OFFERING MEMORANDUM

Danske Bank A/S

$750,000,000
Perpetual Capital Securities

The Perpetual Capital Securities *(Kapitalbeviser)* (the ''Capital Securities'') offered hereby are being issued by Danske Bank A/S (the ''Bank'').

Interest on the Capital Securities will accrue from June 15, 2004 at the rate of 5.914% per annum, payable semi-annually in arrears on June 16 and December 16 of each year, commencing December 16, 2004. Commencing June 16, 2014 (the ''Initial Call Date''), interest will accrue at a rate per annum equal to the sum of the London Interbank offered rate for three-month dollar deposits and 1.66%, payable quarterly in arrears on March 16, June 16, September 16 and December 16 of each year (each, an ''Interest Payment Date'').

The Capital Securities will constitute Hybrid Tier I Capital of the Bank in accordance with the Danish Financial Business Act (Consolidated Act No. 1268 of December 19, 2003). The Capital Securities will constitute unsecured, subordinated debt obligations of the Bank and shall at all times rank *pari passu* without preference among themselves and with other Hybrid Tier I Capital instruments and other capital instruments expressed to be ranking *pari passu* with Hybrid Tier I Capital. The Capital Securities will at all times rank in priority to holders of any classes of share capital of the Bank, both as regards the right to receive periodic payments and the right to receive repayment of capital on a bankruptcy or liquidation of the Bank. See ''Description of the Capital Securities — Subordination''.

The Bank will have the right to defer the payment of interest on the Capital Securities in the event that the Bank does not satisfy the solvency requirements of the Danish Financial Business Act. Any interest not paid pursuant to this provision will itself accrue interest. See ''Description of the Capital Securities — Interest — Optional Deferral of Interest''. In addition, upon occurrence of certain circumstances, the shareholders of the Bank, by a resolution passed at a general meeting duly convened in accordance with Danish law and the Bank's Articles of Association, may resolve to reduce and cancel, *pro rata*, part or all of the outstanding principal amount of each of the Capital Securities and any Arrears of Interest thereon together with all corresponding Additional Interest Amounts on a *pro rata* basis with all the Bank's other outstanding Hybrid Tier I Capital instruments and other capital instruments expressed to be ranking *pari passu* with Hybrid Tier I Capital. See ''Description of the Capital Securities — Reduction of Amounts of Principal and Unpaid Interest''. Accrual of interest on the Capital Securities will cease with effect from the date of approval of the relevant annual audited accounts if the Bank has no Available Free Reserves. See ''Description of the Capital Securities — Interest — Mandatory Deferral of Interest and Interest Cancellation''.

The Capital Securities have no stated maturity. The principal amount of the Capital Securities will only be payable in the event of a bankruptcy or liquidation of the Bank or upon a redemption of the Capital Securities by the Bank.

The Capital Securities may be redeemed by the Bank at its option on the Initial Call Date or on any Interest Payment Date thereafter (each such date, a ''Call Date'') at their principal amount together with accrued interest, provided that, in either such case, the Danish Financial Supervisory Authority (*Finanstilsynet*) (''DFSA'') has given its prior approval to such redemption. See ''Description of the Capital Securities — Redemption and Repurchase — Optional Redemption''. The Bank will have the right, subject to the prior approval of the DFSA, upon the occurrence of a Tax Event or Capital Event, to redeem the Capital Securities. See ''Description of the Capital Securities — Redemption and Repurchase — Tax Event and Capital Event Redemption''.

On the date of issuance, it is anticipated that the Capital Securities will be rated Aa3 by Moody's Investors Service (''Moody's'') and A by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. (''S&P'').

The issue price of the Capital Securities will be 100% of the principal amount (the ''Issue Price'').

See ''Investment Considerations'' on page 9 of this Offering Memorandum for certain matters that should be considered by prospective investors.

The Capital Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the ''Securities Act''), or any state securities law, and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. Person (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Capital Securities will be offered and sold in the United States to ''qualified institutional buyers'' (as defined in Rule 144A under the Securities Act) in transactions exempt from the registration requirements of the Securities Act and in offshore transactions outside the United States in reliance on Regulation S under the Securities Act. See ''Purchase and Transfer Restrictions''.

The Capital Securities will be evidenced by one or more global notes in fully registered form (the ''Global Securities''). The Global Securities will be deposited upon issuance with the Fiscal Agent (as defined below) as custodian for The Depository Trust Company (''DTC''), and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC. Beneficial interests in the Global Securities will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear Bank N.V./S.A. (''Euroclear'') and/or Clearstream Banking, *société anonyme*, Luxembourg (''Clearstream'').

Application has been made to list the Capital Securities on the Luxembourg Stock Exchange.

The Initial Purchasers expect to deliver book-entry interests in the Capital Securities on or about June 15, 2004 through the facilities of DTC and its participants, including Euroclear and Clearstream, against payment in immediately available funds.

Joint Lead Managers

JPMorgan | **UBS Investment Bank**

Danske Bank | **Bear, Stearns & Co. Inc.** | **Citigroup**

Credit Suisse First Boston | **Goldman, Sachs & Co.** | **Morgan Stanley**

The date of this Offering Memorandum is June 7, 2004.

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This Offering Memorandum (this "Memorandum") has been prepared by the Bank solely for use in connection with the proposed private placement of the Capital Securities described herein in compliance with exemptions under the Securities Act and solely for the benefit of prospective investors interested in the Capital Securities and qualified to purchase such Capital Securities in transactions exempt from registration under the Securities Act. The Bank and the initial purchasers identified under "Plan of Distribution" below (the "Initial Purchasers") reserve the right to reject any offer to purchase Capital Securities, in whole or in part, for any reason and to allot to any prospective investor less than the full amount of Capital Securities sought by such investor. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Capital Securities offered hereby.

In making an investment decision regarding the Capital Securities offered hereby, prospective investors must rely on their own examination of the Bank and the terms of the offering, including the merits and risks involved. The Initial Purchasers have not independently verified any of the information contained in this Memorandum (financial, legal or otherwise) and assume no responsibility for the accuracy or completeness of any such information.

Each person receiving this Memorandum acknowledges that (i) this Memorandum does not contain all the information that would be included in a prospectus if this offering were registered under the Securities Act, including certain information required to be set forth in bank holding company registration statements by the Securities Act Industry Guide 3, "Statistical Disclosure by Bank Holding Companies", (ii) the financial statements included herein have been prepared in accordance with generally accepted accounting principles in Denmark ("Danish Accounting Principles"), which differ in certain significant respects from United States generally accepted accounting principles ("U.S. GAAP"), and are subject to Danish auditing and auditor independence standards, and thus may not be comparable to financial statements of a United States bank (see "Summary of Certain Significant Differences between Danish Accounting Principles and U.S. GAAP"), and (iii) no person has been authorized to give any information or to make any representation not contained in this Memorandum and, if given or made, such information or representation must not be relied upon as having been authorized by the Bank or the Initial Purchasers.

The information contained in this Memorandum has been furnished by the Bank and other sources believed by the Bank to be reliable. This Memorandum contains summaries, believed to be accurate, of certain terms of certain documents but reference is made to the actual documents, copies of which will be made available upon request, for the complete information contained therein. All such summaries are qualified in their entirety by this reference.

Having made all reasonable inquiries, the Bank confirms that (i) this Memorandum contains all information with regard to the Bank, its subsidiaries and the Capital Securities, which is material in the context of the issue and offering of the Capital Securities; (ii) the information contained in this Memorandum is true and correct in all material respects and is not misleading; (iii) the opinions, expectations and intentions with regard to the Bank expressed herein are true and honestly held, have been reached after considering all relevant circumstances, and are based on reasonable assumptions; and (iv) there is no other fact or matter with regard to the Bank, its subsidiaries or the Capital Securities omitted from this Memorandum, the omission of which would, in the context of the issue and offering of the Capital Securities, make any statement herein misleading in any material respect. The Bank accepts responsibility for the information contained in this Memorandum.

The Initial Purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Memorandum. Nothing in this Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers as to the past or the future.

No person has been authorized to give any information or make any representation concerning the Bank or the Capital Securities not contained in this Memorandum and, if given or made, such information or representation must not be relied upon as having been authorized by the Bank or the Initial Purchasers. The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. Neither the delivery of this Memorandum at any time nor any subsequent commitment to issue any Capital Securities shall, under any circumstances, create any implication that there has been no change in the information set forth herein or in the affairs of the Bank since the date hereof.

Prospective investors are not to construe the contents of this Memorandum as investment, legal or tax advice. Each investor should consult its own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Capital Securities. Neither the Bank nor the Initial Purchasers are making any representation to any offeree or purchaser of the Capital Securities regarding the legality of an investment therein by such offeree or purchaser under appropriate legal investment or similar laws.

The distribution of this Memorandum and the offer and sale of the Capital Securities may be restricted by law in certain jurisdictions. Persons possessing this Memorandum or any of the Capital Securities must inform themselves about, and observe, any such restrictions and comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells Capital Securities or possesses or distributes this Memorandum and must obtain any consent, approval or permission required of it for the purchase, offer or sale by it of the Capital Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Bank nor the Initial Purchasers shall have any responsibility therefor. See "Purchase and Transfer Restrictions".

This Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Capital Securities offered hereby in any jurisdiction in which it is unlawful to make such an offer or solicitation.

The federal securities laws prohibit trading in securities of the Bank while in possession of material non-public information with respect thereto.

The Capital Securities are subject to restrictions on resale and transfer as described under "Purchase and Transfer Restrictions". By purchasing any Capital Securities, investors will be deemed to have made certain acknowledgements, representations and agreements as described in that section of this Memorandum. Investors may be required to bear the financial risks of investing in the Capital Securities for an indefinite period of time.

THE CAPITAL SECURITIES DESCRIBED HEREIN HAVE NOT BEEN REGISTERED WITH, RECOMMENDED OR APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY OTHER FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, NOR HAS THE SEC OR ANY SUCH COMMISSION OR REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE CAPITAL SECURITIES. SPECIFICALLY, THE INITIAL PURCHASERS MAY OVER-ALLOT IN CONNECTION WITH THE OFFERING, MAY BID FOR AND PURCHASE CAPITAL SECURITIES IN THE OPEN MARKET AND MAY IMPOSE PENALTY BIDS. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "PLAN OF DISTRIBUTION".

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

ENFORCEMENT OF LIABILITIES

The Bank is incorporated and has its principal operations in the Kingdom of Denmark. Although the Bank has a branch in the City of New York and two subsidiaries in Delaware, most of its assets are located outside the United States. In addition, the majority of the directors and officers of the Bank are non-residents of the United States and most of their assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon the Bank or such persons with respect to matters arising under the Securities Act, or to enforce against them judgments of courts of the United States whether or not predicated upon the civil liability provisions of the federal securities or other laws of the United States or any state thereof. Under Danish law, a judgment entered by a New York court in an action brought in respect of the Capital Securities, the Fiscal Agency Agreement or related documents is as such not recognized or enforceable in Denmark; instead, a Danish judgment is required for enforcement in Denmark. In rendering a judgment, the Danish courts will give full consideration to the New York court judgment but are free to examine *de novo* issues arising in the case.

DOCUMENTS INCORPORATED BY REFERENCE HEREIN

The following documents are hereby incorporated by reference in this Memorandum:

1. The Bank Group's annual report for the year 2003; and
2. The Bank Group's annual report for the year 2002.

The information incorporated herein by reference is deemed to be an integral part of this Memorandum, except to the extent that it is superseded or modified by any information contained in this Memorandum. Any forward-looking information included in the documents incorporated herein by reference may have been superseded by the impact of subsequent events or the passage of time after the publication of such documents and should not be relied upon in any respect.

Copies of this Memorandum (or any document incorporated by reference in this Memorandum), including any supplements thereto, are available, free of charge, at Danske Bank A/S, Investor Relations, 2-12 Holmens Kanal, DK-1092 Copenhagen, Denmark, or at Dexia Banque Internationale à Luxembourg, Transaction Execution Group, 69, route d'Esch, L-1470 Luxembourg, Luxembourg, or can be ordered from the Bank by telephone (number +45 33 44 12 69), facsimile (number +45 33 44 17 08) or email (tibi@danskebank.dk) or from Dexia Banque Internationale à Luxembourg by telephone (number +352 45901) or facsimile (number +352 45904227). The documents incorporated by reference in this Memorandum can also be accessed via the Internet at http://www.danskebank.com/reports.

FINANCIAL STATEMENTS AND CERTAIN OTHER REFERENCES

Unless the context otherwise requires, as used herein for definitional purposes only, the term "Bank" refers to Danske Bank A/S on a non-consolidated basis, the term "Bank Group" refers to the Bank and its consolidated subsidiaries within banking, mortgage finance, leasing and other specialized finance, and the terms "Group" or "Danske Bank Group" refers to the Bank Group and all of the Bank's subsidiaries within life and non-life insurance, including the Danica Group (as defined below).

Pursuant to the Danish Insurance Business Act and the executive order on the consolidated accounts of insurance companies and pension funds, the Bank's insurance subsidiaries are not fully consolidated in the Bank Group's financial statements. The Bank's holdings and the liabilities in the life and non-life insurance subsidiaries are recognized in the Bank Group's balance sheet at their fair value. The profits and/or losses generated by the insurance subsidiaries are included in the Bank Group's profit and loss account under the item "Income from associated and subsidiary undertakings".

The Group's life insurance operations are conducted through Danica Pension, Livsforsikringsselskab and its subsidiaries (together, "Danica Pension"). Danica Pension is wholly-owned by Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999, which, in addition to owning Danica Pension, conducts certain non-life insurance operations ("Danica" and, together with Danica Pension, the "Danica Group"). Danica is a wholly-owned subsidiary of the Bank.

This Memorandum contains the Bank Group's consolidated financial statements as of and for the year ended December 31, 2003, together with comparative figures as of and for the year ended December 31, 2002, and the Bank Group's consolidated financial statements as of and for the year ended December 31, 2002, together with comparative figures as of and for the year ended December 31, 2001. The Bank Group's consolidated financial statements as of and for the year ended 2003, together with comparative figures as of and for the year ended December 31, 2002, have been included in the Bank Group's audited annual report for the year 2003, which is incorporated herein by reference, and the Bank Group's consolidated financial statements as of and for the year ended December 31, 2002, together with comparative figures as of and for the year ended December 31, 2001, have been included in the Bank Group's audited annual report for the year 2002, which is also incorporated herein by reference. The audit reports for the year ended December 31, 2003 and the audit reports for the year ended December 31, 2002, as included herein, have been issued in respect of the Bank Group's entire audited annual report for the year 2003 and the Bank Group's entire audited annual report for the year 2002, respectively, in accordance with Danish laws and Danish Accounting Principles. The Bank Group's consolidated financial statements included herein have been prepared in accordance with Danish Accounting Principles, which differ in certain significant respects from U.S. GAAP. See "Summary of Certain Significant Differences Between Danish Accounting Principles and U.S. GAAP". The Bank Group's consolidated financial statements have been prepared also in accordance with the Danish Banking Act, the

Executive Order on Bank Accounts and the Copenhagen Stock Exchange A/S guidelines for issuers of listed securities. In addition, this Memorandum includes a summary of the Danica Group's consolidated financial statements as of and for the year ended December 31, 2003 together with comparative figures as of and for the year ended December 31, 2002, as included in the Danica's Group's audited annual report for the year 2003, supplemented with comparative figures as of and for the year ended December 31, 2001, as included in the Danica Group's audited annual report for the year 2002. Such consolidated financial statements have been prepared in accordance with Danish Accounting Principles.

The financial information set forth in a number of tables in this Memorandum has been rounded to the nearest whole number. Accordingly, in certain instances, the sum of the numbers in a column may not conform exactly to the total figure given for that column.

The term "Nordic" or "Nordic countries" as used throughout this document refers to Denmark, Finland, Norway and Sweden. References to "Denmark" are to the Kingdom of Denmark.

AVAILABLE INFORMATION

The Bank is exempt from the information-reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), although the Bank furnishes certain information to the SEC pursuant to Rule 12g3-2(b) under the Exchange Act. If, at any time, the Bank is not subject to Section 13 or 15(d) of the Exchange Act or is exempt from reporting pursuant to Rule 12g3-2(b), the Bank will furnish, upon request, to any person in whose name a Capital Security is registered, any owner of any beneficial interest in any Capital Securities or any prospective purchaser designated by such a holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

FORWARD-LOOKING STATEMENTS

Certain statements in this Memorandum under the captions "Use of Proceeds", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business of the Group" and elsewhere constitute "forward-looking statements" within the meaning of the Securities Act. In particular, all statements (other than statements of historical fact) regarding the Bank's financial condition, strategy, plans or objectives of management for future operations, or any statements preceded or followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "seeks", "will", "may", "anticipates", "would", "could", "continue", or similar expressions or the negative thereof, are forward-looking statements.

Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Group, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among others: general economic and business conditions; industry trends; competition; currency fluctuations; the loss of any significant customers; changes in business strategy or development plans; availability, terms and deployment of capital; availability of qualified personnel; changes in, or the failure or inability to comply with, government regulation; and other factors referenced in this Memorandum.

CURRENCY REFERENCES AND EXCHANGE RATES

In this Memorandum, unless the context otherwise requires, all references to "Danish Kroner", "Kroner", "DKK" or "DKr" are to Danish currency, all references to "U.S. dollars", "USD", "U.S.$" or "$" are to United States currency, all references to "Swedish Kronor" or "SEK" are to Swedish currency, all references to "British pounds", "Sterling", "GBP" or "£" are to United Kingdom currency, all references to "Norwegian Kroner" or "NOK" are to Norwegian currency, and all references to "euro", "EUR" or "€" are to the currency of the member states of the European Union (the "EU") participating in the EU's Economic and Monetary Union ("EMU").

The Bank publishes its consolidated financial statements in Danish Kroner. Solely for convenience, this Memorandum contains translations of certain Danish Kroner amounts, euro amounts, Swedish Kronor amounts and Norwegian Kroner amounts into U.S. dollar amounts. Unless otherwise indicated, the translations of Danish Kroner into U.S. dollars have been made at the rate of U.S.$1.00 = DKK 5.9576, the dollar exchange rate for Kroner fixed by Danmarks Nationalbank, the Central Bank of Denmark (the "Danish Central Bank"), on December 31, 2003. Unless otherwise indicated, the translations of euro into U.S. dollars have been made at the rate of U.S.$1.00 = € 0.7938, the prevailing exchange rate for the euro on December 31, 2003. Unless otherwise indicated, the translations of Swedish Kronor into U.S. dollars have been made at the rate of U.S.$1.00 = SEK 7.1950, the prevailing exchange rate for the Swedish Kronor on December 31, 2003. Unless otherwise indicated, translations of Norwegian Kroner into U.S. dollars have been made at the rate of U.S.$1.00 = NOK 6.6660, the prevailing exchange rate for Norwegian Kroner on December 31, 2003. Translations should not be construed as representations that the Danish Kroner, euro, Swedish Kronor or Norwegian Kroner amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated or at any other rates. Such exchange rates may differ from the actual rates used in the preparation of the financial statements for the Bank Group, and U.S. dollar amounts used in this Memorandum may differ from the U.S. dollar amounts which were translated into Danish Kroner in the preparation of such financial statements in accordance with Danish Accounting Principles.

The following table sets forth, for the years and dates indicated, the dollar exchange rate for Danish Kroner based on the noon buying rate in the City of New York for cable transfers payable in Danish Kroner as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate").

	At Period End	Average(1)	High	Low
	(In Danish Kroner per U.S. Dollar)			
2004(through June 7, 2004)	6.0364	6.0621	6.3115	5.7960
2003	5.9150	6.5264	7.1684	5.9150
2002	7.0850	7.8551	8.6470	7.0850
2001	8.3529	8.3711	8.8900	7.8260
2000	7.9442	8.1107	9.0050	7.2080
1999	7.3950	7.0325	7.4310	6.3070

(1) The average of the Noon Buying Rates on the last business day of each full month or portion of a month during the relevant period.

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information contained or referred to elsewhere in this Memorandum, the Fiscal Agency Agreement (as defined below) and the form of the Capital Securities attached thereto, which includes the terms and conditions of the Capital Securities.

Danske Bank A/S

The Danske Bank Group, which consists of a parent company, Danske Bank A/S, and a number of subsidiaries, offers its customers a wide range of banking, insurance, mortgage finance, asset management, capital markets, investment banking and leasing services. Danske Bank is the largest bank in Denmark in terms of equity, deposits and assets. Management estimates that, as of December 31, 2003, the Bank Group had a market share in Denmark of 28% of all bank loans and 35% of all bank deposits. As of December 31, 2003, the Bank Group had total assets of DKK 1,826 billion (U.S.$307 billion). As of June 7, 2004, the market capitalization of Danske Bank A/S was DKK 95.4 billion (U.S.$16.0 billion). The Bank Group ranks among the largest financial institutions in the Nordic countries.

The Group's Banking Activities business area encompasses the Group's banking business, which is organized in divisions located in each of the countries where the Bank operates. Banking Activities, Denmark, encompasses the Group's Danish banking business with retail and business customers. Banking Activities, Denmark carries on business under a number of brand names, including Danske Bank and BG Bank, and is divided into two business divisions, the Danske Bank division and the BG Bank division. Banking Activities, International, encompasses banking activities carried out by divisions outside Denmark. Each division is responsible for the Group's banking activities in its home country. Banking Activities, International, conducts business under a number of brand names through a number of local subsidiary banks, including Fokus Bank in Norway, and branch offices, including Östgöta Enskilda Bank and Provinsbankerne in Sweden.

The Mortgage Finance business area has general product responsibility for the Group's mortgage finance activities and real estate agency. The Mortgage Finance business area offers mortgage finance and real estate agency services in Denmark. Realkredit Danmark issues the Group's mortgage loans. The mortgage loans are distributed through the Danske Bank and BG Bank divisions, a number of Realkredit Danmark's district offices, real estate agents and other distribution channels. Mortgage Finance offers its financing solutions through the Realkredit Danmark brand. Real estate agency business is operated through the ''home'' brand.

The Group's money market, foreign exchange, equity, fixed income trading and derivatives services are operated through the Danske Markets business area, which serves corporate clients in connection with their issue of equity and debt. This business area is also responsible for the Group's short-term liquidity management. It serves the largest corporate and institutional customers as well as the Group's retail banking units.

The Group's Danske Capital business division manages the funds of retail and institutional clients and the funds of Danica Pension.

The Group's insurance activities are concentrated in the Danica Group, which carries out extensive life insurance and pension operations under its own brand name.

The Danske Bank Group had a staff of 14,250 in Denmark and 2,650 outside of Denmark as of December 31, 2003.

The Offering

Issuer	Danske Bank A/S
Issue	$750,000,000 aggregate principal amount of Perpetual Capital Securities.
Interest	Interest on the Capital Securities will accrue from June 15, 2004 at the rate of 5.914% per annum, payable semi-annually in arrears on June 16 and December 16 of each year, commencing December 16, 2004. Commencing June 16, 2014 (the "Initial Call Date"), interest will accrue at a rate per annum equal to the sum of the London Interbank offered rate for three-month dollar deposits and 1.66%, payable quarterly in arrears on March 16, June 16, September 16 and December 16 of each year.
Optional Deferral of Interest	The Bank will have the right to defer the payment of interest on the Capital Securities in the event that the Bank does not satisfy the solvency requirements of the Danish Financial Business Act. See "The Danish Banking System — Regulation" and "Description of the Capital Securities — Interest — Optional Deferral of Interest".
Reduction of Amounts of Principal and Unpaid Interest	The shareholders of the Bank, by a resolution passed at a general meeting duly convened in accordance with Danish law and the Bank's Articles of Association, may resolve to reduce and cancel, *pro rata*, part or all of the outstanding principal amount of each of the Capital Securities and any Arrears of Interest thereon together with all corresponding Additional Interest Amounts (each, as defined under "Description of the Capital Securities — Interest — Optional Deferral of Interest") on a *pro rata* basis with all the Bank's other outstanding Hybrid Tier I Capital instruments and other capital instruments expressed to be ranking *pari passu* with Hybrid Tier I Capital, upon the occurrence of all of the following circumstances: (i) the share capital and reserves of the Bank have been reduced to zero; (ii) the shareholders of the Bank by extraordinary resolution passed at a duly convened general meeting have resolved that the value of each of the outstanding shares representing the share capital of the Bank be reduced to zero; and (iii) following the resolution referred to in (ii) above, either (a) sufficient share and/or other capital of the Bank is subscribed or contributed so as to enable the Bank, following any such reduction of the outstanding principal amount of the Capital Securities and any Arrears of Interest thereon, to comply with the solvency requirements of the Danish Financial Business Act; or (b) the Bank ceases to carry on its business without a loss for the non-subordinated creditors. The amount of any such reduction shall be subject to the prior approval of the Bank's elected external auditors and the DFSA and shall first be effected in respect of any Arrears of Interest thereon

	(together with all corresponding Additional Interest Amounts) and only when there are no such outstanding Arrears of Interest will the principal amount of the Capital Securities be reduced. The reduction and cancellation will take effect on the date specified in the relevant resolution approving any such reduction and cancellation of the outstanding principal amount of the Capital Securities and any Arrears of Interest thereon, and the holders of the Capital Securities will thereafter cease to have any claim in respect of amounts so reduced and cancelled. The Bank will give notice to the holders of the Capital Securities of any such reduction and cancellation immediately following the passing of such resolution. To the extent that only part of the principal amount of the Capital Securities or Arrears of Interest thereon has been so reduced, interest will continue to accrue in accordance with the terms of the Capital Securities on the then outstanding principal amount of the Capital Securities and Arrears of Interest, if any. See "Description of the Capital Securities — Reduction of Amounts of Principal and Unpaid Interest".
Dividend Suspension	The Bank shall neither (a) declare, pay or make any dividend or other distribution on any class of its share capital nor (b) redeem, repurchase or otherwise acquire any of its (i) share capital; (ii) any *pari passu* ranking Tier I securities; or (iii) any obligations of the Bank expressed to rank junior to the Capital Securities, until (subject to reduction or elimination as described above under "Description of the Capital Securities — Reduction of Amounts of Principal and Unpaid Interest"), as the case may be, either all Arrears of Interest (together with all corresponding Additional Interest Amounts) are paid in full and/or full interest payments are resumed following interest cancellation (in accordance with "Mandatory Deferral of Interest and Interest Cancellation" below) and have been paid for two consecutive semi-annual or four consecutive quarterly Interest Periods, as applicable. Notwithstanding this restriction, the Bank may take such actions (a) in connection with transactions effected by or for the account of customers of the Bank in connection with distribution, trading or market making in respect of those securities; (b) in connection with the satisfaction by the Bank of its obligations under any existing or future employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Bank or any of its subsidiaries; or (c) otherwise as required by law.
Mandatory Deferral of Interest and Interest Cancellation	The aggregate amount of interest payments in respect of the Capital Securities during the period between the most recent date of approval of the annual accounts of the Bank and the next succeeding date of approval of the annual accounts of the Bank may not exceed the amount of Available Free Reserves shown in the annual accounts of the Bank approved on the first-mentioned date. Accrual of interest will cease with effect from the date of approval of the relevant annual audited accounts if the Bank has no Available Free Reserves. Accordingly, in the event that the amount

of the next Interest Payment will exceed the Available Free Reserves, such payment will be reduced to the amount of such Available Free Reserves, or, in the case where there are no Available Free Reserves, to zero. Where such reduction of interest occurs and part of the applicable Interest Period falls before the date of approval of the relevant accounts, to the extent that the amount of interest accrued as at the date of approval of the relevant accounts exceeds the amount of the Available Free Reserves, any such excess shall be deferred and shall constitute Arrears of Interest (as defined under "Description of the Capital Securities — Interest — Optional Deferral of Interest"). Where interest has ceased to accrue and subsequent annual audited accounts disclose Available Free Reserves, accrual of interest will recommence, provided, however, that the amount of the first payment due after the date of approval of such accounts will be restricted to the amount accrued from the date of approval of those accounts to the relevant Interest Payment Date.

In the event that less than full payment is to be made on any Interest Payment Date, the amount to be paid to any holder of the Capital Securities will represent a *pro rata* share of the full amount available for payment, calculated by reference to the principal amount of the relevant holding as a proportion of the total principal amount of Capital Securities plus the principal amount of any *pari passu* ranking capital instruments outstanding.

Any interest payment or part thereof, which has not been made in accordance with these provisions, will, to the extent such interest payment or part thereof has not been deferred in accordance with these provisions, be cancelled and will not fall due at any time thereafter. The Bank shall give notice to holders of the Capital Securities of any applicable loss or deferral of interest payment as applicable.

"Available Free Reserves" means the amount of free reserves (consisting of the retained profit brought forward from prior fiscal years, the retained profit for the most recent fiscal year and other reserves available for distribution of dividends) as disclosed in the Bank's most recent audited annual accounts, as reduced by any payments already made since the date of such accounts by reference to free reserves disclosed therein.

Subordination

The Capital Securities will constitute Hybrid Tier I Capital of the Bank in accordance with the Danish Financial Business Act (Consolidated Act No. 1268 of December 19, 2003).

The Capital Securities will constitute unsecured, subordinated debt obligations of the Bank and shall at all times rank *pari passu* without preference among themselves and with other Hybrid Tier I Capital instruments and other capital instruments expressed to be ranking *pari passu* with Hybrid Tier I Capital. The Capital Securities will at all times rank in priority to holders of any classes of share capital of the Bank, both as regards the right to receive periodic payments and the right to receive repayment of capital on

	a bankruptcy or liquidation of the Bank. Consequently, in the event of the bankruptcy or liquidation of the Bank by way of public administration or otherwise, the rights of the holders of the Capital Securities to payments of the original principal amount of the Capital Securities and any other amounts including interest due in respect of the Capital Securities shall rank *pari passu* without any preference among the holders of the Capital Securities and *pari passu* with other Hybrid Tier I Capital instruments and other capital instruments expressed to be ranking *pari passu* with Hybrid Tier I Capital. The Capital Securities will rank junior as regards the right of payment to the payment of any present or future claims of (a) depositors of the Bank, (b) other unsubordinated creditors of the Bank and (c) subordinated creditors of the Bank other than creditors with respect to any capital securities expressly stated to rank *pari passu* with or junior to the Capital Securities.
Enforcement Events	An order made or an effective resolution passed for the bankruptcy or liquidation of the Bank may result in the acceleration of the principal of the Capital Securities together with interest (if any) on the Capital Securities accrued to such date. No remedy against the Bank, other than the institution of the proceedings referred to under "Description of the Capital Securities — Enforcement Events" shall be available to the holders of the Capital Securities whether for the recovery of amounts owing in respect of the Capital Securities or in respect of any breach by the Bank of any other obligation, condition or provision binding on it under the Capital Securities. See "Description of the Capital Securities — Enforcement Events".
Withholding Taxes	All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Capital Securities will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or other governmental charges of whatever nature or civil liabilities imposed or levied by or on behalf of any Tax Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments or governmental charges or civil liabilities is required by law. In that event, the Bank will pay such additional amounts as may be necessary in order that the net amounts receivable by the holder of the Capital Securities after such withholding or deduction shall equal the respective amounts which would have been receivable by such holder of the Capital Securities in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Capital Security in certain situations described under "Description of the Capital Securities — Withholding Taxes". The payments of additional amounts are subject to the same restrictions as payments of interest stated under "Description of the Capital Securities — Interest — Optional Deferral of Interest" and "— Mandatory Deferral of Interest and Interest Cancellation" and must be covered by Available Free Reserves.
Optional Redemption	The Capital Securities may be redeemed at the option of the Bank (subject to the Bank having received the prior consent of the

DFSA) in whole, but not in part, on the Initial Call Date or on any Interest Payment Date thereafter (each such date, a "Call Date"), on giving not less than 30 and not more than 60 days' notice to the holders of the Capital Securities (which notice shall be irrevocable) at an amount equal to the original principal amount of the Capital Securities, together with unpaid interest (if any) on the original principal amount accrued to, but excluding, the due date for redemption and any Arrears of Interest together with all corresponding Additional Interest Amounts. See "Description of the Capital Securities — Redemption and Repurchase — Optional Redemption".

Tax Event and Capital Event Redemption

Tax Event

The Bank may, subject to the prior approval of the DFSA, redeem all (but not some only) of the Capital Securities at any time prior to the Initial Call Date at the redemption price set forth under "Redemption Amount" below, if, as a result of (i) any amendment to or change (including any announced prospective change) in, the laws or treaties (or any regulations thereunder) of any relevant Tax Authority affecting taxation or (ii) any amendment to or change in the official position or the interpretation of any such laws, treaties, or regulations, by any legislative body, court, governmental authority or regulatory body, which amendment or change occurs on or after the date of the Purchase Agreement for the Capital Securities; the Bank determines that there is more than an insubstantial risk that: (a) the Bank is, or will be, subject to more than a *de minimis* amount of taxes, duties, assessments or other governmental charges of whatever nature or civil liabilities with respect to the Capital Securities, (b) the Bank's treatment of items of expense with respect to the Capital Securities as deductible interest expense for Danish tax purposes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Bank will not be respected by a taxing authority, which subjects the Bank to more than a *de minimis* amount of additional taxes, duties or other governmental charges, or (c) the Bank would be required to pay additional amounts as described under "Description of the Capital Securities — Withholding Taxes".

Capital Event

The Bank may, subject to the prior approval of the DFSA, redeem all (but not some only) of the Capital Securities at any time prior to the Initial Call Date, if the Bank is advised by the DFSA that the Capital Securities are not eligible for inclusion in the Tier I Capital of the Bank. See "Description of the Capital Securities — Redemption and Repurchase — Tax Event and Capital Event Redemption — Capital Event".

Under the DFSA's interpretation of the laws and regulations currently in effect in Denmark, the DFSA may not grant an approval for the redemption of Hybrid Tier I Capital securities, which includes the Capital Securities, earlier than ten years after the initial issuance of the relevant securities. However, the DFSA may, under special circumstances, authorize such redemption not earlier than five years after the issuance. Therefore, in the absence

	of a change in the relevant Danish laws and regulation or in their interpretation, the Bank would not be in a position to redeem the Capital Securities within five years of initial issuance and may not receive approval for such redemption prior to ten years having elapsed from initial issuance. Even after such time, approval for such redemption remains at the discretion of the DFSA.
Redemption Amount	In the event that the Capital Securities are redeemed prior to the Initial Call Date, upon the occurrence of a Tax Event or Capital Event described above (the due date of redemption in respect of which shall be the "Special Event Redemption Date"), the redemption amount, per Capital Security, on a Special Event Redemption Date shall: (1) in the case of a Tax Event described in subclause (c) above under "Tax Event and Capital Event Redemption — Tax Event", be equal to 100% of the original principal amount of such Capital Securities; (2) in the case of any other Tax Event or a Capital Event, as the case may be, be equal to the greater of 100% of the original principal amount of such Capital Securities and the Make Whole Amount (as defined under "Description of the Capital Securities — Redemption and Repurchase — Tax Event and Capital Event Redemption — Redemption Amount"); and (3) in each case, include any unpaid interest accrued with respect to such Capital Security to, but excluding, the Special Event Redemption Date (which, for the avoidance of doubt, shall include any applicable Arrears of Interest and Additional Interest Amounts, but exclude interest which has been cancelled).
Form and Denomination	The Capital Securities will be offered and sold in minimum principal amounts of U.S.$100,000 and in multiples of U.S.$1,000 in excess thereof. The Capital Securities which are initially offered and sold in reliance on Rule 144A will be evidenced by one or more Rule 144A Global Notes in fully registered form. The Capital Securities which are initially offered and sold in reliance on Regulation S will be evidenced by one or more Regulation S Global Notes in fully registered form. The Global Securities will be deposited upon issuance with the Fiscal Agent as custodian for DTC and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC. Beneficial interests in the Global Securities will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream. Except as described herein, certificates for Capital Securities will not be issued in exchange for beneficial interests in the Global Securities.
Use of Proceeds	The net proceeds of the offering of the Capital Securities will be used by the Bank for general corporate purposes.
Selling and Transfer Restrictions	Capital Securities have not been and will not be registered under the Securities Act and are subject to certain restrictions on transfer. See "Purchase and Transfer Restrictions".
Further Issues	The Bank may from time to time, without the consent of any holder of Capital Securities, create and issue further securities

	having the same terms and conditions as the Capital Securities in all respects (or in all respects except the first payment of interest on them and/or the denomination thereof) so as to form a single series with the Capital Securities.
Governing Law	The Capital Securities and the Fiscal Agency Agreement will be governed by and shall be construed in accordance with the laws of the State of New York, except for the provisions relating to Optional Deferral of Interest, Reduction of Amounts of Principal and Unpaid Interest, Dividend Suspension, Mandatory Deferral of Interest and Interest Cancellation, Subordination, Enforcement Events, Tax Event and Capital Event Redemption, which shall be governed by and shall be construed in accordance with the laws of the Kingdom of Denmark.
Fiscal Agent	U.S. Bank Trust National Association will act as Fiscal Agent under the Fiscal Agency Agreement dated as of June 15, 2004 with the Bank.
Listing	Application has been made to list the Capital Securities on the Luxembourg Stock Exchange.
Ratings	On the date of issuance of the Capital Securities, it is anticipated that the Capital Securities will be rated Aa3 by Moody's and A by S&P.
Security Codes	<u>Rule 144A Global Notes</u> CUSIP: 236363AA5 ISIN: US236363AA58 Common Code: 019457192 <u>Regulation S Global Notes</u> CUSIP: K22272CP9 ISIN: USK22272CP99 Common Code: 019457265
Luxembourg Listing and Paying Agent	Dexia Banque Internationale à Luxembourg

INVESTMENT CONSIDERATIONS

In making an investment decision, potential investors should carefully consider the merits and risks of an investment in the Capital Securities. In particular, potential investors should be aware of the following:

If the Bank's financial condition were to deteriorate materially, holders of Capital Securities could lose all or part of their investment.

The Capital Securities will constitute Hybrid Tier I Capital of the Bank in accordance with the Danish Financial Business Act (Consolidated Act No. 1268 of December 19, 2003). The Capital Securities will constitute unsecured, deeply subordinated obligations of the Bank and, upon issuance, will be the most junior debt instruments of the Bank, ranking behind claims of depositors of the Bank, other unsubordinated creditors of the Bank and subordinated creditors of the Bank, other than creditors with respect to any capital securities expressly stated to rank *pari passu* with or junior to the Capital Securities. Upon issuance, the Capital Securities will rank in priority only to all classes of share capital of the Bank.

Consequently, if the Bank's financial condition were to deteriorate materially, holders of the Capital Securities could suffer direct and materially adverse consequences, including suspension of non-cumulative interest payments and reduction and cancellation of all or a portion of any outstanding principal amount of each of the Capital Securities and any unpaid interest payable thereon. In such event, the holders of the Capital Securities could lose their entire investment.

Holders of Capital Securities may not receive interest payments if the Bank does not satisfy solvency requirements of the Danish Financial Business Act and will not receive interest payments absent sufficient Available Free Reserves.

If the Bank does not satisfy the solvency requirements of the Danish Financial Business Act, the Bank may elect not to make interest payments that would otherwise be payable. Any interest on the Capital Securities so deferred will constitute Arrears of Interest. Interest will accrue on the amount of Arrears of Interest at the rate of interest applicable to the Capital Securities. Arrears of Interest (together with interest thereon) shall become due and payable in full (except to the extent reduced or eliminated by resolution of the Bank's shareholders under certain circumstances) on the earlier of: (i) the date on which the Bank next satisfies the solvency requirements of the Danish Financial Business Act; (ii) the date on which the then outstanding principal amount of the Capital Securities is redeemed according to the provisions in respect of the Optional Redemption or the Tax Event and Capital Event Redemption; or (iii) the bankruptcy or liquidation of the Bank.

