	180
Other Banking Activities	1,308	713	183	407	339	273	289	307

- Pre-tax profit of DKr1,308m, against DKr713m in 2005
- Profit before credit loss expenses rose 13%
- Upward trend in all other non-Danish banking activities

Nordania

Profit before credit loss expenses at Nordania rose 8% relative to 2005. Net interest income at Nordania was 7% lower than in 2005. The decline was due mainly to narrower lending margins resulting from keener competition. An increase in operating leases produced a rise in other income at Nordania relative to the result achieved in 2005.

Other non-Danish banking activities

Profit before credit loss expenses of other non-Danish banking activities rose 17%. All of these units contributed to the improvement, which resulted from a positive business trend.

Operating expenses

The operating expenses of Other Banking Activities rose 10% on the figure recorded in 2005. The rise was attributable primarily to higher costs deriving from an increase in activity-based costs, enhancement of IT systems and the conversion of Danske Bank's operations in Poland into a branch.

Credit loss expenses

Credit loss expenses at Nordania amounted to DKr7m, against DKr4m in 2005.

Other non-Danish banking activities recorded a net positive entry of DKr261m for credit loss expenses, against an expense of DKr215m in 2005. The 2005 result suffered from a few individual impairment charges that were partially reversed in the third quarter of 2006. The positive trend in 2006 was also attributable to a favourable economic climate and the high credit quality of the loan portfolio.

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 199 offices throughout the country.

MORTGAGE FINANCE (DKr m)	2006	2005	Index 06/05	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Net interest income	3,621	3,423	106	967	899	880	875	887
Net fee income	-234	83	-	-59	-61	-53	-61	12
Net trading income	215	195	110	105	53	15	42	46
Other income	179	178	101	36	44	47	52	42
Total income	3,781	3,879	97	1,049	935	889	908	987
Operating expenses	1,176	1,242	95	301	279	296	300	332
Profit before credit loss expenses	2,605	2,637	99	748	656	593	608	655
Credit loss expenses	-105	-118	-	-19	-23	-53	-10	-24
Profit before tax	2,710	2,755	98	767	679	646	618	679
Mortgage loans, end of period	602,584	569,092	106	602,584	592,784	573,105	567,002	569,092
Risk-weighted items (avg.)	287,040	271,182	106	298,500	287,955	282,105	279,380	276,654
Allocated capital (avg.)	18,658	17,627	106	19,403	18,717	18,337	18,160	17,983
Pre-tax profit as % p.a. of allocated cap.	14.5	15.6		15.8	14.5	14.1	13.6	15.1
Cost/income ratio, %	31.1	32.0		28.7	29.8	33.3	33.0	33.6

- Pre-tax profit down 2%
- Profit before credit loss expenses fell 1%
- Net positive entry for credit loss expenses
- Lending increased 6%
- Level of activity expected to remain unchanged in 2007

The market in 2006

In 2006, the Danish mortgage credit market returned to a lower and more normal level after a long period of refinancing waves and many product launches. Total gross lending on the market fell DKr469bn, or 37%, relative to the figure recorded a year earlier.

This fall should be seen in light of a general rise in interest rates that, as expected, led to a cessation of significant interest rate-driven refinancing activity.

The lower level of activity in the mortgage credit market was due not only to the rise in interest rates, but also to a decline in property sales. Prices of owner-occupied housing continued to soar, but in the second half of the year, a slow-down set in. Moreover, turnover in the housing market was substantially lower in 2006 than the year before, in particular in the market for owner-occupied flats and holiday homes.

Income

The 6% increase in net interest income reflected a rise in administration margins due to a larger loan portfolio.

Net fee income declined DKr317m to a negative DKr234m as a result of the decline in refinancing activity and larger payments to Danske Bank and BG Bank for loans arranged through them.

Operating expenses

Operating expenses fell 5%. The cost/income ratio improved marginally due to the fall in costs.

Credit loss expenses

Credit loss expenses amounted to a net positive entry of DKr105m, against a net positive entry of DKr118m in 2005. The credit quality of the loan portfolio remained good, with the average loan-to-value ratio at 53% at end-2006, against 58% at end-2005.

Lending

In 2006, mortgage loans measured at fair value rose DKr33bn to DKr603bn. The outstanding nominal bond debt increased DKr46bn to DKr609bn. Gross lending amounted to DKr145bn in 2006, against DKr224bn the year before. The table provides a breakdown of lending.

Further development of local strategy

In 2006, Realkredit Danmark continued to develop its local strategy of playing a more active role in the local community. In September, Realkredit Danmark launched its Smart Square Metres sponsorship initiative, awarding grants to schools and companies that give special priority to “physical and functional settings that inspire learning, co-operation and new ideas”.

Market outlook for 2007

The level of activity in the Danish mortgage credit market in 2007 is expected to remain largely unchanged from the level in 2006. The volume of interest rate-driven refinancing is expected to be relatively modest because of a slight rise in interest rates in 2007.