In addition, the Bank will make only partial or no interest payments during any interest period where there are not sufficient Available Free Reserves. The right of holders of the Capital Securities to receive accrued but unpaid interest in respect of any such periods will be lost. The Bank will have no obligation to make such payments of unpaid interest or to pay interest thereon. As of December 31, 2003, the Available Free Reserves of the Bank amounted to DKK 48,459 million.

Outstanding Principal and Unpaid Interest may be reduced by resolution of the Bank's shareholders if certain conditions occur and holders of Capital Securities could lose all or part of their investment.

In the event that (i) the share capital and reserves of the Bank have been reduced to zero; (ii) the shareholders of the Bank by extraordinary resolution passed at a duly convened general meeting have resolved that the value of each of the outstanding shares representing the share capital of the Bank be reduced to zero; and (iii) following the resolution referred to in (ii) above, either (a) sufficient share and/or other capital of the Bank is subscribed or contributed so as to enable the Bank, following any such reduction of the outstanding principal amount of the Capital Securities and any Arrears of Interest thereon, to comply with the solvency requirements of the Danish Financial Business Act; or (b) the Bank ceases to carry on its business without a loss for the non-subordinated creditors; the shareholders of the Bank, by a resolution passed at a general meeting duly convened in accordance with Danish law and the Bank's Articles of Association, may resolve to reduce and cancel part or all of the outstanding principal amount of each of the Capital Securities and any Arrears of Interest thereon together with all corresponding Additional Interest Amounts on a *pro rata* basis with all the Bank's other outstanding Hybrid Tier I Capital instruments and other capital instruments expressed to be ranking *pari passu* with Hybrid Tier I Capital. In such event, holders of Capital Securities could lose their entire investment.

The amount of any such reduction shall be subject to the prior approval of the Bank's elected external auditors and the DFSA and shall first be effected in respect of any Arrears of Interest thereon (together with all corresponding Additional Interest Amounts) and only when there are no such outstanding Arrears of Interest will the principal amount of the Capital Securities be reduced.

The Bank may redeem the Capital Securities at any time upon the occurrence of certain tax or capital events.

The Bank will have the right, subject to the prior approval of the DFSA, upon the occurrence of a Tax Event or Capital Event, to redeem the Capital Securities at a redemption amount equal to (i) in the case of the occurrence of a Withholding Tax, 100% of the original Principal Amount; (ii) in the case of any other Tax Event or a Capital Event, as the case may be, the greater of 100% of the original Principal Amount and the Make Whole Amount (as defined herein); plus, in each case, any unpaid interest accrued with respect to such Capital Security to, but excluding, the Special Event Redemption Date (which, for the avoidance of doubt, shall include any applicable Arrears of Interest and Additional Interest Amounts, but exclude interest which has been cancelled). There can be no assurance that the holders of the Capital Securities will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Capital Securities.

Holders of Capital Securities have no voting rights.

The Capital Securities are non-voting. Consequently, the holders of Capital Securities cannot influence, *inter alia,* any decisions by the Bank's shareholders to reduce and cancel part or all of the outstanding principal amount of each of the Capital Securities and any Arrears of Interest thereon together with all corresponding Additional Interest Amounts or any other decisions by the Bank's shareholders concerning the capital structure of the Bank.

The Bank may issue further debt.

The Bank may issue further debt ranking *pari passu* with or senior to the Capital Securities. Neither the Capital Securities nor the Fiscal Agency Agreement limits the ability of the Bank to incur indebtedness.

There has been no prior public market for the Capital Securities.

The Capital Securities will constitute a new issue of securities. Prior to this offering, there has been no public market for the Capital Securities. Although application has been made to list the Capital Securities on the Luxembourg Stock Exchange, there can be no assurance that an active public market for the Capital Securities will develop, and if such a market were to develop, the Initial Purchasers are under no obligation to maintain such a market. The liquidity and the market prices for the Capital Securities can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Bank and other factors that generally influence the market prices of securities. Such fluctuations may significantly affect the liquidity and the market prices of the Capital Securities, which may trade at a discount to the price at which a purchaser purchased the Capital Securities.

Regulatory authorities have oversight powers over the Group.

The DFSA or its respective successors, regulatory authorities in the EU and regulatory authorities in other countries have oversight powers over the Bank and its subsidiaries. Under certain circumstances, any of such regulatory authorities could make determinations or take decisions in the future with respect to any such entities or a portion of their respective operations or assets that could adversely affect the ability of the Bank to, among other things, make payment to its security holders, engage in transactions with affiliates, purchase or transfer assets, pay obligations and make any redemption or liquidation payments to its security holders.

DANSKE BANK

The Danske Bank Group is an integrated provider of banking and other financial services, covering the needs of retail as well as corporate, institutional and public customers. The Danske Bank Group has a leading position in the Danish financial markets and is actively engaged in international banking and capital markets activities. As of December 31, 2003, the Bank Group had total assets of DKK 1,826 billion (U.S.$307 billion). The Bank is a public limited company, organized under the laws of the Kingdom of Denmark on October 5, 1871.

In conducting the Group's international operations, emphasis is placed on Northern Europe and, in particular, the Nordic countries. The Danske Bank Group is the largest financial institution in Denmark and the second largest in the Nordic region measured by total assets. Management estimates that in Denmark, Norway and Sweden, the Group serves approximately 2.9 million retail customers and a significant part of the corporate, public and institutional sector. It also has a large number of international corporate clients particularly in Northern Europe. Approximately 800,000 customers use its online services.

In addition to traditional banking services, the Danske Bank Group offers a wide range of products including mortgage finance products, pension, life and non-life insurance, brokerage and trading, asset management, leasing, credit cards, consumer finance, investment banking and debt capital markets services.

The Danske Bank Group actively pursues cross selling opportunities by offering customers not only Group products but also, to a lesser extent, products provided by third parties, including primarily investment and mutual fund products as well as non-life insurance.

The Group's corporate banking and capital markets activities are primarily directed towards Nordic customers. The Group does, however, also participate in international syndications and has considerable business activities with international institutional clients.

International business is primarily conducted through the Bank's head office in Copenhagen and through its branches in London, New York, Hamburg, and, in the Nordic countries, in Oslo, Trondheim, Stockholm and Helsinki. A subsidiary in Warsaw covers Nordic corporate customers' banking needs in Poland. Another subsidiary, Danske Bank International Luxembourg S.A., provides private banking services in Luxembourg.

The Group offers its clients Corporate and Institutional Banking products such as debt capital markets products, short- and medium-term financing, overdrafts, trade financing, cash management, guarantee facilities, documentary letters of credit and payment and collection. The Group also offers a wide range of services in the international money and foreign exchange markets, arranges syndicated credit facilities and provides other types of institutional corporate financing services. In addition to the head office, certain foreign offices also trade bonds, shares and other securities.

The Group is active in the sale and trading of primarily Nordic securities including bonds, shares and derivatives with Danish and foreign investors, which include retail, corporate and institutional customers. This activity comprises a full range of investment advisory services and includes activities such as Danish Kroner clearing and securities settlement.

The Group is a member of the Copenhagen Stock Exchange, the Stockholm Stock Exchange, the Oslo Stock Exchange, the Helsinki Exchanges, the London Stock Exchange and Eurex. Danske Bank International S.A. is a member of the Luxembourg Stock Exchange.

The Group has correspondent relationships with numerous major banks worldwide. In addition to payment services, the Group also provides documentary credits and other financing to Danish exporters and importers.

The Bank's shares and bonds are listed on the Copenhagen Stock Exchange. The Bank also has bonds listed on the Luxembourg, Stockholm, Oslo and SWX Swiss Exchanges.

USE OF PROCEEDS

The net proceeds from the offering of Capital Securities pursuant to this Memorandum are expected to amount to approximately U.S.$744.4 million after deduction of underwriting discounts and commissions, and will be used by the Bank for general corporate purposes.

CAPITALIZATION

The following table sets forth (i) the consolidated short-term and long-term debt and capitalization of the Bank Group as of December 31, 2003, and (ii) such short-term and long-term debt and capitalization as adjusted to reflect the issue of the Capital Securities offered hereby. Danish Accounting Principles differ from U.S. GAAP in certain significant respects, as described under "Summary of Certain Significant Differences between Danish Accounting Principles and U.S. GAAP". The table should be read in conjunction with the Bank Group's consolidated financial statements and the related notes thereto, including the information set forth in the description of accounting policies in such consolidated financial statements.

	As of December 31, 2003			
	Actual	Adjusted	Actual	Adjusted
	(DKK in millions)		(USD in millions) (4)	
Short-term debt				
Due to credit institutions	297,900	297,900	50,003	50,003
Deposits	444,845	444,845	74,668	74,668
Bonds issued, etc.	314,074	314,074	52,718	52,718
Total short-term debt	1,056,819	1,056,819	177,389	177,389
Long-term debt				
Due to credit institutions	1,980	1,980	332	332
Deposits	39,039	39,039	6,553	6,553
Bonds issued, etc.	451,273	451,273	75,748	75,748
Total long-term debt (1)	492,292	492,292	82,633	82,633
Subordinated capital constituting Supplementary Capital (2)	33,549	33,549	5,631	5,631
Total long-term debt and subordinated capital	525,841	525,841	88,264	88,264
Hybrid capital	—	4,468 (3)	—	750
Minority shareholders' interests	9	9	2	2
Share capital	7,117	7,117	1,195	1,195
Reserves	986	986	166	166
Revaluation reserves	37	37	6	6
Profit brought forward	52,311	52,311	8,780	8,780
Total shareholders' equity	60,451	60,451	10,147	10,147
Total long-term debt, subordinated capital, hybrid capital and shareholders' equity	586,292	590,760	98,411	99,161

(1) Deposits and bonds issued, etc., with a maturity of more than one year.

(2) As of December 31, 2003, the outstanding subordinated capital consisted of the following (in DKK millions):

7.250% due 2005 (U.S.$200 million)	1,192
6.3% due 2007 (JPY 10,000 million)	557
6.0% due 2007 (DKK 75 million)	75
FRN due 2007 (GBP 125 million)	1,323
FRN due 2007 (GBP 75 million)	793
FRN due 2007 (EUR 150 million)	1,117
6.375% due 2008 (U.S.$300 million)	1,787
FRN due 2009 (U.S.$300 million)	1,787
7.4% due 2010 (U.S.$500 million)	2,979
5.750% due 2011 (EUR 700 million)	5,211
5.875% due 2015 (EUR 400 million)	2,978
5.125% due 2012 (EUR 500 million)	3,722
4.250% due 2016 (EUR 500 million)	3,722
FRN due 2014 (NOK 1,770 million)	1,565
5.375% due 2021 (GBP 350 million)	3,703
FRN due 2014 (NOK 500 million)	442
FRN perpetual (U.S.$100 million)	596
	33,549

(3) The aggregate principal amount of the Capital Securities has been converted from U.S. dollars into Danish Kroner based on the Danish Central Bank's exchange rate effective on December 31, 2003 of DKK 5.9576 = U.S.$1.00.

(4) Converted into U.S. dollars at the Danish Central Bank's exchange rate effective on December 31, 2003 of DKK 5.9576 = U.S.$1.00.

In 2003, Danske Bank repurchased its own shares of a total market value of DKK 5 billion, comprising 39,410,097 shares at an average price of DKK 126.90 (U.S.$21.30). This reduced the number of shares outstanding from 711,675,849 at the end of 2002 to 672,265,752 at the end of 2003. The annual general meeting of shareholders of the Bank held on March 23, 2004 resolved to reduce the share capital of the Bank by a nominal amount of DKK 394,100,970 through cancellation of own shares bought back by the Bank in 2003. The reduction of the share capital of the Bank to a total of DKK 6,722,657,520 is expected to be registered by June 30, 2004.

Danske Bank has announced that it intends to repurchase its own shares of a total market value of DKK 3 billion (U.S.$504 million) in the first half of 2004. During the period from January 1, 2004 through June 4, 2004, the Group bought back 12,389,768 shares at a total market value of DKK 1,740 million. On June 4, 2004, the Bank announced that it will extend the repurchase period until July 15, 2004. During the remainder of 2004, the Board of Directors will consider whether to repurchase additional shares.

Except as indicated in this Memorandum, there has been no material change in the capitalization of the Bank Group since December 31, 2003.

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data of the Bank Group for each of the years in the five-year period ended December 31, 2003 has been derived from the consolidated financial statements of the Bank Group. The consolidated financial statements of the Bank Group as of and for the year ended December 31, 2003, together with comparative figures as of and for the year ended December 31, 2002, and the consolidated financial statements of the Bank Group as of and for the year ended December 31, 2002, together with comparative figures as of and for the year ended December 31, 2001, are included elsewhere in this Memorandum and have been audited as part of the Bank Group's annual report for the year 2003 and annual report for the year 2002, respectively, by the Bank Group's internal auditors and by the Bank Group's external auditors Grant Thornton, Statsautoriseret Revisionsaktieselskab, State-Authorized Public Accountants (Denmark), and by KPMG C.Jespersen, Statsautoriseret Revisionsinteressentskab, State-Authorized Public Accountants (Denmark), whose reports on the Bank Group's annual report for the year 2003 and the Bank Group's annual report for the year 2002 are also included herein.

The consolidated financial statements of the Bank Group have been prepared in accordance with Danish Accounting Principles. The principal differences between such principles and U.S. GAAP are discussed under "Summary of Certain Significant Differences between Danish Accounting Principles and U.S. GAAP". The data below should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements of the Bank Group, the related notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Memorandum.

	For the Year Ended December 31,					
	2003(1)	2003	2002	2001	2000	1999
	(USD)	(DKK)	(DKK) (In millions)	(DKK)	(DKK)	(DKK)
Profit and Loss Account Information						
Net interest income	3,402	20,265	19,023	18,606	10,719	9,738
Dividends from shares, etc.	39	235	227	441	208	195
Fee and commission income (net)	1,016	6,052	6,055	6,242	4,821	3,731
Net interest and fee income	4,457	26,552	25,305	25,289	15,748	13,664
Securities and foreign exchange income (expense) (2) (3)	(120)	(713)	675	1,563	1,785	255
Other operating income	208	1,237	1,230	1,260	1,062	1,206
Staff costs and administrative expenses	(2,426)	(14,451)	(15,009)	(15,503)	(9,591)	(8,566)
Amortization, depreciation and write-offs	(82)	(489)	(591)	(891)	(545)	(689)
Other operating expenses	(4)	(24)	(34)	(22)	(2,463)	(44)
Provisions for bad and doubtful debts (net)	(279)	(1,662)	(1,420)	(1,752)	(454)	(447)
Income from associated and subsidiary undertakings	434	2,586	1,008	1,446	1,114	942
Profit/loss before taxation	2,188	13,036	11,164	11,390	6,656	6,321
Taxation	(629)	(3,750)	(2,922)	(2,677)	(1,940)	(1,293)
Net profit/loss for the year	1,559	9,286	8,242	8,713	4,716	5,028

	As of December 31,					
	2003(1)	2003	2002	2001	2000(8)	1999
	(USD)	(DKK)	(DKK)	(DKK)	(DKK)	(DKK)
	(In millions)					
Balance Sheet Information						
Assets						
Cash in hand and demand deposits with central banks	1,670	9,949	17,565	9,566	7,752	5,498
Due from credit institutions and deposits with central banks, etc.	27,883	166,117	199,620	140,250	132,506	88,499
Loans and advances	171,314	1,020,618	948,346	924,021	864,274	380,956
Bonds	80,885	481,883	422,680	343,078	241,051	134,105
Shares, etc.	1,944	11,580	9,572	12,357	17,262	12,773
Holdings in associated undertakings, etc.	239	1,423	1,673	1,421	1,602	723
Holdings in subsidiary undertakings	2,234	13,307	11,604	9,644	8,804	7,934
Other assets	18,963	112,973	132,510	89,864	80,780	65,867
Total assets	306,522	1,826,134	1,751,553	1,538,582	1,362,685	701,416
Liabilities						
Due to credit institutions and central banks	50,336	299,880	319,573	241,042	212,949	157,617
Deposits	81,221	483,884	427,940	400,491	366,834	266,095
Issued bonds, etc.	128,466	765,347	699,745	673,454	563,256	149,651
Other liabilities	30,434	181,313	210,609	131,927	133,501	74,726
Subordinated debt	5,631	33,549	31,210	31,765	29,675	21,413
Shareholders' equity(4)	10,147	60,451	60,319	57,091	50,906	30,412
Total liabilities	306,522	1,826,134	1,751,553	1,538,582	1,362,685	701,416
Off-balance-sheet items						
Guarantees, etc.	13,422	79,965	85,357	91,852	76,158	69,069
Other commitments	17,797	106,026	95,768	90,536	103,509	93,330
Total off-balance-sheet items	31,219	185,991	181,125	182,388	179,667	162,399

	As of and for the Year Ended December 31,					
	2003(1)	2003	2002	2001	2000(8)	1999
	(USD)	(DKK)	(DKK)	(DKK)	(DKK)	(DKK)
Ratios and Key Figures						
Solvency ratio (capital ratio) (5),%	11.0	11.0	10.5	10.3	9.6	11.0
Dividend per share (DKK) (6)	1.1	6.55	4.75	4.75	4.40	2.50
Share price at December 31 (DKK)	23.3	138.8	117.4	135.1	141.8	80.9
Book value per share at December 31 (DKK)	15.1	89.9	84.8	78.0	70.5	57.5
Number of full-time employees at December 31						
Danske Bank and consolidated subsidiaries	16,114	16,114	16,969	17,564	18,930	12,397
Non-consolidated subsidiaries (insurance companies)	821	821	848	957	976	1,128
Net profit per share (DKK) (7)	2.2	13.3	11.5	11.9	8.2	9.4
Net profit for the year as % of shareholders' equity(7)	15.2	15.2	14.0	16.0	11.5	16.4

(1) U.S. dollars converted at the Danish Central Bank's exchange rate effective on December 31, 2003 of DKK 5.9576 = U.S.$1.00.

(2) After adjustment for pooled pension fund deposits.

(3) Includes the value adjustments of securities and derivative financial instruments.

(4) Includes the Available Free Reserves, consisting of the retained profit brought forward from prior fiscal years, the retained profit for the most recent fiscal year and other reserves available for distribution of dividends. As of December 31, 2003, the Available Free Reserves of the Bank amounted to DKK 48,459 million.

(5) Includes the Bank Group's Tier I and Tier II Capital. In accordance with Danish Insurance Business Act and executive order on the consolidated accounts of insurance companies and business funds, the insurance subsidiaries are not included in the Bank Group's consolidated financial statements. Therefore, the solvency margin of the non-consolidated insurance companies is deducted from the Bank's capital base for the purpose of calculating the solvency ratio.

(6) Dividend paid during the year with respect to the preceding fiscal year. The annual general meeting of shareholders of the Bank held on March 23, 2004 approved the payment of dividend of DKK 6.55 per share with respect to the fiscal year 2003, which was paid on March 29, 2004.

(7) Key figures for 2000 are inclusive of merger costs of DKK 2,459 million relating to the merger of Danske Bank and RealDanmark. In 2000, excluding the merger costs, "Net profit for the year per share, DKK" was DKK 11.0 and "Net profit for the year as % of average shareholders' equity" was 15.4%.

(8) For the year 2000, the Danske Bank and RealDanmark Groups have been consolidated on a *pro forma* basis in respect of the balance sheet information and ratios and key figures included in the table. Such balance sheet information or ratios and key figures for the year 2000 have not been audited. The merger of the two entities took place on January 1, 2001.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is based on and should be read in conjunction with the consolidated financial statements and the corresponding notes of the Bank Group included elsewhere herein and the accounting policies of the Group described in such consolidated financial statements. Such financial statements have been prepared in accordance with Danish Accounting Principles. This section contains forward-looking statements that involve inherent risks and uncertainties. Actual results may differ materially from those contained in such forward-looking statements. See "Forward-looking Statements".

The following discussion is based on the core-earnings presentation used by the Bank Group when presenting its business segments. Note 1 "Segments" included in the notes to the Bank Group's consolidated financial statements as of and for the year ended December 31, 2003, included elsewhere in this Memorandum, shows the reconciliation between the consolidated financial statements and the core-earnings presentation.

Business Environment

Denmark enjoyed high economic growth in the late 1990s, but economic growth has slowed down in recent years. GDP in Denmark grew at a zero rate in 2003, and the Danish economy suffered from the effects of modest European growth and strengthening of the euro during both 2002 and 2003. Private consumption in Denmark has also been sluggish. Despite considerable capital gains in the housing market and increased household spending power, there has been virtually no growth in consumer spending since 1998, largely due to the effects of fiscal measures (the so-called Whitsun Package) passed by the Danish parliament in the early summer of 1998. The measures aimed to cut consumption growth as the Danish economy was overheating. The slowdown in economic growth has prompted an increase in the Danish unemployment rate, which currently stands approximately 1.5 percentage points higher than in the spring of 2002.

Management believes that, despite slow growth and rising unemployment, the Danish economy looks healthy. The unemployment level is still modest, the rate of inflation is low and, despite the decrease in 2003, business investment continues to be at a relatively high level compared to long-term averages. Also, the public sector is running surpluses, leaving room for maneuvering. Since 1987, the Danish trade balance has consistently shown a surplus, and, since 1990, with the single exception of 1998, the current account has also shown a surplus. In 2003, the trade balance surplus was approximately DKK 61 billion, while the current account surplus was approximately DKK 39 billion, or about 3.3% of GDP.

The following table sets forth year-on-year percentage changes for certain key economic indicators for Denmark.

	2003	2002	2001	2000	1999
GDP	0.0	1.0	1.5	2.8	2.6
Private Consumption	1.1	0.6	(0.2)	(0.7)	0.7
Business Investments	(2.9)	4.5	4.9	6.9	1.5
Exports	0.1	4.8	4.3	13.5	12.3
Imports	0.4	7.2	3.5	13.5	5.5

Source: Statistical Yearbook published by Statistics Denmark.

The following table sets forth certain additional economic indicators for the years indicated.

	2003	2002	2001	2000	1999
Inflation, CPI %	2.1	2.4	2.4	2.8	2.5
Unemployment, %	6.1	5.2	5.2	5.4	5.7
General government budget balance, % of GDP	1.2	1.9	2.7	2.4	3.2
Current account, % of GDP	3.3	2.3	3.5	1.6	1.9

Source: Statistical Yearbook published by Statistics Denmark.

The general economic environment in Northern Europe, which constitutes the Bank's principal market area, remained weak during 2001, 2002 and 2003 and, as a result, capital markets activity was low.

In 2002, Danish money market rates fell significantly and remained at a low level in 2003. Long-term interest rates in Denmark remained stable in 2001 and during the first half of 2002, but fell towards the end of 2002 and during 2003.

The following table sets forth the annual averages of 3-month interbank interest rates in Denmark, Sweden and Norway and on average in the euro area for the years indicated.

	2003	2002	2001	2000	1999
Denmark	2.38	3.48	4.62	4.91	3.31
Sweden	3.07	4.11	3.98	3.93	3.18
Norway	3.87	6.70	7.02	6.53	6.27
Euro area	2.27	3.25	4.20	4.33	2.88

Source: Statistical Yearbook published by Statistics Denmark.

The discount rate and the rate of interest on the Bank's current accounts with the Danish Central Bank were 2.00% as of December 31, 2003, compared to 2.75% at the end of 2002, 3.25% at the end of 2001, 4.75% at the end of 2000, and 3.00% at the end of 1999.

Euro

The EMU has been implemented in accordance with the Maastricht Treaty. Pursuant to the terms of the Maastricht Treaty, 11 EU member states were approved in May 1998 to join stage three of EMU from its inception and agreed to lock their exchange rates against each other as from January 1, 1999. Since then, Greece also decided to join the EMU. By July 1, 2002, euro banknotes and coins replaced existing national currencies in the 12 participating EU member states as the physical means of payment.

Denmark has not introduced the euro. Danish participation in the euro was rejected by referendum on September 28, 2000. Despite that, the euro is one of the most important currencies for the Danes since Denmark's trade with the euro area is substantial. The euro area member states account for almost half of Denmark's exports. Foreign tourists visiting Denmark have also led many Danish shops to accept payment in euro. The central element of the Danish Central Bank's monetary policy is Denmark's fixed-exchange-rate policy vis-à-vis the euro.

Although Denmark has opted out of monetary union through the Edinburgh Agreement, the Danish Government has adopted the Maastricht Treaty's convergence criteria for transition to EMU as targets for its fiscal and monetary policies.

Critical Accounting Policies

The financial information in this document has been prepared in accordance with Danish Accounting Principles. In preparing the consolidated financial statements, management makes estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. See the Bank Group's consolidated financial statements included herein for a discussion of Danish Accounting Principles applied by the Bank Group. Also, see the summary of Danica Group's audited consolidated financial statements included herein for a discussion of Danish Accounting Principles applied by the Danica Group.

Implementation of International Financial Reporting Standards (IFRS)

In accordance with regulations adopted by the European Commission in June 2002, adoption of international financial reporting standards ("IFRS") is mandatory for all Danish listed companies from 2005. In compliance with EU regulations, the consolidated financial statements of the Group will be prepared in accordance with IFRS from 2005, including standards and interpretations issued by the international accounting standards board. The Group plans to present its report for the first quarter of 2005 in accordance with the IFRS.

Reporting standards for insurance and financial instruments have not yet been finally approved. The Group continuously works on the implementation from 2005 in other areas, which will be affected by IFRS, including major parts of the reporting on financial instruments.

At the end of March 2004, the International Accounting Standards Board ("IASB") published new reporting standards, including insurance reporting standards, to come into force on January 1, 2005. The IASB's restrictions on valuation of assets at their fair value still need to be determined before the new international standards can be fully implemented.

The Group intends to describe the effect of the implementation of the IFRS on the financial statements of the Group in its annual report for 2004.

Recent Developments

To support the increased focus on customers, the Bank made certain organizational adjustments that took effect on January 1, 2004. The aim of the adjustments was to strengthen the Danske Bank and BG Bank brands by creating two divisions, which are focusing on a different client base. In the adjusted organizational structure, each of the Danske Bank division and the BG Bank division will have its own management, credit department and internal financial reporting.

During the first quarter of 2003, the Group suffered a breakdown in the Group's information technology ("IT") system that halted IT-based services for several days and caused problems for both the Group and the Group's customers, particularly in the fields of payment services and currency and securities trading. Management believes that the reason for the breakdown was identified and eliminated. The IT problems were caused by human error in connection with a routine operation which revealed software errors in the database systems that had not previously been identified. The Group spent a considerable amount on improving operational security, and the management believes that, at the end of 2003, the IT platform of the Group had a high level of security.

Prior to the completion of the merger with RealDanmark in November 2000, the Bank made a number of commitments to the Danish Competition Authority, including a commitment to reduce its shareholding in companies providing the financial infrastructure in Denmark. In 2002, the Bank reduced its ownership shares of the Copenhagen Stock Exchange and the Danish VP Securities Services; and, with the sale during the first half of 2003 of shares in PBS Holding A/S and in PBS International Holding A/S, the Group had fulfilled all its commitments to the Danish Competition Authority.

In April 2004, Moody's upgraded the long-term deposit and senior debt ratings of the Bank to Aa1 from Aa2 and the Bank's financial strength rating to A- from B+. The short-term deposit and debt ratings of the Bank were affirmed at Prime-1. At the same time, Moody's also upgraded the long-term deposit and senior debt ratings of the Bank's Norwegian subsidiary, Fokus Bank, to Aa2 from Aa3 and its financial strength rating to C from C- and affirmed its Prime-1 short-term rating.

Comparison of the three months ended March 31, 2004 and 2003

Review of Core Earnings and Profit and Loss Account

The following table sets forth a summary of core earnings of the Group for the three months ended March 31, 2004 and the same period in 2003.

	For the Three Months Ended March 31,		
	2004(1)	2004	2003
	(USD)	(DKK) (In millions)	(DKK)
Core earnings and net profit for the year			
Net interest income from banking activities, etc	623	3,709	4,026
Fee and commission income, net	262	1,559	1,475
Trading income(2)	144	856	983
Other core income	49	293	247
Core insurance earnings(3)	53	314	269
Total core income	1,130	6,731	7,000
Operating expenses and depreciation	(583)	(3,473)	(3,679)
Core earnings before provisions	547	3,258	3,321
Provisions for bad and doubtful debts	(54)	(321)	(478)
Core earnings	493	2,937	2,843
Earnings from investment portfolios	88	523	229
Profit before tax	581	3,460	3,072
Tax	(171)	(1,020)	(813)
Net profit for the year	410	2,440	2,259

(1) Converted into U.S. dollars at the Danish Central Bank's exchange rate effective on December 31, 2003 of DKK 5.9576 = U.S.$1.00.

(2) Inclusive of net interest income, fee and commission income and securities and foreign exchange income.

(3) Comprises the core insurance earnings of Danica Group.

The Group recorded a net profit after taxation of DKK 2,440 million for the three months ended March 31, 2004, compared to a net profit of DKK 2,259 million for the same period in 2003.

The Bank Group's core income decreased by DKK 269 million, or 4%, to DKK 6,731 million for the three months ended March 31, 2004 from DKK 7,000 million for the same period in 2003. However, the Bank Group's operating expenses and depreciation decreased by DKK 206 million, or 5.6%, to DKK 3,473 million for the three months ended March 31, 2004 from DKK 3,679 million for the same period in 2003, resulting in an improvement of the cost/core income ratio in percent from 52.6 for the three months ended March 31, 2003 to 51.6 for the same period in 2004. Core income excludes earnings from investment portfolios.

The Group reported core insurance earnings of DKK 314 million in the three months ended March 31, 2004, compared to DKK 269 million in the same period in 2003, primarily due to increased business volume. Core earnings exclude earnings from investment portfolios.

Banking Activities recorded core earnings before provisions of DKK 2,095 million in the three months ended March 31, 2004, compared to DKK 2,142 million in the same period in 2003, primarily due to decreased core earnings before provisions for Banking Activities, Norway, which was caused by the sharp decrease in the Norwegian money market rates and the depreciation of Norwegian Kroner. The impact of this was partly offset by the increased core earnings before provisions of the BG Bank division.

Mortgage Finance recorded core earnings before provisions of DKK 537 million in the three months ended March 31, 2004, compared to DKK 619 million in the same period in 2003, primarily due to lower refinancing activity in the mortgage finance market, compared to the extraordinarily high refinancing activity during the three months ended March 31, 2003.

Danske Markets recorded core earnings before provisions of DKK 308 million in the three months ended March 31, 2004, compared to DKK 351 million in the same period in 2003, primarily due to the increased operating expenses resulting from higher transaction-based expenses and provisions for performance-based compensation.

Danske Capital recorded core earnings before provisions of DKK 104 million in the three months ended March 31, 2004, compared to DKK 71 million in the same period in 2003, primarily due to higher core income resulting from an increase in assets under management, combined with the increased relative core income from the assets under management caused by the increase in the average proportion of equities under management from 15% in the three months ended March 31, 2003 to 18% in the same period in 2004.

Although the Bank Group's total core income decreased slightly from DKK 7,000 million in the three months ended March 31, 2003 to DKK 6,731 million in the same period in 2004, the Bank Group's core earnings increased by DKK 94 million, or 3%, from DKK 2,843 million in the three months ended March 31, 2003 to DKK 2,937 million in the same period in 2004, primarily as a result of reduced operating expenses and reduced provisions for bad and doubtful debts.

Core earnings as a percentage of average shareholders' equity increased from 18.4% in the three months ended March 31, 2003 to 19.2% in the same period in 2004.

The Group's core insurance earnings, which comprises the core insurance earnings of Danica Group, was DKK 314 million in the three months ended March 31, 2004, compared to DKK 269 million in the same period in 2003. Total gross premium income in the three months ended March 31, 2004 was DKK 3.5 billion, compared to DKK 3.5 billion in the same period in 2003.

Net Interest and Fee Income

In the three months ended March 31, 2004, the Bank Group's net interest income from banking activities totaled DKK 3,709 million, a decrease of DKK 317 million, or 8%, compared to net interest income from banking activities of DKK 4,026 million in the same period in 2003, mainly due to the effect of the decline in the Scandinavian money market rates, partly offset by the increasing volume of operations in the banking and the mortgage finance areas. Moreover, the depreciation of the Norwegian Kroner had an adverse effect on the Bank Group's net interest income.

The Bank Group's fee and commission income amounted to DKK 1,559 million in the three months ended March 31, 2004, an increase of DKK 84 million, or 6%, over fee and commission income of DKK 1,475 million in the same period in 2003, due to the growing interest among customers in securities trading and increased lending.

The Bank Group's trading income decreased by 13% in the three months ended March 31, 2004, compared to the same period in 2003. The decrease was primarily due to a negative effect of the currency hedging of earnings from the Bank Group's non-Danish units.

Other Core Income

In the three months ended March 31, 2004, the Group had other core income of DKK 293 million, an increase of DKK 46 million, or 19%, over other core income of DKK 247 million in the same period in 2003, due to non-recurring income from sales of real property.

Operating Expenses and Depreciation

The Bank Group's operating expenses plus depreciation of tangible assets were DKK 3,473 million in the three months ended March 31, 2004, representing a decrease of DKK 206 million, or 6%, from operating expenses plus depreciation of tangible assets of DKK 3,679 million in the same period in 2003, primarily as a result of the staff reductions completed in the Bank in 2003 and decreased severance expenses.

Cost/Core Income Ratio

The Bank Group's cost/core income ratio in percent was 51.6 for the three months ended March 31, 2004, compared to 52.6 for the same period in 2003.

Net Loan Loss Provisions

In the three months ended March 31, 2004, the Bank Group recorded provisions for bad and doubtful debts of DKK 321 million, representing a decrease of DKK 157 million, or 33%, from provisions for bad and doubtful debts of DKK 478 million in the same period in 2003. In the three months ended March 31, 2004, bad and doubtful debts represented 0.11% per annum of total loans and guarantees, compared to 0.18% per annum in the same period in 2003.

Earnings from Investment Portfolios

The Group's total earnings from investment portfolios amounted to DKK 523 million in the three months ended March 31, 2004, compared to DKK 229 million in the same period in 2003. Earnings from investment portfolios generated by the banking business amounted to DKK 450 million in the three months ended March 31, 2004, compared to DKK 370 million in the same period in 2003.

Fixed-income and currency positions generated earnings of DKK 212 million in the three months ended March 31, 2004, a decrease of DKK 136 million compared to DKK 348 million in the same period in 2003. This decrease was attributable primarily to the slightly lower interest rate risk in 2004. Equities generated a total gain of DKK 298 million in the three months ended March 31, 2004, compared to a total gain of DKK 63 million in the same period in 2003. Listed shares generated a gain of DKK 252 million in the three months ended March 31, 2004, compared to a gain of DKK 55 million in the same period in 2003. Investment portfolios in the banking business generated earnings of DKK 450 million in the three months ended March 31, 2004, compared to DKK 370 million in the same period in 2003. Danica Pension recorded a profit of DKK 73 million on its investment portfolios in the three months ended March 31, 2004, compared to a loss of DKK 141 million in the same period in 2003, due to the postponement by the Group of the booking of its life insurance risk allowance in the three months ended March 31, 2003 resulting in a reduction of earnings from investment portfolios by the same amount.

Tax Charge

In the three months ended March 31, 2004, the Group's tax charge amounted to DKK 1,020 million, compared to DKK 813 million in the same period in 2003. For the first quarter of 2003, the effective tax rate was low due to adjustments to taxes for prior years.

Review of Balance Sheet

As of March 31, 2004, the Bank Group's total assets amounted to DKK 1,842 billion, which represented an increase of DKK 78 billion, or 4%, over total assets of DKK 1,764 billion as of March 31, 2003. Total assets of Danica Group as of March 31, 2004 were DKK 195 billion, compared to DKK 181 billion as of March 31, 2003.

Deposits

As of March 31, 2004, the Bank Group's deposits amounted to DKK 448 billion, which represented an increase of DKK 19 billion, or 4%, over the Bank Group's deposits of DKK 429 billion as of March 31, 2003, primarily due to an increase of DKK 12 billion in deposits made by large institutional clients and an increase of DKK 7 billion in deposits made by retail customers.

Loans, Advances and Guarantees

As of March 31, 2004, the Bank Group's loans and advances amounted to DKK 410 billion, which represented an increase of DKK 20 billion, or 5%, over the Bank Group's loans and advances of DKK 390 billion as of March 31, 2003. As of March 31, 2004, the Bank Group's repo loans amounted to DKK 144 billion, which represented an increase of DKK 64 billion over the Bank Group's repo loan portfolio of DKK 80 billion as of March 31, 2003, due to the increase in the business volume with selected global financial institutions and higher customer activity in the fixed-income market. As of March 31, 2004, lending by the Bank Group's mortgage finance business area amounted to DKK 503 billion, compared to DKK 478 billion as of March 31, 2003. As of March 31, 2004, the Bank Group's guarantees amounted to DKK 92,401 million, which represented an increase of DKK 13,675 million, or 17%, over the Bank Group's guarantees of DKK 78,726 million as of March 31, 2003.

Securities Portfolio

As of March 31, 2004, the value of the Bank Group's holdings of bonds and shares amounted to DKK 429 billion, which represented a decrease of DKK 9 billion, or 2%, over holdings of bonds and shares of DKK 438 billion as of March 31, 2003.

Holdings in Associated and Subsidiary Undertakings

As of March 31, 2004, the Group's holdings in associated and subsidiary undertakings, including Danica, amounted to DKK 15,071 million, compared to DKK 13,380 million as of March 31, 2003.

Shareholders' Equity and Subordinated Capital

The shareholders' equity of the Bank Group decreased from DKK 62,521 million as of March 31, 2003 to DKK 61,995 million as of March 31, 2004. Subordinated debt increased from DKK 30,466 million as of March 31, 2003 to DKK 33,482 million as of March 31, 2004.

Solvency Ratio

The Bank Group's solvency ratio amounted to 10.3% as of March 31, 2004, compared to 10.1% as of March 31, 2003. The Bank Group's core (Tier I) capital ratio amounted to 7.1% as of March 31, 2004, compared to 7.4% as of March 31, 2003.

The following table sets forth the Bank Group's capital base and capital adequacy ratios as of the dates indicated.

	As of March 31,		
	2004(1)	2004	2003
	(USD)	(DKK)	(DKK)
	(In millions, except percentages)		
Capital base			
Core capital(2)	9,628	57,362	58,468
Eligible subordinated debt and revaluation reserve	5,480	32,648	28,908
Statutory deduction for insurance subsidiaries	(1,190)	(7,090)	(6,725)
Other statutory deductions	(60)	(359)	(374)
Total capital base(2)	13,858	82,561	80,277
Supplementary capital(2)	4,230	25,199	21,809
Weighted items			
Not included in the trading portfolio	121,040	721,107	706,226
Included in the trading portfolio	13,818	82,325	85,177
Total weighted items	134,858	803,432	791,403
Core (Tier I) capital ratio, %	7.14	7.14	7.40
Solvency ratio, %	10.28	10.28	10.10

(1) Converted into U.S. dollars at the Danish Central Bank's exchange rate effective on December 31, 2003 of DKK 5,9576 = U.S.$1.00.

(2) Less statutory deductions.

Off-Balance-Sheet Commitments

Guarantees recorded under off-balance-sheet items, including financial guarantees, other guarantees, acceptances and endorsements, as measured on the basis of notional amounts, amounted to DKK 92,401 million as of March 31, 2004, compared to DKK 78,726 million as of March 31, 2003.

Comparison of Years ended December 31, 2003, 2002 and 2001

Review of Core Earnings and Profit and Loss Account

The following table sets forth a summary of core earnings of the Group for the years ended December 31, 2003, 2002 and 2001.