KEY FIGURES

	2006			2005		
	Private	Corporate	Total	Private	Corporate	Total
Loan portfolio, nom., end of year (DKr bn)	378	231	609	348	215	563
Share, %	62	38	100	62	38	100
Share of interest-only loans, %	39	9	28	33	5	22
Market share, gross lending, %	29.9	29.3	29.7	30.5	27.6	29.5
Market share, portfolio, end of year, %	33.7	31.3	32.8	34.6	31.6	33.4

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)	2006	2005	Index 06/05	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Total income	5,535	5,491	101	1,302	1,332	1,191	1,710	1,442
Operating expenses	1,950	1,779	110	433	468	500	549	379
Profit before credit loss expenses	3,585	3,712	97	869	864	691	1,161	1,063
Credit loss expenses	-54	-7	-	-5	-16	-25	-8	7
Profit before tax	3,639	3,719	98	874	880	716	1,169	1,056
Loans and advances, end of period	38,718	32,807	118	38,718	38,041	39,399	35,699	32,807
Risk-weighted items (avg.)	114,329	99,424	115	118,460	115,520	113,331	109,898	103,167
Allocated capital (avg.)	7,431	6,463	115	7,700	7,509	7,367	7,143	6,706
Pre-tax profit as % p.a. of allocated cap.	49.0	57.5		45.4	46.9	38.9	65.5	63.0
Cost/income ratio, %	35.2	32.4		33.3	35.1	42.0	32.1	26.3

TOTAL INCOME (DKr m)	2006	2005	Index 06/05	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Trading activities	3,502	3,068	114	762	840	883	1,017	701
Proprietary trading	390	378	103	207	-17	-40	240	8
Investment portfolio	1,159	1,589	73	209	375	235	340	615
Institutional banking	484	456	106	124	134	113	113	118
Total Danske Markets	5,535	5,491	101	1,302	1,332	1,191	1,710	1,442

- Pre-tax profit down 2% to DKr3,639m, against DKr3,719m in 2005
- Excluding profits from the sale of Handels-Finans in 2005, pre-tax profit was up 11%
- Favourable trend in equity markets in 2006
- High level of activity in 2007

The market in 2006

The year 2006 was generally characterised by central banks' raising key money market rates. Rates were lifted gradually, however, and over the year as a whole, long-term interest rates rose only moderately.

A number of financial markets were fairly volatile, with a quite fast rise in long-term bond yields during the spring that led to a sharp – if short-lived – correction in the Nordic equity markets. Overall, the equity markets performed well in 2006, and the Nordic markets all gained in the course of the year.

In the foreign exchange market, the US dollar weakened considerably, while the Swedish krona was one of the best-performing currencies.

Danske Markets' activities

The satisfactory trend in Danske Markets' activities in the Nordic region continued, and the Group consolidated its position in these markets.

As a result of the rise in volatility in both the fixed-income and the equity markets, Danske Markets experienced stronger demand for instruments to hedge risk. Demand for Danish as well as international equities also grew.

Income

Income from trading activities amounted to DKr3,502m, up 14% on the income recorded in 2005. Corporate Finance took part in a large number of mergers, acquisitions and capital market transactions again in 2006, and Acquisition & Leveraged Finance took part in and arranged a number of major debt-financed transactions.

Income from proprietary trading rose 3% on the 2005 level.

Income from the investment portfolio was lower in 2006 than in 2005 as the 2005 figure benefited from extraordinary income items, such as the sale of HandelsFinans and of shares in companies providing the financial infrastructure in Denmark and shares in property companies. In 2006, the investment portfolio benefited from exposure to emerging markets equities and its good positioning for the rise in interest rates in the spring.

Income from institutional banking remained satisfactory.

Operating expenses

Operating expenses rose 10% to Dkr1,950m in 2006, mainly because of an increase in activity, including a rise in performance-based compensation and IT costs.

Market outlook for 2007

The high level of activity at Danske Markets is expected to continue in 2007. The gradual tightening of monetary policy in Europe and elsewhere in the world may, however, cause the markets to be volatile again in 2007. Against this background, Danske Markets does not expect volume growth in the mortgage credit and securities markets to continue at the pace recorded in 2006.

Danske Capital

Danske Capital is responsible for developing wealth management services to the retail banks and 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. Through Danske Bank International in Luxembourg, Danske Capital provides wealth management services to clients outside the Group's home markets. Danske Capital is also responsible for developing asset management products sold through the retail banks and directly to companies, institutional investors and external distributors.

DANSKE CAPITAL (DKr m)	2006	2005	Index 06/05	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Total income	1,026	893	115	341	225	229	231	307
Operating expenses	466	384	121	140	105	109	112	115
Profit before tax	560	509	110	201	120	120	119	192
Risk-weighted items (avg.)	544	149	365	618	814	571	165	128
Allocated capital (avg.)	35	10	365	40	53	37	11	8
Cost/income ratio, %	45.4	43.0		41.1	46.7	47.6	48.5	37.5
Assets under management (DKr bn)	491	468	105	491	476	459	473	468

- Pre-tax profit up 10%
- Income rose 15% because of product development and higher activity level at non-Danish units
- Business trend expected to be positive again in 2007

The market in 2006

The Nordic units of Danske Capital maintained their position in the market for asset management in 2006. The units in Finland, Sweden, Norway and Luxembourg expanded their business segments, while the Danish unit focused on investment solutions for retail and institutional customers.

Danske Capital's market share of unit trust business targeting Danish retail customers was 33% of total assets at December 31, 2006, against 35% a year earlier.

Sales totalled DKr7.4bn in 2006, of which DKr3.5bn derived from Danske Capital units outside Denmark and DKr3.9bn from units in Denmark.