	For the Year Ended December 31,			
	2003(1) (USD)	2003 (DKK)	2002 (DKK)	2001 (DKK)
	(In millions)			
Core earnings and net profit for the year				
Net interest income from banking activities, etc.	2,621	15,617	15,859	16,754
Fee and commission income, net	1,001	5,964	5,842	5,926
Trading income(2)	543	3,237	2,968	3,411
Other core income	190	1,127	1,278	1,171
Core insurance earnings(3)	169	1,004	1,118	1,045
Total core income	4,524	26,949	27,065	28,307
Operating expenses and depreciation	(2,488)	(14,820)	(15,489)	(16,275)
Core earnings before provisions	2,036	12,129	11,576	12,032
Provisions for bad and doubtful debts	(279)	(1,662)	(1,420)	(1,752)
Core earnings	1,757	10,467	10,156	10,280
Profit on sale of subsidiaries	—	—	—	240
Earnings from investment portfolios	431	2,569	1,008	870
Profit before tax	2,188	13,036	11,164	11,390
Tax	(629)	(3,750)	(2,922)	(2,677)
Net profit for the year	1,559	9,286	8,242	8,713

(1) Converted into U.S. dollars at the Danish Central Bank's exchange rate effective on December 31, 2003 of DKK 5.9576 = U.S.$1.00.

(2) Inclusive of net interest income, fee and commission income and securities and foreign exchange income.

(3) Comprises the core insurance earnings of Danica Group.

The Group recorded a net profit after taxation of DKK 9,286 million for 2003, compared to a net profit of DKK 8,242 million for 2002, and a net profit of DKK 8,713 million for 2001.

The increase in the Bank Group's net profit in 2003 over the net profit in 2002 resulted primarily from the increased trading income and the increased earnings from investment portfolios, which increased from DKK 1,008 million in 2002 to DKK 2,569 million in 2003, an increase of DKK 1,561 million. Although the Bank Group's core income in 2003 remained largely at the 2002 level, operating expenses and depreciation decreased by DKK 669 million, or 4%, from DKK 15,489 million in 2002 to DKK 14,820 million in 2003 which resulted in the improvement of the cost/core income ratio from 57.2% in 2002 to 55.0% in 2003. Core income excludes earnings from investment portfolios.

The Group reported core insurance earnings of DKK 1,004 million in 2003, compared to DKK 1,118 million in 2002, primarily due to lower return on allocated capital and increase in provisions for run-off business in 2003 compared to 2002. Core earnings exclude earnings from investment portfolios.

Banking Activities recorded core earnings before provisions of DKK 8,065 million in 2003, compared to DKK 8,155 million in 2002. Core earnings before provisions remained largely unchanged in 2003 compared to the level recorded in 2002, reflecting a decrease in core income of 4% and a reduction of costs of 6% in 2003. In Denmark, the decline in core income in 2003 was due to a fall in net interest income caused by the decrease in short-term money market rates during 2003. This resulted in a fall in the return on allocated capital and also reduced earnings on the deposit surplus. The decrease in costs in 2003 was attributable mainly to the decrease in IT expenses and lower headcount.

Mortgage Finance recorded core earnings before provisions of DKK 2,133 million in 2003, compared to DKK 2,195 million in 2002, primarily due to the combined effect of an increase in net interest income and fee income as a result of the expanded loan portfolio and strong refinancing activity in the first half of 2003 and a decrease in the interest rates in 2003, which put downward pressure on the return on allocated capital and liquid funds. Also in 2003, the investment of liquid funds by Mortgage Finance in short-term high-yield bonds at a price above par resulted in a negative market value adjustment, which reduced other core income of Mortgage Finance. The increase in costs in 2003 was attributable primarily to an increase in IT expenses.

Danske Markets recorded core earnings before provisions of DKK 1,172 million in 2003, compared to DKK 354 million in 2002, as a result of the increase in 2003 in core earnings of all business units of Danske Markets. In 2003, Danske Markets' corporate finance activities and the trading volume in the Nordic equity markets increased, and its business with large corporate customers within the fields of lending and advice on payment services developed favorably. In addition, in 2003, the Group's exposure to changes in interest rates, together with higher customer trading activity, had a positive impact on Danske Markets' overall result. Earnings from currency transactions benefited from the fairly large fluctuations in major currencies. Expenses in 2002 reflected costs of DKK 350 million incurred in the restructuring of the Group's investment banking activities.

Danske Capital recorded core earnings before provisions of DKK 283 million in 2003, compared to DKK 360 million in 2002, primarily due to low activity in the global capital markets in 2003. Core income of Danske Capital decreased in 2003, primarily as a result of a drop in the average proportion of equities under management from 27% in 2002 to 18% in 2003.

The decrease in the Bank Group's net profit in 2002 from net profit in 2001 was primarily due to a decrease in core income, a decrease in net interest income from banking activities, and decreases in fee and commission income and trading income. The Group's core insurance earnings amounted to DKK 1,118 million in 2002, which represented an increase of DKK 73 million over earnings from insurance operations of DKK 1,045 million in 2001.

Although the Bank Group's total core income decreased slightly from DKK 27,065 million in 2002 to DKK 26,949 million in 2003, the Bank Group's core earnings increased by DKK 311 million, or 3%, from DKK 10,156 million in 2002 to DKK 10,467 million in 2003, primarily as a result of reduced operating expenses together with increased earnings from the activities of Danske Markets and the Group's banking activities in Sweden. In 2003, the Bank Group's net interest income and other core income decreased compared to 2002, which was partly offset by the increase in the Bank Group's income from fees and commissions and trading activities.

Core earnings in 2002 decreased by 1.2% from core earnings of DKK 10,280 million in 2001, primarily as a result of the decrease in total core income of the Bank Group from DKK 28,307 million in 2001 to DKK 27,065 million in 2002, which was a result of a decrease in the core income of banking activities in Denmark due to lower short-term money market rates. This was partly offset by the increase in the core income of banking activities outside of Denmark. In addition, the Bank Group's income from fees and commissions and trading activities decreased, due to the low level of capital markets activity in 2002 compared to the high level of activity in 2001.

Core earnings as a percentage of average shareholders' equity decreased from 18.9% for 2001 to 17.2% for 2002 and 17.1% for 2003.

The Group's core insurance earnings, which comprises the core insurance earnings of Danica Group, was DKK 1,004 million in 2003, compared to DKK 1,118 million in 2002, and DKK 1,045 million in 2001. The decrease in core insurance earnings in 2003 from core insurance earnings in 2002 was primarily due to the decrease in the net interest income on allocated assets and the increase in provisions for run-off business (loss-of-earnings-capacity insurance). The increase in core insurance earnings in 2002 over core insurance earnings in 2001 was primarily due to increased business volume in 2002 compared to 2001. Total gross premium income in 2003 was DKK 14,790 million, compared to DKK 13,065 million in 2002, and DKK 11,182 million in 2001.

Net Interest and Fee Income

In 2003, the Bank Group's net interest income totaled DKK 15,617 million, a decrease of DKK 242 million, or 2%, from net interest income of DKK 15,859 million in 2002, which was a decrease of DKK 895 million, or 5%, compared to net interest income of DKK 16,754 million in 2001. The decrease in net interest income in 2003 from net interest income in 2002 was mainly due to the effect of the decline in money market rates, partly offset by the increasing volume of operations in Norway and Sweden and in the mortgage finance area in Denmark. The decrease in net interest income in 2002 compared to 2001 was mainly due to the significant decline in Danish money market rates and the continued adverse effect of the modest activity in the Bank Group's principal markets.

Deposits totaled DKK 484 billion at the end of 2003, compared to DKK 428 billion at the end of 2002 and DKK 400 billion at the end of 2001. The increase in 2003 compared to 2002, excluding repo transactions, totaled DKK 25 billion and was evenly distributed between Danish and non-Danish units and across various customer segments. However, the money market rates continued to decline in 2003, and the effect of lower margins was not entirely offset by the higher volumes in 2003 compared to 2002. The volume of loans and advances to retail customers in 2003 compared to 2002 was affected by homeowners' tendency to take out home equity mortgage loans at a low rate of interest to repay consumer loans and credits.

The Bank Group's net fee and commission income amounted to DKK 5,964 million in 2003, an increase of DKK 122 million, or 2%, over net fee and commission income of DKK 5,842 million in 2002, which was 1% lower than net fee and commission income of DKK 5,926 million in 2001. The increase in fee and commission income in 2003 over 2002 was largely due to increases in refinancing fees and guarantee commissions. The decrease in fee and commission income in 2002 from 2001 was due to the low turnover in the capital markets.

Market Value Adjustments and Market Risk Exposure

In accordance with Danish Accounting Principles, the value of securities in the Bank Group's portfolio is accounted for on a "mark-to-market" basis and is consequently adjusted upward or downward in response to market fluctuations, with the amount of such adjustment included in the profit and loss account as a value adjustment.

The Group continuously monitors the hedging of the interest rate risk on the Group's portfolio of fixed-rate assets and its fixed-rate liabilities. Derivatives are used separately for each currency as hedges to eliminate part or all of the interest rate risk on the assets and liabilities. Under Danish Accounting Principles, as applicable to banks and savings banks, the Bank Group's loans and advances must be valued at cost or lower. The value adjustments calculated are included in the profit and loss account under "Securities and foreign exchange income" and specified in the notes.

The value adjustments of securities (current investments) and of own shares, excluding share buy-back programs, are included in the profit and loss account under "Securities and foreign exchange income".

The following table sets forth the securities and foreign exchange income of the Group, excluding gains attributable to pooled pension fund deposits, for the years ended December 31, 2003, 2002 and 2001.

	For the Year Ended December 31,			
	2003(1)	2003	2002	2001
	(USD)	(DKK)	(DKK)	(DKK)
		(In millions)		
Securities and foreign exchange income (expense) after adjustment for pooled schemes				
Bonds	(384)	(2,290)	2,072	556
Shares	99	591	(285)	(565)
Fixed-rate loans and advances	(42)	(249)	157	278
Foreign exchange	125	746	611	880
Derivatives	82	489	(1,880)	414
Total	(120)	(713)	675	1,563

(1) Converted into U.S. dollars at the Danish Central Bank's exchange rate effective on December 31, 2003 of DKK 5.9576 = U.S.$1.00.

The majority of the Bank Group's portfolio of bank loans and advances is not sensitive to changes in interest rates since the interest rates charged by the Bank Group on such loans and advances can typically be adjusted (within a few week's notice to the borrower) in response to changes in market interest rates and the Bank Group's cost of funds.

Realkredit Danmark's mortgage loans are funded in compliance with the balance principle that is embedded in all of Realkredit Danmark's lending and funding products. See "Business of the Group — Mortgage Finance". Differences in the number of payments per annum may lead to imbalances in payments on lending and funding. However, Realkredit Danmark's products are designed so that payments from the borrowers always fall due prior to payments to the bondholders. Consequently, the imbalances result in a liquidity surplus and are, thus, in compliance with the balance principle.

Realkredit Danmark employs a pure pass-through principle when funding callable and index-linked loans. The pure pass-through principle means that, for example, 30-year annuity loans are funded by the issue of bonds in a 30-year annuity bond series. By employing the pass-through principle, all prepayment risk is passed onto investors.

The Bank Group's portfolio of quoted Danish Kroner bonds, on the other hand, primarily carries a fixed rate of interest and, therefore, its value fluctuates with changes in the general level of interest rates as noted above. The Bank Group's total interest rate sensitivity as measured in accordance with the guidelines laid down by the DFSA was DKK 1,509 million in 2003, or 2.6% of the Group's core capital less statutory deductions. Interest rate sensitivity represents the interest rate risk on short-term and long-term fixed-rate Danish Kroner and foreign currency assets and liabilities, including mortgages and derivatives. In 2003, the Bank Group's interest rate sensitivity was DKK 582 million higher compared to the interest rate sensitivity of DKK 927 million, or 1.6% of the Group's core capital less statutory deductions in 2002. In 2001, the total interest sensitivity was DKK 1,836 million, or 3.3% of the Group's core capital less statutory deductions.

The Bank Group has a modest exposure to exchange rate risk compared to the size of its shareholders' equity. At the end of 2003, this risk, as calculated in accordance with the DFSA's standard method of calculation (exchange rate indicator 2), amounted to DKK 73.89 million, or 0.13% of the Bank Group's adjusted core capital. At the end of 2002, the risk was calculated to be DKK 49.23 million, or 0.08% of adjusted core capital. At the end of 2001, the risk was calculated to be DKK 42.27 million, or 0.08% of adjusted core capital.

Other Operating Income

In 2003, the Group had other operating income of DKK 1,237 million, an increase of DKK 7 million, or 0.6%, over other operating income of DKK 1,230 million in 2002, which was DKK 30 million, or 2%, lower than other operating income of DKK 1,260 million in 2001. The Group's other operating income is mostly derived from net operating income from property.

Staff Costs and Administrative Expenses

In 2003, the Bank Group had staff costs and administrative expenses of DKK 14,451 million, a decrease of DKK 558 million, or 4%, from staff costs and administrative expenses of DKK 15,009 million in 2002, which was DKK 494 million, or 3%, lower than the staff costs and administrative expenses of DKK 15,503 million in 2001. The decreases in staff costs and administrative expenses were primarily due to the gradually decreased number of employees in the Bank Group.

The following table sets forth the various components of staff costs and administrative expenses of the Bank Group, for the years ended December 31, 2003, 2002 and 2001.

	For the Year Ended December 31,			
	2003(1)	2003	2002	2001
	(USD)	(DKK)	(DKK)	(DKK)
		(In millions)		
Staff costs	1,556	9,273	9,313	9,124
Other administration expenses, net(2)	869	5,178	5,696	6,379
Total staff costs and administrative expenses	2,426	14,451	15,009	15,503

(1) Converted into U.S. dollars at the Danish Central Bank's exchange rate effective on December 31, 2003 of DKK 5.9576 = U.S.$1.00.

(2) Net of administration expenses from the non-consolidated subsidiaries.

Operating Expenses and Depreciation

The Bank Group's operating expenses plus depreciation of tangible assets were DKK 14,820 million in 2003, representing a decrease of DKK 669 million, or 4%, from operating expenses plus depreciation of tangible assets of DKK 15,489 million in 2002 and a decrease of DKK 786 million, or 5%, from operating expenses plus depreciation of tangible assets of DKK 16,275 million in 2001.

On December 31, 2003, the Bank Group had 16,114 full-time employees, which represented a decrease of 855 from 16,969 full-time employees at year-end 2002, which was 595 less than the 17,564 employed at year-end 2001. Danica Group had 821 full-time employees at year-end 2003, compared to 848 at year-end 2002, and 957 at year-end 2001.

Cost/Core Income Ratio

The Bank Group's cost/core income ratio in percent was 55 for 2003, 57 for 2002 and 58 for 2001. The cost/core income ratio is the sum of operating expenses and depreciation of tangible assets divided by the sum of net interest and fee income, maturity-related market value adjustments, foreign exchange income, earnings from insurance operations and other operating income.

Net Loan Loss Provisions

In 2003, the Bank Group recorded provisions for bad and doubtful debts of DKK 1,662 million, representing an increase of DKK 242 million, or 17%, over provisions for bad and doubtful debts of DKK 1,420 million in 2002, which was a decrease of DKK 332 million, or 19%, from provisions for bad and doubtful debts of DKK 1,752 million in 2001. In 2003, bad and doubtful debts represented 0.15% of total loans and guarantees and thus remained lower than the Bank Group's expected average loss over a business cycle.

The Bank Group's credit risk has been reduced in recent years as a result of a relative increase in mortgage loans, which carry a low risk. During the same period, exposures to selected global financial institutions with a high credit rating have increased. In addition, the Bank Group has increased the use of collateral management and netting agreements. Consequently, the average annual loss the Bank Group expects to suffer over a business cycle has been reduced from 0.23% of total loans, advances and guarantees as of December 31, 2002 to 0.19% of total loans, advances and guarantees as of December 31, 2003.

As of December 31, 2003, accumulated provisions (against losses on lendings, credit institutions and guarantees) amounted to DKK 12,690 million, compared to accumulated provisions of DKK 13,166 million as of December 31, 2002 and DKK 14,082 million as of December 31, 2001.

As of December 31, 2003, the Bank Group's non-accrual loans (i.e., loans on which interest accrual has been suspended because interest is deemed unrecoverable or because the debtors have suspended payments or gone bankrupt) amounted to DKK 3,985 million, which represented a decrease of DKK 131 million, or 3%, from non-accrual loans of DKK 4,116 million as of December 31, 2002, which was 18% higher than non-accrual loans of DKK 3,484 million as of December 31, 2001. The decrease in the Bank Group's non-accrual loans in 2003 compared to 2002 was primarily due to the increased use of collateral management and netting agreements.

Earnings from Investment Portfolios

The following table sets forth the Group's income from investment portfolios for the years ended December 31, 2003, 2002 and 2001.

	For the Year Ended December 31,			
	2003(1)	2003	2002	2001
	(USD)	(DKK)	(DKK) (In millions)	(DKK)
Fixed-income positions	130	775	1,389	1,317
Shares				
Unlisted	74	443	769	87
Listed	61	364	(426)	(434)
Currency	9	55	73	24
Hedging of interest rate risk, Danica Pension	0	0	157	—
Expenses	(24)	(144)	(145)	(124)
Earnings from investment portfolios, banking business	251	1,493	1,817	870
Share of return on investments, Danica Pension	20	122	41	—
Risk allowance, Danica Pension	160	954	(850)	—
Earnings from investment portfolios, Danica Pension	181	1,076	(809)	—
Total earnings from investment portfolios	431	2,569	1,008	870

(1) Converted into U.S. dollars at the Danish Central Bank's exchange rate effective on December 31, 2003 of DKK 5.9576 = U.S.$1.00.

The Group's total earnings from investment portfolios amounted to DKK 2,569 million in 2003, compared to DKK 1,008 million in 2002 and DKK 870 million in 2001. Earnings from investment portfolios generated by the banking business amounted to DKK 1,493 million in 2003, compared to DKK 1,817 million in 2002 and DKK 870 million in 2001.

Fixed-income positions generated earnings of DKK 775 million in 2003, a decrease of DKK 614 million from DKK 1,389 million in 2002. This decrease was attributable primarily to the general increase in yields in 2003 in contrast to the significant decline in yields in 2002. In 2003, the lower interest rate risk also affected earnings. In 2001, fixed-income positions generated earnings of DKK 1,317 million. Equities generated a total gain of DKK 807 million in 2003, compared to a total gain of DKK 343 million in 2002 and a total loss of

DKK 347 million in 2001. Unlisted shares generated a gain of DKK 443 million in 2003, compared to a gain of DKK 769 million in 2002 and a gain of DKK 87 million in 2001. The gain in 2003 included a DKK 264 million gain from the sale of shares in PBS Holding A/S. Listed shares generated a gain of DKK 364 million in 2003, compared to a loss of DKK 426 million in 2002 and a loss of DKK 434 million in 2001. Currency positions generated a gain of DKK 55 million in 2003, compared to a gain of DKK 73 million in 2002 and a gain of DKK 24 million in 2001. Earnings from investment portfolios in the insurance business were DKK 1,076 million in 2003, compared to a loss of DKK 809 million in 2002. The positive earnings in 2003 were primarily due to the risk allowances from previous years totaling DKK 954 million and booked by the Group in 2003.

Tax Charge

In 2003, the Group's tax charge amounted to DKK 3,750 million, of which deferred taxes accounted for DKK 245 million, and related primarily to the Group's foreign units. In 2002, tax charges amounted to DKK 2,922 million, of which deferred taxes accounted for DKK 508 million. In 2001, the Group's tax charge amounted to DKK 2,677 million, of which deferred taxes accounted for DKK 629 million. The effective tax rate of the Group has been 28.8%, 26.2% and 23.5% during the years 2003, 2002 and 2001, respectively. The increases in the effective tax rate were primarily due to the lower amount of deductions made by the Group in 2003 compared to 2002 and in 2002 compared to 2001.

Review of Balance Sheet

As of December 31, 2003, the Bank Group's total assets amounted to DKK 1,826,134 million, which represented an increase of DKK 74,581 million, or 4%, over total assets of DKK 1,751,553 million as of December 31, 2002, compared to total assets of DKK 1,538,582 million as of December 31, 2001. Total assets of Danica Group at year-end 2003 were DKK 188 billion, compared to DKK 177 billion at year-end 2002 and DKK 172 billion at year-end 2001.

Deposits

As of December 31, 2003, Bank Group deposits amounted to DKK 483,884 million, which represented an increase of DKK 55,944 million, or 13%, over Group deposits of DKK 427,940 million as of December 31, 2002, which was DKK 27,449 million, or 7%, higher than Bank Group deposits of DKK 400,491 million as of December 31, 2001. The increase in the Bank Group deposits in 2003 from 2002 was primarily due to an increase of DKK 31,518 million in repo transactions in 2003 compared to 2002. The remaining increase in 2003 was evenly distributed between Danish and foreign units and across various customer segments.

Mortgage Bonds Issued

Bonds issued to cover mortgage finance loans amounted to DKK 603,120 million at year-end 2003, compared to DKK 567,912 million at year-end 2002 and DKK 536,352 million at year-end 2001. The increases were primarily due the continued increase in demand for mortgage loans.

Loans, Advances and Guarantees

As of December 31, 2003, the Bank Group's loans and advances amounted to DKK 1,020,618 million, which represented an increase of DKK 72,272 million, or 8%, over the Bank Group's loans and advances of DKK 948,346 million as of December 31, 2002, which was 2.6% higher than loans and advances of DKK 924,021 million as of December 31, 2001.

Loans and advances extended by the Bank Group (excluding mortgage finance loans) increased to DKK 523 billion in 2003, compared to DKK 479 billion in 2002 and DKK 476 billion in 2001. The increase in 2003 compared to 2002 included a DKK 49 billion increase in repo transactions, primarily with foreign financial institutions, and a net decrease in domestic loans and advances of DKK 4 billion, as a result of a DKK 10 billion increase in loans and advances to retail customers and a DKK 14 billion decrease in loans and advances to corporate customers. Modest business investment in 2003 had an adverse effect on short-term lending in particular. Foreign loans and advances fell in 2003 by a net amount of DKK 1 billion, due to the effect of a DKK 8 billion increase in the other Nordic countries and a DKK 9 billion decrease in non-Nordic countries. Adjusted for the trend in exchange rates, foreign loans and advances rose in 2003 by DKK 10 billion. Loans and advances extended by the Bank Group to the credit, finance and insurance sector amounted to DKK 201 billion as of December 31, 2003, as compared to DKK 162 billion as of December 31, 2002. The increase was primarily due to the increased use of repo transactions.

According to the Danish Central Bank's statistics, the Bank's market share of lending to retail customers increased during 2003 as a result of growing market shares in the second half of 2003.

In 2003, lending by the Bank Group's mortgage finance business area amounted to DKK 498 billion, compared to DKK 469 billion in 2002 and DKK 448 billion in 2001.

As of December 31, 2003, the Bank Group's guarantees amounted to DKK 308,418 million, which represented an increase of DKK 19,929 million, or 7%, from the Bank Group's guarantees of DKK 288,489 million as of December 31, 2002.

Borrowings

As of December 31, 2003, 2002 and 2001, the principal amounts of bonds outstanding were DKK 798.9 billion, DKK 731.0 billion and DKK 705.2 billion, respectively. As of the same dates, the Bank Group had fixed and floating rate term subordinated debentures of DKK 33.5 billion, DKK 31.2 billion and DKK 31.8 billion, respectively. Of the Bank Group's total term subordinated debentures, 0.2%, 0.6% and 2.14% were denominated in Danish Kroner as of December 31, 2003, 2002 and 2001, respectively.

Outstanding bonds in foreign currencies as of December 31, 2003, 2002 and 2001 had principal balances of DKK 240.6 billion, DKK 205.4 billion and DKK 194.5 billion, respectively. As of December 31, 2003, 2002 and 2001, the Bank Group had fixed rate term subordinated debentures in foreign currencies of DKK 26.0 billion, DKK 21.0 billion and DKK 16.5 billion, respectively.

Securities Portfolio

As of December 31, 2003, the value of the Bank Group's holdings of bonds and shares amounted to DKK 493,463 million, which represented an increase of DKK 61,211 million, or 14%, over holdings of bonds and shares of DKK 432,252 million as of December 31, 2002, which was 22% higher than holdings of bonds and securities of DKK 355,435 million as of December 31, 2001. The increase in 2003 compared to 2002 was due to the increase in holdings of own mortgage bonds issued in December 2003 to refinance mortgage loans at the beginning of 2004. The increase in 2002 compared to 2001 was due to the increase in holdings of own mortgage bonds issued in December 2002 to refinance mortgage loans at the beginning of 2003.

Holdings in Associated and Subsidiary Undertakings

As of December 31, 2003, the Group's holdings in associated and subsidiary undertakings, including Danica, amounted to DKK 14,730 million, compared to DKK 13,277 million as of December 31, 2002, and DKK 11,065 million as of December 31, 2001.

Shareholders' Equity and Subordinated Capital

The shareholders' equity of the Bank Group increased from DKK 57,091 million at year-end 2001 to DKK 60,319 million at year-end 2002 and to DKK 60,451 million at year-end 2003.

Subordinated debt increased from DKK 31,765 million at year-end 2001 to DKK 31,210 million at year-end 2002 and to DKK 33,549 million at year-end 2003. In 2003, the Bank raised new supplementary capital by issuing bonds of EUR 500 million, GBP 350 million and NOK 500 million. The bonds were issued as part of the refinancing of the Bank's supplementary capital. In 2002, the Bank issued bonds of EUR 400 million and EUR 500 million, also as supplementary capital. The Bank also raised new subordinated debt in 2001 in the form of supplementary capital by issuing bonds of EUR 500 million and EUR 200 million, and bond of GBP 150 million, which in 2003 was converted into bond of NOK 1,770 million.

Solvency Ratio

The Bank Group's solvency ratio, which is required, pursuant to the Danish Financial Business Act, to be no less than 8%, amounted to 10.96% at year-end 2003, as compared to 10.50% at year-end 2002 and 10.33% at year-end 2001. In accordance with Danish banking regulations, the Group's insurance subsidiaries are not consolidated in the Bank Group's financial statements. Therefore, the solvency margin of the non-consolidated insurance companies is deducted from the Bank Group's capital base for the purpose of calculating the solvency ratio. This reduced the Bank Group's solvency ratio at year-end 2003 by 0.8 percentage points.

The Bank Group's core (Tier I) capital ratio amounted to 7.65% at year-end 2003, 7.58% at year-end 2002 and 7.26% at year-end 2001.

The following table sets forth the Bank Group's capital base and capital adequacy ratios as of the dates indicated.

	As of December 31,			
	2003(1)	2003	2002	2001
	(USD)	(DKK)	(DKK)	(DKK)
	(In millions, except percentages)			
Capital base, after proposed distribution of earnings				
Core capital(2)	9,853	58,699	58,654	55,177
Eligible subordinated debt and revaluation reserve	5,471	32,596	29,590	29,835
Statutory deduction for insurance subsidiaries	(1,161)	(6,916)	(6,560)	(6,208)
Other statutory deductions	(55)	(329)	(384)	(345)
Total capital base(2)	14,108	84,050	81,300	78,459
Supplementary capital(2)	4,255	25,351	22,646	23,282
Weighted items				
Not included in the trading portfolio	117,405	699,455	700,698	693,499
Included in the trading portfolio	11,335	67,530	73,452	66,159
Total weighted items	128,741	766,985	774,150	759,658
Core (Tier I) capital ratio, %	7.65	7.65	7.58	7.26
Solvency ratio, %	10.96	10.96	10.50	10.33

(1) Converted into U.S. dollars at the Danish Central Bank's exchange rate effective on December 31, 2003 of DKK 5.9576 = U.S.$1.00.

(2) Less statutory deductions.

Off-Balance-Sheet Commitments

Guarantees recorded under off-balance-sheet items, including financial guarantees, other guarantees, acceptances and endorsements, as measured on the basis of notional amounts, amounted to DKK 79,965 million as of December 31, 2003, compared to DKK 85,357 million as of December 31, 2002, and DKK 91,852 million as of December 31, 2001.

The following table sets forth nominal amounts of the off-balance sheet commitments of the Bank Group as of the dates indicated.

	As of December 31,			
	2003(1)	2003	2002	2001
	(USD)	(DKK)	(DKK) (In millions)	(DKK)
Financial guarantees	3,619	21,564	21,745	27,633
Other guarantees	9,794	58,348	61,920	62,552
Acceptances and endorsements	9	53	1,692	1,667
Total	13,422	79,965	85,357	91,852

(1) Converted into U.S. dollars at the Danish Central Bank's exchange rate effective on December 31, 2003 of DKK 5.9576 = U.S.$1.00.

Derivative Instruments

Derivative instruments have a wide area of application and are used, in part, for taking positions and, in part, for hedging purposes. Most of the Bank Group's derivative transactions originate in customer transactions and market-making activities. These derivative transactions are designed to reduce market risk for the Bank Group.

Business volume in derivatives recorded under off-balance-sheet items, as measured on the basis of notional amounts, amounted to DKK 11,660 billion as of December 31, 2003, compared to DKK 7,420 billion as of December 31, 2002 and DKK 7,757 billion as of December 31, 2001.

Foreign exchange forward contracts have accounted for most of the business volume in derivatives. This product is offered to a wide range of customers to hedge foreign exchange risks. In nominal terms, however, Forward Rate Agreements (FRAs) and swaps are considerably larger. Options volumes are relatively small.

Most of the derivative contracts outstanding are valued continually at their then current market value in the Bank Group's balance sheet and accordingly affect reported earnings. Deferral hedge accounting is applied to all derivative instruments not reported in the balance sheet. Hedge accounting means that gains and losses are reported simultaneously in the profit and loss account.

The value of financial derivative instruments is affected by exchange-rate, interest-rate, equity and commodity price movements in financial markets. Accordingly, derivatives affect the Bank Group's exposure to market risk. Management of the Bank Group's market risks is carried out within limits established by the Board of Directors of the Bank Group. Exposure to interest-rate, foreign exchange and equity risks in the derivatives area is managed and monitored continually as part of the Bank Group's overall management of these types of risks.

The following tables set forth certain information regarding currency contracts, interest rate contracts, equity contracts and credit derivatives of the Group as of December 31, 2003 and 2002.

	As of December 31, 2003							
	Remaining Life							
	Three Months and Below		Three Months to One Year		One Year to Five Years		Over Five Years	
	Notional Amount	Net Market Value	Notional Amount	Net Market Value	Notional Amount	Net Market Value	Notional Amount	Net Market Value
	(DKK in millions)							
Currency contracts								
Forwards/futures bought	688,382	(4,621)	286,959	4,573	20,838	1,136	1,250	130
Forwards/futures sold	972,218	713	370,795	(8,176)	23,573	(1,270)	585	(87)
Swaps	13,889	2	51,103	(121)	225,661	(47)	126,054	(293)
Options bought	26,226	919	13,727	1,263	1,119	160	—	—
Options written	18,669	(1,194)	11,893	(1,461)	601	(495)	—	—
Interest rate contracts							—	—
Forwards/futures bought	228,436	557	27,512	80	24,160	10	—	—
Forwards/futures sold	239,092	(698)	196,406	(150)	137,201	(91)	—	—
FRAs bought	823,259	(732)	880,017	(889)	154,615	(47)	—	—
FRAs sold	856,752	750	1,062,636	965	232,844	73	—	—
Swaps	646,204	(4)	738,824	54	1,538,761	(426)	666,959	1,550
Options bought	35,422	121	28,704	185	105,487	1,154	24,751	529
Options written	26,258	(95)	22,564	(163)	84,955	(938)	23,718	(404)
Equity contracts								
Forwards/futures bought	27	19	1	—	—	—	—	—
Forwards/futures sold	40	(30)	1	(1)	8	(20)	—	—
Options bought	88	28	5	8	—	—	—	—
Options written	160	(78)	1	(2)	15	(29)	—	—
Other contracts								
Credit derivatives	—	—	—	—	342	(4)	—	—

	Total as of December 31,							
	2003		2002		2003		2002	
					Market Value		Market Value	
	Notional Amount	Net Market Value	Notional Amount	Net Market Value	Positive	Negative	Positive	Negative
	(DKK in millions)							
Currency contracts								
Forwards/futures bought	997,429	1,218	1,092,680	18,298	19,539	18,321	36,953	18,655
Forwards/futures sold	1,367,171	(8,820)	847,227	(24,199)	21,526	30,346	19,203	43,402
Swaps	416,707	(459)	275,717	(48)	1,069	1,528	1,368	1,416
Options bought	41,072	2,342	30,389	1,730	2,342	—	1,730	—
Options written	31,163	(3,150)	31,587	(1,846)	—	3,150	—	1,846
Interest rate contracts								
Forwards/futures bought	280,108	647	133,050	473	716	69	477	4
Forwards/futures sold	572,699	(939)	86,983	(468)	71	1,010	38	506
FRAs bought	1,857,891	(1,668)	731,768	(2,121)	54	1,722	—	2,121
FRAs sold	2,152,232	1,788	727,515	2,339	1,961	173	2,339	—
Swaps	3,590,748	1,174	3,215,572	(3,581)	46,010	44,836	49,480	53,061
Options bought	194,364	1,989	96,349	866	1,989	—	866	—
Options written	157,495	(1,600)	92,775	(927)	—	1,600	—	927
Equity contracts								
Forwards/futures bought	28	19	890	473	19	—	477	4
Forwards/futures sold	49	(51)	912	(465)	1	52	16	481
Options bought	93	36	23,803	290	36	—	290	—
Options written	176	(109)	31,844	(272)	—	109	—	272
Other contracts								
Credit derivatives	342	(4)	1,274	(23)		4	—	23
Total		(7,587)		(9,481)	95,333	102,920	113,237	122,718

	Total as of and for the year ended December 31,							
	2003		2002		2003		2002	
	Average Market Value				Market Value of Non-Guaranteed Contracts			
	Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative
	(DKK in millions)							
Currency contracts								
Forwards/futures bought	19,745	18,148	23,717	19,051	19,539	18,321	36,954	18,655
Forwards/futures sold	21,382	30,431	18,549	25,754	21,526	30,347	19,203	43,401
Swaps	1,212	1,465	919	1,254	1,069	1,528	1,368	1,416
Options bought	2,296	—	1,136	—	2,343	—	1,730	—
Options written	—	2,996	—	1,178	—	3,150	—	1,846
Interest rate contracts								
Forwards/futures bought	710	68	298	35	—	—	477	5
Forwards/futures sold	70	1,000	46	273	—	—	39	505
FRAs bought	53	1,713	52	2,667	54	1,722	—	2,121
FRAs sold	1,951	172	2,742	53	1,961	76	2,339	—
Swaps	46,619	46,501	40,315	42,527	46,010	44,835	49,480	53,061
Options bought	1,979	—	775	—	1,963	—	866	—
Options written	—	1,591	—	742	—	1,565	—	927
Equity contracts								
Forwards/futures bought	454	7	673	8	—	—	477	—
Forwards/futures sold	14	543	19	—	—	—	—	477
Options bought	167	—	276	—	8	—	134	—
Options written	—	261	—	288	—	39	—	114
Credit derivatives	—	14	—	19	—	4	—	23
Total market value	96,652	104,910	89,517	94,582	94,473	101,587	113,067	122,551
Total after netting					25,254		33,316	

The Bank Group's portfolios of bonds and shares are shown in its consolidated balance sheet. Derivatives, on the other hand, are specified in the notes to the profit and loss account and balance sheet pursuant to accounting regulations for Danish banks. See "Market risk" in the Bank Group's consolidated financial statements included elsewhere in this Memorandum.

The Bank Group's outstanding interest rate, currency, equity and credit derivatives contracts are shown in the table above. The table presents an overview of outstanding transactions in each of these types of contracts at year-end stated at year-end prices. The Bank Group does not deal in precious metals and commodity contracts.

Even if (for example as part of a customer transaction) the Bank Group hedges the interest rate, currency, and equity price risks associated with a contract bought from a customer by selling a comparable contract, the two contracts are not netted off. Therefore, both contracts will remain included as in the above table at their notional amounts until they expire.

A positive value denotes a net amount receivable by the Bank Group with respect to outstanding contracts. Similarly, a negative value denotes an amount payable by the Bank Group. The gains or losses arising under these contracts during the accounting year due to movements in market values are included in the Bank Group's profit and loss account under "Market value adjustment of other derivative financial instruments".

The market values shown in the table above cannot be considered in isolation, but should be viewed in conjunction with developments in the market value of the Bank Group's portfolios of shares, and bonds, etc. Market risks associated with the Bank Group's positions in the individual derivative instruments are included in the overall management of interest rate, exchange rate, equity and credit derivative price risks.

RISK MANAGEMENT

General

The Group considers the management of risk one of its core competencies and a key factor in the effort of providing a stable, high return to its shareholders. The Group spends considerable resources on developing procedures and tools to match best practices in risk management. For several years, the Group has been preparing for the EU's revised capital adequacy directive ("CAD 3"), which is expected to be implemented in 2007.

The Group's intention is to meet the requirements for using the most advanced methods as soon as the rules are adopted. The Board of Directors lays down the general risk policies and frameworks, including the general principles for the management and monitoring of risk. The Board of Directors also approves the largest credit applications. In addition to reviewing ongoing reports on the utilization of risk limits, the Board of Directors regularly reviews portfolio analyses on the sectors and industries to which the Bank has the largest overall credit exposures. The Executive Board has established a Credit Committee, which is responsible for laying down operational policies and for the approval of applications for major credit facilities. The Credit Committee consists of the members of the Executive Board and senior staff of Credit & Market Risk.

The management of the individual business area is, within the framework determined by the Board of Directors, responsible for the risks the area incurs and for actively managing these risks through its local credit and risk management functions. Credit & Market Risk is, in addition to being responsible for credit procedures, in charge of monitoring compliance with allocated limits within the individual risk areas and for structuring and monitoring the overall reporting of Group risks. To make its control and reporting routines as secure as possible, the Group segregates the departments that trade in the financial markets from those responsible for settling and controlling transactions.

The Bank's Asset and Liability Committee consists of the members of the Executive Board and senior staff from selected business areas. Within the framework determined by the Board of Directors, the Asset and Liability Committee is responsible for implementing the overall balance sheet structure and the policy determining changes in balance sheet items.

The Bank has identified the following main categories of risk:

- *Credit risk* reflects the risk of losses because counterparties fail to meet all or part of their obligations towards the Group. Credit risk includes country risk and settlement risk. Country risk is the risk of losses arising from the economic or political circumstances in a country, and it also reflects the risk of nationalization, expropriation and debt restructurings. Settlement risk is the risk arising in connection with the settlement of payments for securities, derivatives and other trades where payments are remitted before it is possible to ascertain that the offsetting payments have been transferred to one of the Bank's accounts.

- *Market risk* is the risk of losses because the market value of the Group's assets and liabilities will vary with changes in market conditions. Market risk includes liquidity risk, which is the risk of losses because the Bank's payment obligations cannot be met on time with ordinary liquidity reserves.

- *Operational risk* comprises business risk and event risk. Business risk is the risk of losses emanating from changes in external circumstances or events that harm the Group's image or operational earnings. Event risk is the risk of losses owing to deficient or erroneous internal procedures, human or system errors or external events.

- *Insurance risk* comprises the risks which the Bank's ownership of Danica Pension entails. These risks relate to losses that cannot be absorbed by the collective bonus potential (reserve for the guaranteed distributions to customers) and to the assumptions made to calculate Danica Pension's insurance commitments.

Credit Risk

The Group has a highly centralized credit approval structure that requires extensions of credit by its branches and subsidiaries to be submitted to several levels of approval, depending upon the size of the credit. The Group's branches and subsidiaries are granted approval authority in accordance with their requirements and the experience and expertise of the lending unit and their loan officers, subject to overall limits that require all extensions of credit in excess of specified limited amounts to be submitted to Credit & Market Risk.