Income

Income was up 15% to DKr1,026m, owing mostly to product development and the increase in activities outside Denmark. In 2006, Danske Capital earned performance fees of DKr95m, against DKr97m the year before. Income at non-Danish units was 31% higher than in 2005 and the rise was broadly based. Non-Danish units accounted for 25% of income in 2006, against 24% in 2005.

Operating expenses

The rise in costs was 21%, owing primarily to an inflow of staff and an increase in activities at non-Danish units.

Investment performance

Danske Capital's investment performance in 2006 was satisfactory, with above-benchmark returns in a number of key areas. In equities, Danske Capital strengthened its position with Nordic, European and eastern European equities delivering good returns. Most bond products delivered returns above the benchmark, and credit bonds significantly outperformed the benchmark. Danske Capital also achieved satisfactory returns on bond- and equity-based hedge funds.

For a number of years, Danske Capital has generated satisfactory investment results, owing primarily to increased focus on the Group's principal markets combined with outsourcing of products related to remote markets.

In 2006, Danske Capital also launched a number of investment products – most recently *Flexinvest Fri*, under which Danske Capital carries out the day-to-day management of liquid customer funds, a solution similar to the *Flexinvest* pension savings scheme. Sales of *Flexinvest Fri* totalled DKr2.7bn in 2006.

Stronger wealth management

As of January 1, 2007, Danske Capital is responsible for developing and providing wealth management services to all other areas in the Group. Wealth management helps affluent customers optimise their overall financial solution. With the gathering of the Group's wealth management expertise at Danske Capital, the Group seeks to meet the increasing demand for such services.

Market outlook for 2007

Danske Capital expects to continue the positive trend in its business in 2007. With the integration of Sampo Bank Asset Management, the unit will further strengthen its international platform.

	ASSETS UNDER MANAGEMENT			
	(DKr bn)		Share (%)	
	2006	2005	2006	2005
Equities	154	114	31	24
Private equity	11	9	2	2
Bonds	315	337	64	72
Cash	11	8	2	2
Total	491	468	100	100

	BREAKDOWN ON INVESTORS			
	(DKr bn)		Share (%)	
	2006	2005	2006	2005
Life insurance	191	181	39	39
Unit trusts - retail	139	140	28	30
Pooled schemes	54	45	11	10
Institutions, incl. unit trusts	107	102	22	22
Total	491	468	100	100

Danica Pension

Danica Pension 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)	2006	2005	Index 06/05	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Share of technical provisions, etc.	1,037	1,127	92	261	252	259	265	290
Unit-linked business	-53	-25	-	-20	-4	-28	-1	6
Health and accident business	-101	-486	-	-7	-28	-30	-36	-526
Return on investments	772	783	99	424	408	-86	26	404
Financing result	-300	-193	-	-104	-75	-65	-56	-47
Postponed risk allowance	-	441	-	-	215	-215	-	441
Net income from insurance business	1,355	1,647	82	554	768	-165	198	568
Premiums, insurance contracts	16,232	15,293	106	4,800	3,574	3,599	4,259	4,458
Premiums, investment contracts	2,014	1,655	122	731	337	451	495	815
Technical provisions (avg.)	176,757	167,406	106	175,674	174,269	177,444	179,639	171,189
Allocated capital (avg.)	7,310	8,402	87	5,032	7,657	7,860	8,693	8,631
Net income as % of allocated cap.	18.5	19.6		44.0	40.1	-8.4	9.1	26.3

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

- Satisfactory rise in gross premiums
- Net income from insurance business down 18%
- Investment return on customers' funds was 2.9%, against 12.6% in 2006
- Growth in premiums expected to continue in 2007

Danica Pension saw a sound business trend in 2006 with a rise in gross premiums, including payments under investment contracts, of 8% to DKr18.2bn.

Total premiums for the market-based products *Danica Balance* and *Danica Link* rose by 87% to DKr6.0bn, against DKr3.2bn in 2005. One effect of this increase was that premiums for *Danica Traditionel* declined by DKr0.7bn. In 2006, market-based products accounted for 49% of new contracts. At the end of 2006, some 72,000 customers had opted for the market-based products.

The presentation of Danica Pension's results has been changed from the 2005 presentation to match the future profit policy, according to which the risk allowance consists exclusively of Danske Bank's share of technical provisions and does not include the health and accident result.

Market position in 2006

In 2006, Danica Pension strengthened its position as the leading supplier of life and pension products on the Danish market, partly as a result of declining costs and enhanced efficiency.

The decline in the level of expenses allowed Danica Pension to reduce its prices for *Danica Traditionel*, *Danica Balance* and *Danica Link* in 2006.

Activities outside Denmark

Danica Pension's business in Sweden recorded a growth rate of 22%, and premium income stood at DKr1.6bn, against DKr1.3bn in 2005.

In Norway, the business volume was at the same level as in 2005, with premium income of DKr0.5bn.

Earnings

Net income from insurance business fell 18% to DKr1,355m in 2006.

Excluding the booking of postponed risk allowance of DKr441m in 2005, earnings rose by 12%.

Increased position taking in equities helped maintain the high level of the investment return. The raising of additional subordinated debt reduced allocated capital and thereby the financing result. Moreover, the fall in net income from insurance business was attributable to the change in profit policy in 2006 that reduced the risk allowance.

The health and accident result remained unsatisfactory, although better than in 2005, when Danica Pension had to strengthen provisions.

For more information about Danica Pension's profit policy and consolidation in the accounts of the Danske Bank Group, visit www.danskebank.com/ir.

Investment return

Danica Traditionel posted a return on investments of customer funds of 2.9% in 2006, against 12.6% in 2005. Given the market conditions and the chosen risk profile, the return was satisfactory. In 2006, Danica Pension increased the portion of customer funds invested in equities to 23%. As equities provided a return of 15% in 2006, this contributed to a rise in the total return. The return on property holdings was 19.5%. *Danica Traditionel* customers received interest on their savings at a rate of 4.5%.

CUSTOMER FUNDS - DANICA TRADITIONEL

Holdings and returns	Share (%)		Return (%)	
	2006	2005	2006	2005
Real property	9	8	19.5	11.6
Bonds, etc.	68	76	-2.1	11.1
Equities	23	16	15.0	24.8
Total	100	100	2.9	12.6

Danica Balance customers with a 75% equity allocation and a medium risk profile saw a return of 10.5% in 2006. The majority of *Danica Link* customers have chosen *Danica Valg*, the Danica-managed investment pool, with a medium risk profile, and they achieved a return of 5.3%, against 21.7% in 2005.

The collective bonus potential rose by Dkr2.6bn to Dkr13.9bn at the end of 2006 because increasing interest rates reduced provisions by 3.6%. A 30% fall in equity prices would have reduced the collective bonus potential by Dkr11.2bn and shareholders' equity by Dkr0.9bn. An increase in interest rates of 1.0 percentage point would have reduced the collective bonus potential by Dkr1.2bn and shareholders' equity by Dkr0.1bn.

Given the change in the collective bonus potential in 2006 and the forecasts for future returns, Danica Pension fixed the rate of interest on policyholders' savings at 4.5%. Danica Pension intends to apply this rate throughout 2007.

Subordinated loan capital

In October 2006, Danica Pension issued subordinated loan capital in an amount of €0.4bn. Part of it was used to repay existing loans worth Dkr2bn and part will be used for continuing expansion.

The subordinated loan capital was rated A+ by Standard & Poor's.

Openness and transparency

In 2006, the issue of transparency at life insurance companies received increased attention. Danica Pension contributed to the debate by focusing on clearly exhibiting its cost and risk results on conventional products. Furthermore, Danica Pension is the only company in the sector that has published processing times on its Web site in recent years. In 2006, Danica Pension decided to compensate customers if processing times exceeded the targets.

Market outlook for 2007

The growth in premiums is expected to continue in 2007. The investment result is not expected to remain at the same high level in 2007 as in 2006, and the financing result will be adversely affected by the raising of subordinated loan capital.

Other areas

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

OTHER AREAS (DKr m)	2006	2005	Index 06/05	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Net interest income	-902	-845	-	-224	-292	-189	-197	-283
Net fee income	-209	-32	-	-62	-43	-63	-41	-15
Net trading income	-249	-306	-	-146	-26	48	-125	-142
Other income	693	593	-	223	194	240	36	162
Total income	-667	-590	-	-209	-167	36	-327	-278
Operating expenses	-7	529	-	152	36	-142	-53	227
Profit before credit loss expenses	-660	-1,119	-	-361	-203	178	-274	-505
Credit loss expenses	-1	-	-	-2	1	-	-	-
Profit before tax	-659	-1,119	-	-359	-204	178	-274	-505
PROFIT BEFORE TAX (DKr m)	2006	2005	Index 06/05	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Cost of capital	-956	-796	-	-248	-273	-198	-237	-206
Own shares	-240	-320	-	-134	-54	44	-96	-164
Others	537	-3	-	23	123	332	59	-135
Total Other areas	-659	-1,119	-	-359	-204	178	-274	-505

The pre-tax result of Others was affected by an increase in the cost of capital as a result of the acquisition of Northern Bank and National Irish Bank.

The higher profit from Others was attributable to the following factors: the closing of the Group's Norwegian pension fund, which resulted in a DKr0.2bn reduction of operating expenses; proceeds from the sale of properties, including Realkredit Danmark's former head office building, of DKr0.1bn; and a reduction of severance payments of DKr0.1bn.

Financial highlights – Danske Bank Group

NET PROFIT FOR THE PERIOD (DKr m)	2006	2005	Index 06/05	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Net interest income	19,501	17,166	114	5,291	4,924	4,762	4,524	4,432
Net fee income	7,301	7,289	100	1,880	1,651	1,806	1,964	2,004
Net trading income	6,631	6,351	104	1,537	1,627	1,543	1,924	1,566
Other income	2,698	2,255	120	789	675	721	513	599
Net income from insurance business	1,355	1,647	82	554	768	-165	198	568
Total income	37,486	34,708	108	10,051	9,645	8,667	9,123	9,169
Operating expenses	19,485	18,198	107	5,104	4,642	4,868	4,871	4,960
Profit before credit loss expenses	18,001	16,510	109	4,947	5,003	3,799	4,252	4,209
Credit loss expenses	-496	-1,096	-	58	-111	-314	-129	-808
Profit before tax	18,497	17,606	105	4,889	5,114	4,113	4,381	5,017
Tax	4,952	4,921	101	1,129	1,416	1,157	1,250	1,283
Net profit for the period	13,545	12,685	107	3,760	3,698	2,956	3,131	3,734
Attributable to minority interests	-12	4	-	2	-1	-12	-1	1