Applications for credit exceeding specified higher thresholds must be submitted for approval to increasingly higher levels of authority within the Group. Ultimately, all extensions of credit exceeding certain levels may be made only with the approval of the Board of Directors upon the recommendation of the Group's Executive Board.

Credit exposures are monitored centrally through the Group's credit system. Data on the size and utilization of all types of loans and commitments are registered in the credit system, in addition to the information on the estimated realization value of any security for exposures, after deduction of the estimated cost of realizing such value.

Extensions of credit to individuals are subject to the same centralized credit approval process as corporate loans and commitments. Each application is reviewed with respect to the purpose of the loan and the applicant's general creditworthiness (score/rating), including employment status. An applicant's general relationship with the Group including, but not limited to, deposit accounts and pension accounts with tax benefits, is also reviewed. Typically, in evaluating an application, the Group will also prepare a budget based on the applicant's previous returns, which will include all major income and expense items, assets and liabilities. For a loan to be approved, such evaluation must indicate that an applicant has the capability to repay the loan (i.e. sufficient disposable income weighted against normal expenditure pattern).

Recommended limits have been set for customer exposures. The limits are graduated according to the Group's internal ratings grid and the security provided.

At least once a year, the Group reviews all credit risk exposures in order to take into account new financial and other data. If the review identifies a need to adjust the credit risk, the Bank will prepare suitable action plans.

The following table sets forth credit exposures of the Bank Group to the largest individual industries, excluding mortgage loans, as of December 31, 2003 and 2002.

	As of December 31,	
	2003	2002
	(DKK in millions)	
Credit institutions	227,906	259,478
Diversified financials	236,086	212,964
Real property	45,729	50,532
Insurance	27,921	18,423
Food products	24,389	24,181
Machinery	19,462	16,658
Electricity	18,392	13,579
Shipping	16,034	12,511
Business service	12,970	9,603
Paper and forest products	11,751	10,696

The largest individual industries are credit institutions and diversified financials, which mainly include financing companies, consumer finance companies and unit trusts. As of December 31, 2003, excluding the financial industry, the largest individual industry was real property, which accounted for 7% of the total credit exposure, excluding mortgage loans, at the end of 2003.

The following table sets forth the industry breakdown of the Bank Group's total credit exposure, doubtful exposures (customers with the second-lowest rating) and non-performing exposures (customers with the lowest rating) as of December 31, 2003, realized losses for the year ended December 31, 2003, and provisions as of December 31, 2003.

	As of December 31, 2003				
Industry	Total Credit Exposure	Doubtful Credit Exposure	Non-Performing Credit Exposure	Realized Losses in 2003	Provisions as of December 31, 2003
Retail customers	459,963	1,175	747	755	2,697
Rental housing companies	114,307	32	2	62	55
Government	38,633	7	24	17	70
Financials	339,864	147	66	245	1,717
Energy	7,334	—	1	90	40
Materials	30,967	26	18	81	421
Industrials	102,308	519	58	331	3,360
Consumer discretionary and consumer staples	136,176	191	78	515	3,659
Health care	11,423	9	—	22	75
Information technology	5,838	5	23	119	213
Telecommunications	12,212	—	3	3	26
Utilities	32,402	130	1	8	78
Total	1,291,427	2,241	1,021	2,248	12,411
Credit institutions	228,980	5	0	1	279
Total exposure	1,520,407	2,246	1,021	2,249	12,690

Realized losses for the year are losses written off against the profit and loss account and the use, during the year, of provisions made in prior years. Realized losses decreased to DKK 2.2 billion in 2003 from DKK 2.7 billion in 2002. Write-offs on exposures covered by portfolio provisions accounted for DKK 400 million of realized losses in 2003 and 2002.

The following table sets forth the diversification of the Bank Group's portfolio of loans and advances by market sector as of December 31, 2003 and 2002.

	As of December 31,			
	2003		2002	
	(DKK) (millions)	%	(DKK) (millions)	%
Industry				
Retail customers	452,818	38.2	417,617	36.4
Rental housing companies, etc.	113,747	9.6	111,037	9.7
Government	27,438	2.3	25,117	2.2
Financials	213,052	18.0	169,665	14.8
Energy	2,531	0.2	2,713	0.2
Materials	16,812	1.4	17,989	1.6
Industrials	68,083	5.7	78,654	6.9
Consumer discretionary and consumer staples	105,192	8.9	104,589	9.1
Health care	7,149	0.6	5,522	0.5
Information technology	3,102	0.3	3,681	0.3
Telecommunications	2,969	0.3	5,552	0.5
Utilities	7,725	0.7	6,210	0.5
Total	1,020,618	86.0	948,346	82.6
Credit institutions	166,117	14.0	199,620	17.4
Total exposure	1,186,735	100.0	1,147,966	100.0

The following table sets forth the industry breakdown of the guarantees (short and long-term irrevocable commitments) given by the Bank Group as of December 31, 2003 and 2002.

	As of December 31,			
	2003		2002	
	(DKK) (millions)	%	(DKK) (millions)	%
Industry				
Retail customers	7,060	2.3	6,032	2.1
Rental housing companies, etc.	494	0.2	1,410	0.5
Government	9,803	3.2	7,482	2.6
Financials	122,220	39.6	128,715	44.6
Energy	4,623	1.5	4,928	1.7
Materials	13,779	4.5	10,075	3.5
Industrials	33,428	10.8	37,941	13.2
Consumer discretionary and consumer staples	30,157	9.8	28,256	9.8
Health care	4,240	1.4	2,673	0.9
Information technology	2,706	0.9	2,552	0.9
Telecommunications	9,080	2.9	10,606	3.7
Utilities	24,386	7.9	10,826	3.8
Total	261,976	84.9	251,496	87.2
Credit institutions	46,442	15.1	36,993	12.8
Total exposure	308,418	100.0	288,489	100.0

The following table sets forth the industry breakdown of the Bank Group's derivative instruments, stated at their positive net present value and taking any netting agreements into account, as of December 31, 2003 and 2002.

	As of December 31,			
	2003		2002	
	(DKK) (millions)	%	(DKK) (millions)	%
Industry				
Retail customers	85	0.3	67	0.2
Rental housing companies, etc.	66	0.3	89	0.3
Government	1,392	5.5	183	0.5
Financials	4,592	18.2	6,757	20.3
Energy	180	0.7	199	0.6
Materials	376	1.5	365	1.1
Industrials	797	3.2	1,411	4.2
Consumer discretionary and consumer staples	827	3.3	798	2.4
Health care	34	0.1	27	0.1
Information technology	30	0.1	78	0.2
Telecommunications	163	0.6	154	0.5
Utilities	291	1.2	313	0.9
Total	8,833	35.0	10,441	31.3
Credit institutions	16,421	65.0	22,875	68.7
Total exposure	25,254	100.0	33,316	100.0

The following table sets forth the industry breakdown of the Bank Group's total credit exposure, net of provisions, as of December 31, 2003 and 2002.

	As of December 31,			
	2003		2002	
	(DKK) (millions)	%	(DKK) (millions)	%
Industry				
Retail customers	459,963	30.3	423,716	28.8
Rental housing companies, etc.	114,307	7.5	112,536	7.7
Government	38,633	2.5	32,782	2.2
Financials	339,864	22.4	305,137	20.8
Energy	7,334	0.5	7,840	0.5
Materials	30,967	2.0	28,429	1.9
Industrials	102,308	6.7	118,006	8.0
Consumer discretionary and consumer staples	136,176	9.0	133,643	9.1
Health care	11,423	0.8	8,222	0.6
Information technology	5,838	0.4	6,311	0.4
Telecommunications	12,212	0.8	16,312	1.1
Utilities	32,402	2.1	17,349	1.2
Total	1,291,427	84.9	1,210,283	82.3
Credit institutions	228,980	15.1	259,488	17.7
Total exposure	1,520,407	100.0	1,469,771	100.0

The Bank Group's total credit exposure increased by 3% from DKK 1,470 billion at the end of 2002 to DKK 1,520 billion at the end of 2003. In 2003, credit exposures to retail customers increased by DKK 36 billion compared to the end of 2002, one-half of which related to mortgage loans in Denmark. Corporate exposures increased by DKK 45 billion in 2003 compared to the end of 2002, primarily due to the increased use of repo transactions with international financial enterprises, insurance companies and the like. Loans and other exposures to a number of sectors decreased in 2003 compared to the end of 2002 as a result of limited investment activity.

The following table sets forth the geographical breakdown of the Bank Group's total credit exposure, net of provisions, as of December 31, 2003 and 2002.

	As of December 31, 2003				As of December 31, 2002			
	Financial Customers	Non-Financial Customers	Total		Financial Customers	Non-Financial Customers	Total	
	(DKK in millions)			%	(DKK in millions)			%
European Union								
Denmark	137,571	719,884	857,455	56.4	165,218	667,382	832,600	56.6
Sweden	66,209	69,591	135,800	8.9	64,308	64,742	129,050	8.8
United Kingdom	151,921	47,848	199,769	13.1	125,753	53,951	179,704	12.2
Germany	14,334	9,249	23,583	1.6	21,652	7,343	28,995	2.0
Other	31,629	24,577	56,206	3.7	37,728	30,107	67,835	4.6
Total EU	401,664	871,149	1,272,813	83.7	414,659	823,525	1,238,184	84.2
Eastern Europe	1,545	2,054	3,599	0.2	1,007	1,327	2,334	0.2
Rest of Europe								
Norway	22,457	55,888	78,345	5.2	20,902	53,778	74,680	5.1
Other	5,832	4,397	10,229	0.6	8,263	5,211	13,474	0.9
Total rest of Europe	28,289	60,285	88,574	5.8	29,165	58,989	88,154	6.0
North America	128,156	14,784	142,940	9.4	112,481	19,030	131,511	8.9
Central and South America	297	1,365	1,662	0.1	539	398	937	0.1
Africa	305	115	420	0.0	611	96	707	0.0
Asia	8,431	1,405	9,836	0.6	5,972	1,514	7,486	0.5
Ocean Pacific	157	406	563	0.0	191	267	458	0.0
Total exposure	568,844	951,563	1,520,407	100.0	564,625	905,146	1,469,771	100.0

The following table sets forth the Bank Group's mortgage loans as of December 31, 2003 and 2002, the loan-to-value ratio of the Bank Group's mortgage loan portfolio broken down by property category.

	Outstanding Debt as of December 31,		Loan-to-Value Ratio		Percentage of Arrears(1)	
	2003	2002	2003	2002	2003	2002
	(DKK in millions)				(%)	
Private	307,311	290,590	62	62	0.15	0.17
Urban trade	60,809	55,691	51	51	0.29	0.29
Agriculture	25,754	23,319	48	47	0.24	0.52
Residential rental property	103,959	99,598	68	70	0.07	0.10
Total	497,833	469,198	61	61	0.17	0.20

(1) The percentage of arrears shows the proportion of payments due at the September payment date of the relevant year that remains outstanding after 3.5 months.

Market Risk

The Danske Bank Group calculates current market risk by using a database that is integrated with its trading systems in Denmark and abroad. The database enables the Group to estimate how potential movements in interest rates, exchange rates and equity prices will affect its earnings. Stress tests are carried out to analyze profits and losses under extreme market conditions.

The calculation, monitoring and management reporting of market risk take place on a daily basis. In addition, the Group conducts intra-day control of the risks in the individual business areas.

The Group bases its daily market risk management on both conventional risk measures and sophisticated internal mathematical and statistical models, such as Value at Risk. Controls are carried out regularly to ensure that the internal models are sufficiently accurate.

Market risk is managed at the Bank Group level. The Bank takes positions for its own account primarily in its proprietary investment portfolio, but also in connection with the trading activities of Danske Markets. Market risk on holdings placed in subsidiaries, including Realkredit Danmark and Danica Pension, is included in the overall management of market risk.

Market risk unrelated to proprietary portfolios and trading is hedged either by the business area itself or through Danske Markets. This means that, in principle, banking activities are not exposed to fixed-rate or currency risk. Accordingly, the result reported under core earnings is not affected by market risk.

The risk profiles of the positions taken, including holdings at the Bank, as well as at Realkredit Danmark and Danica Pension, are assessed on an ongoing basis by the Assets and Liabilities Committee.

Floor risk, which is the interest rate risk on deposits, loans and advances whose interest rates depend on the leading rates of central banks, is defined as the effect on net interest income over a 12-month period if interest rates fall by one percentage point. Floor risk affects primarily earnings from the Group's banking activities in Denmark, but to some extent also earnings from banking activities in Sweden and Norway.

Floor risk does not exist at high interest rate levels, since it will be possible to adjust both deposit and lending rates in tandem with changes in central bank rates and thus ensure that there will be no adverse effect on earnings. However, the currently low level of interest rates does not allow the Bank to reduce deposit and lending rates in tandem. Certain deposit rates are at such low levels that they do not leave room for any further cuts. A reduction in lending rates would therefore narrow the interest rate margin, resulting in lower earnings.

Floor risk is calculated on an ongoing basis, and the Bank continually assesses whether to hedge the risk, taking into account expected changes in interest rates.

The Group constantly assesses the need to hedge the budgeted earnings of its non-Danish units after provisions and the expected payment of local tax for the accounting year. Foreign exchange hedges are adjusted if the earnings expectations change.

Operational Risk

Intensive work is taking place internationally to establish and improve methods for measurement and management of operational risk. The Group also works globally with other banks to exchange operational risk–related loss information in anonymous form for the purpose of developing industry standards.

The CAD 3 rules are expected to allow the use of internal models for calculating capital requirements for operational risk. The Bank has decided to adopt the best practices within the area with a view to meeting the requirements for applying the most advanced methods as soon as possible.

The Group began to gather operational loss data systematically in 2001. The data is categorized and it will be used for model calculations of operational risk based on quantitative loss characteristics.

The Bank has determined an overall policy for operational risk that includes a control policy, which sets out rules for ongoing monitoring and mitigation of operational risk. These rules are incorporated in written business procedures and in reconciliation and control procedures for relevant areas.

The use of a joint IT platform is cost-effective and enables the application of uniform procedures for control and business management that reduce operational risk. However, a joint IT platform increases the Group's vulnerability to major external factors. To reduce this vulnerability, the Group's disaster preparedness was upgraded in 2003 by the introduction of instant mirroring of all important data in two geographically separate centers. The Group's systems should therefore continue to work even if one centre is affected by hardware error, power failure or other problems. The Group's intention is to continually extend its systems by implementing automatic mirroring and other measures.

Insurance Risk

Insurance risk consists of the market risk, credit risk and operational risk in the Danica Group, including the special actuarial assumptions made to calculate the insurance commitments, for instance, regarding trends in mortality and disability. These risk elements are subject to ongoing actuarial assessment. A small part of the insurance risk is covered by reinsurance arrangements.

The most important factor in assessing the Group's insurance risk is market risk and especially the relation between investment assets and life insurance commitments. The Group continually monitors these risks and has set limits for maximum market and interest rate risks.

Insurance obligations are hedged by bonds and derivatives. As of December 31, 2003, Danica Pension was hedged against additional decreases in interest rates of 2.5 percentage points. Danica Pension is also partly hedged against increases in interest rates.

Liquidity Risk

The Bank has built its liquidity management on the regular calculation and reporting of the utilization of a number of liquidity limits and an assessment of the trends in various measures. The overall purpose is to monitor and control developments in the Bank's short-term and long-term liquidity. As a result of its position on the Danish market, the Bank distinguishes between Danish Kroner liquidity and foreign currency liquidity.

When managing its liquidity, the Bank consolidates the balance sheets of its banking-related subsidiaries. However, pursuant to the Danish investment regulations, positive liquidity generated by Realkredit Danmark and Danica Pension is not fully available to the Bank. Consequently, liquidity management does not include consolidation of the balance sheets of Realkredit Danmark and Danica Pension.

The Bank's liquidity limits define the short-term management of Danish Kroner and foreign currency liquidity on the basis of an analysis of the Bank's gap between liquidity in and outflow ("GAP analysis"). The basis for the analysis is the Bank's known future receipts and payments from transactions already entered into. On the basis of the Bank's strong position in the Danish market, the effect of expected changes in the government's payments on the Bank's Danish Kroner liquidity is estimated and incorporated.

The Bank's long-term liquidity management is based on a similar GAP analysis. The GAP analysis is part of the Bank's long-term monitoring of its structural refinancing requirement. The GAP report is based on a breakdown of the Bank's assets, liabilities and off-balance-sheet positions by maturity on the basis of the contractual maturities of the individual instruments. The GAP report takes into account that some balance sheet items in fact have maturities that deviate materially from the contractual maturities.

Value at Risk

In addition to the conventional risk measures, the market risk on the Group's positions is calculated on an ongoing basis by means of Value at Risk. Value at Risk is a statistical risk measure of the maximum potential loss on the Group's holdings in a given period with a certain probability.

The following chart sets forth the Group's total market risk in 2003 calculated as the monthly average levels of Value at Risk for a period of ten days with a probability of 99%.

	2003
	(DKK in millions)
January	456
February	396
March	382
April	420
May	269
June	240
July	262
August	267
September	307
October	185
November	171
December	181

The highest Value at Risk in 2003 was DKK 532 million and the lowest Value at Risk was DKK 164 million.

The following table sets forth the average breakdown of the Group's Value at Risk for the years ended December 31, 2003 and 2002.

	For the Year Ended December 31,	
	2003	2002
	(%)	
Interest rate risk	53	55
Equity risk	43	41
Currency risk	4	4
	100	100

Raroc

For a number of years, the Group has used a risk management and reporting system based on risk-adjusted return on capital (RAROC) as a central element in capital and financial management. RAROC is a cornerstone of risk management and the management of business activities at the Danske Bank Group, as the RAROC framework has been incorporated into budget follow-up procedures and is used as an element in determining the pricing of products and individual facilities. The risk-adjusted return differs from the accounting return, insofar as it reflects the annual expected loss to the Group. In addition to expected losses, the economic capital that is needed to absorb the variation in actual losses in relation to expected losses (so-called non-expected losses) is calculated. The parameters used in the model are reviewed on an ongoing basis in relation to observed levels in the credit portfolio. The RAROC concept is also regularly reviewed on the basis of the requirements of the future CAD 3 rules in order for the Group to be as well prepared as possible for adopting the most advanced methods allowed by the rules.

The future CAD 3 rules govern only banking risks. Draft rules for computation of capital requirements for insurance activities are not yet available. However, the CAD 3 draft provides that the capital requirement for insurance subsidiaries must correspond to the investments made. The Bank's investments in Danica Pension amount to DKK 13 billion, and the insurance subsidiary's solvency margin, which is deducted from the capital base in the statutory solvency accounts, is DKK 7 billion.

The following table sets forth the risk-adjusted return on calculated average economic capital of the Group for the years ended December 31, 2003 and 2002.

	For the Year Ended December 31, 2003	2002
	(%)	
Banking Activities	26	24
Mortgage Finance	50	44
Danske Markets	30	9
Danica Pension	42	5
Danske Capital	150	207
Investment portfolios	72	47
Group total	33	25

In 2003, the Group generated a risk-adjusted return of 33% on calculated average economic capital of DKK 37 billion, compared to 25% in 2002. The higher risk-adjusted return was attributable to lower economic capital and increased earnings, particularly in Danske Markets and Investment portfolios, in 2003.

Rating and Credit Scoring

The Group constantly monitors exposures to identify, as early as possible, any signs of weakness in customer earnings or liquidity. Formalized monitoring procedures have been established for major and medium-sized corporate customers, which are assigned internal ratings that are reviewed on an ongoing basis. The ratings reflect the prospects of individual companies and industries as well as the overall economic outlook.

The Bank assigns credit scores to customers that are not rated. Customer advisers consult scorecards, for example, when extending loans. A credit score is a statistical calculation of the risk of loss associated with an exposure based on well-defined financial criteria.

The ability of the rating and credit score systems to grade customers according to risk and to predict defaults is regularly reviewed. The Bank uses the following probability of default thresholds in its risk ratings.

Rating Category	Minimum Probability of Default	Maximum Probability of Default	Average Probability of Default
1	0.000%	0.030%	0.010%
2	0.031%	0.055%	0.042%
3	0.056%	0.098%	0.074%
4	0.099%	0.174%	0.131%
5	0.175%	0.309%	0.233%
6	0.310%	0.754%	0.413%
7	0.755%	2.529%	1.383%
8	2.530%	15.513%	6.268%
9	15.514%	99.999%	20.000%
10	100.000%	N/A	100.000%

The Bank's rating categories one to four correspond largely to the investment-grade level of external rating agencies, whereas rating categories five and six are sub-investment grade level, although with an acceptable credit risk. Many small business customers are placed in rating categories five and six. The rating categories seven to ten apply to customers placed on a watch list, which means that these customer relationships are monitored particularly closely. The rating categories nine and ten apply to doubtful and non-performing exposures.

The following table sets forth the changes in the Bank Group's accumulated provisions in 2003, 2002 and 2001.

	2003	2002	2001
	(DKK in millions)		
Beginning of year	13,166	14,082	14,382
New or increased provisions	4,459	3,560	4,858
Reversed provisions	(3,032)	(2,737)	(3,816)
Used for write-offs	(1,577)	(1,727)	(1,810)
Exchange rate adjustments	(331)	(67)	71
Other additions or disposals	5	55	397
Year-end	12,690	13,166	14,082
Portion attributable to correspondent banks, etc.	(279)	(326)	(423)

The following table sets forth the Bank Group's total accumulated provisions for each rating category in 2003 and 2002.

Rating Category	2003	2002
	(DKK in millions)	
1	—	—
2	—	—
3	—	—
4	—	—
5	—	—
6	—	—
7	—	—
8	6,376	7,566
9	3,156	1,771
10	3,158	3,829
Total	12,690	13,166

The Bank takes the protection of the environment into consideration while assessing corporate credits. Before approving a credit, the Bank will normally require the customer to state in writing that it is ready to comply with all legal and regulatory environmental standards. The Bank has incorporated environmental considerations into its credit procedures to ensure that it takes into account national and international requirements regarding the companies' impact on the environment.

Risk Mitigation

The Bank participates in a number of initiatives aimed at reducing the risks incurred by banks that participate in various forms of international banking co-operation. The Bank enters into netting agreements, if possible, and has, in order to secure its counterparty risk, signed a number of collateral management agreements with large financial customers. These agreements are the result of the Group's efforts to secure with collateral an increasing number of exposures to its largest financial customers.

The Bank is a member of the CLS (Continuous Linked Settlement) clearing system, which aims to reduce the level of settlement risk through cooperation among members. The Bank is one of the founding shareholders of CLS Bank.

Management of the Credit Portfolio

To support the management of credit risk, the Bank Group has established a portfolio management system that sets limits for country, sector and industry concentrations. The segmentation of the credit portfolio enables the Bank Group to manage the composition and size of its portfolio in accordance with its risk policy.

Provisions

Customers that show signs of credit weakness are placed on a watch list, which corresponds to the three lowest grades on the rating scale. According to current Danish practice, provision is made on customers assigned one of the four lowest credit grades. However, as of December 31, 2003, the Bank had no provisions for the rating category seven. Provisions are also made on exposures with a probability of default of somewhat below 50%, including exposures where the customer is not in default.

Customer exposures that are placed on a watch list are monitored more closely than other exposures. If relevant, the Bank assigns to these exposures credit employees who are experienced in handling facilities placed on a watch list. The Bank's risk on exposures placed on a watch list is assessed each quarter for the purpose of identifying any need for new provisions or adjustment to current provisions. Moreover, when exposures are placed on a watch list, the size of credits that may be extended without central approval is reduced. Provisioning is based on an appraisal of risk exposure, including an assessment of the customers' future financial position. Provisions for retail and business customers in Denmark with exposures up to DKK 500,000 (U.S.$83,926) are made on a portfolio basis in accordance with historical loss experience.

Problem Loans

In general, the Group's problem loans are at an early stage placed on a non-accrual basis, subject to the different characteristics of corporate borrowers and retail borrowers.

When a corporate borrower suspends payments by filing for a proceeding similar to Chapter 11 under the U.S. Bankruptcy Code, the loans outstanding to the borrower are placed on a non-accrual basis. As mentioned above, provision will typically be made some time earlier, at the time of identifying the first weakness of the credit.

When a corporate borrower is part of legal proceedings similar to Chapter 7 under the U.S. Bankruptcy Code, for the purposes of taking an initial write off, the loans will at an early stage be closely evaluated by senior credit officers.

Retail borrowers are similarly placed on a non-accrual basis as soon as the Group gives notice of termination due to the customer being past due with payments. Such action is normally taken when payments are past due by 45-60 days.

The Group considers its policy for placing problem loans on a non-accrual basis as being more prudent than the 90 days past due principle, which is widely used outside of Denmark, including in the United States.

Counterparty Risks

A derivative contract entails a risk that the counterparty may default on its obligation on the contract date. The Bank enters into netting agreements, if possible, and has, in order to secure its counterparty risk, signed a number of collateral management agreements with large financial customers. These agreements are the result of the Bank's efforts to secure an increasing number of exposures to its largest financial customers with collateral.

The Bank Group classifies counterparty risks into three classes, each of which is assigned different risk weightings for the purposes of measuring the amount of risk-weighted assets. The risk weightings are 0%, 20% and 100%.

The following table sets forth the positive market value, after netting, of the derivative contracts entered into by the Bank Group as of December 31, 2003 and 2002.

	As of December 31,	
	2003	2002
	(DKK in millions)	
Counterparty with risk weighting of 0%	1,211	448
Counterparty with risk weighting of 20%	16,732	24,849
Counterparty with risk weighting of 100%	7,311	8,019
Total	25,254	33,316

Capital Management

The purpose of the capital management of the Group is to ensure efficient use of capital in relation to the Group's strategic and business development and its risk profile.

As of December 31, 2003, the Group's Tier I ratio was approximately 7.65%, total solvency ratio was 10.96% and the dividend pay-out ratio was 50%. As of January 1, 2004, the Group's capital management will pursue the following general objectives: Tier I ratio (including Hybrid Tier I Capital) of approximately 7.0%, a total solvency ratio of about 9.5% and a dividend pay-out ratio of about 50%.

The Group will continuously evaluate the possibilities of buying back the Bank's shares in order to fulfill the general capital management objectives. In the first half of 2004, the Bank intends to repurchase its own shares up to a total market value of DKK 3 billion (U.S.$504 million). During 2004, the Board of Directors will consider whether to repurchase additional shares of the Bank.

Group Finance is responsible for the operational management of capital.

BUSINESS OF THE GROUP

The Danske Bank Group

The Danske Bank Group is an integrated provider of banking and other financial services, covering the needs of retail as well as corporate, institutional and public customers. The Danske Bank Group has a leading position in the Danish financial markets and is actively engaged in international banking and capital markets activities. As of December 31, 2003, the Bank Group had total assets of DKK 1,826 billion (U.S.$307 billion).

In conducting the Group's international operations, emphasis is placed on Northern Europe and, in particular, the Nordic countries. The Danske Bank Group is the largest financial institution in Denmark and the second largest financial institution in the Nordic region measured by total assets. Management estimates that in Denmark, Norway and Sweden, the Group serves approximately 2.9 million retail customers and a significant part of the corporate, public and institutional sector. It also has a large number of international corporate clients particularly in Northern Europe. Approximately 800,000 customers use its online services.

In addition to traditional banking services, the Danske Bank Group offers a wide range of products including mortgage finance products, pension, life and non-life insurance, brokerage and trading, asset management, leasing, credit cards, consumer finance, investment banking and debt capital markets services through the Bank's branch network and other distribution channels. The Danske Bank Group actively pursues cross selling opportunities by offering customers, not only Group products but also, to a lesser extent, products provided by third parties, including primarily investment and mutual fund products as well as non-life insurance.

International business is primarily conducted through the Bank's head office and through its branches in London, New York, Hamburg, and, in the Nordic countries, in Oslo, Trondheim, Stockholm and Helsinki. A subsidiary in Warsaw covers Nordic corporate customers' banking needs in Poland. Another subsidiary, Danske Bank International Luxembourg S.A., provides private banking services in Luxembourg.

The Bank holds a significant market share of the corporate and institutional business in the Nordic countries. Corporate banking and capital markets activities are primarily directed towards Nordic customers. The Group does, however, also participate in international syndications and has considerable business activities with international institutional clients.

The Group offers its corporate and institutional banking clients products such as debt capital markets products, short- and medium-term financing, overdrafts, trade financing, cash management, guarantee facilities, documentary letters of credit and payment and collection. The Group also offers a wide range of services in the international money and foreign exchange markets, arranges syndicated credit facilities and provides other types of institutional corporate financing services. In addition to the head office, certain overseas offices also trade bonds, shares and other securities.

The Bank's New York Branch is responsible for clearing the large volume of U.S. dollar transactions conducted by the Danske Bank Group and is an associate member of the Clearing House Interbank Payment System (CHIPS) and a member of the Fedwire System.

The Group has correspondent relationships with numerous major banks worldwide. In addition to payment services, the Group also provides documentary credits and other financing to Danish exporters and importers.

The Group is an issuer of securities traded on the Copenhagen Stock Exchange. The Bank's shares are listed on the Copenhagen Stock Exchange along with bonds issued by the Group. The Bank also has bonds listed on the Luxembourg, Stockholm, Oslo, and SWX Swiss Exchanges.

Since 1980, the Group has issued in the United States, through Danske Corporation, its wholly-owned subsidiary in Delaware, commercial paper guaranteed by Danske Bank. The commercial paper program is rated P1 by Moody's Investor Service, A-1+ by Standard & Poor's, a Division of The McGraw-Hill Companies, and F1+ by Fitch Ratings. Since 1987, the Bank has operated a certificate of deposit program through its London branch and, since 1996, also through its New York branch. The Bank has also issued Euro commercial paper through its head office in Denmark. In November 1995, the Bank established a Euro Medium Term Note program (the "EMTN Program"). The EMTN Program is listed on the Luxembourg Stock Exchange. Instruments issued under the EMTN Program may either be issued on a subordinated or unsubordinated basis and may be denominated in various currencies.

In April 2004, Moody's upgraded the long-term deposit and senior debt ratings of the Bank to Aa1 from Aa2 and the Bank's financial strength rating to A− from B+. The short-term deposit and debt ratings of the Bank were affirmed at Prime-1.

Strategy

The Danske Bank Group aims to expand its business activities and to generate growth in earnings on a continuous basis, utilizing business opportunities offering potential for an acceptable level of profitability. In seeking to expand its business activities, the Group is focusing on its core home markets of Denmark, Norway and Sweden, although it may also pursue expansion in other geographic areas, should attractive opportunities arise. Based on its capital strength, the Group expects to be able to expand its business areas, while at the same time adjusting its current activities to meet the requirements imposed by the competitive environment. Since 2000, following the Bank's merger with RealDanmark, the Group has reduced its expenses by 8% and expects to be able to decrease expenses further in 2004.

With the recent organizational changes, which came into effect as of January 1, 2004, the differentiation of the Group's two bank divisions in Denmark has increased. This is expected to play an important role in strengthening the Group's business position in Denmark. In addition, the Group is focusing on developing and marketing products which can differentiate the Group from its competitors, and thereby increase the Group's customers' loyalty and the Group's market share. In Sweden and in Norway, the Group expects to continue to grow, including through the opening of new branches.

The Group's overall financial goal is to create competitive returns for the Bank's shareholders. Accordingly, the aim is to provide return on equity, which, at a minimum, exceeds the Group's internal return requirement for equity. The Group's capital goal includes, among others, a dividend pay-out ratio of about 50% of net profit and a Tier I capital ratio of approximately 7%. The Group expects to utilize share buybacks to adjust the Group's equity in connection with its capital goal.

Business Areas

The Danske Bank Group business organization consists of Banking Activities, Mortgage Finance, Danske Markets, Danica Pension and other units.

The following table sets forth certain information regarding the units of the Group for the year ended December 31, 2003.

	Total Assets (Average in 2003)	Core Income	Number of Employees
	(DKK in billions)		
Banking Activities			
Banking Activities, Denmark	258.8	13.7	7,797
Banking Activities, Sweden	71.4	1.7	1,004
Banking Activities, Norway	54.6	1.6	984
Banking Activities, UK	58.3	1.0	60
Banking Activities, USA	46.0	0.3	10
Banking Activities, other	26.5	0.6	190
Banking Activities, total	515.6	18.9	10,045
Mortgage Finance	519.5	3.5	1,002
Danske Markets	646.1	2.5	525
Danske Capital	1.4	0.7	201
Other areas	5.3	0.3	4,306(2)
Investment Portfolios(3)	82.2	2.6	35
Group	1,770.1(4)	29.5(5)	16,935
Danica Pension	187.5(1)	1.0	821

(1) Total assets as of December 31, 2003. Not consolidated in the Group.

(2) Including employees with a retirement agreement.

(3) Includes the Group's own equity, fixed-income and currency positions, including the total portfolio of unlisted shares.

(4) Excluding non-consolidated insurance subsidiaries.

(5) Including Earnings from investment portfolios.

Banking Activities

Banking Activities contains the entire Group's banking business with both retail customers and corporate and institutional customers. In each of the countries outside Denmark where the Group operates, all brands are operated in country-divisions.

Banking Activities, Denmark

In Denmark, the Group operates under a number of brand names, the most important of which are Danske Bank and BG Bank. As announced in October 2003, the Group implemented a new organizational structure for Banking Activities, Denmark, effective from January 1, 2004. Banking activities Denmark, which conducts the Bank Group's banking activities in Denmark, were split into two separate banking divisions, Danske Bank Division and BG Bank Division. Each division focuses on different clients and, to emphasize different focuses of the divisions, in the new organizational structure, each division has currently a separate credit organization. As a result, a number of employees were transferred from Credit & Market Risk to Banking Activities, Denmark, effective January 1, 2004. At the same time, a number of back office functions were transferred from Banking Activities, Denmark to Shared Service Center. The Group's consumer finance subsidiary Handelsfinans and the Group's leasing subsidiary Nordania Finans were transferred to Banking Activities, other.

The Danske Bank division and the BG Bank division encompass the Group's banking business with retail and business customers. The Danske Bank division also serves the Bank's largest corporate customers.

The Danske Bank and the BG Bank divisions serve approximately 2.5 million customers in Denmark. Approximately 680,000 of those customers are active on the Netbank, the internet banking service offered by the Bank. Management estimates that the Bank Group's market share in Denmark was 28% on all bank loans and 35% on all bank deposits as of December 31, 2003. Banking Activities, Denmark has also a significant market share in the sale of mortgage loans and Danish and non-Danish securities and investment funds to retail customers in Denmark. The Danske Bank and BG Bank divisions sell mutual funds offered by Danske Invest and BG Invest, which are open-ended investment funds owned by their investors. The Group provides advisory services to the management companies of Danske Invest and BG Invest through the Danske Capital asset management division. The management companies are owned by the mutual funds.

Banking Activities, International

Banking Activities, International encompasses the Group's banking activities carried out by divisions outside Denmark. Each country organization of the Group is responsible for the Group's banking activities in its own country and is governed by a country management group consisting of members of the Group's top management.

Banking Activities, International serves more than 0.4 million customers outside Denmark. The divisions in Banking Activities, International as of January 1, 2004 are Banking Activities, Sweden; Banking Activities, Norway; Banking Activities, UK; Banking Activities, USA; and Banking Activities, other. Banking Activities, other encompasses the Group's banking activities in Luxembourg, Germany, Poland and Finland as well as the Group's activities within leasing and consumer finance, which are mostly domestic.

All country organizations of the Group, except Luxembourg, conduct wholesale banking with corporate and institutional clients. In Sweden and Norway, the Group also has significant retail operations. Banking Activities, Luxembourg is mainly directed towards private banking by Danske Bank International S.A. which has also representative offices in Fuengirola, Spain and Cannes, France.

Banking Activities, Sweden

Banking Activities, Sweden conducts business through the Bank's branch offices in Sweden. Its retail operation is based on the Östgöta Enskilda Bank, acquired in 1997. Banking Activities, Sweden's activities have been significantly expanded since the acquisition. Effective June 1, 1998, all branches of Östgöta Enskilda Bank were converted into branches of Danske Bank.

Banking Activities, Sweden conducts business under a number of brand names including Östgöta Enskilda Bank, Danske Bank and Provinsbankerne. Banking Activities, Sweden serves approximately 180,000 customers. Approximately 61,000 of those customers are active on the Netbank. Customers of Banking Activities, Sweden are served by the 44 branches of Danske Bank in Sweden and Corporate Banking Stockholm, as well as the head office departments.

Management estimates that the Group's retail market share in Sweden was 8% on loans and 4% on deposits as of December 31, 2003. The difference between the market share on loans and the market share on deposits is mainly due to the Group's relatively high growth in the corporate segment and in the mortgage loan market.

Banking Activities, Norway

With the acquisition of Fokus Bank in 1999, the Danske Bank Group extended its retail banking activities in Norway. The activities in Banking Activities, Norway are mainly based on Fokus Bank. As of December 31, 2003, the branch office network consisted of 63 branches.

Banking Activities, Norway conducts business through Fokus Bank, a subsidiary of the Bank, under a number of brand names, including Fokus Bank, Fokus Kreditt and Danske Bank. Banking Activities, Norway serves approximately 230,000 customers. Approximately 45,000 of those customers are on the Netbank.

Management estimates that Fokus Bank's market share in Norway on deposits and lending was 4% as of December 31, 2003. More than 10% of the 500 largest companies in Norway use Fokus Bank as their core bank.

Banking Activities, UK

Banking Activities, UK conducts its business under the Danske Bank name from the London-based branch, and is primarily focused on offering to large corporate clients financial services, such as international cash management. Banking Activities, UK also arranges and participates in syndicated lending. A large portion of the customers consists of Danish and Nordic companies and their affiliates. In 2003, Danske Bank London Branch terminated its activities directed at local small and medium-sized enterprises.

Banking Activities, USA

Banking Activities, USA conducts its operations under the Danske Bank name from the New York branch. Banking Activities, USA is comprised of two core business units: Financial Institutions and Corporate Banking. Financial Institutions' current strategic business areas are independent investment banks, commercial banks and their investment bank subsidiaries, structured asset backed finance and redemption facilities for the regulated fund management industry. Corporate Banking's current strategic business is primarily focused on lending and guarantees and offering international cash management to Danish and Nordic companies and their affiliates in the United States.

Mortgage Finance

Mortgage Finance has general product responsibility for the Group's mortgage finance activities and real estate agency services. The activities of the Mortgage Finance unit include the activities carried out by the Realkredit Danmark Group. The difference in core earnings between the Mortgage Finance unit and Realkredit Danmark is mainly due to the fact that the calculated basis for return on capital for the Mortgage Finance unit is lower than Realkredit Danmark's shareholders' equity.

The mortgage loans offered by the Group are issued by Realkredit Danmark. The mortgage loans are distributed through the Danske Bank and BG Bank divisions, a number of Realkredit Danmark's district offices and real estate agents as well as, to a lesser extent, through other distribution channels. Mortgage loans are branded with the Realkredit Danmark brand and the Group's real estate agency business is operated through the "home" brand. The Danske Bank and BG Bank divisions guarantee part of the mortgage loans they distribute. Realkredit Danmark pays service charges and guarantee commissions to the Danske Bank and BG Bank divisions in connection with the distribution of mortgage loans.

Currently, Realkredit Danmark issues mortgage bonds only through the General Capital Center of Realkredit Danmark A/S. These bonds currently account for 86% of all bonds issued by Realkredit Danmark, including bonds issued by the former Danske Kredit and all bonds issued by Realkredit Danmark after 1992. Danske Kredit was the mortgage credit arm of Danske Bank before the 2001 merger with RealDanmark. Bonds issued by the General Capital Center are rated Aaa by Moody's Investors Service Ltd. and AAA by Standard & Poor's, a Division of The McGraw-Hill Companies, the highest possible rating which also applies to Danish government bonds. Bonds issued by the former Danske Kredit are also rated Aaa by Moody's Investors Service.

At the end of 2003, Realkredit Danmark's lending totaled DKK 498 billion, which amounted to a 35.05% market share in the Danish mortgage finance market compared to a market share 35.66% at the end of 2002. Management estimates that the Group's market share of gross mortgage lending in Denmark was 32.3% in 2003, compared to 32.4% in 2002. Management estimates that the Group's market share of net new lending was 28.1% in 2003, compared to 27.7% in 2002. Net new lending is defined as gross lending less repayment of loans with or without the taking out of new loans.

The private market consists of loans for owner-occupied housing and holiday homes, and it constitutes Realkredit Danmark's largest business area. As of December 31, 2003, loans for the private market totaled DKK 307 billion (U.S.$51.5 billion), constituting 62% of Realkredit Danmark's total loan portfolio as of December 31, 2003. Approximately DKK 155 billion (U.S.$26.0 billion) of the loans to the private market were granted by Danske Bank and BG Bank Divisions. Management estimates that Realkredit Danmark's market share on the Danish private market was 37% of the total market in 2003. As of December 31, 2003, Realkredit Danmark had approximately 470,000 private-market customers.

The corporate market consists of loans supporting urban trade, agriculture and residential rental property. The loans for corporate markets accounted for 38% of Realkredit Danmark's total loan portfolio as of December 31, 2003. At year-end 2003, outstanding loans to residential rental housing companies were DKK 104 billion (U.S.$17.4 billion), of which loans to subsidized residential rental housing which is partly guaranteed by Danish municipalities amounted to DKK 20.9 billion (U.S.$3.5 billion). Outstanding loans to urban trade amounted to DKK 61 billion (U.S.$10.2 billion) and agriculture DKK 26 billion (U.S.$4.3 billion).

FlexLån® which is Realkredit Danmark's interest reset loan funded by the issuance of non-callable bullet bonds, accounted for 52% of Realkredit Danmark's gross lending in 2003. As of December 31, 2003, FlexLån® accounted for 40% of the mortgage loan portfolio, compared to 34% at the beginning of 2003. Effective as of October 1, 2003, Danish legislation was amended to allow the introduction of loans with an "interest-only" payment period up to ten years to borrowers in the owner occupied housing market. Management estimates that Realkredit Danmark's market share in Denmark in interest-only loans was 46% measured on the total portfolio as of December 31, 2003.

The average loan-to-value ratio for outstanding loans in Realkredit Danmark was 61% as of December 31, 2003. At year-end 2003, Mortgage Finance had outstanding mortgage bonds with a total nominal value of DKK 603.1 billion (U.S.$101.2 billion), which made Mortgage Finance one of the largest non-governmental bond issuers in Europe.

Realkredit Danmark's operations are governed by the Danish Mortgage Credit Loans and Mortgage Credit Bonds Act (the "Danish Mortgage Credit Act"). Mortgage loans are match-funded through the issuance of mortgage bonds according to the balance principle, as stated in the Danish Mortgage Credit Act.

Realkredit Danmark funds all of its lending by issuing mortgage bonds under the balance principle. The balance principle is a guiding principle of Danish mortgage banking, designed to mitigate market risk on the balance sheet of mortgage banks. The balance principle requires a mortgage credit institution to balance payments on its loan portfolio and funds related to its lending activities against payments on its funding portfolio within narrow limits.

Key restrictions are:

- Interest rate risk due to differences in payments from borrowers and payments to bondholders may not exceed one percent of the capital base;
- Imbalances may not expose the mortgage credit institution to liquidity deficits exceeding 25 percent of Tier 2 capital in years zero to three, 50 percent of Tier 2 capital in years four to ten, and 100 percent of Tier 2 capital from year 11 onwards; and
- Currency risk may not exceed 0.1 percent of the capital base.

Compliance with the balance principle is embedded in all of Realkredit Danmark's lending and funding products. Differences in the number of payments per annum may lead to imbalances in payments on lending and funding. However, Realkredit Danmark's lending and funding products are designed so that payments from the borrowers always fall due prior to payments to the bondholders. Consequently, the imbalances result in a liquidity surplus and are, thus, in compliance with the balance principle.

Realkredit Danmark employs a pure pass-through principle when funding callable and index-linked loans. The pure pass-through principle means that, for example, 30-year annuity loans are funded by the issue of bonds in a 30-year annuity bond series. By employing the pass-through principle, all prepayment risk is passed onto investors.

Payments on bonds in specific identity codes are directly and unambiguously linked to payments on specific pools of loans. Each issue, however, is secured by the whole collateral pool.

Realkredit Danmark FlexLån® employs more flexible funding principles, however, still observing the balance principle. FlexLån® is either designed as bullets or repaid according to the serial or annuity principle. The interest rate of FlexLån® may be fixed in a period from one to ten years and the term to maturity may vary from one to 30 years. However, all FlexLån® are funded in a single portfolio of bullet bonds with terms to maturity from one to ten years. The portfolio of bullet bonds is designed to automatically comply with the balance principle.

Outstanding loans given by Realkredit Danmark equaled 45.2% of the Danske Bank Group's total loans and guarantees outstanding as of December 31, 2003.

Danske Markets

The Group is active in the sale and trading of primarily Nordic securities including bonds, shares, and derivatives with Danish and foreign investors, which include retail, corporate and institutional customers. This activity includes a full range of investment advisory services and activities such as Danish Kroner clearing and securities settlement. The Group is a member of the Copenhagen Stock Exchange, the Stockholm Stock Exchange, the Oslo Stock Exchange, the Helsinki Exchanges, the London Stock Exchange and Eurex. Danske Bank International S.A. is a member of the Luxembourg Stock Exchange.

Danske Markets is responsible for the Bank Group's trading in foreign exchange, fixed-income trading, equity trading, investment banking, debt capital markets services and short-term liquidity. Danske Markets serves the Group's largest corporate and institutional clients and the Group's retail banking activities from offices in Denmark, Norway, Sweden, Poland, the United Kingdom and the United States.

Through Danske Markets, the Group is a market leader in the money and capital markets in Denmark, and offers its clients a wide range of products, including the management and underwriting of domestic and international debt and equity issues, structured financing, providing risk management products and advice on mergers and acquisitions.

Until the end of 2002, the investment banking arm of the Group, marketed under the name of Danske Securities, encompassed the Group's corporate finance activities (including advice on mergers and acquisitions as well as initial public offerings), and wholesale sales and trading in equities and equity related products, as well as equity research. All of these activities are now part of Danske Markets under the brand name Danske Equities. Danske Markets also includes Danske Research, the central unit responsible for economic and financial research. Danske Research and Danske Equities service both the Group and its customers, and their research extends from macroeconomic analysis to assessments of individual listed companies.

Danske Capital

Effective as of January 1, 2004, Danske Capital, the Group's asset management division, was included as a separate and independent business division within Danske Markets. Danske Capital manages securities portfolios for business customers and affluent individuals and is responsible for a number of unit trusts.

Danske Capital manages the funds of retail and institutional clients and the funds of Danica Pension. The division also provides advisory services to Danske Invest and BG Invest, which are open-ended investment funds owned by their investors. Investment management products are sold to retail and business customers through the Group's country organizations and external distributors. Danske Capital serves institutional investors directly. Danske Capital also includes the Group's private equity operations carried out through

Danske Private Equity. As of December 31, 2003, the amount of funds managed by Danske Capital amounted to DKK 370 billion (U.S.$62.1 billion).

Investment Portfolios (Treasury)

Investment Portfolios (Treasury), which is organized under Danske Markets, is responsible for the overall and strategic management of the Group's considerable balance sheet. It is also responsible for determining the mix of the Group's own holdings of bonds and shares, for monitoring market risks and for developing policies and limits for risks. In the Group's financial reporting, earnings from investment portfolios are reported as a separate business line under "Earnings from investment portfolios". Earnings from investment portfolios stem from the Group's own fixed income, equity and currency positions, including the Group's total portfolio of unlisted shares, which include shares in companies providing the financial infrastructure in Denmark. The result is net of internal funding costs.

Danica Pension

Danica Pension encompasses life insurance and pension operations. Danica Pension operates under a separate corporate entity, Forsikringsselskabet Danica. Danica conducts directly, and through its subsidiaries in the Danica Group, extensive operations in the areas of life insurance, pension, pension savings insurance and health insurance.

The Group's life insurance and pension operations are marketed under the name of Danica Pension, and are targeted both to retail and business customers. Products are distributed through a range of distribution channels within the Danske Bank Group, primarily Danica Pension's insurance agents and Banking Activities' branch network. Danica Pension distributes products also through pension advisers.

In accordance with the Danish Insurance Business Act and the executive order on the consolidated accounts of insurance companies and pension funds, Danica Group is not consolidated into the Group's financial statements. The Bank's holdings and the liabilities in the Danica Group are recognized in the Bank Group's balance sheet at their fair value. The profits and/or losses generated by the Danica Group are included in the Bank Group's profit and loss account under the item "Income from associated and subsidiary undertakings". See "Financial Statements and Certain Other References" above. As of December 31, 2003, the Danica Group had total assets of DKK 188 billion (U.S.$31 billion).

On December 9, 2003, S&P raised Danica's long-term counterparty credit and insurer financial strength ratings to AA– from A+. At the same time, S&P placed Danica's ratings on a stable outlook.

Other Areas

Other areas consist of the Group's capital center, resource areas, properties and costs which are not allocated to specific business areas. The costs that are not allocated to specific business areas are mostly related to severance costs. All other costs are allocated to business units primarily through use of activity based costing.

The capital center includes margin costs associated with supplementary capital, the difference between actual and allocated capital and the result from hedging of foreign entities. Properties cover costs related to running and maintaining the Group's properties, the calculated internal and external rent and gains on properties sold. All employees of other areas are employed in resource areas.

Resource Areas

The Internet and other electronic communications (e-finance) form an integral part of the Group's business model and therefore fit into the Group's general strategy. The responsibility for the continuous development of electronic distribution channels and products rests solely with the Group's business areas, which also bear the associated costs. Almost the entire Group, including subsidiaries and branches outside Denmark, works on the same IT-platform. The responsibility for the Group's shared IT infrastructure and functions, product development, administration and support has been centralized in the Shared Services

Centre. As of January 1, 2004, the centre had a staff of approximately 4,700, including approximately 1,200 employees that were transferred from Banking Activities, Denmark on January 1, 2004 and approximately 500 employees with a retirement agreement. Approximately 1,800 employees of the centre were working on the IT-development and infrastructure.

The IT facility management has been outsourced to DMdata a/s, an associated company of the Group, which is 45% owned by Danske Bank. The other shareholders, Mærsk Data A/S and VM Data, own 45% and 10%, respectively, of the shares in DMdata a/s. DMdata offers IT facility management services also to other companies.

The Group's general staff functions mainly consist of Credit & Market Risk, Audit Department, Group Finance, Human Resource Development and Communication. Credit & Market Risk has an overall responsibility for the administration and management of credit risks and market risks of the Group. This responsibility includes the granting of credit, portfolio composition, confirmation of risk limits, internal credit approval, and monitoring credits and reporting to the Bank's management. Group Finance is generally responsible for financial and risk reporting in the Group. In addition, Group Finance is responsible for investor relations activities. Human Resource Department has a strong focus on finding and enhancing competencies of the Group's employees. The Communication Department is involved in the Group's communication with external partners and in the marketing of the Group and the separate brands within the Group.

Legal Proceedings

The Bank and its subsidiaries are potential or named defendants in a number of legal actions under which claims have been made against the Bank or the Bank Group. Although the outcome of claims, lawsuits or other legal proceedings against the Bank or the Bank Group cannot be predicted with certainty, management believes that the outcome of such proceedings will not have material adverse effect on the Bank Group's financial condition or results of operations.

THE DANISH BANKING SYSTEM

Central Bank of Denmark

Danmarks Nationalbank is the central bank of Denmark. The Danish Central Bank is organized under, and its operations are governed by, Danmarks Nationalbank Act (no. 116, April 7, 1936) as amended from time to time. Although subject ultimately to the legislative control of the Folketing, the Danish parliament, the Danish Central Bank is an autonomous institution.

The objective of the Danish Central Bank is to ensure a stable and well-functioning currency system in Denmark. The Danish Central Bank has a number of responsibilities not shared by other banks. The Danish Central Bank produces and distributes Danish banknotes and coins; conducts monetary and foreign-exchange policies to ensure the stability of the Danish Kroner vis-à-vis the euro; manages the foreign-exchange reserve; is banker to the banks and mortgage-credit institutions and to the central government; handles overall tasks in relation to payment systems; analyzes financial stability; collects, collates and publishes financial statistics; and represents Denmark internationally in a number of areas.

The Danish Central Bank participates in the management of the central government debt. This is usually the responsibility of a financial ministry. The Ministry of Finance and the Danish Central Bank are together responsible for the management of the central government debt.

The Danish Central Bank undertakes the administrative tasks, while the Ministry of Finance is responsible for the central government's borrowing and debt management, including relations with the Folketing.

Monetary Policy

Danish monetary policy is conducted in accordance with the principle of substantial freedom of capital movements. Emphasis is placed primarily on market-oriented instruments. Interest policy is determined in light of the objective of keeping the exchange rate of the Danish Kroner stable against the euro within the Exchange Rate Mechanism 2-framework ("ERM2"). In recent years, the Danish Kroner has been held within a much tighter range than the +/− 2.25 range allowed in the Danish ERM2-agreement with the European Central Bank.

The Danish Central Bank conducts its monetary policy via the monetary-policy counterparties, comprising banks and mortgage-credit institutes. The monetary-policy counterparties can make overnight deposits with the Danish Central Bank, and participate in the Danish Central Bank's weekly market operations. In the weekly market operations the counterparties can obtain 14-day loans by pledging securities as collateral, or make 14-day deposits by purchasing certificates of deposit. The Danish Central Bank's 14-day loans bear interest at the lending rate, which is equivalent to the rate of interest for certificates of deposit. The lending rate of the Danish Central Bank was 2.15% as of June 7, 2004.

Danish General Government finances have been in surplus since 1997. Danish Government debt is financed by sales of government securities. A sizable part of some government bond issues are held by international investors.

Long-term government interest rates in Denmark were approximately 4.55% as of June 7, 2004, which is at a level less than 0.25 percentage points above comparable German interest rates.

The liquidity impact of the central government deficit is offset by sales of government securities. Short-term changes in liquidity may be absorbed by the Danish Central Bank by the issuance of 14-day certificates of deposit which can be traded among the banks. Liquidity will mainly be supplied through the repurchase of certificates of deposit or through Treasury bill and government bond repurchase agreements.

Foreign Exchange Regulation

The consolidated Act on Foreign Exchange Regulations etc. (no. 279, April 11, 1988), grants authority to the Danish Ministry of Economic and Business Affairs and the Danish Central Bank to regulate the import and export of goods, purchase and sale of foreign currencies and cross-border payment transactions, including transactions to and from Danish and foreign banks. At present, a very liberal system is in existence based upon an Executive Order (no. 658, July 11, 1994) pursuant to which a free cross-border flow is permitted for practically all transactions. Due to increased focus on measures to prevent money laundering and financing of terrorist activities, the Danish Customs Act was amended in 2002 to include a provision that anyone who enters or leaves the Danish customs area carrying money, etc. exceeding EUR 15,000 in value shall, at their own initiative, go through a customs check and declare all money, etc. to the customs and tax authorities. The expression "money, etc." comprises cash, as well as bearer papers such as traveler's cheques.

Banking and Other Financial Institutions

Denmark's banking system includes commercial banks, such as the Bank, and savings banks. As of December 31, 2003, there were 180 commercial and savings banks in Denmark with total assets aggregating approximately DKK 2,322 billion.

Other principal financial institutions include mortgage credit institutions, insurance companies and pension funds. As of December 31, 2003, the aggregate principal amount of bonds outstanding issued by mortgage credit institutions was approximately DKK 1,432 billion (nominal value). The net increase in the principal amount of such bonds from the beginning of 2001 through the end of 2003 amounted to approximately DKK 110 billion, which was influenced by the refinancing of mortgage loans.

Regulation

Danish banks are subject to the rules set forth in the Danish Financial Business Act (Consolidated Act No. 1268 of December 19, 2003), the Bank Act, the Danish Companies Act, Executive Orders issued by the Ministry of Economic and Business Affairs and regulations from the DFSA, an authority under the Ministry of Economic and Business Affairs. The DFSA is the public agency responsible for the supervision of credit institutions including banks, mortgage credit institutions, insurance companies, pension funds, insurance brokers, the Danish Labour Market Supplementary Pension (ATP), the Danish Employees' Capital Fund (LD), the Danish Labour Market Occupational Diseases Fund (AES), investment companies and investment associations (UCITS).

The Danish Financial Business Act and the regulations issued pursuant thereto set up safeguards to protect depositors by establishing solvency ratios that require banks to have sufficient capital (own funds, etc.) or subordinated capital in relation to assets (see below). In addition, liquidity rules require banks to maintain sufficient liquid assets to meet depositor claims on sight or otherwise. To further protect the assets of banks, the Danish Financial Business Act establishes rules limiting the ability of a bank to concentrate its assets in lending or other exposure to single clients or client groups. See "Risk Management — Credit Risk" above. The solvency rules apply to Danish banks individually as well as on a group basis.

Solvency, or capital adequacy, is established by measuring all assets weighted according to credit and market risk (as defined in the regulations) against the "capital" of a bank. Accordingly, "capital" of a bank must amount to a certain minimum percentage (as described below) of the risk-weighted assets (which includes the calculated items associated with market risk) of the bank (see below), subject to a minimum of EUR 5 million.

The credit risk assessment is based on the defined credit risks of various groups of assets, taking into consideration the nature of the counterparty and the counterparty's obligation. For example, claims on OECD governments and Danish local authorities are given a weight of zero, whereas unsecured claims on corporate and private customers are given a weight of one. Between these extremes, there are a number of other assessments set forth by the European Union directive on solvency requirements and implemented into the Danish laws and regulations. For example, claims for bonds issued by Danish mortgage credit institutions are weighted up to 0.1 and deposits (except for subordinated claims) with other credit institutions in OECD countries are weighted at 0.2. Claims secured by mortgages on Danish real estate are, within certain limits, weighted at 0.5.

In addition to credit risk assessment, Danish banks are required to maintain a certain minimum capital with respect to the market risks that may incur arising from changes in interest rates, exchange rates and share prices. Market risks include the risk of loss with respect to on-and off-balance sheet positions resulting from market price movements involving debt instruments and equity securities in a bank's trading portfolio as well as foreign exchange risk and commodities risk incurred by such bank. Accordingly, the Executive Orders referred to above set forth detailed rules for calculating the market risks associated with the interest rate and share price risk affecting a bank's debt instruments and equity securities in the trading portfolio and with a bank's foreign currency exposure. The market risks associated with derivatives are calculated by splitting the derivatives into their component parts and applying the interest rate, currency and share-price risk ratios to them.

For purposes of complying with the Danish solvency requirements, capital is divided into two main categories, Tier I Capital and Tier II Capital ("Supplementary Capital"). Tier I Capital consists of Core Capital and Hybrid Tier I Capital (as explained below). Core Capital primarily includes paid-up share capital and reserves (excluding revaluation reserves) and, in group accounts, certain minority interests in a bank's consolidated subsidiaries, and is reduced by, among other items, losses incurred during the current fiscal year (if any) and the bank's holdings of its own shares. Certain capital interests in other financial institutions in excess of certain limited amounts have to be deducted from the total amount of Core Capital and Supplementary Capital.

Supplementary Capital for banks consists of valuation reserves and subordinated debt instruments that may be issued by a bank (which together constitute Supplementary Capital). Subordinated debt instruments are debt obligations which, in case of a bankruptcy or liquidation, are subordinated to ordinary claims on the issuing bank (which in turn are at least equal to the claims of depositors). Subordinated debt can only be issued as Upper Tier II Capital which means that it must include interest deferral and principal reduction features, and can thus be applied towards covering losses of the issuing bank even if that bank is allowed to carry on its business. However, the use of Upper Tier II Capital in complying with solvency ratio requirements is subject to both general and specific limitations. For example, the amount of Upper Tier II Capital applied to solvency ratio requirements may not exceed 100% of Tier I Capital after deductions. In addition, for purposes of calculating solvency ratios, the amount of a subordinated debt instrument with a fixed maturity which may be used by a bank as capital is reduced by 25% in each of the last three years of the term of the debt.

The Danish Financial Business Act provides for a new form of capital in Denmark, denominated Hybrid Tier I Capital, which may be included in Tier I Capital to meet the solvency requirements, subject to certain conditions and limitations. The conditions are described under "Description of the Capital Securities". The limitations are that Hybrid Tier I Capital can only be included in Tier I Capital in the calculation of the solvency ratio if the bank's Core Capital (after deductions) is not less than 5% of the risk-weighted assets. However, Hybrid Tier I Capital can never exceed 15% of the bank's Core Capital (after deductions). If a bank has excess Hybrid Tier I Capital in accordance with this rule, the excess will be added to the bank's calculation of its Supplementary Capital.

The European Union directive on solvency requirements and the Danish Financial Business Act set forth a minimum solvency ratio of 8% calculated by dividing adjusted Tier I Capital and additional adjusted supplemental funds considered capital by the aggregate of risk-weighted assets.

As the Capital Securities will be issued as Hybrid Tier I Capital, the Bank will be permitted to apply the gross proceeds of the issue of the Capital Securities towards satisfaction of the Tier I solvency ratio requirement until such time as the Capital Securities are called.

The Bank discloses to the public its solvency ratio as a note to its balance sheet statements as of each of March 31, June 30, September 30 and December 31. Prior to such disclosure, the solvency ratio and the basis for the calculation thereof must be filed with and for review by the DFSA.

In accordance with European Union directives, Denmark established a deposit protection scheme in 1987. Payments under the scheme will be met by the Guarantee Fund for Depositors and Investors. The scheme covers in full deposits made on certain accounts established according to law, including, among others, certain pension accounts, and up to DKK 300,000 of a customer's aggregate net ordinary deposits with any one bank. Investors who hold securities in institutions that are not able to redeliver the securities to the investors as a result of suspended payment or the filing for compulsory winding-up are covered up to the equivalent of EUR 20,000 per investor.

The European Union has resolved to use the Basle Committee's recommendations as a basis for common European rules concerning capital requirements for credit institutions in the European Union. The final draft directive is expected to be issued in the near future. The rules have been drafted to ensure that the calculation of capital requirements better reflect the risks that the banks are in fact exposed to.

In October 2003, the Basle Committee resolved to revise some of the principles for calculating capital requirements. This could delay the process, and it may prove necessary to postpone the effective date of the directive.

Danish insurance companies are subject to the rules set forth in the Danish Financial Business Act, the Danish Insurance Business Act and the Danish Companies Act. The DFSA is the public agency responsible for the supervision of insurance companies. Danish mortgage institutions are subject to the rules set forth in the Danish Financial Business Act, the Danish Mortgage Credit Act and, if organized as a limited liability company, the Danish Companies Act, and they are supervised by the DFSA.

Banks as Stockholding Companies

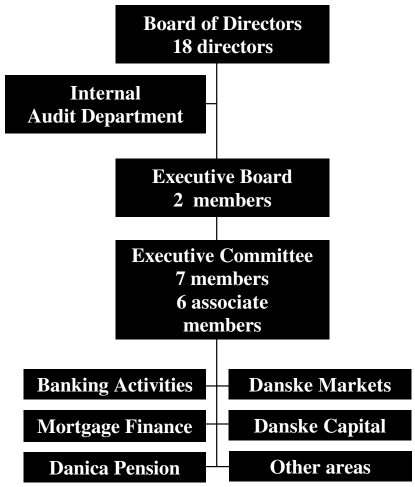
Pursuant to the Danish Financial Business Act, Danish banks must adopt the form of a stockholding company and, accordingly, are subject to the rules of the Danish Companies Act of 1973 (as consolidated in 2002 and as amended from time to time thereafter) which are applicable to most companies including financial institutions, except for certain special applicable provisions contained in the Danish Financial Business Act.

MANAGEMENT AND SHARE OWNERSHIP

Organization and Management

The organizational structure of the Danske Bank Group is based on the code governing Danish financial services institutions. The Bank is governed by Danish company law, which stipulates that an annual general meeting of shareholders must elect the Board of Directors (except members elected by the staff), approve the annual report and accept or reject the Board's proposal for external auditors. The Board of Directors appoints the Executive Board and formulates the overall management guidelines for the Group.

The Board of Directors has approved the establishment of an Executive Committee headed by the Chairman of the Executive Board. The Executive Committee constitutes the day-to-day executive management and is a coordinating forum. Its objective is to take an overall view of the activities across the Group, focusing on the collaboration between support functions and product suppliers on the one hand and divisions and individual country organizations on the other.



General Meeting

The general meeting of shareholders has the ultimate authority in the company's decisions, and most decisions are taken by a simple majority of votes. All shares carry the same rights, and each share carries one vote. The Articles of Association and Danish law require certain proposals to be adopted by a qualified majority. Such proposals include certain amendments to the Articles of Association and any departure from granting existing shareholders pre-emption rights to subscribe for new shares. The proposals must be adopted by at least a two-thirds majority of the votes cast and of the share capital represented at the general meeting of shareholders entitled to vote.

Voting rights at the general meeting of shareholders may be exercised by any shareholder who has registered and provided proof of its shareholding and who has requested an admission card and voting card no later than five days before the general meeting. Any shareholder may be represented at a general meeting of shareholders by proxy.

Board of Directors

The Board of Directors is the highest governing authority. Under the Danish Companies Act, the Board of Directors must approve dispositions which are of unusual nature or major importance and it approves decisions which have strategic and fundamental importance.

The Board of Directors, which consists of non-executive directors, is elected by the shareholders of the Bank in the general meeting of shareholders with the exception of those directors who are elected pursuant to prevailing law concerning employee representation on the Board of Directors (currently seven). Companies that employ more than 35 employees are entitled to elect directors corresponding to half the number of directors elected by the general meeting. The directors are elected to four-year terms and the number of such directors may range from six to fifteen (currently eleven). Every year at least two directors elected by the shareholders in the annual general meeting of shareholders who have been longest in office since their last election are automatically retired from office. Directors are eligible for re-election. However, they must retire on the date of the first general meeting of shareholders after they have reached the age of 70. According to Danish Law, the members of the Executive Board may not also be members of the Board of Directors of the Bank.

The Board of Directors appoints the Executive Board, the Group Chief Auditor, the Deputy Group Chief Auditor and the Secretary to the Board of Directors. The Board of Directors has established its own rules of procedure that lay down guidelines for its work, specify the duties of the Board of Directors and the Executive Board, the powers of authority, and the framework of the Group's risk management, financial reporting and planning, credit approval, controls and organization.

The Audit Department is responsible for assessing whether or not the reporting procedures, including procedures on financial reporting, ensure that the Board of Directors receives accurate information. An audit agreement sets out the detailed guidelines for the division of duties between the internal and external auditors. The Bank aims to allow external auditors to perform only audit services.

The Board of Directors has set up a number of committees to monitor specific areas. The formation of these committees implies no change in the powers or responsibilities of the Board of Directors. One such committee is the Credit Committee, whose members review major exposures before they are submitted to the Board of Directors. Another committee is the Audit Committee, which conducts reviews on matters concerning accounting, auditing and security both with and without the participation of the day-to-day management. Moreover, a committee that focuses on the Group's salary and bonus systems has been set up.

In 2003, the Board of Directors decided to dissolve the mortgage finance and pensions committees and to establish a Stakeholder Committee and a Risk Committee.

The Stakeholder Committee will watch the relationship with important stakeholders, including customers, investors, the staff and public authorities. The purpose of this committee is to increase the focus on the development and maintenance of strong, long-standing relationships based on the Group's objectives and core values. On the basis of the ongoing reporting of information, the Risk Committee monitors the most important risk factors to make sure that the Group has suitable and adequate risk management systems and policies.

The present members of the Board of Directors and their principal outside positions are as follows:

Name	Principal Outside Position
Alf Duch-Pedersen, Chairman	Chief Executive of Danisco A/S
Jørgen Nue Møller, Vice Chairman	General Manager, Chairman of Fonden Realdania
Eivind Kolding, Vice Chairman	Chief Financial Officer of A.P. Møller-Mærsk
Henning Christophersen	Partner at KREAB, Brussels
Niels Eilschou Holm	Private Secretary to Her Majesty the Queen of Denmark
Peter Højland	Managing Director of Transmedica A/S
Niels Chr. Nielsen	Professor of Economics, Copenhagen Business School
Sten Scheibye	Chief Executive of Coloplast A/S
Majken Schultz	Professor of Organization, Copenhagen Business School
Claus Vastrup	Professor of Economics, University of Aarhus
Birgit Aagaard-Svendsen	Executive Vice President and CFO of J. Lauritzen A/S

Name	Principal Outside Position
Tove Abildgaard(1)	Member of Danske Kreds
Helle Brøndum(1)	Member of Danske Kreds
Bolette Holmgaard(1)	Bank Clerk
Peter Michaelsen(1)	Chairman of Danske Kreds
Pia Bo Pedersen(1)	Processing Officer
Verner Usbeck(1)	Member of Danske Kreds
Solveig Ørteby(1)	Vice Chairman of Danske Kreds

(1) Elected by the Bank's staff.

Executive Board

The Executive Board is in charge of the day-to-day management of the Group as laid down by the rules of procedure of the Board of Directors and the Executive Board.

The present members of the Executive Board are as follows:

Name	Position	Year of Birth	Employed by the Bank(1)	Appointed on the Executive Board
Peter Straarup	Chairman of the Executive Board	1951	1968	1986(2)
Jakob Brogaard	Deputy Chairman of the Executive Board	1947	1964	1996

(1) Includes employment by the Bank's predecessors.

(2) Originally appointed as member of the Executive Board of Den Danske Bank af 1871 Aktieselskab.

The Chairman and the Vice-Chairman sit on a number of boards of subsidiaries and other companies.

Executive Committee

The Executive Committee consists of seven members and six associate members and it constitutes the day-to-day executive management and is a coordinating forum.

The present members of the Executive Committee are as follows:

Name	Position	Year of Birth	Employed by the Bank(1)
Peter Straarup	Chairman of the Executive Committee	1951	1968
Jakob Brogaard	Deputy Chairman of the Executive Committee	1947	1964
Jørgen Klejnstrup	Member of the Executive Committee	1953	1972
Sven Lystbæk	Member of the Executive Committee	1951	1986
Henrik Normann	Member of the Executive Committee	1953	1983
Tonny Thierry Andersen	Member of the Executive Committee	1964	1999
Per Skovhus	Member of the Executive Committee	1959	1979

(1) Includes employment by the Bank's predecessors.

External Relations

The Danske Bank Group holds conferences for existing and potential investors and analysts in Denmark and abroad. The conferences are held as needed, usually after the publication of the annual and quarterly reports. The presentations from the meetings can be downloaded from the website. Investor Relations, Group

Finance is in charge of coordinating investor activities. The department answers questions that investors may have, and it is in charge of disclosing information that might influence the price of Danske Bank shares immediately after announcement at the Copenhagen Stock Exchange. For a period of four weeks before planned announcements of financial results, the Bank will not make any comments on its general financial results or expectations for the future.

Share Ownership

The shares of the Bank are listed on the Copenhagen Stock Exchange and registered at the Danish Securities Centre. The number of shareholders as of December 31, 2003 was approximately 295,000. Pursuant to the Company Act requirements, any shareholder of the Bank which owns 5% or more of the share capital of the Bank must notify the Bank of its holdings. Additionally, notice must be provided to the Bank by any such shareholder of each 5% increase in its shareholdings. As of the date of this Memorandum, the Bank has received a notice that A.P. Møller and Chastine McKinney Møller Foundation, Copenhagen holds more than 15% of the Bank's share capital; and Fonden Realdania, Copenhagen holds more than 10% of the Bank's share capital. Danske Bank Group, including the Danica Group, holds more than 5% of the Bank's share capital.

The annual general meeting of shareholders of the Bank held on March 23, 2004 resolved to reduce the share capital of the Bank by a nominal amount of DKK 394,100,970 through cancellation of its own shares held by Danske Bank A/S. The reduction of the share capital of the Bank to a total of DKK 6,722,657,520 is expected to be registered by June 30, 2004.

DESCRIPTION OF THE CAPITAL SECURITIES

The Capital Securities will be issued under a Fiscal Agency Agreement to be dated as of June 15, 2004 (the "Fiscal Agency Agreement"), between the Bank and U.S. Bank Trust National Association, as fiscal and paying agent (the "Fiscal Agent"), a copy of which is available for inspection at the corporate trust office of the Fiscal Agent in the city of New York.

The following summaries of certain provisions of the Fiscal Agency Agreement and the Capital Securities do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Fiscal Agency Agreement and the Capital Securities. Any term defined in the Fiscal Agency Agreement and not otherwise defined herein is used herein with the meaning set forth in the Fiscal Agency Agreement.

General

The Capital Securities will amount to U.S.$750,000,000 aggregate principal amount. The Capital Securities are subordinated and unsecured obligations of the Bank, and will have no stated maturity and may not be repaid except in accordance with the provisions set forth below under "Redemption and Repurchase — Optional Redemption", "— Tax Event and Capital Event Redemption — Tax Event" and "— Tax Event and Capital Event Redemption — Capital Event".

Interest will accrue on the Capital Securities from June 15, 2004 and will be payable, subject to certain conditions set forth herein, until the Initial Call Date (as defined below), semi-annually in arrears on June 16 and December 16 of each year, commencing December 16, 2004, to the persons in whose names such Capital Securities are registered at the close of business on June 2 or December 2, as the case may be, next preceding each such date and, following the Initial Call Date, quarterly in arrears on March 16, June 16, September 16 and December 16 of each year (each such interest payment date, whether before or following the Initial Call Date, an "Interest Payment Date"), commencing September 16, 2014, to the persons in whose names such Capital Securities are registered at the close of business on March 2, June 2, September 2 or December 2, as the case may be, next preceding each such date.

Prior to June 16, 2014 (the "Initial Call Date"), interest will accrue at the rate of 5.914% per annum. The basis for the interest rate to be paid on the Capital Securities subsequent to the Initial Call Date is set forth herein under "Calculation of Interest Rate after Initial Call Date".

Prior to the Initial Call Date, any payment of principal or interest required to be made on the Capital Securities on a day that is not a Business Day (as defined herein) need not be made on such day, but may be made on the next succeeding Business Day with the same force and effect as if made on the date for payment of such principal or interest, and no interest shall accrue for the period after such day. Interest on the Capital Securities prior to the Initial Call Date will be calculated on the basis of a 360-day year of twelve 30-day months. The term "Business Day" means any day, other than a Saturday or Sunday, on which banks in the City of New York are not required or authorized by law, regulation or executive order to close.

After the Initial Call Date, any payment of principal or interest required to be made on the Capital Securities on a day that is not a Business Day need not be made on such day, but may be made on the next succeeding Business Day; *provided*, that, if that Business Day would fall in the next calendar month, the Interest Payment Date will be the immediately preceding Business Day. Interest on the Capital Securities will be calculated on the basis of the actual number of days in the Interest Period concerned divided by 360.

All payments in respect of the Capital Securities will be payable in U.S. dollars or in such other coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

The Capital Securities will rank *pari passu* without preference or priority among themselves and with other Hybrid Tier I Capital instruments of the Bank and other capital instruments of the Bank expressed to be ranking *pari passu* with Hybrid Tier I Capital. See "Subordination" below.

Form of Capital Securities

The Capital Securities will be offered and sold in minimum principal amounts of U.S.$100,000 and in integral multiples of U.S.$1,000 in excess thereof.

The Capital Securities which are initially offered and sold in reliance on Rule 144A will be evidenced by one or more Rule 144A global notes in fully registered form (the "Rule 144A Global Notes"). The Capital Securities which are initially offered and sold in reliance on Regulation S will be evidenced by one or more Regulation S global notes in fully registered form (the "Regulation S Global Notes" and, together with the Rule 144A Global Notes, the "Global Securities"). The Global Securities will be deposited upon issuance with the Fiscal Agent as custodian for DTC and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC.

Subordination

The Capital Securities will constitute Hybrid Tier I Capital of the Bank in accordance with the Danish Financial Business Act (Consolidated Act No. 1268 of December 19, 2003).

The Capital Securities will constitute unsecured, subordinated debt obligations of the Bank and shall at all times rank *pari passu* without preference among themselves and with other Hybrid Tier I Capital instruments and other capital instruments expressed to be ranking *pari passu* with Hybrid Tier I Capital. The Capital Securities will at all times rank in priority to holders of any classes of share capital of the Bank, both as regards the right to receive periodic payments and the right to receive repayment of capital on a bankruptcy or liquidation of the Bank.

Consequently, in the event of the bankruptcy or liquidation of the Bank by way of public administration or otherwise, the rights of the holders of the Capital Securities to payments of the original principal amount of the Capital Securities and any other amounts including interest due in respect of the Capital Securities shall rank *pari passu* without any preference among the holders of the Capital Securities and *pari passu* with other Hybrid Tier I Capital instruments and other capital instruments expressed to be ranking *pari passu* with Hybrid Tier I Capital.

The Capital Securities will rank junior as regards the right of payment to the payment of any present or future claims of (a) depositors of the Bank, (b) other unsubordinated creditors of the Bank and (c) subordinated creditors of the Bank other than creditors with respect to any capital securities expressly stated to rank *pari passu* with or junior to the Capital Securities.

Reduction of Amounts of Principal and Unpaid Interest

The shareholders of the Bank, by a resolution passed at a general meeting duly convened in accordance with Danish law and the Bank's Articles of Association, may resolve to reduce and cancel, *pro rata*, part or all of the outstanding principal amount of each of the Capital Securities and any Arrears of Interest thereon together with all corresponding Additional Interest Amounts (each, as defined under "Interest — Optional Deferral of Interest" below) on a *pro rata* basis with all the Bank's other outstanding Hybrid Tier I Capital instruments and other capital instruments expressed to be ranking *pari passu* with Hybrid Tier I Capital, upon the occurrence of all of the following circumstances: (i) the share capital and reserves of the Bank have been reduced to zero; (ii) the shareholders of the Bank by extraordinary resolution passed at a duly convened general meeting have resolved that the value of each of the outstanding shares representing the share capital of the Bank be reduced to zero; and (iii) following the resolution referred to in (ii) above, either (a) sufficient share and/or other capital of the Bank is subscribed or contributed so as to enable the Bank, following any such reduction of the outstanding principal amount of the Capital Securities and any Arrears of Interest thereon, to comply with the solvency requirements of the Danish Financial Business Act; or (b) the Bank ceases to carry on its business without a loss for the non-subordinated creditors.

The amount of any such reduction shall be subject to the prior approval of the Bank's elected external auditors and the DFSA and shall first be effected in respect of any Arrears of Interest thereon (together with all corresponding Additional Interest Amounts) and only when there are no such outstanding Arrears of Interest will the principal amount of the Capital Securities be reduced.

The reduction and cancellation will take effect on the date specified in the relevant resolution approving any such reduction and cancellation of the outstanding principal amount of the Capital Securities and any Arrears of Interest thereon, and the holders of the Capital Securities will thereafter cease to have any claim in respect of amounts so reduced and cancelled. The Bank will give notice to the holders of the Capital Securities of any such reduction and cancellation immediately following the passing of such resolution. To the extent that only part of the principal amount of the Capital Securities or Arrears of Interest thereon has been so reduced, interest will continue to accrue in accordance with the terms of the Capital Securities on the then outstanding principal amount of the Capital Securities and Arrears of Interest, if any.