BALANCE SHEET (DKr m)	Dec. 31, 2006	Dec. 31, 2005	Index 06/05	Dec. 31, 2006	Sep. 30, 2006	June 30, 2006	Mar. 31, 2006	Dec. 31, 2005
Bank loans and advances	1,054,322	829,603	127	1,054,322	1,007,570	973,041	860,591	829,603
Mortgage loans	602,584	569,092	106	602,584	592,784	573,105	567,002	569,092
Trading portfolio assets	490,954	444,521	110	490,954	431,660	394,124	357,484	444,521
Investment securities	26,338	28,712	92	26,338	29,035	26,215	31,790	28,712
Assets under insurance contracts	194,302	188,342	103	194,302	190,226	181,366	187,732	188,342
Other assets	370,861	371,718	100	370,861	401,795	364,677	387,109	371,718
Total assets	2,739,361	2,431,988	113	2,739,361	2,653,070	2,512,528	2,391,708	2,431,988
Due to credit institutions and central banks	564,549	476,363	119	564,549	545,937	470,457	422,092	476,363
Deposits	702,943	631,184	111	702,943	677,603	688,845	617,987	631,184
Issued mortgage bonds	484,217	438,675	110	484,217	470,227	456,298	446,806	438,675
Trading portfolio liabilities	236,524	212,042	112	236,524	229,167	218,920	204,690	212,042
Liabilities under insurance contracts	215,793	212,328	102	215,793	213,770	205,805	210,402	212,328
Other liabilities	391,212	343,470	114	391,212	399,129	358,577	377,429	343,470
Subordinated debt	48,951	43,837	112	48,951	40,358	40,164	41,951	43,837
Shareholders' equity	95,172	74,089	128	95,172	76,879	73,462	70,351	74,089
Total liabilities and equity	2,739,361	2,431,988	113	2,739,361	2,653,070	2,512,528	2,391,708	2,431,988

RATIOS AND KEY FIGURES	2006	2005	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Net profit for the period per share, DKr	21.5	20.2	6.0	5.9	4.7	5.0	6.0
Diluted net profit for the period per share, DKr	21.4	20.2	5.9	5.9	4.7	5.0	6.0
Net profit for the period as % of average shareholders' equity	17.5	18.4	17.6	19.7	16.4	16.8	20.7
Cost/income ratio, %	52.0	52.4	50.8	48.1	56.2	53.4	54.1
Solvency ratio, incl. net profit for the period, %	11.4	10.3	11.4	9.7	9.8	10.2	10.3
Core (tier 1) capital ratio, incl. net profit for the period and hybrid core capital, %	8.6	7.3	8.6	7.1	7.1	7.3	7.3
Risk-weighted items, end of period, DKr bn	1,119	944	1,119	1,053	1,019	972	944
Share price, end of period, DKr	250.0	221.2	250.0	230.7	221.5	229.0	221.2
Book value per share, DKr	139.1	118.2	139.1	123.1	117.5	112.5	118.2
Full-time-equivalent staff, end of period	19,253	19,162	19,253	19,384	19,185	19,195	19,162

Accounting policies

The Danske Bank Group presents its consolidated accounts in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the EU and with relevant interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC). Furthermore, the consolidated accounts comply with the requirements for annual reports formulated by the Copenhagen Stock Exchange and the Danish FSA.

The Group has opted for early adoption of IFRS 7 "Financial Instruments: Disclosures" (August 2005).

Adjustment of accounting policies

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 insurance contracts to comply with the new rules issued by the Danish FSA that complete the framework laid down by IFRS 4. Under the earlier accounting policies, the present value of the future administrative result was recognised at the establishment of a contract. Under the new rules, provisions must, as a minimum, equal the surrender value of a contract. Comparative figures have been restated.

This adjustment reduced net income from insurance business by Dkr277m and tax by Dkr78m in 2006. The effects on the comparative figures for 2005 were reductions of Dkr183m and Dkr46m, respectively. The accounting 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.

Adjustment of presentation

The disclosure of net income from insurance business has been adjusted with effect from January 1, 2006, to provide a coherent presentation. The adjustment of technical provisions relating to changes in interest rates and the addition to policyholders' savings of returns on assets under insurance contracts and the tax payable on such returns are now recognised as net trading income instead of net insurance benefits. Consequently, net insurance benefits comprise only transactions

with policyholders, whereas net trading income includes both the value adjustment of assets under insurance contracts and the return added to policyholders' savings. Comparative figures have been restated.

This adjustment led to an increase in net trading income and net insurance benefits of Dkr2,615m (2005: Dkr12,975m). The reduction did not affect the net profit for the year or shareholders' equity.