Interest

Fixed Rate of Interest

For the period from and including June 15, 2004 to but excluding June 16, 2014, the Capital Securities will bear interest at the rate of 5.914% per annum payable semi-annually in arrears on each Interest Payment Date (as defined), unless any such date is not a Business Day (as defined), in which case the relevant interest payment may be made on the next succeeding Business Day with the same force and effect as if made on such Interest Payment Date, and no interest shall accrue in respect of such period.

Such interest for the period from and including June 15, 2004 to but excluding June 16, 2014 will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.

The period beginning on, and including, June 15, 2004 and ending on, but excluding, the first Interest Payment Date thereafter and each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date preceding the Initial Call Date is herein called a "Fixed Interest Period".

Calculation of Interest Rate after Initial Call Date

Following the Initial Call Date, interest on the Capital Securities will be payable quarterly in arrears on each Interest Payment Date (as defined), unless any such date is not a Business Day (as defined), in which case the relevant Interest Payment Date shall be the next succeeding day that is a Business Day; *provided*, that if such Business Day would fall in the next calendar month, the Interest Payment Date will be the immediately preceding Business Day.

The period beginning on, and including, the Initial Call Date, and ending on, but excluding, the first Interest Payment Date thereafter and each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is herein called a "Floating Interest Period" and, together with the Fixed Interest Period, an "Interest Period".

The rate of interest payable in respect of each Floating Interest Period (the "Rate of Interest") will be determined by the Fiscal Agent in accordance with the following provisions, on the second London Business

Day (as defined below) prior to the commencement of each Floating Interest Period (each, an "Interest Determination Date"):

(i) The Fiscal Agent will ascertain the offered rate for three-month dollar deposits in the London interbank market which appears on the Telerate Page 3750 as at 11:00 a.m. (London time) on such Interest Determination Date. The Rate of Interest for such Floating Interest Period shall be the rate per annum equal to the sum of the rate so determined by the Fiscal Agent and the Margin (as defined below).

(ii) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then subparagraph (i) shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded upwards if necessary to the fifth decimal place) of the rates (being at least two) which so appear as determined by the Fiscal Agent. If for any other reason such offered rate does not appear on the Telerate Page 3750, or if the Telerate Page 3750 is unavailable, the Fiscal Agent will request each of the banks whose offered rates would have been used for the purposes of the relevant page if the event leading to the application of this sub-paragraph (ii) had not happened or the principal London office of each of four major banks in the London interbank market as selected by the Fiscal Agent (the "Reference Banks") to provide the Fiscal Agent with its offered quotation (expressed as a rate per annum) for three-month dollar deposits to leading banks in the London interbank market at approximately 11:00 a.m. (London time) on the Interest Determination Date in question. The Rate of Interest for such Floating Interest Period shall be the rate per annum equal to the sum of the arithmetic mean (rounded as aforesaid if necessary) of such offered quotations, as determined by the Fiscal Agent, and the Margin.

(iii) If on any Interest Determination Date two or more but not all of the Reference Banks provide the Fiscal Agent with such quotations, the Rate of Interest for the relevant Floating Interest Period shall be determined in accordance with sub-paragraph (ii) above on the basis of the quotations of those Reference Banks providing such quotations.

(iv) If on any Interest Determination Date one only or none of the Reference Banks provides the Fiscal Agent with such offered quotations, the Rate of Interest for the relevant Floating Interest Period shall be the rate per annum which the Fiscal Agent determined to be the sum of the arithmetic mean (rounded upwards if necessary to the fifth decimal place) of the lowest dollar offered rates which four major United States banks selected by the Fiscal Agent are quoting at approximately 11:00 a.m. (New York time) on such Interest Determination Date to leading European banks for a period of three months.

For the purposes hereof:

"London Business Day" means a day upon which banks and foreign exchange markets are open for business in London and which is a Business Day in New York.

"Margin" means 1.66% per annum.

"Telerate Page 3750" means the display designated as page no. 3750 on the Moneyline Telerate (or such other replacement page on that service for the purpose, *inter alia*, of displaying London interbank offered rates for dollar deposits).

The Fiscal Agent will, as soon as practicable after 11:00 a.m. (London time) on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest (the "Interest Amount") payable for the relevant Floating Interest Period. The Interest Amount shall be calculated by applying the Rate of Interest to the principal amount of the Capital Securities (and any Arrears of Interest, if applicable), multiplying such product by the actual number of days in the Interest Period concerned divided by 360 and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The determination of the Rate of Interest and the Interest Amount by the Fiscal Agent shall (in the absence of manifest error) be final and binding upon all parties.

The Fiscal Agent will cause the Rate of Interest and the Interest Amount for each Floating Interest Period and the relevant Interest Payment Date to be notified to the Bank and the Luxembourg Stock Exchange and to be notified to the holders of Capital Securities by mail to the addresses of such holders as they appear in the Capital Security Register in accordance with the Fiscal Agency Agreement as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Notices will also be published, so long as the Capital Securities are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, in a daily newspaper having general circulation in Luxembourg.

Optional Deferral of Interest

In the event that, on any Interest Payment Date, the Bank does not satisfy the solvency requirements of the Danish Financial Business Act, the Bank may elect not to make the interest payment otherwise payable on such date (any such Interest Payment Date being referred to as an "Optional Interest Payment Date").

Any interest in respect of the Capital Securities not paid on an Optional Interest Payment Date, together with any other interest in respect of the Capital Securities not paid on any other Optional Interest Payment Date and any mandatory deferred interest as outlined under "Mandatory Deferral of Interest and Interest Cancellation" below, shall, so long as the same remains unpaid, constitute "Arrears of Interest". Interest will accrue on the amount of Arrears of Interest at the rate of interest applicable to the Capital Securities, and such amount of interest (the "Additional Interest Amount") accrued up to any Interest Payment Date shall be added, for the purpose only of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date.

Arrears of Interest (together with all corresponding Additional Interest Amounts) shall become due and payable in full (except to the extent reduced or eliminated as described above under "Reduction of Amounts of Principal and Unpaid Interest"), on the earlier of: (i) the date on which the Bank next satisfies the solvency requirements of the Danish Financial Business Act; (ii) the date on which the then outstanding principal amount of the Capital Securities is redeemed according to the Optional Redemption, Tax Event Redemption or Capital Event Redemption provisions set out herein; or (iii) the bankruptcy or liquidation of the Bank.

The Bank shall give notice to the holders of the Capital Securities of any Optional Interest Payment Date on which the Bank shall elect, as described above, not to make such interest payment. Any such notice shall apply to each succeeding Optional Interest Payment Date until the next Interest Payment Date to occur on which the Bank satisfies the solvency requirements of the Danish Financial Business Act. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Bank not to pay interest as described above. The Bank shall also give notice to the holders of the Capital Securities of any date upon which any amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable.

Mandatory Deferral of Interest and Interest Cancellation

The aggregate amount of interest payments in respect of the Capital Securities during the period between the most recent date of approval of the annual accounts of the Bank and the next succeeding date of approval of the annual accounts of the Bank may not exceed the amount of Available Free Reserves shown in the annual accounts of the Bank approved on the first-mentioned date. Accrual of interest will cease with effect from the date of approval of the relevant annual audited accounts if the Bank has no Available Free Reserves. In the event that the amount of the next interest payment will exceed the Available Free Reserves, such payment will be reduced to the amount of such Available Free Reserves, or, in the case where there are no Available Free Reserves, to zero. Where such reduction of interest occurs and part of the applicable Interest Period falls before the date of approval of the relevant accounts, to the extent that the amount of interest accrued as at the date of approval of the relevant accounts exceeds the amount of the Available Free Reserves, any such excess shall be deferred and shall constitute Arrears of Interest (as defined under "Interest — Optional Deferral of Interest"). Where interest has ceased to accrue and subsequent annual audited accounts disclose Available Free Reserves, accrual of interest will recommence, provided, however, that the amount of the first payment due after the date of approval of such accounts will be restricted to the amount accrued from the date of approval of those accounts to the relevant Interest Payment Date.

In the event that less than full payment is to be made on any Interest Payment Date, the amount to be paid to any holder of the Capital Securities will represent a *pro rata* share of the full amount available for payment, calculated by reference to the principal amount of the relevant holding as a proportion of the total principal amount of Capital Securities plus the principal amount of any *pari passu* ranking capital instruments outstanding.

Any interest payment or part thereof, which has not been made in accordance with these provisions, will, to the extent such interest payment or part thereof has not been deferred in accordance with these provisions, be cancelled and will not fall due at any time thereafter. The Bank shall give notice to holders of the Capital Securities of any applicable loss or deferral of interest payment as applicable.

For the purposes of this section, "Available Free Reserves" means the amount of free reserves (consisting of the retained profit brought forward from prior fiscal years, the retained profit for the most recent fiscal year and other reserves available for distribution of dividends) as disclosed in the Bank's most recent audited annual accounts as reduced by any payments already made since the date of such accounts by reference to free reserves disclosed therein.

Dividend Suspension

The Bank shall not declare, pay or make any dividend or other distribution on any class of its share capital nor shall the Bank redeem, repurchase or otherwise acquire any of its (i) share capital; (ii) any *pari passu* ranking Tier I securities; or (iii) any obligations of the Bank expressed to rank junior to the Capital Securities, until (subject to reduction or elimination as described below under "Reduction of Amounts of Principal and Unpaid Interest"), as the case may be, either all Arrears of Interest (together with all corresponding Additional Interest Amounts) are paid in full and/or full interest payments are resumed following interest cancellation (in accordance with Mandatory Deferral of Interest and Interest Cancellation below) and have been paid for two consecutive semi-annual or four consecutive quarterly Interest Periods, as applicable. Notwithstanding this restriction, the Bank may take such actions (a) in connection with transactions effected by or for the account of customers of the Bank in connection with distribution, trading or market making in respect of those securities; (b) in connection with the satisfaction by the Bank of its obligations under any existing or future employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Bank or any of its subsidiaries; or (c) otherwise as required by law.

Enforcement Events

The following events or circumstances ("Enforcement Events") shall be enforcement events in relation to the Capital Securities:

(i) Subject to Reduction of Amounts of Principal and Unpaid Interest, if the Bank shall fail to meet its payment obligations under the Capital Securities, other than in accordance with the provisions concerning Optional Deferral of Interest or Mandatory Deferral of Interest and Interest Cancellation, and such payment obligations are not met within seven business days after the Bank has received notice thereof, any holder of the Capital Securities may, at its own discretion and without further notice, institute proceedings in the Kingdom of Denmark in order to recover the amounts due from the Bank to such holder of the Capital Securities, provided that a holder of the Capital Securities may not at any time file for the bankruptcy of the Bank. Any holder of the Capital Securities may, at its discretion and without further notice, institute such proceedings against the Bank as it may think fit to enforce any obligation, condition or provision binding on the Bank under the Capital Securities, provided, that the Bank shall not by virtue of the institution of any proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(ii) If an order is made or an effective resolution is passed for the bankruptcy or liquidation of the Bank, then the Capital Securities shall become due and payable at their early termination amount (the "Early Termination Amount") (which shall be their outstanding principal amount) together with interest (if any) accrued to such date, any Arrears of Interest and all corresponding Additional Interest Amounts.

According to Section 246(2) of the Danish Financial Business Act, notwithstanding Section 17(2) of the Danish Bankruptcy Act, if the Bank cannot meet its obligations regarding the Capital Securities, the Bank is not considered insolvent. According to Section 17(2) of the Danish Bankruptcy Act, a debtor is insolvent, if he cannot meet his obligations as and when they fall due, unless the inability to meet such obligations may be considered to be temporary.

If proceedings with respect to the bankruptcy or liquidation with respect to the Bank should occur, the holders of the Capital Securities would be required to pursue their claims on the Capital Securities in proceedings with respect to the Bank in Denmark. In addition, to the extent that the holders of the Capital Securities are entitled to any recovery with respect to the Capital Securities in any Danish proceedings, such holders of the Capital Securities would be entitled to a recovery in Danish Kroner which would be based on the U.S. dollar conversion rate in effect on the date the Bank entered into such insolvency or liquidation proceeding.

Under Danish law, a judgment entered by a New York court in an action brought in respect of the Capital Securities, the Fiscal Agency Agreement or related documents is as such not recognized or enforceable in Denmark; instead, a Danish judgment is required for enforcement in Denmark. In rendering a judgment, the Danish courts will give full consideration to the New York court judgment but are free to examine *de novo* issues arising in the case.

Withholding Taxes

All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Capital Securities will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or other governmental charges of whatever nature or civil liabilities imposed or levied by or on behalf of any Tax Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments or governmental charges or civil liabilities is required by law. In that event, the Bank will pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts receivable by the holder of the Capital Securities after such withholding or deduction shall equal the respective amounts which would have been receivable by such holder of the Capital Securities in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable in relation to any payment in respect of any Capital Security:

(i) which would not have been so imposed but for the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of such holder, if such holder is an estate, a trust, a partnership, or a corporation) and the relevant Tax Jurisdiction, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein other than (a) the mere holding of such Capital Securities or (b) the receipt of principal, interest, or other amounts in respect of such Capital Security; or

(ii) presented for payment (if presentation is required) more than 30 days after the Relevant Date, except to the extent that the relevant holder of the Capital Securities would have been entitled to such Additional Amounts on presenting the same for payment on or before the expiry of such period of 30 days; or

(iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Union Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(iv) to or on behalf of a holder of the Capital Securities who would have been able to avoid such withholding or deduction by presenting the relevant Capital Security (if presentation is required) or requesting that such payment be made to another Fiscal Agent in a member state of the European Union; or

(v) to or on behalf of a holder of the Capital Securities who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority or by complying with certification, information or other reporting requirements concerning the nationality, residence or identity of the holder or beneficial owner of such Capital Security, if such compliance is required by statute or by regulation of a Tax Jurisdiction, as a precondition to relief or exemption from such tax, following a written request by the Bank addressed to the holder or beneficial owner to make such declaration or certification.

The payments of Additional Amounts are subject to the same restrictions as payments of interest stated in "Interest — Optional Deferral of Interest" and "— Mandatory Deferral of Interest and Interest Cancellation" and must be covered by Available Free Reserves.

For the purposes of this section:

"Relevant Date" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Fiscal Agent on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to holders of the Capital Securities, notice to that effect shall have been duly given to the holders of the Capital Securities in accordance with the notice provision; and

"Tax Jurisdiction" means Denmark or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any other jurisdiction or any political subdivision thereof or any authority or agency therein or thereof, having power to tax in which the Bank or any successor entity is treated as being resident in, or having a permanent establishment, under the income tax laws of such jurisdiction.

Redemption and Repurchase

Optional Redemption

The Capital Securities may be redeemed at the option of the Bank (subject to the Bank having received the prior consent of the DFSA) in whole, but not in part, on the Initial Call Date or on any Interest Payment Date thereafter (each such date, a "Call Date"), on giving not less than 30 and not more than 60 days' notice to the holders of the Capital Securities (which notice shall be irrevocable) at an amount equal to the original principal amount of the Capital Securities, together with unpaid interest (if any) on the original principal amount accrued to, but excluding, the due date for redemption and any Arrears of Interest together with all corresponding Additional Interest Amounts.

All Capital Securities which are redeemed will forthwith be cancelled and accordingly may not be reissued or sold.

The Capital Securities will not be subject to redemption prior to the Initial Call Date, except as set forth below.

Tax Event and Capital Event Redemption

Tax Event

The Bank may, subject to the prior approval of the DFSA, redeem all (but not some only) of the Capital Securities at any time prior to the Initial Call Date, if, as a result of (i) any amendment to or change (including any announced prospective change) in, the laws or treaties (or any regulations thereunder) of any relevant Tax Jurisdiction affecting taxation or (ii) any amendment to or change in the official position or the interpretation of any such laws, treaties, or regulations, by any legislative body, court, governmental authority or regulatory body, which amendment or change occurs on or after June 7, 2004; the Bank determines that there is more than an insubstantial risk that: (a) the Bank is, or will be, subject to more than a *de minimis* amount of taxes, duties, assessments or other governmental charges of whatever nature or civil liabilities with respect to the Capital Securities, (b) the Bank's treatment of items of expense with respect to the Capital Securities as deductible interest expense for Danish tax purposes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Bank will not be respected by a taxing authority, which subjects the Bank to more than a *de minimis* amount of additional taxes, duties or other governmental charges, or (c) the Bank would be required to pay Additional Amounts in accordance with "Withholding Taxes" above.

Capital Event

The Bank may, subject to the prior approval of the DFSA, redeem all (but not some only) of the Capital Securities at any time prior to the Initial Call Date, if the Bank is advised by the DFSA that the Capital Securities are not eligible for inclusion in the Tier I Capital of the Bank in full.

Redemption Amount

Where the Capital Securities are redeemed prior to the Initial Call Date, upon the occurrence of a Tax Event or Capital Event (the due date of redemption in respect of which shall be the "Special Event Redemption Date"), the redemption amount, per Capital Security, on a Special Event Redemption Date shall be equal to the Early Redemption Amount:

The Early Redemption Amount will: (1) in the case of a Tax Event described in clause (c) thereof, be equal to 100% of the original principal amount of such Capital Securities; (2) in the case of any other Tax Event or a Capital Event, as the case may be, be equal to the greater of 100% of the original principal amount of such Capital Securities and the Make Whole Amount (as defined below); and (3) in each case, include any unpaid interest accrued with respect to such Capital Security to, but excluding, the Special Event Redemption Date (which, for the avoidance of doubt, shall include any applicable Arrears of Interest and Additional Interest Amounts, but exclude interest which has been cancelled).

All Capital Securities which are redeemed pursuant to a Tax Event or Capital Event will forthwith be cancelled and accordingly may not be reissued or resold.

For the purposes hereof:

"Adjusted Yield" means the comparable U.S. Treasury Yield plus 0.375%; and

"Make Whole Amount" means an amount equal to (i) the present value of the original principal amount of the Capital Securities discounted from the Initial Call Date to the Special Event Redemption Date, plus (ii) the present values of scheduled semi-annual interest payments from the Special Event Redemption Date to and including the Initial Call Date. The present values calculated in (i) and (ii) above shall be calculated by discounting the relevant amounts to the Special Event Redemption Date on an annual basis at the Adjusted Yield.

Under the DFSA's interpretation of the laws and regulations currently in effect in Denmark, the DFSA may not grant an approval for the redemption of Hybrid Tier I Capital securities, which includes the Capital

Securities, earlier than ten years after the initial issuance of the relevant securities. However, the DFSA may, under special circumstances, authorize such redemption not earlier than five years after the issuance. Therefore, in the absence of a change in the relevant Danish laws and regulation or in their interpretation, the Bank would not be in a position to redeem the Capital Securities within five years of initial issuance and may not receive approval for such redemption prior to ten years having elapsed from initial issuance. Even after such time, approval for such redemption remains at the discretion of the DFSA.

Purchase and Reissue of Capital Securities

The Bank or any of its subsidiaries may, subject to consent thereto having been obtained from the DFSA in each case when the Bank and its subsidiaries purchase in aggregate more than 2% of the aggregate amount of outstanding Capital Securities, at any time purchase Capital Securities in the open market or otherwise and at any price. If purchases are made by tender, tenders must be made available to all holders of the Capital Securities alike. Any Capital Securities repurchased by the Bank or any of its affiliates will be held by the Bank, or surrendered to the Fiscal Agent for cancellation.

Payments

Payment of interest will be made (i) by a dollar check drawn on a bank in New York City mailed to the holder of Capital Securities by uninsured mail at the risk of such holder at such holder's registered address in the Capital Security Register maintained by the Fiscal Agent pursuant to the Fiscal and Paying Agency Agreement or (ii) upon application by a holder of at least U.S.$1,000,000 in aggregate principal amount of Capital Securities to the Fiscal Agent not later than fifteen days prior to the relevant record date for payment of such interest, by wire transfer in immediately available funds to a dollar account maintained by such holder with a bank in the United States provided that such bank has appropriate facilities therefor.

Replacement of Capital Securities

If any Capital Security is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the cost of the holder of Capital Securities at the specified office of the Fiscal Agent or the Luxembourg Listing and Paying Agent upon, in the case of any Capital Security that is destroyed, stolen or lost, provision of evidence satisfactory to the Bank of such occurrence, together with such indemnity as may be required by the Bank, the Fiscal Agent and the Luxembourg Listing and Paying Agent. Mutilated or defaced Capital Securities must be surrendered before replacements will be issued.

Merger, Consolidation and Sale of Assets

The Bank will not consolidate with, or merge with or into, or sell, or convey all or substantially all its assets in one transaction or a related series of transactions, unless (i) either the Bank is the surviving corporation, or the surviving, resulting or transferee entity (the "successor entity") irrevocably submits to the jurisdiction of the federal and state courts sitting in the City of New York, and expressly assumes the due and punctual payment of all obligations on all the Capital Securities and the due and punctual performance of all the covenants and obligations of the Bank under the Capital Securities and the Fiscal Agency Agreement, by a supplemental agreement satisfactory to the Fiscal Agent, and (ii) immediately after such event, the Bank or such successor entity is not in breach of any covenants or obligations under the Capital Securities or the Fiscal Agency Agreement, provided, however, that nothing herein stated shall prevent the Bank from selling or conveying all or substantially all its assets in one transaction or related series of transactions in connection with any restructuring of the Bank's assets or operations insofar as such transaction or transactions are required and approved by the DFSA or other competent regulatory authority or are otherwise required by Danish law or regulations.

Meetings of Holders of the Capital Securities; Action Without Meeting

Modifications of and amendments to the Fiscal Agency Agreement or the Capital Securities may be made, and future compliance therewith or past breach by the Bank may be waived, with (x) in the case of a written consent without a meeting, the consent of the holders of at least a majority in aggregate principal amount of the Capital Securities outstanding at the time and (y) in the case of a meeting of the holders of the Capital Securities held in accordance with the provisions of the Fiscal Agency Agreement, the consent of the lesser of (i) the holders of a majority in principal amount of Capital Securities then outstanding or (ii) $66^2/_3$% in principal amount of the Capital Securities represented and voting at the meeting; provided that no such modification or amendment may, without the consent of the holder of each Capital Security affected thereby, (i) subject to the terms of the Capital Securities, reduce the principal amount of or change the Interest Payment Date or reduce the interest (including any Arrears of Interest or Additional Interest Amounts) on or Additional Amounts with respect to any such Capital Security or reduce the amount payable in the event of redemption, repurchase or default thereof; (ii) change the currency of payment of principal or interest (including any Arrears of Interest or Additional Interest Amounts) on or Additional Amounts with respect to any such Capital Security; (iii) modify the provisions of the Capital Securities relating to subordination, reduction of amounts of principal and unpaid interest, optional deferral of interest, mandatory deferral of interest, interest cancellation or enforcement events in any manner adverse to holders of the Capital Securities; (iv) impair the right to institute suit for the enforcement of any payment on or with respect to such Capital Security; or (v) reduce the above-stated percentages of aggregate principal amount of Capital Securities outstanding necessary to modify or amend the Fiscal Agency Agreement or the terms of the Capital Securities or reduce the quorum requirements or the percentage of votes required for the adoption of any action at a meeting of the holders of the Capital Securities.

The persons entitled to vote a majority in principal amount of the Capital Securities at the time outstanding shall constitute a quorum for the purpose of any action to be taken at a meeting of the holders of the Capital Securities with respect to the Capital Securities. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting may be adjourned (or an adjourned meeting may be further adjourned) for a period of not less than ten days as determined by the chairman of the meeting. At the reconvening of any meeting further adjourned for lack of a quorum, the persons entitled to vote 25% in principal amount of the Capital Securities at the time outstanding shall constitute a quorum.

Further Issues

The Bank may from time to time, without the consent of any holder of Capital Securities, create and issue further securities having the same terms and conditions as the Capital Securities in all respects (or in all respects except the first payment of interest on them and/or the denomination thereof) so as to form a single series with the Capital Securities.

Although the Bank intends to treat the Capital Securities as equity for U.S. federal income tax purposes, the U.S. Internal Revenue Service could assert that the Capital Securities are indebtedness for U.S. federal income tax purposes. If the Capital Securities are treated as indebtedness for U.S. federal income tax purposes, holders of Capital Securities should note that additional securities that are treated as a single series for non-tax purposes may be treated as separate issues for U.S. federal income tax purposes. In such case, the new securities may be considered to have been issued with original issue discount as defined in the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury Regulations issued thereunder, which may affect the market value of the Capital Securities since such additional securities may not be distinguishable from the Capital Securities.

Book-Entry Ownership

DTC will electronically record the principal amount of the Rule 144A Global Notes and the Regulation S Global Notes, as the case may be, held within the DTC system. Beneficial interests in the Global Securities will be shown on, and transfers thereof will be effected only through, DTC and its direct and indirect participants, including Euroclear and Clearstream. Except as described herein under "— Exchange of Interests in Global Securities for Security Certificates", certificates for the Capital Securities will not be issued in exchange for beneficial interests in the Global Securities.

Until the expiration of 40 days after the later of the commencement of the offering and the Closing Date, investors may hold their interests in the Regulation S Global Notes only through Euroclear or Clearstream. Thereafter, investors may additionally hold such Capital Securities directly through DTC if they are participants in such system or indirectly through organizations which are participants in DTC. Euroclear and Clearstream may hold interests in the Global Securities on behalf of their accountholders through customers' securities accounts in Euroclear's or Clearstream's respective names on the books of their respective depositaries, which in turn will hold such interests in such Global Securities in customers' securities accounts in the depositaries' names on the books of DTC. Those depositaries are the DTC participants.

So long as DTC or its nominee is the registered holder of a Global Security, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Capital Securities represented by such Global Security for all purposes under the Fiscal Agency Agreement and the Capital Securities.

Payments of the principal of, and interest on, each Global Security will be to or to the order of DTC's nominee as the registered owner of such Global Security. The Bank expects that DTC or its nominee, as the case may be, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Security as shown on the records of DTC or the nominee. The Bank also expects that payments by DTC participants to owners of beneficial interests in such Global Security held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. None of the Bank, the Fiscal Agent or any of their agents will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Securities or for maintaining, supervising or reviewing any records relating to such ownership interests.

Exchange of Interests in Global Securities for Security Certificates

Registration of title to Capital Securities initially represented by the Global Securities in a name other than DTC or a successor depositary or one of their respective nominees will not be permitted unless such depositary notifies the Bank that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Securities or ceases to be a "clearing agency" registered under the Exchange Act, or is at any time no longer eligible to act as such, and the Bank is unable to retain a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depositary (such event, an "Exchange Event").

Upon the occurrence of an Exchange Event, the Global Securities shall be exchanged in full for security certificates (the "Security Certificates") and the Bank will, at the cost of the Bank (but against such indemnity as the Fiscal Agent or any relevant transfer agency may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Security Certificates to be executed and delivered to the Fiscal Agent for completion, authentication and dispatch to the relevant holders of Capital Securities for collection by the relevant holders. A person having an interest in a Global Security must provide the Fiscal Agent with (i) a written order containing instructions and such other information as the Bank and the Fiscal Agent may require to complete, execute and deliver such Security Certificates and (ii) in the case of the Rule 144A Global Notes only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale in compliance with the terms of the Fiscal Agency Agreement, a certification that the transfer is being made in compliance with such provisions. Security Certificates issued in exchange for a beneficial interest in the Rule 144A Global Notes shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under "Purchase and Transfer Restrictions".

Upon the transfer, exchange or replacement of a Security Certificate bearing the legend referred to under "Purchase and Transfer Restrictions", or upon specific request for removal of the legend on a Security Certificate, the Bank will deliver only Security Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Bank and the Fiscal Agent by the relevant holder at his expense such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Bank that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the applicable provisions of the Securities Act.

Neither the Bank nor the Fiscal Agent shall be required (i) to issue, register the transfer of or exchange Global Securities for a period of 15 days immediately preceding the date on which notice of redemption of such Capital Securities is to be given, or (ii) to issue, register the transfer of or exchange Capital Securities to be redeemed.

In the event any Security Certificates are issued in exchange for one or more of the Global Securities, the Bank will pay principal, interest and additional amounts to the registered holder on the record date immediately preceding the applicable payment date to the address of such holder appearing in the Capital Securities register. Such payment will be made, subject to any applicable laws and regulations, by wire transfer to an account maintained by the registered holder.

Transfers of Capital Securities

Transfers of interests in Global Securities within DTC and its participants will be in accordance with the usual rules and operating procedures of DTC. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Security to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Security to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Subject to compliance with the transfer restrictions applicable to the Capital Securities described under "Purchase and Transfer Restrictions", cross-market transfers between DTC on the one hand, and directly or indirectly through Euroclear or Clearstream accountholders, on the other, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary. However, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving beneficial interests in the relevant Global Security in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream accountholders and Euroclear accountholders may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

On or after the Closing Date, transfers between accountholders in Euroclear and Clearstream and transfers between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream and DTC participants will need to have an agreed settlement date between the parties to such transfer. However, as a result of time-zone differences, securities received in Euroclear or Clearstream as a result of a transaction with a DTC participant will be credited to the relevant account at Euroclear or Clearstream during the securities settlement processing day dated the business day (T+4) following the DTC settlement date. Similarly, cash received in Euroclear or Clearstream as a result of a sale of securities by or through a Euroclear or Clearstream accountholder to a DTC participant will be available in the relevant Euroclear or Clearstream cash account only on the business day (T+4) following the DTC settlement date. In the case of cross-market transfers, settlement between

Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC has advised the Bank that it will take any action permitted to be taken by a holder of Capital Securities (including, without limitation, the presentation of Global Securities for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Global Securities are credited and only in respect of such portion of the aggregate principal amount of the Global Securities as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the Global Securities for exchange for individual Security Certificates (which will, in the case of Rule 144A Global Notes, bear the legend applicable to transfers pursuant to Rule 144A).

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Securities among participants and accountholders of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Bank, the Fiscal Agent or any of their agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Modification of Fiscal Agency Agreement

The Fiscal Agency Agreement may be amended by the Bank and the Fiscal Agent, without the consent of the holder of any Capital Security, for the purpose of (x) curing any ambiguity or to correct or supplement any provision contained therein which may be defective or inconsistent with any other provision contained therein or in any manner which shall not materially adversely affect the interests of the holders of the Capital Securities; (y) modifying the restrictions on, and procedures for, resales and other transfers of the Capital Securities to reflect any, change in applicable laws or regulations (or the interpretation thereof) or provide alternative procedures in compliance with applicable laws, and practices relating to the resale or other transfer of restricted securities generally; or (z) accommodating the issuance, if any, of Capital Securities in book-entry form and matters related thereto.

Repayment of Monies

Any monies paid by the Bank to the Fiscal Agent or held by the Fiscal Agent, or held by the Bank in a segregated account for the benefit of the holders of the Capital Securities for any payment (whether in respect of principal, interest or otherwise) in respect of the Capital Securities and remaining unclaimed after the expiration of two years following the date on which such payment becomes due and payable shall, if held by the Fiscal Agent, be returned to the Bank, or if held by the Bank, be discharged from such segregated account, and the holders of such Capital Securities, as unsecured general creditors, shall thereafter look only to the Bank for the payment thereof and all liability of the Fiscal Agent with respect to such monies shall thereafter cease, without, however, limiting in any way the obligations of the Bank to make payments in respect of the Capital Securities as such payments become due, subject to any applicable periods of limitation as set forth under New York law. No payments (whether in respect of principal, interest or otherwise) in respect of the Capital Securities shall be made unless presentation or claim for payment is made within a period of six years following the relevant payment date.

Successor Fiscal Agent

The Fiscal Agency Agreement provides that the Fiscal Agent may resign or may be removed by the Bank at any time and for any reason. Such resignation or removal shall take effect upon the appointment of and the acceptance of its appointment by a successor fiscal agent. The Fiscal Agency Agreement provides that any successor fiscal and paying agent shall have its principal place of business in the Borough of Manhattan, in the City of New York.

Certain Duties of Fiscal Agent

The Fiscal Agency Agreement provides that the Fiscal Agent will act solely as the agent of the Bank and will not assume any obligation towards or relationship of agency or trust for or with or have any fiduciary obligation with respect to any of the holders of the Capital Securities, except with respect to funds held by it for the payment of principal of and interest and any Additional Amounts on the Capital Securities. The Fiscal Agent will be under no obligation to take any action or perform any duties other than those specifically set forth in the Fiscal Agency Agreement.

Governing Laws and Jurisdiction

The Fiscal Agency Agreement and the Capital Securities are governed by and shall be construed in accordance with the laws of the State of New York except for the provisions relating to Optional Deferral of Interest, Reduction of Amounts of Principal and Unpaid Interest, Dividend Suspension, Mandatory Deferral of Interest and Interest Cancellation, Subordination, Enforcement Events, and Tax Event and Capital Event Redemption, which are governed by and shall be construed in accordance with the laws of the Kingdom of Denmark.

The Bank will irrevocably submit to the non-exclusive jurisdiction of any New York State or United States Federal court sitting in the City of New York with respect to any suit, action or proceeding by a holder of Capital Securities solely to enforce such Capital Security other than suit, actions or proceedings seeking, or in connection with, the bankruptcy or liquidation of the Bank ("Proceedings"). The Bank will also irrevocably waive, to the fullest extent permitted by law, any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

The Bank will irrevocably appoint Danske Bank A/S, New York Branch, its principal office in New York presently at 299 Park Avenue, 14th Floor, New York, New York 10171-1499, as its agent in New York to receive service of process in any Proceedings in New York. If for any reason the Bank does not have such an office in New York, it will promptly appoint a substitute process agent and notify the holders of the Capital Securities of such appointment.

Notices

Notices to the holders of the Capital Securities will be given by mail to the addresses of such holders as they appear in the Capital Security Register. Notices will also be published, so long as the Capital Securities are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, in a daily newspaper having general circulation in Luxembourg.

CERTAIN TAX CONSIDERATIONS

Taxation in Denmark

The following summary refers solely to the tax system applicable to holders of the Capital Securities who are not subject to full tax liability in Denmark, who are not companies included in a Danish joint taxation scheme, and who do not carry on business in Denmark through a permanent establishment and, in the case of individual holders of the Capital Securities, who have not been subject to full tax liability in Denmark for one or more periods of more than a total of five years during the previous ten years.

In the opinion of Erik Sevaldsen, General Counsel to Danske Bank, payments in respect of the Capital Securities will not be subject to taxation in Denmark, no withholding tax will be required on such payments to any holder of a Capital Security and gains derived from the sale of Capital Securities will not be subject to Danish personal or corporate income tax.

U.S. Federal Income Taxation

The following summary describes the principal U.S. federal income tax consequences of ownership of the Capital Securities to an original holder of a Capital Security that purchased the Capital Security at its initial issue price. This summary does not discuss all the tax consequences that may be relevant to a U.S. holder in light of its particular circumstances or to U.S. holders subject to special rules, such as financial institutions, insurance companies, tax-exempt organizations, real estate investment trusts, regulated investment companies, grantor trusts, dealers or traders in securities or currencies, and persons that will hold the Capital Securities as a position in a "straddle" or as a part of a "hedging", "conversion" or "integrated" transaction for U.S. federal income tax purposes, or that have a functional currency other than the U.S. dollar.

This description is based on the Internal Revenue Code of 1986, as amended (the "Code"), existing, proposed and temporary U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date hereof. All of the foregoing are subject to change (possibly with retroactive effect) or differing interpretations which could affect the tax consequences described herein.

For purposes of this summary, a U.S. Holder is a beneficial owner of Capital Securities who for U.S. federal income tax purposes is (i) a citizen or resident of the United States, (ii) a partnership or corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if such trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes or if (1) a court within the United States is able to exercise primary supervision over its administration and (2) one or more U.S. persons have the authority to control all of the substantial decisions of such trust (a "U.S. Holder"). A "Non-U.S. Holder" is a beneficial owner of Capital Securities that is not a U.S. Holder.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Capital Securities, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor as to its tax consequences.

Persons considering the purchase of Capital Securities should consult their own tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdictions.

The Bank intends to take the position, and the remainder of this discussion assumes, that the Capital Securities will be treated as equity for U.S. federal income tax purposes. However, it should be noted that the U.S. Internal Revenue Service (the "IRS") could assert that the Capital Securities should be treated as indebtedness of the Bank for U.S. federal income tax purposes. If the Capital Securities were treated as indebtedness of the Bank for U.S. federal income tax purposes, the timing and character of income, gain and loss recognized by a U.S. Holder would be different, and the value of the Capital Securities could be adversely affected. For example, a U.S. Holder would include Periodic Payments (as defined below) in income as ordinary income as they accrue or are received in accordance with the holder's method of tax accounting, and Periodic Payments would not be eligible for the lower rates of tax applicable to dividends described below under "— Distributions". See "— Potential Characterization of the Capital Securities as Indebtedness" below for further information.

Distributions

Subject to the discussion below under "Passive Foreign Investment Company Considerations", the gross amount of any payment under the Capital Securities that is referred to thereunder as "interest" ("Periodic Payments"), before reduction for any Danish taxes withheld therefrom, will be includible in income by a U.S. Holder as dividend income to the extent such distributions are paid out of the current or accumulated earnings and profits of the Bank as determined under U.S. federal income tax principles. Subject to the discussion below under "Passive Foreign Investment Company Considerations", non-corporate U.S. Holders generally will be taxed on dividends at the lower rates applicable to long-term capital gains for taxable years beginning on or before December 31, 2008. However, such dividends will not be eligible for the dividends received deduction generally allowed to corporate U.S. Holders. Subject to the discussion below under "Passive Foreign Investment Company Considerations", to the extent, if any, that the amount of any distribution by the Bank exceeds the Bank's current and accumulated earnings and profits as determined under U.S. federal income tax principles, it will be treated first as a tax-free return of the U.S. Holder's adjusted tax basis in the Capital Securities and thereafter as capital gain. The Bank does not maintain calculations of its earnings and profits under U.S. federal income tax principles.

Periodic Payments received by a U.S. Holder with respect to Capital Securities will be treated as foreign source income, which may be relevant in calculating such holder's foreign tax credit limitation. Subject to certain conditions and limitations, any Danish tax withheld on the Periodic Payments may be deducted from taxable income or credited against a U.S. Holder's U.S. federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, Periodic Payments made by the Bank generally will constitute "passive income", or, in the case of certain U.S. Holders, "financial services income".

Subject to the discussion below under "Backup Withholding Tax and Information Reporting Requirements", a Non-U.S. Holder of Capital Securities generally will not be subject to U.S. federal income or withholding tax on Periodic Payments received on Capital Securities, unless such income is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States.

Sale or Exchange of Capital Securities

Subject to the discussion below under "Passive Foreign Investment Company Considerations", a U.S. Holder generally will recognize gain or loss on the sale or exchange of Capital Securities equal to the difference between the amount realized on such sale or exchange and the U.S. Holder's adjusted tax basis in the Capital Security. The initial tax basis of the Capital Securities to a U.S. Holder will be the purchase price determined on the date of purchase. Such gain or loss will be capital gain or loss. In the case of a non-corporate U.S. Holder, the maximum marginal U.S. federal income tax rate applicable to such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income (other than certain dividends) if such U.S. Holder's holding period for such Capital Securities exceeds one year (i.e., such gain is a long-term capital gain). Gain or loss, if any, recognized by a U.S. Holder generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

Subject to the discussion below under "Backup Withholding Tax and Information Reporting Requirements", a Non-U.S. Holder of Capital Securities generally will not be subject to U.S. federal income or withholding tax on any gain realized on the sale or exchange of such Capital Securities unless (1) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States or (2) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale or exchange and certain other conditions are met.