Income statement – Danske Bank Group

(DKr m)	2006	2005
Interest income	106,724	88,904
Interest expense	80,626	60,111
Net interest income	26,098	28,793
Fee income	9,616	9,158
Fee expenses	2,531	2,120
Net trading income	6,758	3,895
Other income	5,412	3,776
Net premiums	16,182	15,252
Net insurance benefits	23,641	24,004
Income from associated undertakings	389	347
Profit on sale of associated and subsidiary undertakings	157	545
Staff costs and administrative expenses	18,095	17,030
Amortisation and depreciation	2,344	2,102
Credit loss expenses	-496	-1,096
Profit before tax	18,497	17,606
Tax	4,952	4,921
Net profit for the year	13,545	12,685
Portion attributable to:		
Shareholders of the Parent Company	13,557	12,681
Minority interests	-12	4
Net profit for the year	13,545	12,685
Net profit for the year per share, DKr	21.5	20.2
Diluted net profit for the year per share, DKr	21.4	20.2
Proposed dividend per share, DKr	7.75	10.00

Balance sheet - Danske Bank Group

(DKr m)	2006	2005
ASSETS		
Cash in hand and demand deposits with central banks	12,319	13,881
Due from credit institutions and central banks	275,268	274,918
Trading portfolio assets	490,954	444,521
Financial investment securities	26,338	28,712
Assets held for sale	1,796	205
Bank loans and advances	1,054,322	829,603
Mortgage loans	602,584	569,092
Assets under pooled schemes and unit-linked investment contracts	39,602	35,676
Assets under insurance contracts	194,302	188,342
Holdings in associated undertakings	971	1,044
Intangible assets	7,384	7,626
Investment property	3,914	3,626
Tangible assets	7,854	7,248
Current tax assets	63	116
Deferred tax assets	440	506
Other assets	21,250	26,872
Total assets	2,739,361	2,431,988
LIABILITIES		
Due to credit institutions and central banks	564,549	476,363
Trading portfolio liabilities	236,524	212,042
Liabilities held for sale	888	-
Deposits	702,943	631,184
Issued mortgage bonds	484,217	438,675
Deposits under pooled schemes and unit-linked investment contracts	46,983	42,287
Liabilities under insurance contracts	215,793	212,328
Other issued bonds	293,736	251,099
Current tax liabilities	517	621
Deferred tax liabilities	1,889	1,581
Other liabilities	47,199	47,882
Subordinated debt	48,951	43,837
Total liabilities	2,644,189	2,357,899
SHAREHOLDERS' EQUITY		
Share capital	6,988	6,383
Foreign currency translation reserve	9	-12
Proposed dividends	5,416	6,383
Profit brought forward	82,713	61,288
Shareholders of the Parent Company	95,126	74,042
Minority interests	46	47
Total shareholders' equity	95,172	74,089
Total liabilities and equity	2,739,361	2,431,988

Capital

(DKr m)

Capital	Shareholders of the Parent Company						
	Share capital	Foreign currency translation reserve	Proposed dividends	Profit brought forward	Total	Minority interests	Total
Shareholders' equity at January 1, 2006	6,383	-12	6,383	61,709	74,463	47	74,510
Adjustment of accounting policies for unit-linked insurance contracts	-	-	-	-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	-	171	-	-	171	-	171
Foreign unit hedges	-	-150	-	-	-150	-	-150
Tax on entries on shareholders' equity	-	-	-	-18	-18	-	-18
Net gains not recognised in the income statement	-	21	-	-18	3	-	3
Net profit for the year	-	-	-	13,557	13,557	-12	13,545
Total income	-	21	-	13,539	13,560	-12	13,548
Dividends paid	-	-	-6,383	129	-6,254	-	-6,254
Proposed dividends	-	-	5,416	-5,416	-	-	-
Increase in share capital	605	-	-	14,066	14,671	11	14,682
Expenses for increase in share capital	-	-	-	-132	-132	-	-132
Acquisition of own shares	-	-	-	-19,926	-19,926	-	-19,926
Sale of own shares	-	-	-	19,001	19,001	-	19,001
Share-based payment	-	-	-	164	164	-	164
Shareholders' equity at December 31, 2006	6,988	9	5,416	82,713	95,126	46	95,172
Shareholders' equity at January 1, 2005	6,723	-32	5,010	55,005	66,706	267	66,973
Adjustment of accounting policies for unit-linked insurance contracts	-	-	-	-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	-	706	-	-	706	-	706
Foreign unit hedges	-	-686	-	-	-686	-	-686
Tax on entries on shareholders' equity	-	-	-	-94	-94	-	-94
Net gains not recognised in the income statement	-	20	-	-94	-74	-	-74
Net profit for the year	-	-	-	12,681	12,681	4	12,685
Total income	-	20	-	12,587	12,607	4	12,611
Capital reduction	-340	-	-	340	-	-	-
Dividends paid	-	-	-5,010	81	-4,929	-	-4,929
Proposed dividends	-	-	6,383	-6,383	-	-	-
Acquisition of own shares	-	-	-	-15,897	-15,897	-	-15,897
Sale of own shares	-	-	-	15,617	15,617	-	15,617
Share-based payment	-	-	-	103	103	-	103
Employee shares	-	-	-	118	118	-	118
Adjustment of minority interests	-	-	-	-	-	-224	-224
Shareholders' equity at December 31, 2005	6,383	-12	6,383	61,288	74,042	47	74,089