Potential Characterization of the Capital Securities as Indebtedness

As noted above, it is possible that the IRS could assert that the Capital Securities should be treated as indebtedness of the Bank for U.S. federal income tax purposes. If the Capital Securities were treated as indebtedness, a U.S. Holder would include Periodic Payments in income as they accrue or are received in accordance with such U.S. Holder's method of tax accounting. Periodic Payments would be taxable as ordinary income, and would not be eligible for the favorable rates of tax applicable for dividends paid to non-corporate U.S. Holders as described above under "— Distributions". In addition, if the Capital Securities were treated as indebtedness, the Capital Securities may be treated as issued with "original issue discount" (or "OID") for U.S. federal income tax purposes as a result of the possibility that payments of interest may be deferred. See "Description of the Capital Securities — Interest — Optional Deferral of Interest". In general, a debt instrument is considered to be issued with OID to the extent the "stated redemption price at maturity" of such debt instrument is greater than its "issue price". The stated redemption price at maturity of a Capital Security generally would be equal to all payments due under such Capital Security at any time, other than payments of "qualified stated interest" that is, interest payments calculated on the basis of a single fixed rate (or certain variable rates) of interest that are unconditionally payable at least annually over the entire term of the Capital Security. The issue price of a Capital Security generally would be equal to the initial offering price to the public (excluding bond houses and brokers) at which price a substantial amount of the Capital Securities will be sold. Under the OID regulations, for purposes of the OID rules, it is assumed that the issuer of a debt instrument will exercise an option to redeem such instrument if such exercise would lower the yield to maturity of such debt instrument. It is assumed that an exercise by the Bank of its option to redeem the Capital Securities on any interest payment date on or after the Initial Call Date at their principal amount plus Accrued Interest would lower the yield to maturity of the Capital Securities.

However, under the OID Regulations, a "remote" contingency that stated interest based on the foregoing will not be timely paid will be ignored in determining whether a debt instrument is issued with OID. The Bank believes that, if the Capital Securities are treated as debt, the likelihood of its exercising its option to defer payments of interest is remote. Based on the foregoing, the Bank believes that, if the Capital Securities are treated as debt, they will not be considered to be issued with OID at the time of their original issuance.

To the extent Capital Securities are treated as debt, under the OID Regulations, if the Bank exercised its option to defer any payment of interest, the Capital Securities would at that time be treated as issued with OID, and all stated interest on the Capital Securities would thereafter be treated as OID as long as the Capital Securities remained outstanding. In such event, all of a U.S. Holder's taxable interest income with respect to the Capital Securities would be accounted for as OID on a constant yield basis regardless of such U.S. Holder's method of tax accounting, and actual payments of stated interest would not be reported as taxable income. Consequently, a U.S. Holder would be required to include OID in gross income even though the Bank would not make any actual cash payments while there are Arrears of Interest outstanding. There is no guidance on how the constant yield method would be applied to perpetual debt. Prospective purchasers should consult their own tax advisors concerning the proper tax treatment of interest on the Capital Securities.

Passive Foreign Investment Company Considerations

A Non-U.S. corporation will be classified as a "passive foreign investment company", or a PFIC, for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either (1) at least 75 percent of its gross income is "passive income" or (2) at least 50 percent of the average value of its gross assets is attributable to assets that produce "passive income" or is held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. Special rules apply to income derived in the active conduct of a banking business.

Based on certain estimates of its gross income and gross assets and the nature of its business, the Bank believes that it will not be classified as a PFIC for its taxable year ending December 31, 2004. The Bank's status in future years will depend on its assets and activities in those years. The Bank has no reason to believe that its assets or activities will change in a manner that would cause it to be classified as a PFIC, but there can be no assurance that the Bank will not be considered a PFIC for any taxable year. If the Bank were a PFIC, a U.S. Holder of Capital Securities generally would be subject to imputed interest charges and other disadvantageous tax treatment (including the denial of the taxation of such dividends at the lower rates applicable to long-term capital gains, as discussed above under "Distributions") with respect to any gain from the sale or exchange of, and certain distributions with respect to, the Capital Securities.

If the Bank were a PFIC, a U.S. Holder of Capital Securities could make a variety of elections that may alleviate certain of the tax consequences referred to above, and one of these elections may be made retroactively. However, it is expected that the conditions necessary for making certain of such elections will not apply in the case of the Capital Securities. U.S. Holders should consult their own tax advisors regarding the tax consequences that would arise if the Bank were treated as a PFIC.

Backup Withholding Tax and Information Reporting Requirements

U.S. backup withholding tax and information reporting requirements generally apply to certain payments to certain non-corporate holders. Information reporting generally will apply to the Periodic Payments on, and to proceeds from the sale or redemption of, Capital Securities made within the United States to a holder of Capital Securities, other than an exempt recipient, including a corporation, a payee that is not a U.S. person that provides an appropriate certification and certain other persons. A payor will be required to withhold backup withholding tax from any Periodic Payments on, or the proceeds from the sale or redemption of, Capital Securities within the United States to a holder, other than an exempt recipient, if such holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding tax requirements. The backup withholding tax rate is 28% for years through 2010.

In the case of such payments made within the United States to a foreign simple trust, a foreign grantor trust or a foreign partnership, other than payments to a foreign simple trust, a foreign grantor trust or a foreign partnership that qualifies as a "withholding foreign trust" or a "withholding foreign partnership" within the meaning of the applicable U.S. Treasury Regulations and payments to a foreign simple trust, a foreign grantor trust or a foreign partnership that are effectively connected with the conduct of a trade or business in the United States, the beneficiaries of the foreign simple trust, the persons treated as the owners of the foreign grantor trust or the partners of the foreign partnership, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from backup withholding tax and information reporting requirements. Moreover, a payor may rely on a certification provided by a payee that is not a U.S. person only if such payor does not have actual knowledge or a reason to know that any information or certification stated in such certificate is incorrect.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP OF CAPITAL SECURITIES. PROSPECTIVE PURCHASERS OF CAPITAL SECURITIES SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN DANISH ACCOUNTING PRINCIPLES AND U.S. GAAP

The consolidated financial statements of the Bank Group and the financial statements of the Bank have been prepared in compliance with the Danish Banking Act, the Executive Order on Bank Accounts, the Copenhagen Stock Exchange A/S guidelines for issuers of listed securities, and Danish Accounting Principles, except where otherwise stipulated by Danish banking regulations.

Danish Accounting Principles applicable to Danish banks are based on EU directives concerning annual accounts and consolidated accounts of banks and other financial institutions.

Danish Accounting Principles differ in certain significant respects from U.S. GAAP.

The differences may be material to the financial information included in this Memorandum. In making an investment decision, investors must rely upon their own examination of the Bank Group, the terms of the offering and the financial information included in this Memorandum. Potential investors should consult their own professional advisors for an understanding of the differences between Danish Accounting Principles and U.S. GAAP and how those differences might affect the financial information included in this Memorandum.

Certain significant differences between Danish Accounting Principles and U.S. GAAP relevant to the consolidated financial statements of the Bank are summarized below. However, this summary does not provide a comprehensive analysis, including quantification of such differences, but rather it is a listing of potential differences in accounting principles related to the consolidated financial statements of the Bank. The Bank has not quantified these differences, nor undertaken a reconciliation of its consolidated financial statements prepared in accordance with Danish Accounting Principles to U.S. GAAP. Had the Bank undertaken any such quantification or reconciliation, other potentially significant accounting and disclosure differences may have come to its attention which are not identified below. Accordingly, the Bank can provide no assurance that the identified differences in the summary below represent all the principal differences relating to the consolidated financial statements of the Bank, including as a result of transactions or events that may occur in the future. In addition, no attempt has been made to identify future differences between Danish Accounting Principles and U.S. GAAP resulting from prescribed changes in accounting standards. Regulatory bodies that promulgate Danish Accounting Principles and U.S. GAAP have significant ongoing projects that could affect a future comparison such as this.

Merger Between the Bank and RealDanmark

Under Danish Accounting Principles, the merger between the Bank and RealDanmark in 2001 was accounted for as a purchase. The acquired goodwill was written down in equity in the year of acquisition.

For the year 2000, the Bank Group and RealDanmark group have been consolidated on a *pro forma* basis, as if the merger had occurred on January 1, 2000.

Under U.S. GAAP, all business combinations must be accounted for using purchase accounting. Positive goodwill and certain intangibles (with indefinite lives) are capitalized but not amortized.

Principles of Consolidation

The consolidated accounts comprise the accounts of the Bank and of companies in which the Group holds more than 50% of the voting rights, apart from the insurance subsidiaries, which according to Danish legislation may not be consolidated. Companies acquired in the course of restructuring are not consolidated.

Subsidiaries which are not consolidated are accounted for at the lower of cost or market value or using the equity method. Under Danish banking regulations, insurance subsidiaries may not be consolidated with the Bank.

The income and expenses of Danske Bank's foreign branches and subsidiaries are translated into Danish Kroner at average exchange rates published by the Danish Central Bank, while balance sheet items are translated at the rates prevailing at the end of the year. Any exchange rate differences are included in the profit and loss account. Translation effects due to changes in exchange rates from the beginning of the period are included in the income statement for such period.

Under U.S. GAAP, consolidated subsidiary assets and liabilities should be translated at the exchange rates in effect at the balance sheet date. Revenue expense, gains and losses should be translated at the exchange rates prevailing at the date of recognition. For practical purposes, all income statement amounts would be translated using the weighted average exchange rate for the period. Translation adjustments that result from translating the foreign subsidiaries' financial statements into the reporting currency are recorded in a separate component of shareholders' equity.

Under U.S. GAAP, subsidiaries which are more than 50% owned must be consolidated. Majority-owned subsidiaries (more than 50% owned) cannot be consolidated if control does not rest with the majority owner.

Provisions and Allowances for Possible Loan Losses

Under Danish Accounting Principles, Danish banks determine provisions for risk of loss on loans based upon the estimated amount of risk attached to each individual exposure. However, banks are also alternatively allowed to establish provisions covering groups of small loans on the basis of statistics of recorded losses in such groups over a period of time, provided that the provisions are of a size considered necessary and sufficient to cover the risk on the exposure in question. In the balance sheet, the loan categories are carried net of such provisions.

Under U.S. GAAP, a loan loss is accrued when, based on information available prior to the issuance of the financial statements, it is probable that an asset has been impaired and the amount of the loss can be reasonably estimated. Disclosure is made in the notes to the financial statements regarding the movements in the allowances for loan loss during the period being reported. The allowance for loan loss is judgementally determined upon an analysis of the collectibility of an individual loan using a systematic methodology, the composition of the loan portfolio, current economic conditions and other factors.

Under U.S. GAAP, impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price or the fair value of the collateral. A loan is impaired when it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. Changes in theses values are reflected in income and as adjustments to the allowance for loan losses. Loan balances are charged-off against the allowance when management believes that collection of the principal is unlikely. The receipt of a balance previously charged-off is credited to the allowance for loan loss.

Securities

According to Danish Accounting Principles, investments in subsidiaries, associated companies (minimum shareholding of 20%) and other significant holdings are classified as fixed investments. These holdings are accounted for under the lower of cost or market method or the equity method. The Bank uses the equity method except for quoted companies where the lower of market value or net asset value is used.

All other securities are treated as current investments, according to which marketable securities are carried at the market price at the end of the accounting period and unquoted securities are accounted for on the basis of the lower of cost and current fair value. Unquoted securities hedged by derivative financial instruments are accounted for on a cost basis and the hedging instruments likewise.

Under U.S. GAAP, entities must classify, at acquisition, all debt and certain equity securities into one of three categories: held-to-maturity, available-for-sale or trading. At each reporting date, the appropriateness of the classification is reassessed. Investments in debt securities are classified as held-to-maturity and measured at amortized cost in the statement of financial position only if the reporting enterprise has the positive intent and ability to hold those securities to maturity. Investments in debt securities that are not classified as held-to-maturity and equity securities that have readily determinable fair value are classified as either trading securities or available-for-sale securities and measured at fair values in the statement of financial position. Unrealized holding gains and losses from trading securities are included in earnings. Unrealized holding gains and losses for available-for-sale securities are excluded from earnings and reported as a net amount in a separate component of shareholders' equity until realized.

Investment in the Bank's Own Shares and Bonds

Under Danish Accounting Principles, own shares are recognized at their fair value at the end of the year. Value adjustments calculated are stated in the profit and loss account. An amount corresponding to the fair value is set aside in shareholders' equity. Own shares acquired with a view to reducing the share capital are stated at zero. The acquisition price is charged directly to shareholders' equity. Own bonds acquired are included on the balance sheet at their nominal value. Any premium or discount at the time of issue is accrued over the maturity of the bonds. Own mortgage bonds acquired are stated on the balance sheet at their nominal value.

Under U.S. GAAP, the cost of repurchasing own shares is shown as a reduction of equity and subsequent changes in market value are not reflected in the accounts. The acquisition of outstanding debt securities is treated as extinguishment of debt and the difference between the cost to reacquire the debt and the carrying value of the debt is taken to the profit and loss account.

Intangible Assets

Under Danish Accounting Principles, intangible assets are stated at cost less any amortization and write-downs. Amortization is calculated according to the straight-line method over the expected useful life, with a maximum of 20 years. However, intangible assets acquired before January 1, 2003 and goodwill acquired before January 1, 2002 are written down in the year of acquisition.

Internally generated intangible assets are charged fully to the profit and loss account in the year of acquisition.

The Bank generally expenses costs related to the purchase and development of software for internal use as incurred.

Under U.S. GAAP, direct internal and external costs to develop own-use software incurred during the application development stage should be capitalized, whereas internal and external costs incurred during the preliminary project stage and the post-implementation stage should be expensed as incurred. The Bank has, with effect from January 1, 2004, implemented similar accounting principles as U.S. GAAP.

Under U.S. GAAP, goodwill and other intangible assets with indefinite lifetime are carried at cost with periodic impairment tests. Intangibles with a definite lifetime are amortized on a straight-line basis over the useful life of the asset.

Impairment

Under Danish Accounting Principles, if an asset's carrying amount exceeds the greater of its net selling price and value in use (net present value of future cash flows), an impairment loss should be recognized.

Under U.S. GAAP, a long-lived asset to be held and used is impaired if its carrying amount exceeds its fair value. However, any impairment is recorded only if the carrying amount is not recoverable on an undiscounted basis. The impairment loss is measured by reference to fair value rather than recoverable amount. Reversals of impairments are prohibited (other than for assets to be disposed of by sale).

Loan Origination, Commitment and Syndicated Fees

Under Danish Accounting Principles, income and expenses are accrued over the lifetime of the transactions and included in the profit and loss account at the amounts relevant to the accounting period. Fees are normally booked in the profit and loss account when received.

Under U.S. GAAP, loan origination and commitment fees and direct costs are deferred and recognized over the life of the loan or commitment. Other lending related costs are expensed as incurred.

Pension Costs

The Group's pension commitments consist mainly of defined contribution plans, under which the Group pays contributions to insurance companies and other institutions. Such payments are expensed when they are made. Certain pension commitments are defined benefit plans, and provisions are made on the basis of an actuarial calculation, in accordance with guidelines laid down by local supervisory authorities.

Danish Accounting Principles and U.S. GAAP have a similar overall objective on accounting for pension costs, namely ensuring that the cost of providing pension benefits is recognized on a systematic and rational basis over the employees' approximate service period. There are, however, significant differences in the application of such principles. U.S. GAAP only allows the use of the projected unit credit method to value the pension obligation which differs from the actuarial methods used within the Group. Used actuarial and other financial information are long-term assumptions and do not reflect short-term fluctuations or current conditions, and may therefore be different from U.S. GAAP.

Taxation

The Bank is taxed jointly with the majority of its wholly-owned Danish subsidiaries, but not with any of its wholly-owned foreign subsidiaries.

The income tax rate in Denmark for companies, including banks, is a 30% flat rate.

Tax on foreign income is normally subject to credit for taxes paid abroad, including taxes paid in the United States.

In Denmark, the basis for the calculation of taxable income is the profit before taxation for the year, with adjustments primarily concerning depreciation on fixed assets and non-deductible expenses. Unrealized gain/loss on bonds and shares is thus normally taxable. All income tax imposed on the income for the accounting year is included as an expense in the profit and loss account and as debt in the balance sheet for the year, insofar at the liability is not covered by payments.

Danish banks have to recognize deferred taxes on timing differences between the booking of income/expenses for tax and for accounting purposes. The deferred tax charge is a component of the tax charge for the year.

Under U.S. GAAP, a deferred tax liability or asset is recognized for the estimated future tax effects attributed to temporary differences and loss carry-forwards. This measurement is based on enacted tax laws. The effect of any future changes in tax laws and rates is not anticipated. The measurement of deferred tax assets is reduced by valuation allowances, if necessary, by the amount of any tax benefit that, based on available evidence, is not expected to be realized. Deferred tax expense or benefit is the charge in the current year for the deferred tax asset or liability. The benefit or expense is included with current income tax expense to arrive at income tax expense for the year.

Dividends

Under Danish Accounting Principles, Danish banks reflect dividends in the financial statements for the year to which the dividend pertains, even if declared after the end of the year. Such dividends are shown in the statement of allocation of profits and as a liability on the balance sheet.

Under U.S. GAAP, dividends pertaining to a particular year are not deducted from profits or shown as a liability in the financial statements for such year but deducted from retained earnings when declared.

Derivatives

Derivatives are included on the balance sheet at their fair value. The positive or negative non-netted value is stated as assets and liabilities irrespective of any netting agreements.

Derivatives employed to hedge the interest rate risk on fixed-rate assets or fixed-rate liabilities are not included on the balance sheet, but are specified in the notes.

Interest from interest rate and currency swaps and premiums on forward securities and foreign exchange transactions are included in the profit and loss account, and changes calculated in the fair value are also entered in the profit and loss account.

Under U.S. GAAP, for derivatives designated as fair-value-hedges, gains and losses from the derivative hedging instruments and gains and losses on the hedged item are recorded in earnings.

Other derivatives are carried on the balance sheet at fair value with gains and losses recorded in earnings.

Share-based Incentive Programs

The Group's share-based incentive programs consist of share options, conditional shares and employee shares. If the market price exceeds the allotment price, the difference will be expensed as salary costs at the time of allotment.

The Group's obligations are secured by its holding of own shares, which are valued at their fair value. Value adjustment of own shares is also included in earnings from investment portfolios.

U.S. GAAP offers a choice of two methods to account for share based compensation. It can be accounted for either pursuant to the intrinsic value method or the fair value method.

Under U.S. GAAP, own shares held as a hedge against the incentive program would be written off against equity and subsequent changes in market value would not be reflected in the financial statements.

PLAN OF DISTRIBUTION

Subject to the terms and conditions in the purchase agreement, dated June 7, 2004, between the Bank and the Initial Purchasers (the "Purchase Agreement"), the Bank has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase from the Bank, severally, at a purchase price of 99.25% of the principal amount thereof, the respective principal amounts of Capital Securities set forth below:

Name	Principal Amount
J.P. Morgan Securities Inc.	$303,750,000
UBS Securities LLC	303,750,000
Danske Bank A/S	86,250,000
Bear, Stearns & Co. Inc.	11,250,000
Citigroup Global Markets Inc.	11,250,000
Credit Suisse First Boston LLC	11,250,000
Goldman, Sachs & Co.	11,250,000
Morgan Stanley & Co. Incorporated	11,250,000
Total	$750,000,000

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase Capital Securities from the Bank, are several and not joint and are subject to, among other things, the approval of certain legal matters by counsel and certain other conditions. The Purchase Agreement provides that the Initial Purchasers will purchase all the Capital Securities if any are purchased.

The Initial Purchasers initially propose to offer the Capital Securities for resale at the issue price that appears on the cover of this Memorandum. After the initial offering, the Initial Purchasers may change the offering price and any other selling terms. The Initial Purchasers may offer and sell Capital Securities through certain of their affiliates.

In the Purchase Agreement, the Bank has agreed that it will indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

The Capital Securities have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except that Capital Securities may be offered or sold to (i) qualified institutional buyers in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A, and (ii) non-U.S. persons in offshore transactions in reliance upon Regulation S. For a description of certain restrictions on resale or transfer, see "Purchase and Transfer Restrictions".

In connection with sales outside the United States, each Initial Purchaser has agreed that, except as permitted by the Purchase Agreement, it will not offer, sell or deliver the Capital Securities to, or for the account or benefit of, U.S. persons (i) as part of such Initial Purchaser's distribution at any time or (ii) otherwise prior to 40 days after the later of the commencement of the offering and the closing date, and it will send to each dealer or other person receiving a selling concession to whom it sells such Capital Securities during such period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Securities within the United States or to, or for the account or benefit of, U.S. persons. Resales of the Capital Securities are restricted as described below under "Purchase and Transfer Restrictions".

In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Capital Securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another valid exemption therefrom.

As used herein, the terms "United States" and "U.S. person" have the meaning given to them in Regulation S under the Securities Act.

The Initial Purchasers will make the Capital Securities available for distribution on the Internet through a proprietary Web site and/or a third-party system operated by MarketAxess Corporation., an Internet-based communications technology provider. MarketAxess Corporation. is providing the system as a conduit for communications between each Initial Purchaser and its customers and is not a party to any transactions. MarketAxess Corporation., a registered broker-dealer, will receive compensation from each Initial Purchaser based on transactions it conducts through the system. Each Initial Purchaser will make the securities available to its customers through Internet distributions, whether made through a proprietary or third-party system, on the same terms as distributions made through other channels.

It is expected that delivery of Capital Securities will be made against payment on or about the date specified on the cover page of this Memorandum, which will be the fifth business day following the date of pricing of the Capital Securities (such settlement cycle being referred to as "T+5"). Trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Capital Securities on the date of pricing or the next business day will be required, by virtue of the fact that the Capital Securities initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Capital Securities who wish to trade on the date of pricing or the next business day should consult their own advisors.

The Capital Securities are a new issue of securities, and there is currently no established trading market for the Capital Securities. In addition, the Capital Securities are subject to certain restrictions on resale and transfer as described under "Purchase and Transfer Restrictions". Application has been made by the Bank to list the Capital Securities on the Luxembourg Stock Exchange. The Initial Purchasers have advised the Bank that they intend to make a market in the Capital Securities, but they are not obligated to do so. The Initial Purchasers may discontinue any market making in the Capital Securities at any time in their sole discretion. Accordingly, the Bank cannot assure you that a liquid trading market will develop for the Capital Securities, that investors will be able to sell their Capital Securities at a particular time or that the prices that investors receive when they sell will be favorable.

In connection with the offering of the Capital Securities, the Initial Purchasers may engage in over-allotment, stabilizing transactions and syndicate covering transactions. Over-allotment involves sales in excess of the offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Capital Securities in the open market for the purpose of pegging, fixing or maintaining the price of the Capital Securities. Syndicate covering transactions involve purchases of the Capital Securities in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the Capital Securities to be higher than it would otherwise be in the absence of those transactions. If the Initial Purchasers engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

Certain of the Initial Purchasers and their affiliates perform various financial advisory, investment banking and commercial banking services from time to time for the Bank and its affiliates.

PURCHASE AND TRANSFER RESTRICTIONS

A beneficial interest in the Rule 144A Global Notes may be transferred to a person who wishes to take delivery of such beneficial interest through the Regulation S Global Notes only upon receipt by the Fiscal Agent of a written certification (in the form set out in the schedule to the Fiscal Agency Agreement) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144A (if available) under the Securities Act.

On or prior to the 40th day after the Closing Date, a beneficial interest in the Regulation S Global Notes may be transferred to a person who wishes to take delivery of such beneficial interest through the Rule 144A Global Notes only upon receipt by the Fiscal Agent of a written certification (in the form set out in the schedule to the Fiscal Agency Agreement) from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. After such 40th day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Global Security, as set out below.

Any Capital Securities redeemed or purchased by the Bank or any of its affiliates will, pursuant to the terms of the Fiscal Agency Agreement, be held by the Bank or surrendered to the Fiscal Agent for cancellation.

Any beneficial interest in either the Rule 144A Global Notes or the Regulation S Global Notes that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Security will, upon transfer, cease to be a beneficial interest in such Global Security and become a beneficial interest in the other Global Security and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Security for so long as such person retains such an interest.

The Capital Securities are being offered and sold in the United States only to qualified institutional buyers within the meaning of Rule 144A in transactions exempt from the registration requirements of the Securities Act. Because of the following restrictions, purchasers of Capital Securities offered in the United States are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Capital Securities.

Each purchaser of Capital Securities who is in the United States or who is a U.S. Person or purchasing for the account of a U.S. Person will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S are used herein as defined therein):

(i) The purchaser is (x) a qualified institutional buyer within the meaning of Rule 144A and (y) is acquiring the Capital Securities for its own account or for the account of a qualified institutional buyer.

(ii) The Capital Securities are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Capital Securities offered hereby have not been and will not be registered under the Securities Act.

(iii) It agrees that it will deliver to each person to whom it transfers Capital Securities notice of any restrictions on transfer of such Capital Securities.

(iv) The Rule 144A Global Notes and any Security Certificates (as defined above under "Description of the Capital Securities — Exchange of Interests in Global Securities for Security Certificates") issued in exchange therefor, if any, will bear a legend to the following effect, unless the Bank determines otherwise in accordance with applicable law:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW. THE HOLDER HEREOF, BY PURCHASING THIS

SECURITY, (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND (B) AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS SECURITY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) TO THE ISSUER, (2) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE). AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION", "UNITED STATES" AND "U.S.PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT."

(v) It acknowledges that the Fiscal Agent for the Capital Securities will not be required to accept for registration of transfer any Capital Securities acquired by it, except upon presentation of evidence satisfactory to the Bank and the Fiscal Agent that the restrictions set forth herein have been complied with.

(vi) It acknowledges that the Bank, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agrees that if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Capital Securities are no longer accurate, it shall promptly notify the Bank and the Initial Purchasers. If it is acquiring any Capital Securities as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

LEGAL MATTERS

Legal matters in connection with the issue and sale of the Capital Securities offered hereby will be passed upon for the Bank by Erik Sevaldsen, General Counsel to the Bank, or Niels Willemann, Deputy General Counsel to the Bank, with respect to matters of Danish law, and by White & Case LLP with respect to matters of United States federal and New York state law. The validity of the Capital Securities (insofar as they are governed by laws of the state of New York) will be passed upon for the Initial Purchasers by Davis Polk & Wardwell. The validity of the Capital Securities (insofar as they are governed by laws of the Kingdom of Denmark) will be passed upon for the Initial Purchasers by Gorrissen Federspiel Kierkegaard.

AUDITORS

The Bank Group's annual report for the year 2003, which includes the Bank Group's consolidated financial statements as of and for the year ended December 31, 2003 together with comparative figures as of and for the year ended December 31, 2002, and the Bank Group's annual report for the year 2002, which includes the Bank Group's consolidated financial statements as of and for the year ended December 31, 2002 together with comparative figures as of and for the year ended December 31, 2001, in each case, as included in this Memorandum, have been audited by Grant Thornton, Statsautoriseret Revisionaktieselskab, State Authorized Public Accountants (Denmark) and by KPMG C.Jespersen, Statsautoriseret Revisionsinteressentskab, State Authorized Public Accountants (Denmark).

This Memorandum includes a summary of the Danica Group's consolidated financial statements as of and for the year ended December 31, 2003 together with comparative figures as of and for the year ended December 31, 2002, as included in the Danica Group's audited annual report for the year 2003, supplemented with comparative figures as of and for the year ended December 31, 2001, as included in the Danica Group's audited annual report for the year 2002. Grant Thornton, Statsautoriseret Revisionsaktieselskab, State Authorized Public Accountants (Denmark) and KPMG C.Jespersen, Statsautoriseret Revisionsinteressentskab, State Authorized Public Accountants (Denmark) served as external auditors of the Danica Group for the years ended December 31, 2001, 2002 and 2003.

LISTING AND GENERAL INFORMATION

Listing

The Bank has applied to list the Capital Securities on the Luxembourg Stock Exchange in accordance with the rules of that exchange. As soon as practicable after the listing, a legal notice relating to the issue of the Capital Securities and the certified organizational documents of the Bank (together with English translations thereof) will be deposited with the *Registre de Commerce et des Sociétés à Luxembourg*, or the Chief Registrar of the District Court of Luxembourg, where such documents may be examined and copies obtained.

For so long as any of the Capital Securities are listed on the Luxembourg Stock Exchange and the rules of that exchange require, copies of the following documents, including any further amendments, may be inspected and obtained during normal business hours at the specified office of the listing agent in Luxembourg:

- the organizational documents of the Bank;
- the most recent audited consolidated financial statements of the Bank Group and any interim quarterly financial statements published by the Group;
- this Memorandum;
- the Purchase Agreement relating to the Capital Securities; and
- the Fiscal Agency Agreement relating to the Capital Securities.

For so long as any of the Capital Securities are listed on the Luxembourg Stock Exchange and the rules of that exchange require, copies of the articles of association and other constitutional documents and the most recent non-consolidated financial statements of the Bank will be available, free of charge, at the offices of the paying agent in Luxembourg.

The Bank will maintain a paying and transfer agent in Luxembourg for as long as any of the Capital Securities are listed on the Luxembourg Stock Exchange. The Bank reserves the right to vary such appointment and will publish notice of such change of appointment in a newspaper having a general circulation in Luxembourg.

Clearing Information

The Capital Securities have been accepted for clearance through DTC and its participants, including Euroclear and Clearstream, with a CUSIP number of 236363AA5, an ISIN of US236363AA58 and a Common Code of 019457192 for the Rule 144A Global Notes and a CUSIP number of K22272CP9, an ISIN of USK22272CP99 and a Common Code of 019457265 for the Regulation S Global Notes.

Legal and Other Information

The Bank is a public limited company organized under the laws of the Kingdom of Denmark. The address of the registered office of the Bank is Danske Bank A/S, 2-12 Holmens Kanal, DK-1092 Copenhagen, Denmark.

The creation and issue of the Capital Securities and the transactions described herein have been authorized by a duly adopted resolution of the Board of Directors of the Bank dated January 29, 2004.

Neither the Bank nor any of its subsidiaries is involved in any litigation or arbitration proceeding relating to claims or amounts which is material in the context of the issue of the Capital Securities, nor so far as the Bank is aware, is any such litigation or arbitration pending or threatened.

There has been no adverse change, or development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs of the Bank or any of its subsidiaries since December 31, 2003 that is material in the context of the issue of the Capital Securities.

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Audit reports

Internal audit
We have audited the Annual Report of Danske Bank A/S for the financial year from January 1 to December 31, 2003, presented by the Board of Directors and the Executive Board.

Basis of opinion
We conducted our audit in accordance with the executive order of the Danish Financial Supervisory Authority on auditing financial enterprises and financial groups and in accordance with Danish auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that financial information included in the Annual Report is free of material misstatement. In addition, the audit was conducted in accordance with the division of duties agreed with the external auditors, according to which the external auditors to the widest possible extent base their audit on the work performed by the internal auditors.

We planned and conducted our audit such that we have, during the year, assessed the business and control procedures, including the risk management processes implemented by the Board of Directors and the Executive Board, aimed at the Group's and the Bank's major business risks. In connection with the preparation of the Annual Report, the internal auditors have examined, on a test basis, evidence supporting financial disclosures in the Annual Report. Our audit includes assessing the accounting policies used and significant estimates made by the Board of Directors and the Executive Board. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at December 31, 2003, and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year January 1 to December 31, 2003, in accordance with the accounting provisions of Danish legislation.

Copenhagen, February 5, 2004

Jens Peter Thomassen
Group Chief Auditor

Erik Fosgrau
Deputy Group Chief Auditor

External audit

To the shareholders of Danske Bank A/S
We have audited the Annual Report of Danske Bank A/S for the financial year from January 1 to December 31, 2003, presented by the Board of Directors and the Executive Board.

Basis of opinion
We conducted our audit in accordance with Danish auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that financial information included in the Annual Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and financial disclosures in the Annual Report. An audit also includes assessing the accounting policies used and significant estimates made by the Board of Directors and the Executive Board, as well as evaluating the overall presentation of financial information included in the Annual Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at December 31, 2003, and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year January 1 to December 31, 2003, in accordance with the accounting provisions of Danish legislation.

Copenhagen, February 5, 2004

Grant Thornton
Statsautoriseret Revisionsaktieselskab

Svend Ørjan Jensen   Erik Stener Jørgensen
State Authorised Public Accountants

KPMG C.Jespersen
Statsautoriseret Revisionsinteressentskab

Arne Sivertsen   Birger Kjerri Hansen
State Authorised Public Accountants

Accounting policies

General

The Annual Report has been prepared in compliance with the Danish Banking Act, the executive order on banks' annual accounts, the Copenhagen Stock Exchange guidelines for issuers of listed securities and Danish accounting standards, except where otherwise stipulated by Danish banking regulations.

The Group has not changed its accounting policies from those followed in the annual accounts for 2002 except in the instances indicated below. The changes have been implemented to adjust the accounting policies to the amended executive order on banks' annual accounts.

Unlisted securities

Unlisted securities are recognised at their estimated fair value. According to the previous accounting policies, unlisted securities were recognised at the lower of cost and fair value. Other significant holdings were valued according to the equity method. This change has resulted in an increase in assets and shareholders' equity at January 1, 2003, of DKr250m. Since the effect on assets and equity is immaterial, comparative figures have not been restated and the value adjustment is recognised directly in shareholders' equity at January 1, 2003. The effect of the change on the profit before tax for 2003 is DKr72m.

As a result of regulatory amendments, other significant holdings in the amount of DKr39m have been reclassified from "Holdings in associated undertakings" to "Shares, etc." as at December 31, 2003.

Intangible assets

Intangible assets acquired after January 1, 2003, are recognised at cost and amortised over their expected useful life, with a maximum of 20 years. Intangible assets, apart from goodwill on acquisition, were previously charged fully to the profit and loss account in the year of acquisition. The effect of this change on the profit before tax for 2003 is DKr64m.

Leasehold improvements

Furthermore, leasehold improvements effected after January 1, 2003, are capitalised under tangible assets and depreciated over their expected useful life. Leasehold improvements were previously charged fully to the profit and loss account in the year of acquisition. The effect of this change on the profit before tax for 2003 is DKr36m.

Effects of the changes

The overall effect of the changes is an increase in the profit before tax for 2003 of DKr172m. The tax on this amount is DKr50m, leaving an increase in the net profit for the year of DKr122m. The changes resulted in an increase of DKr372m in total assets and shareholders' equity as at December 31, 2003, of which unlisted securities account for DKr301m.

Principles of consolidation

The consolidated accounts comprise the accounts of Danske Bank and of companies in which the Group holds more than 50% of the voting rights, apart from the insurance subsidiaries, which according to Danish legislation may not be consolidated. Companies acquired in the course of restructuring are not consolidated.

The consolidated accounts are prepared by consolidating items of the same nature and eliminating intra-group income and expenses, share holdings and accounts. The accounts used in the consolidation are prepared in accordance with the Group's accounting policies.

The accounts of the insurance group are prepared in accordance with the Danish Insurance Business Act and the executive order on the consolidated accounts of insurance companies and pension funds. Assets and liabilities are recognised at their fair value. The "Profit before tax" of the insurance group is included in the consolidated accounts under the item "Income from associated and subsidiary undertakings", while the tax for the year is carried under the item "Tax".

The Group's consolidation policy for its life insurance companies has been prepared in accordance with the guidelines laid down by the Danish Financial Supervisory Authority.

The financial result of Danica Pension, the parent company of the life insurance group, is calculated in accordance with the consolidation policy on the basis of the return on a separate pool of investments equal to shareholders' equity plus an amount determined by insurance provisions and a variable amount reflecting the company's risks and costs.

If the realised return in a given period is insufficient to allow the booking of the risk allowance, the risk allowance will, according to the contribution principle, not be booked until later periods with sufficient return.

Companies acquired are included in the consolidated accounts from the acquisition date. For new acquisitions, the book value on the date of acquisition is determined in accordance with the Group's accounting policies. If the cost of acquisition exceeds the book value, the excess amount (goodwill on acquisition) is capitalised and amortised over the expected useful life of the asset, with a maximum of 20 years.

The profit or loss of divested subsidiaries is included in the profit and loss account until the date of divestment. Any gains or losses on sales of subsidiaries are calculated as the difference between the sales amount and the book value at the date of divestment with the addition of any unamortised goodwill or goodwill previously charged directly to shareholders' equity in the year of acquisition. Any gains or losses are included in the profit and loss account under "Other operating income" or "Other operating expenses".

Translation of foreign currency
Assets and liabilities and equity in foreign currency are expressed in Danish kroner at the rates of exchange published by Danmarks Nationalbank at the end of the year. Currencies for which Danmarks Nationalbank does not publish rates of exchange are stated at estimated rates of exchange.

Income and expenses in foreign currency are translated into Danish kroner using the exchange rates prevailing at the time of booking. The income and expenses of Danske Bank's foreign branches and subsidiaries are translated at average exchange rates, while balance sheet items are translated at the rates prevailing at the end of the year. Any exchange rate differences are included in the profit and loss account under "Securities and foreign exchange income".

Income recognition
Income and expenses are accrued over the lifetime of the transactions and included in the profit and loss account at the amounts relevant to the accounting period. Fees are normally booked in the profit and loss account when received.

For non-performing loans, no interest is booked in the profit and loss account if the interest is considered irrecoverable.

Loans and advances, guarantees, and amounts due from credit institutions and central banks
Amounts due to the Bank are stated at their current outstanding amounts less loss provisions. The assets, including mortgage loans, lease assets and financial instruments, are subject to continuous critical evaluation to identify potential risks. Losses identified, including those relating to payment problems in heavily indebted and politically unstable countries, are charged to the profit and loss account under "Provisions for bad and doubtful debts" either as realised losses or as loss provisions. When a loss is considered to be realised, the corresponding provisions are transferred from the provisions account and the loss is written off.

Fixed-rate uncallable loans and amounts due to the Bank are stated at the lower of their current outstanding amounts and their estimated fair value at the balance sheet date. Certain loans on which the interest rate risk has been hedged by corresponding fixed-rate liabilities or by derivatives are, however, not adjusted.

The value adjustment of fixed-rate loans and amounts due to the Bank is incorporated in the profit and loss account under "Securities and foreign exchange income".

Mortgage loans are booked on the balance sheet under the item "Loans and advances" at nominal value, that is inclusive of the amortisation account for cash loans. Index-linked loans are stated on the basis of the December 31 index. Other loans (reserve fund mortgages, etc.) are stated at the lower of cost and estimated value.

Repo and reverse repo transactions

In connection with repo transactions, which consist of a sale of securities to be repurchased at a later date, the securities remain on the balance sheet and are subject to interest payment and value adjustment. The amounts received are carried as deposits and specified in the notes. Purchases of securities to be resold at a later date, called reverse repo transactions, are included as loans and advances secured by the securities in question and are specified in the notes.

Lease assets

Lease assets are included on the balance sheet under "Loans and advances" and are valued at cost less depreciation. Depreciation is computed using the actuarial method and taking into account the residual economic life of each asset. Thus, the acquisition price less any estimated residual value is written off over the lease term. In addition, property leases are valued on the basis of the current value of the property.

Current income from lease assets (lease rentals less depreciation) is stated under "Interest income". Profits or losses on the sale of lease assets at expiry are booked under "Other operating income". Value adjustment of property leases is booked under "Securities and foreign exchange income".

Securities (current investments)

Listed securities, including the Group's holdings of own bonds and shares, are stated at their fair value at the end of the year.

Unlisted securities are recognised at their estimated fair value.

The value adjustments calculated are included in the profit and loss account under "Securities and foreign exchange income" and specified in the notes.

Holdings in associated undertakings

Holdings in associated undertakings comprise shares and other holdings constituting shareholders' equity in companies in which the Group holds 20% to 50% of the voting rights and also has a significant influence on the company's financial management and operations.