Capital base and solvency ratio

(DKr m)	2006	2005
Solvency		
Shareholders' equity	95,172	74,089
Revaluation of domicile property	1,342	990
Pension obligations at fair value	34	-534
Tax effect	8	141
Minority interests	3,001	2,992
Shareholders' equity according to the rules of the Danish FSA	99,557	77,678
Adjustment of accounting policies 2006, reversal	-	421
Proposed dividends	-5,416	-6,383
Intangible assets of banking business	-7,504	-7,740
Deferred tax assets	-617	-574
Deferred tax on intangible assets	167	-
Revaluation of real property	-988	-664
Core (tier 1) capital, less statutory deductions	85,199	62,738
Hybrid core capital	11,419	6,376
Core (tier 1) capital, including hybrid core capital, less statutory deductions	96,618	69,114
Subordinated debt, excluding hybrid core capital	34,707	35,953
Revaluation of real property	988	664
Statutory deduction for insurance subsidiaries	-4,297	-8,254
Other statutory deductions	-37	-37
Capital base, less statutory deductions	127,979	97,440
Risk-weighted items		
not included in trading portfolio	1,047,353	882,222
with market risk in trading portfolio	71,637	61,941
Total risk-weighted items	1,118,990	944,163
Core (tier 1) capital ratio, %	7.61	6.65
Core (tier 1) capital ratio, including hybrid core capital, %	8.63	7.32
Solvency ratio, %	11.44	10.32

The figures for 2005 are calculated in accordance with the rules of the Danish FSA in force at that time.

Cash flow statement – Danske Bank Group

(DKr m)	2006	2005
Cash flow from operations		
Profit before tax	18,497	17,606
Adjustment for non-liquid items in the income statement		
Adjustment of income from associated undertakings	-389	-347
Amortisation and impairment of intangible assets	813	640
Depreciation and impairment of tangible assets	1,340	1,339
Credit loss expenses	-496	-1,096
Tax paid	-4,783	-5,170
Other non-cash items	1,589	-4,482
Total	16,571	8,490
Cash flow from operating capital		
Cash in hand and demand deposits with central banks	81,539	109,626
Trading portfolio	-21,951	-22,671
Other financial instruments at fair value	2,374	2,793
Assets held for sale	-1,796	-205
Bank loans and advances	-224,223	-153,082
Mortgage loans	-33,492	-46,327
Deposits	71,759	87,840
Liabilities held for sale	888	-
Issued mortgage bonds	45,542	6,276
Assets/liabilities under insurance contracts	-2,494	-4,452
Other assets/liabilities	45,366	58,121
Cash flow from operations	-19,917	46,409
Cash flow from investing activities		
Acquisition of subsidiary undertakings and other business units	-59	-10,964
Sale of subsidiary undertakings and other business units	157	545
Acquisition of own shares	-19,926	-15,897
Sale of own shares	19,165	15,838
Acquisition of intangible assets	-471	-459
Acquisition of tangible assets	-2,234	-2,738
Sale of tangible assets	505	1,258
Cash flow from investing activities	-2,863	-12,417
Cash flow from financing activities		
Increase in subordinated debt and hybrid core capital	8,534	11,086
Repayment of subordinated debt and hybrid core capital	-1,897	-2,734
Dividends	-6,254	-4,929
Increase in share capital	14,539	-
Change in minority interests	-1	220
Cash flow from financing activities	14,921	3,643
Cash and cash equivalents, beginning of year	272,469	234,830
Change in cash and cash equivalents	-7,859	37,639
Cash and cash equivalents, end of year	264,610	272,469
Cash and cash equivalents, end of year		
Cash in hand and demand deposits with central banks	12,319	13,881
Deposits with credit institutions and central banks with terms shorter than 3 months	252,291	258,588
Total	264,610	272,469

Segment reporting – Danske Bank Group

(DKr m)

2006

	Banking Activities	Mortgage Finance	Danske Markets	Danske Capital	Danica Pension	Others	Total	Reclassi- fication	Highlights
Interest income	39,211	24,778	71,961	64	5,702	-34,992	106,724	-77,663	29,061
Interest expense	22,437	21,157	71,351	56	-68	-34,307	80,626	-71,066	9,560
Net interest income	16,774	3,621	610	8	5,770	-685	26,098	-6,597	19,501
Net fee income	6,743	-234	491	1,001	-707	-209	7,085	216	7,301
Net trading income	1,109	215	4,102	21	1,777	-466	6,758	-127	6,631
Other income	1,827	179	2	-	2,748	656	5,412	-2,714	2,698
Net premiums	-	-	-	-	16,182	-	16,182	-16,182	-
Net insurance benefits	-	-	-	-	23,641	-	23,641	-23,641	-
Income from equity investments	3	-	330	-4	180	37	546	-546	-
Net income from insurance business	-	-	-	-	-	-	-	1,355	1,355
Total income	26,456	3,781	5,535	1,026	2,309	-667	38,440	-954	37,486
Operating expenses	15,900	1,176	1,950	466	954	-7	20,439	-954	19,485
Credit loss expenses	-336	-105	-54	-	-	-1	-496	-	-496
Profit before tax	10,892	2,710	3,639	560	1,355	-659	18,497	-	18,497
Loans and advances, excluding reverse transactions	727,057	603,019	38,714	155	-	-6,594	1,362,351	-	1,362,351
Other assets	297,902	60,254	3,096,670	1,286	236,157	-2,315,259	1,377,010	-	1,377,010
Total assets	1,024,959	663,273	3,135,384	1,441	236,157	-2,321,853	2,739,361	-	2,739,361
Deposits, excluding repo deposits	469,530	-	131,199	124	-	-1,954	598,899	-	598,899
Other liabilities	516,234	644,615	2,996,754	1,282	228,847	-2,342,442	2,045,290	-	2,045,290
Allocated capital	39,195	18,658	7,431	35	7,310	22,543	95,172	-	95,172
Total liabilities and equity	1,024,959	663,273	3,135,384	1,441	236,157	-2,321,853	2,739,361	-	2,739,361
Intra-group income	7,824	1,060	7,544	415	1,670	-18,513	-	-	-
Capital expenditure	192	9	-	-	58	2,139	2,398	-	2,398
Non-cash operating items	-884	-1,208	3	-19	451	-1,200	-2,857	-	-2,857
Amortisation and depreciation	1,742	7	6	2	-	587	2,344	-	2,344
Impairment charges	-	-	-	-	-	12	12	-	12
Reversal of impairment charges	-	-	-	-	-	204	204	-	204
Profit before tax as % of allocated capital (avg.)	27.8	14.5	49.0	-	18.5	-	19.4	-	19.4
Cost/income ratio, %	60.1	31.1	35.2	45.4	41.3	-	53.2	-	52.0
Risk-weighted items (avg.)	603,003	287,040	114,329	544	8,379	-10,603	1,002,692	-	1,002,692
Full-time-equivalent staff (avg.)	11,716	759	732	242	875	4,920	19,244	-	19,244

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 aggregates the profit contributions.

Segment reporting – Danske Bank Group

[DKr m]

2005

	Banking Activities	Mortgage Finance	Danske Markets	Danske Capital	Danica Pension	Others	Total	Reclassi- fication	Highlights
Interest income	30,363	25,505	51,263	123	6,569	-24,919	88,904	-57,832	31,072
Interest expense	15,783	22,082	46,307	115	108	-24,284	60,111	-46,205	13,906
Net interest income	14,580	3,423	4,956	8	6,461	-635	28,793	-11,627	17,166
Net fee income	6,316	83	445	922	-695	-33	7,038	251	7,289
Net trading income	1,007	195	-685	-36	3,926	-512	3,895	2,456	6,351
Other income	1,485	178	12	-	1,526	575	3,776	-1,521	2,255
Net premiums	-	-	-	-	15,252	-	15,252	-15,252	-
Net insurance benefits	-	-	-	-	24,004	-	24,004	-24,004	-
Income from equity investments	-	-	763	-1	115	15	892	-892	-
Net income from insurance business	-	-	-	-	-	-	-	1,647	1,647
Total income	23,388	3,879	5,491	893	2,581	-590	35,642	-934	34,708
Operating expenses	14,264	1,242	1,779	384	934	529	19,132	-934	18,198
Credit loss expenses	-971	-118	-7	-	-	-	-1,096	-	-1,096
Profit before tax	10,095	2,755	3,719	509	1,647	-1,119	17,606	-	17,606
Loans and advances, excluding reverse transactions	589,201	569,648	32,799	15	-	-2,700	1,188,963	-	1,188,963
Other assets	219,202	55,786	1,894,213	1,162	227,336	-1,154,674	1,243,025	-	1,243,025
Total assets	808,403	625,434	1,927,012	1,177	227,336	-1,157,374	2,431,988	-	2,431,988
Deposits, excluding repo deposits	405,007	-	128,039	126	-	9	533,181	-	533,181
Other liabilities	369,830	607,807	1,792,510	1,041	218,934	-1,165,404	1,824,718	-	1,824,718
Allocated capital	33,566	17,627	6,463	10	8,402	8,021	74,089	-	74,089
Total liabilities and equity	808,403	625,434	1,927,012	1,177	227,336	-1,157,374	2,431,988	-	2,431,988
Intra-group income	5,885	1,064	6,996	328	1,667	-15,940	-	-	-
Capital expenditure	8,981	4	-	8	11	1,429	10,433	-	10,433
Non-cash operating items	-960	4,815	1,581	55	-686	-859	3,946	-	3,946
Amortisation and depreciation	1,586	7	2	1	-	506	2,102	-	2,102
Impairment charges	1	3	-	-	-	3	7	-	7
Reversal of impairment charges	-	-	-	-	-	36	36	-	36
Profit before tax as % of allocated capital (avg.)	30.1	15.6	57.5	-	19.6	-	23.8	-	23.8
Cost/income ratio, %	61.0	32.0	32.4	43.0	36.2	-	53.7	-	52.4
Risk-weighted items (avg.)	516,399	271,182	99,424	149	6,837	15,395	909,386	-	909,386
Full-time-equivalent staff (avg.)	11,239	786	621	212	825	4,928	18,611	-	18,611

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 aggregates the profit contributions.

Additional information

Conference call

Danske Bank will hold a press conference and a conference call upon the presentation of its annual report on January 31, 2007. The press conference is scheduled for 11.30am CET and the conference call for 5.00pm CET. The conference call is transmitted live at www.danskebank.com.

Annual general meeting

The annual general meeting of Danske Bank will be held on Tuesday, March 6, 2007, at 2.00pm, at the Tivoli Concert Hall in Copenhagen. The Bank plans to transmit the report of the chairman of the Board of Directors live at www.danskebank.dk.

Financial calendar

Danske Bank has planned the announcement of financial reports for 2007 to take place on the following dates:

- First-quarter Report:
May 1, 2007
- Interim Report:
August 9, 2007
- Nine-month Report:
October 30, 2007

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www.danicapension.dk