Shares in associated undertakings are valued according to the equity method. The proportionate share of the net profit of the individual undertakings is included in "Income from associated and subsidiary undertakings". However, some holdings are assessed at a value lower than the book value on the basis of a conservative estimate.

Holdings in subsidiary undertakings

Holdings in subsidiary undertakings comprise shares and other holdings constituting shareholders' equity in companies in which the Group holds more than 50% of the voting rights.

Shares in subsidiary undertakings are valued according to the equity method. The proportionate share of the pre-tax profit or loss of the individual companies is included under "Income from associated and subsidiary undertakings". The proportionate tax charge from the undertakings is included under "Tax".

Intangible assets

Intangible assets are stated at cost less any amortisation and write-downs. Amortisation is calculated according to the straight-line method over the expected useful life, with a maximum of 20 years. Intangible assets acquired before January 1, 2003, and goodwill acquired before January 1, 2002, however, are written down in the year of acquisition.

Internally generated intangible assets, including software developed by the Group, are charged fully to the profit and loss account in the year of development.

Tangible assets

After 1994, property and property improvements are stated at cost less any depreciation and write-downs. Before 1994, properties whose fair value, at a conservative estimate, was considerably higher than the cost price were revalued at the higher value if this higher value was considered to be of a permanent nature although the new valuation did not exceed the public valuation. The increase in valuation was included as a revaluation reserve under shareholders' equity.

Properties taken over in connection with the settlement of a debt and other properties whose fair value is considered to be permanently lower than the cost price are written down to the lower value.

Property is written off according to the straight-line method on the basis of the property's expected scrap value and its expected useful life of 20 to 50 years. Residential properties and listed buildings are, however, written off over 75 years. A few properties are held under long-term leases. These properties are depreciated annually on a progressive scale.

Leasehold improvements effected after January 1, 2003, are capitalised under tangible assets and depreciated over the term of the lease, with a maximum of 10 years.

Machinery and equipment, etc., are included on the balance sheet at cost less depreciation according to the straight-line method. Depreciation is based on the estimated useful life of the asset, with a maximum of three years.

Own shares

Own shares are recognised at their fair value at the end of the year. Value adjustments calculated are stated in the profit and loss account under "Securities and foreign exchange income".

An amount corresponding to the fair value is set aside under shareholders' equity under "Reserve for own shares".

Own shares acquired with a view to reducing the share capital are stated at nil. The acquisition price is charged directly to shareholders' equity.

Derivatives

Derivatives are included at their fair value. The positive or negative non-netted value is stated under "Other assets" and "Other liabilities" irrespective of any netting agreements.

Derivatives employed to hedge the interest rate risk on fixed-rate assets or fixed-rate liabilities are not included on the balance sheet but are specified in the notes.

Interest from interest rate and currency swaps as well as premiums on forward securities and foreign exchange transactions are included under "Interest income"; and changes calculated in the fair value are entered in the profit and loss account under "Securities and foreign exchange income" and specified in the notes.

Tax

Danske Bank is taxed jointly with the majority of its Danish subsidiaries that have been wholly owned for the full year.

The Danish tax calculated on the profit for the year is allocated to the jointly-taxed Danish companies in accordance with the full allocation method. The tax calculated on the profit for the year in Denmark and abroad is expensed under "Tax".

The jointly taxed companies pay Danish corporation tax under the scheme for payment of tax on account.

Issued bonds

Bonds issued are included on the balance sheet at their nominal value. Any premium or discount at the time of issue is accrued over the maturity of the bonds.

Mortgage bonds issued are stated on the balance sheet at their nominal value.

Index-linked bonds are stated on the basis of the index reading on December 31.

Deferred tax

Deferred tax resulting from timing differences between the booking of income and charges for tax and for accounting purposes is posted to the balance sheet and shown as a liability under "Provisions for obligations" or as an asset under "Other assets". Deferred tax includes both Danish and foreign tax liabilities and is based on current tax rates. Changes in deferred taxes during the year are expensed or recorded as income, as appropriate, in the profit and loss account.

Pension commitments

The Group's pension commitments consist mainly of defined contribution plans under which the Group pays contributions to insurance companies and other institutions. Such payments are expensed when they are made. Certain pension commitments are defined benefit plans, and provisions are made on the basis of an actuarial calculation in accordance with guidelines laid down by local supervisory authorities.

Dividend

The Board of Directors' proposal for a dividend for the year is included on the balance sheet under "Other liabilities".

Share-based incentive programmes

The Group's share-based incentive programmes consist of share options, conditional shares and employee shares. If the market price exceeds the allotment price, the difference will be expensed as salary costs at the time of allotment. Subsequent adjustment of the Group's obligations is included in "Securities and foreign exchange income" under earnings from investment portfolios. The Group's obligations are entered under "Other liabilities".

The Group's obligations are secured by its holding of own shares, which are valued at their fair value. Value adjustment of own shares is also included in earnings from investment portfolios.

Off-balance-sheet items

Off-balance-sheet items include guarantees and commitments, irrevocable loan commitments and similar obligations that are not included on the balance sheet. Guarantees and other commitments are recognised at their nominal value less loss provisions. Loss provisions are charged to the profit and loss account under "Provisions for bad and doubtful debts" and included on the balance sheet under "Other liabilities".

Cash flow statement

The cash flow statement shows cash flows for the year and cash and cash equivalents at the beginning of the year and at the end of the year. The cash flow statement is presented according to the indirect method on the basis of the net profit for the year. Cash flows include securities and foreign exchange income.

The cash flow from operations consists of the net profit for the year adjusted for non-cash items in the profit and loss account and the change in working capital.

Cash flow from investing activities includes acquisitions and disposals of fixed assets, companies, securities and other assets. Cash flow from financing includes dividend payments and changes in shareholders' equity and subordinated debt.

Cash and cash equivalents include liquid holdings and marketable securities adjusted for bonds used and received in connection with repo transactions.

Intra-group trading

The Danske Bank Group consists of a number of independent legal entities. Intra-group transactions and services are settled on market terms or on a cost-reimbursement basis. Except for insignificant transactions, all transactions are based on contracts between the entities.

Segmental reporting

The Annual Report discloses information on the Group's primary segments, which are the business areas into which the Group is organised, and according to which it conducts financial planning. Segmental information is disclosed in accordance with the Group's accounting policies and comprises core earnings before provisions, risk-weighted items and allocated capital.

Inter-segmental transactions and services are settled at market price. Costs incurred centrally, including the cost of management support, administrative and back-office functions, are allocated to the business areas on the basis of market price, where available. Other costs, including common costs, are allocated according to an assessment of each business area's proportionate share of the Group's activities.

Group equity capital is allocated to individual business areas at a ratio of 6.5% of their average risk-weighted items, calculated in accordance with the regulations of the Danish Financial Supervisory Authority. Insurance companies are subject to specific statutory capital adequacy rules. Consequently, the equity capital allocated to the insurance business represents the statutory minimum solvency margin. The business areas are allocated a calculated income equal to the risk-free return on their allocated capital. This income is based on the short-term money market rate.

The management of the Group's investment portfolios is considered an independent segment subject to the same principles stated above. Earnings from investment portfolios are not included in core earnings. In periods with low returns, earnings from investment portfolios will be reduced by the risk allowances for Danica Pension, and according to the contribution principle, the allowance will not be booked until a later period when a higher return is achieved.

Moreover, the Group's gross income, core earnings before provisions, total assets and number of staff are segmented by geographical region. Geographical segmentation is made on the basis of the location where the individual transactions are recorded, as stipulated in Danish accounting legislation. This secondary segmentation is not based on the principles of allocated capital.

Differences between these accounting policies and Danish accounting standards

The Annual Report has been prepared in compliance with the Danish accounting standards with the following variations stipulated by the executive order on bank accounts:

According to Danish legislation, insurance subsidiaries are not consolidated. According to Danish accounting standards, group accounts comprise the accounts of the parent company and all subsidiaries.

The Board of Directors' proposal for a dividend for the year is included in the accounts. According to Danish accounting standards, the dividend is included upon the adoption of the proposal by the annual general meeting.

Implementation of the International Financial Reporting Standards (IFRS)

The Group plans to present its report for the first quarter of 2005 in accordance with the IFRS.

Reporting standards for insurance and financial instruments have not been finally approved. Adjustments in other areas to be affected by the IFRS, including major parts of the reporting on financial instruments, except write-downs of loans and advances, have begun.

The financial effect of the implementation of the IFRS to come into force on January 1, 2005, will be announced in the Annual Report for 2004.

Profit and loss account for Danske Bank Group

Note	(DKr m)	2003	2002
2	Interest income	67,228	70,357
3	Interest expense	46,963	51,334
	Net interest income	20,265	19,023
	Dividends from shares	235	227
4	Fee and commission income	7,514	7,390
	Fees and commissions paid	1,462	1,335
	Net interest and fee income	26,552	25,305
5	Securities and foreign exchange income	-713	675
6	Other operating income	1,237	1,230
7-9	Staff costs and administrative expenses	14,451	15,009
10, 19	Amortisation, depreciation and write-downs	489	591
	Other operating expenses	24	34
	Provisions for bad and doubtful debts	1,662	1,420
11	Income from associated and subsidiary undertakings	2,586	1,008
	Profit before tax	13,036	11,164
12	Tax	3,750	2,922
	Net profit for the year	9,286	8,242
	Portion attributable to minority interests	-	-

Balance sheet for Danske Bank Group

Note	(DKr m)	2003	2002
	ASSETS		
	Cash in hand and demand deposits with central banks	9,949	17,565
13, 29-30	Due from credit institutions and deposits with central banks	166,117	199,620
14, 29-30	Loans and advances	1,020,618	948,346
16, 30-31	Bonds	481,883	422,680
17, 18	Shares, etc.	11,580	9,572
18	Holdings in associated undertakings	1,423	1,673
18	Holdings in subsidiary undertakings	13,307	11,604
19	Intangible assets	64	-
20	Tangible assets	5,884	6,269
21	Own shares	986	732
22	Other assets	112,973	132,510
	Prepayments	1,350	982
	Total assets	1,826,134	1,751,553
	LIABILITIES AND EQUITY		
23, 29-30	Due to credit institutions and central banks	299,880	319,573
24, 29-31	Deposits	483,884	427,940
25, 30-31	Issued bonds	765,347	699,745
26	Other liabilities	181,313	210,609
	Deferred income	595	624
27	Provisions for obligations	1,106	1,524
28, 31	Subordinated debt	33,549	31,210
	Minority interests	9	9
	Shareholders' equity		
	Share capital	7,117	7,320
	Reserve for own shares	986	732
	Revaluation reserve	37	38
	Brought forward from prior years	47,428	47,367
	Retained profit for the year	4,883	4,862
	Total shareholders' equity	60,451	60,319
	Total liabilities and equity	1,826,134	1,751,553
	OFF-BALANCE-SHEET ITEMS		
32	Guarantees, etc.	79,965	85,357
33	Other commitments	106,026	95,768
	Total off-balance-sheet items	185,991	181,125

Profit and loss account for Danske Bank

Note	(DKr m)	2003	2002
2	Interest income	33,948	37,343
3	Interest expense	19,716	23,843
	Net interest income	14,232	13,500
	Dividends from shares	218	196
4	Fee and commission income	6,691	6,351
	Fees and commissions paid	1,214	1,053
	Net interest and fee income	19,927	18,994
5	Securities and foreign exchange income	-439	165
6	Other operating income	909	871
7-9	Staff costs and administrative expenses	11,420	11,547
10, 19	Amortisation, depreciation and write-downs	439	508
	Other operating expenses	10	27
	Provisions for bad and doubtful debts	1,430	1,312
11	Income from associated and subsidiary undertakings	5,938	4,528
	Profit before tax	13,036	11,164
12	Tax	3,750	2,922
	Net profit for the year	9,286	8,242

PROPOSAL FOR ALLOCATION OF PROFITS		
Net profit for the year	9,286	8,242
Brought forward from prior years	-	-
Total amount to be allocated	9,286	8,242
Dividends	4,661	3,477
Transferred to reserve according to the equity method	3,852	-
Transferred to equity	773	4,765
Total allocation	9,286	8,242

Balance sheet for Danske Bank

Note	(DKr m)	2003	2002
	ASSETS		
	Cash in hand and demand deposits with central banks	9,407	11,380
13, 29-30	Due from credit institutions and deposits with central banks	210,737	249,655
14, 29-31	Loans and advances	442,428	404,387
16, 30-31	Bonds	350,499	288,455
17, 18	Shares, etc.	11,159	9,257
18	Holdings in associated undertakings	1,036	1,273
18	Holdings in subsidiary undertakings	47,623	44,533
19	Intangible assets	64	-
20	Tangible assets	4,616	4,879
21	Own shares	986	732
22	Other assets	107,650	124,312
	Prepayments	1,301	879
	Total assets	1,187,506	1,139,742
	LIABILITIES AND EQUITY		
23, 29-30	Due to credit institutions and central banks	318,215	336,137
24, 29-31	Deposits	454,600	394,712
25, 30-31	Issued bonds	157,401	125,437
26	Other liabilities	163,172	191,745
	Deferred income	505	532
27	Provisions for obligations	209	358
28, 31	Subordinated debt	32,953	30,502
	Shareholders' equity		
	Share capital	7,117	7,320
	Equity method reserve	3,852	-
	Reserve for own shares	986	732
	Revaluation reserve	37	38
	Brought forward from prior years	47,428	47,367
	Retained profit for the year	1,031	4,862
	Total shareholders' equity	60,451	60,319
	Total liabilities and equity	1,187,506	1,139,742
	OFF-BALANCE-SHEET ITEMS		
32	Guarantees, etc.	179,846	195,361
33	Other commitments	98,450	88,044
	Total off-balance-sheet items	278,296	283,405

Capital

CHANGES IN THE CAPITAL OF DANSKE BANK IN 2003 (DKr m)	Beginning of year	Capital reduction	Other additions	Other reductions	End of year
Share capital	7,320	-203	-	-	7,117
Equity method reserve	-	-	3,852	-	3,852
Reserve for own shares	732	-	254	-	986
Revaluation reserve	38	-	-	-1	37
Profit brought forward	52,229	203	1,027	-5,000	48,459
Total shareholders' equity	60,319	-	5,133	-5,001	60,451

The share capital is made up of 711,675,849 shares of DKr10, totalling DKr7,117m. All shares carry the same rights; there is thus only one class of shares. The average number of shares outstanding in 2003 was 696,374,857. At the end of 2003, the number of shares outstanding stood at 672,265,752.

CHANGES IN SHAREHOLDERS' EQUITY AND MINORITY INTERESTS (DKr m)	2003	2002
Shareholders' equity at January 1	60,319	57,091
One-off adjustments regarding insurance activities	-	1,369
Adjustment of accounting policies	250	-
Reduction of own shares	-5,000	-3,000
Reversal of revaluation reserve upon sale	-1	-12
Net profit for the year	9,286	8,242
Dividends	-4,661	-3,477
Dividends on own shares	258	97
Other	-	9
Shareholders' equity at December 31	60,451	60,319
Minority interests at January 1	9	10
Exchange rate adjustments	-	-1
Redemption of minority interests	-	-
Minority interests at December 31	9	9

CAPITAL BASE AND SOLVENCY RATIO	DANSKE BANK GROUP		DANSKE BANK	
(DKr m)	2003	2002	2003	2002
Core capital, less statutory deductions	58,699	58,654	59,312	59,419
Eligible subordinated debt and revaluation reserve	32,596	29,590	32,204	29,124
Statutory deduction for insurance subsidiaries	-6,916	-6,560	-6,910	-6,556
Other statutory deductions	-329	-384	-329	-384
Supplementary capital, less statutory deductions	25,351	22,646	24,965	22,184
Total capital base, less statutory deductions	84,050	81,300	84,277	81,603
Weighted items				
not included in trading portfolio	699,455	700,698	464,216	474,811
included in trading portfolio, with market risk	67,530	73,452	70,042	69,100
Total weighted items	766,985	774,150	534,258	543,911
Core (tier 1) capital ratio, %	7.65	7.58	11.10	10.92
Solvency ratio, %	10.96	10.50	15.77	15.00
Statutory minimum solvency requirement, %	8.00	8.00	8.00	8.00

The solvency ratio is calculated in accordance with the rules on capital adequacy for banks and certain credit institutions. The rules stipulate that the Group's insurance subsidiaries are not to be consolidated into the Group accounts. Hence, the solvency margins of these companies are deducted from the Group's capital base ("liable capital") before the calculation of the solvency ratio. The consequent reduction in the solvency ratio was 0.8 percentage points at the end of 2003 and 0.8 percentage points at the end of 2002.

Cash flow statement for Danske Bank Group

Note	(DKr m)	2003	2002
	Net profit for the year	9,286	8,242
36	Adjustment for non-cash items in the profit and loss account	-1,217	57
	Net profit for the year adjusted for non-cash items in the profit and loss account	8,069	8,299
	Increase/decrease in working capital		
	Loans and advances and amounts due from credit institutions	-51,195	-59,140
	Deposits and amounts due to credit institutions	36,252	105,980
	Mortgage bonds and other bonds issued	65,603	26,290
	Other working capital	-40,407	16,970
	Total	10,253	90,100
	Cash flow from operations	18,322	98,399
	Cash flow from investing activities		
	Intangible fixed assets	-76	-
	Tangible fixed assets	121	-138
	Total	45	-138
	Cash flow from financing		
	Buyback of own shares	-5,000	-3,000
	Subordinated debt	4,081	2,296
	Dividends	-3,380	-3,477
	Total	-4,299	-4,181
37	**Cash and cash equivalents, beginning of year**	494,414	400,334
	Increase/decrease in cash and cash equivalents	14,068	94,080
37	Cash and cash equivalents, end of year	508,482	494,414

Credit risk

	DANSKE BANK GROUP				DANSKE BANK			
LOANS, ADVANCES AND GUARANTEES BY SECTOR AND INDUSTRY	2003 (DKr m)	(%)	2002* (DKr m)	(%)	2003 (DKr m)	(%)	2002* (DKr m)	(%)
Public sector	20,896	1.9	18,126	1.8	18,282	3.0	15,958	2.7
Corporate sector:								
Agriculture, hunting and forestry	34,976	3.2	34,539	3.3	6,908	1.1	8,871	1.5
Fisheries	1,641	0.1	1,954	0.2	713	0.1	845	0.1
Manufacturing industries, extraction of raw materials, utilities	85,831	7.8	88,428	8.6	67,267	10.8	76,799	12.8
Building and construction	12,837	1.2	12,054	1.2	10,814	1.8	10,441	1.7
Trade, hotels and restaurants	52,349	4.7	52,971	5.1	38,174	6.1	40,237	6.7
Transport, mail and telephone	28,778	2.6	31,003	3.0	21,091	3.4	25,141	4.2
Credit, finance and insurance	201,423	18.3	161,909	15.7	298,271	47.9	262,803	43.8
Property administration, purchase and sale, and business services	190,130	17.3	196,657	19.0	49,374	7.9	61,103	10.2
Other	12,683	1.2	12,770	1.2	5,551	0.9	6,537	1.1
Total corporate sector	620,648	56.4	592,285	57.3	498,163	80.0	492,777	82.1
Retail customers	459,039	41.7	423,292	40.9	105,829	17.0	91,013	15.2
Total	1,100,583	100.0	1,033,703	100.0	622,274	100.0	599,748	100.0
Accumulated provisions								
Provisions at December 31 against loans, advances and guarantees	12,397		12,819		10,514		10,469	
Provisions at December 31 against amounts due from credit institutions and other items involving a credit risk	293		347		284		338	
Total accumulated provisions	12,690		13,166		10,798		10,807	
Accumulated provisions at December 31 for loans, advances and guarantees as a percentage of loans, advances and guarantees	1.1		1.2		1.7		1.7	
Non-accrual loans and advances to customers and non-accrual amounts due from credit institutions at December 31	3,985		4,116		3,375		3,118	

* Comparative figures for 2002 have been restated.

SUBORDINATED CLAIMS (DKr m)				
Subsidiary undertakings				
Credit institutions	-	-	700	700
Bonds	-	-	959	1,137
Other undertakings				
Loans and advances	297	200	297	200
Bonds	183	309	183	309

Liquidity risk

	DANSKE BANK GROUP		DANSKE BANK	
LOANS AND DEPOSITS, ETC., BY TIME TO MATURITY (DKr m)	2003	2002	2003	2002
Due from credit institutions and deposits with central banks				
On demand	15,253	19,663	16,267	21,070
3 months and below	138,307	139,869	149,342	175,182
3 months to 1 year	2,012	23,281	12,081	31,298
1 year to 5 years	4,793	11,469	23,488	16,237
Over 5 years	5,752	5,338	9,559	5,868
Total	166,117	199,620	210,737	249,655
Loans and advances*				
On demand	16,104	28,179	15,353	30,370
3 months and below	222,020	167,891	199,716	149,004
3 months to 1 year	104,509	99,143	76,784	74,609
1 year to 5 years	172,192	171,285	76,094	79,973
Over 5 years	505,793	481,848	74,481	70,431
Total	1,020,618	948,346	442,428	404,387
Due to credit institutions and central banks				
On demand	25,732	45,999	36,165	53,953
3 months and below	253,652	244,622	260,884	253,259
3 months to 1 year	18,516	27,432	19,187	27,435
1 year to 5 years	1,309	1,178	1,308	1,143
Over 5 years	671	342	671	347
Total	299,880	319,573	318,215	336,137
Deposits				
On demand	212,944	214,516	187,535	186,742
3 months and below	220,608	170,518	217,515	165,459
3 months to 1 year	11,293	4,667	10,655	4,470
1 year to 5 years	10,878	12,649	10,867	12,592
Over 5 years	28,161	25,590	28,028	25,449
Total	483,884	427,940	454,600	394,712
Issued bonds, etc.				
3 months and below	197,770	179,806	94,992	87,642
3 months to 1 year	116,304	86,347	43,232	30,953
1 year to 5 years	255,682	199,937	17,945	6,216
Over 5 years	195,591	233,655	1,232	626
Total	765,347	699,745	157,401	125,437

* Comparative figures have been restated

Market risk

	DANSKE BANK GROUP		DANSKE BANK	
(DKr m)	2003	2002	2003	2002
Outstanding amounts in foreign currency				
Total assets in foreign currency	702,614	663,766	629,889	596,040
Total liabilities and equity in foreign currency	784,761	712,126	711,232	644,596
Exchange rate indicator 1	4,891	2,614	4,845	2,197
Exchange rate indicator 1 as percentage of core capital less statutory deductions	8.33	4.46	8.17	3.70
Indicator 1 represents the sum of the Group's long currency positions or short currency positions, whichever is larger.				
Exchange rate indicator 2	73.89	49.23	62.65	42.57
Exchange rate indicator 2 as percentage of core capital less statutory deductions	0.13	0.08	0.11	0.07
Indicator 2 is a more accurate measure of the Group's exchange rate risk than indicator 1 because indicator 2 takes into account the volatility and covariance of the currencies. Thus, indicator 2 represents, with a 99% probability, the maximum amount that the Group risks losing in the course of the following 10 days, provided that the currency position remains unchanged.				
Interest rate risk				
Interest rate risk broken down by currency:				
DKK	2,318	1,329	2,134	1,333
EUR	-858	-732	-850	-739
USD	-159	159	-160	157
SEK	126	29	125	29
Other	82	142	71	137
Total	1,509	927	1,320	917

The Danske Bank Group's total interest rate sensitivity – as measured in accordance with the guidelines laid down by the Danish Financial Supervisory Authority – was DKr1,509m at the end of 2003, or 2.6% of the Group's core capital less statutory deductions. Interest rate sensitivity represents the interest rate risk on short-term and long-term fixed-rate krone and foreign currency assets and liabilities, including mortgages.

In 2002, the Danske Bank Group's interest rate sensitivity was DKr927m, or 1.6% of the Group's core capital less statutory deductions.

Market risk

DERIVATIVES

Broken down by remaining life

Danske Bank Group	**3 months and below**		**3 months to 1 year**		**1 year to 5 years**		**Over 5 years**	
(DKr m)	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value
Currency contracts								
Forwards/futures bought	688,382	-4,621	286,959	4,573	20,838	1,136	1,250	130
Forwards/futures sold	972,218	713	370,795	-8,176	23,573	-1,270	585	-87
Swaps	13,889	2	51,103	-121	225,661	-47	126,054	-293
Options bought	26,226	919	13,727	1,263	1,119	160	-	-
Options written	18,669	-1,194	11,893	-1,461	601	-495	-	-
Interest rate contracts								
Forwards/futures bought	228,436	557	27,512	80	24,160	10	-	-
Forwards/futures sold	239,092	-698	196,406	-150	137,201	-91	-	-
FRAs bought	823,259	-732	880,017	-889	154,615	-47	-	-
FRAs sold	856,752	750	1,062,636	965	232,844	73	-	-
Swaps	646,204	-4	738,824	54	1,538,761	-426	666,959	1,550
Options bought	35,422	121	28,704	185	105,487	1,154	24,751	529
Options written	26,258	-95	22,564	-163	84,955	-938	23,718	-404
Equity contracts								
Forwards/futures bought	27	19	1	-	-	-	-	-
Forwards/futures sold	40	-30	1	-1	8	-20	-	-
Options bought	88	28	5	8	-	-	-	-
Options written	160	-78	1	-2	15	-29	-	-
Other contracts								
Credit derivatives	-	-	-	-	342	-4	-	-

Danske Bank Group	**Total 2003**		Total 2002		**Total 2003**		Total 2002	
					Market value		Market value	
(DKr m)	Notional amount	Net market value	Notional amount	Net market value	Positive	Negative	Positive	Negative
Currency contracts								
Forwards/futures bought	997,429	1,218	1,092,680	18,298	19,539	18,321	36,953	18,655
Forwards/futures sold	1,367,171	-8,820	847,227	-24,199	21,526	30,346	19,203	43,402
Swaps	416,707	-459	275,717	-48	1,069	1,528	1,368	1,416
Options bought	41,072	2,342	30,389	1,730	2,342	-	1,730	-
Options written	31,163	-3,150	31,587	-1,846	-	3,150	-	1,846
Interest rate contracts								
Forwards/futures bought	280,108	647	133,050	473	716	69	477	4
Forwards/futures sold	572,699	-939	86,983	-468	71	1,010	38	506
FRAs bought	1,857,891	-1,668	731,768	-2,121	54	1,722	-	2,121
FRAs sold	2,152,232	1,788	727,515	2,339	1,961	173	2,339	-
Swaps	3,590,748	1,174	3,215,572	-3,581	46,010	44,836	49,480	53,061
Options bought	194,364	1,989	96,349	866	1,989	-	866	-
Options written	157,495	-1,600	92,775	-927	-	1,600	-	927
Equity contracts								
Forwards/futures bought	28	19	890	473	19	-	477	4
Forwards/futures sold	49	-51	912	-465	1	52	16	481
Options bought	93	36	23,803	290	36	-	290	-
Options written	176	-109	31,844	-272	-	109	-	272
Other contracts								
Credit derivatives	342	-4	1,274	-23	-	4	-	23
Total		-7,587		-9,481	95,333	102,920	113,237	122,718

Market risk

DERIVATIVES

Broken down by remaining life (cont'd)

Danske Bank	**3 months and below**		**3 months to 1 year**		**1 year to 5 years**		**Over 5 years**	
(DKr m)	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value
Currency contracts								
Forwards/futures bought	701,252	-4,551	294,410	4,889	22,839	1,075	1,252	129
Forwards/futures sold	984,815	550	378,245	-8,126	25,574	-1,211	587	-86
Swaps	15,408	2	58,579	-121	253,380	-50	139,833	-294
Options bought	25,909	874	13,611	1,201	1,007	152	-	-
Options written	18,382	-1,150	11,777	-1,408	489	-476	-	-
Interest rate contracts								
Forwards/futures bought	227,894	557	27,512	80	24,160	10	-	-
Forwards/futures sold	239,090	-699	196,407	-150	137,201	-91	-	-
FRAs bought	822,817	-732	880,017	-888	154,615	-47	-	-
FRAs sold	856,309	749	1,062,636	965	232,844	73	-	-
Swaps	716,758	-7	820,989	75	1,717,459	-124	744,699	1,823
Options bought	35,553	121	28,167	184	103,335	1,138	23,932	509
Options written	26,127	-95	22,027	-163	82,657	-913	22,899	-383
Equity contracts								
Forwards/futures bought	25	19	1	-	-	-	-	-
Forwards/futures sold	39	-30	1	-1	8	-20	-	-
Options bought	88	28	5	8	-	-	-	-
Options written	161	-78	1	-2	15	-29	-	-
Other contracts								
Credit derivatives	-	-	-	-	342	-4	-	-

Danske Bank	**Total 2003**		Total 2002		**Total 2003**		Total 2002	
					Market value		Market value	
(DKr m)	Notional amount	Net market value	Notional amount	Net market value	Positive	Negative	Positive	Negative
Currency contracts								
Forwards/futures bought	1,019,753	1,542	1,085,343	18,146	19,982	18,439	37,158	19,012
Forwards/futures sold	1,389,221	-8,873	841,845	-23,701	21,481	30,354	19,233	42,934
Swaps	467,200	-463	278,033	-164	1,052	1,515	1,252	1,416
Options bought	40,527	2,227	30,174	1,684	2,226	-	1,684	-
Options written	30,648	-3,034	31,372	-2,009	-	3,034	-	2,009
Interest rate contracts								
Forwards/futures bought	279,566	647	44,278	82	716	69	87	5
Forwards/futures sold	572,698	-940	25,120	-335	70	1,010	38	373
FRAs bought	1,857,449	-1,667	730,579	-2,120	54	1,721	-	2,120
FRAs sold	2,151,789	1,787	723,852	2,337	1,960	173	2,337	-
Swaps	3,999,905	1,767	3,228,644	-2,333	46,215	44,448	49,696	52,029
Options bought	190,987	1,952	95,224	862	1,952	-	862	-
Options written	153,710	-1,554	91,608	-917	-	1,554	-	917
Equity contracts								
Forward/futures bought	26	19	713	473	19	-	477	4
Forward/futures sold	48	-51	735	-465	1	52	15	480
Options bought	93	36	23,797	289	36	-	289	-
Options written	177	-109	31,840	-271	-	109	-	271
Other contracts								
Credit derivatives	342	-4	1,273	-23	-	4	-	23
Total		-6,718		-8,465	95,764	102,482	113,128	121,593

Market risk

DERIVATIVES

Danske Bank Group	2003		2002		2003		2002	
	Average market value		Average market value		Market value of non-guaranteed contracts		Market value of non-guaranteed contracts	
(DKr m)	Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative
Currency contracts								
Forwards/futures bought	19,745	18,148	23,717	19,051	19,539	18,321	36,954	18,655
Forwards/futures sold	21,382	30,431	18,549	25,754	21,526	30,347	19,203	43,401
Swaps	1,212	1,465	919	1,254	1,069	1,528	1,368	1,416
Options bought	2,296	-	1,136	-	2,343	-	1,730	-
Options written	-	2,996	-	1,178	-	3,150	-	1,846
Interest rate contracts								
Forwards/futures bought	710	68	298	35	-	-	477	5
Forwards/futures sold	70	1,000	46	273	-	-	39	505
FRAs bought	53	1,713	52	2,667	54	1,722	-	2,121
FRAs sold	1,951	172	2,742	53	1,961	76	2,339	-
Swaps	46,619	46,501	40,315	42,527	46,010	44,835	49,480	53,061
Options bought	1,979	-	775	-	1,963	-	866	-
Options written	-	1,591	-	742	-	1,565	-	927
Equity contracts								
Forwards/futures bought	454	7	673	8	-	-	477	-
Forwards/futures sold	14	543	19	733	-	-	-	477
Options bought	167	-	276	-	8	-	134	-
Options written	-	261	-	288	-	39	-	114
Credit derivatives	-	14	-	19	-	4	-	23
Total market value	96,652	104,910	89,517	94,582	94,473	101,587	113,067	122,551
Total after netting					25,254		33,316	

Danske Bank	2003		2002		2003		2002	
	Average market value		Average market value		Market value of non-guaranteed contracts		Market value of non-guaranteed contracts	
(DKr m)	Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative
Currency contracts								
Forwards/futures bought	28,427	18,633	23,815	19,228	19,982	18,439	37,158	19,012
Forwards/futures sold	20,256	36,462	18,495	25,492	21,481	30,354	19,233	42,934
Swaps	1,146	1,458	861	2,667	1,052	1,515	1,252	1,416
Options bought	1,946	-	1,114	-	2,226	-	1,684	-
Options written	-	2,509	-	1,260	-	3,034	-	2,009
Interest rate contracts								
Forwards/futures bought	713	69	44	4	-	-	87	5
Forwards/futures sold	70	1,005	21	187	-	-	38	373
FRAs bought	53	1,911	52	2,665	54	1,721	-	2,120
FRAs sold	2,138	172	2,740	53	1,960	76	2,337	-
Swaps	47,717	47,998	40,481	42,312	46,215	44,448	49,699	52,690
Options bought	1,400	-	770	-	1,927	-	862	-
Options written	-	1,229	-	736	-	1,519	-	917
Equity contracts								
Forwards/futures bought	667	4	667	5	-	-	477	-
Forwards/futures sold	11	722	11	722	-	-	-	477
Options bought	156	-	156	-	8	-	134	-
Options written	-	210	-	210	-	39	-	114
Credit derivatives	-	18	-	18	-	4	-	23
Total market value	104,700	112,400	89,227	95,559	94,905	101,149	112,961	122,090
Total after netting					25,566		33,972	

Market risk

UNSETTLED SPOT TRANSACTIONS

Danske Bank Group (DKr m)	**Notional amount**	**Market value** Positive	Negative	**Total 2003** Net market value
Foreign exchange contracts bought	48,015	15	19	-4
Foreign exchange contracts sold	28,465	15	53	-38
Interest rate contracts bought	110,946	72	58	14
Interest rate contracts sold	56,776	61	17	44
Equity contracts bought	1,312	15	12	3
Equity contracts sold	9,183	12	23	-11
Total	254,697	190	182	8
Total 2002		230	336	-106

Danske Bank (DKr m)	**Notional amount**	**Market value** Positive	Negative	**Total 2003** Net market value
Foreign exchange contracts bought	47,949	12	16	-4
Foreign exchange contracts sold	28,446	11	54	-43
Interest rate contracts bought	110,466	72	58	14
Interest rate contracts sold	56,326	61	16	45
Equity contracts bought	707	14	12	2
Equity contracts sold	703	12	16	-4
Total	244,597	182	172	10
Total 2002		226	328	-102

	DANSKE BANK GROUP		DANSKE BANK	
POSITIVE MARKET VALUE, AFTER NETTING (DKr m)	2003	2002	2003	2002
Counterparty with risk weighting of 0%	1,211	448	1,211	446
Counterparty with risk weighting of 20%	16,732	24,849	17,838	25,596
Counterparty with risk weighting of 100%	7,311	8,019	6,517	7,930
Total	25,254	33,316	25,566	33,972

Notes to the profit and loss account

Note

1 **Segments 2003**

(DKr m)	Banking Activities	Mortgage Finance	Danske Markets	Danica Pension	Danske Capital	Other	Core earnings	Earnings from investment portfolios	Trading income etc.	Total *
Net interest income	12,841	3,226	-	-	2	-452	15,617	920	3,728	20,265
Dividends from shares	154	-	-	-	1		155	75	5	235
Fee and commission income	5,106	186	-	-	718	-46	5,964	-24	112	6,052
Net interest and fee income	18,101	3,412	-	-	721	-498	21,736	971	3,845	26,552
Trading income/Securities and foreign exchange income	648	18	2,525	-	-37	83	3,237	88	-4,038	-713
Other operating income	185	110	-	-	1	676	972	265	-	1,237
Expenses, depreciation and amortisation	10,856	1,407	1,353	-	402	778	14,796	144	-	14,940
Other operating expenses	13	-	-	-	-	11	24	-	-	24
Insurance activities/ Income from associated and subsidiary undertakings	-	-	-	1,004	-	-	1,004	1,389	193	2,586
Provisions for bad and doubtful debts	-	-	-	-	-	-	1,662	-	-	1,662
Profit before tax	8,065	2,133	1,172	1,004	283	-528	10,467	2,569	-	13,036
Total assets (avg.)	515,586	519,491	646,127	-	1,361	5,339	1,687,904	82,175	-	1,770,079
Risk-weighted items (avg.)	432,182	241,963	63,689	-	1,379	4,875	744,088	25,357	-	769,445
Allocated capital (avg.)	28,092	15,728	4,140	6,910	90	317	55,276	1,648	-	56,924
Number of full-time-equivalent staff at December 31	10,511	1,002	525	821	201	3,840	16,900	35	-	16,935

Segments 2002

(DKr m)	Banking Activities	Mortgage Finance	Danske Markets	Danica Pension	Danske Capital	Other	Core earnings	Earnings from investment portfolios	Trading income etc.	Total *
Net interest income	13,715	3,054	-	-	-20	-890	15,859	881	2,283	19,023
Dividends from shares	145	-	-	-	1	-	146	73	8	227
Fee and commission income	5,033	175	-	-	761	-128	5,841	-26	240	6,055
Net interest and fee income	18,893	3,229	-	-	742	-1,018	21,846	928	2,531	25,305
Trading income/Securities and foreign exchange income	683	141	2,153	-	6	-5	2,978	433	-2,736	675
Other operating income	173	100	-	-	1	849	1,123	103	4	1,230
Expenses, depreciation and amortisation	11,579	1,275	1,799	-	389	413	15,455	145	-	15,600
Other operating expenses	15	-	-	-	-	19	34	-	-	34
Insurance activities/ Income from associated and subsidiary undertakings	-	-	-	1,118	-	-	1,118	-311	201	1,008
Provisions for bad and doubtful debts	-	-	-	-	-	-	1,420	-	-	1,420
Profit before tax	8,155	2,195	354	1,118	360	-606	10,156	1,008	-	11,164
Total assets (avg.)	510,148	483,837	540,557	-	2,434	5,031	1,542,007	73,360	-	1,615,367
Risk-weighted items (avg.)	430,319	229,705	51,148	-	1,104	5,031	717,307	32,057	-	749,364
Allocated capital (avg.)	27,971	14,931	3,325	6,311	72	327	52,937	2,084	-	55,021
Number of full-time-equivalent staff at December 31	10,995	1,053	588	848	210	4,079	17,773	44	-	17,817

* The accounting format of the Danish Financial Supervisory Authority.

Notes to the profit and loss account

Note

1 **Geographical segments**

(cont'd)

(DKr m)	Gross income 2003	Gross income 2002	Core earnings before provisions 2003	Core earnings before provisions 2002	Total assets 2003	Total assets 2002	Total staff 2003	Total staff 2002
Denmark	64,637	65,593	12,695	12,924	1,601,443	1,527,578	14,267	15,072
Finland	404	555	82	-17	11,495	13,442	50	65
Germany	299	285	113	109	7,769	5,514	36	38
Luxembourg	1,136	1,117	119	149	29,874	31,639	106	106
Norway	4,912	6,818	546	538	72,603	80,352	1,041	1,040
Poland	106	85	15	27	1,977	1,276	50	47
Sweden	5,628	6,760	701	84	197,633	139,412	1,123	1,185
UK	4,387	4,838	906	1,011	145,739	121,292	194	193
USA	1,685	1,939	335	321	109,096	94,255	68	71
Eliminations	-7,693	-8,111	-3,383	-3,570	-351,495	-263,207	-	-
Total	75,501	79,879	12,129	11,576	1,826,134	1,751,553	16,935	17,817

Geographical segmentation is based on the location where the individual transactions are recorded. The figures for Denmark include funding costs related to investments in foreign activities.

Total gross income comprises interest income, dividends, fee and commission income, securities and foreign exchange income (net), and other operating income.

Notes to the profit and loss account

		DANSKE BANK GROUP		DANSKE BANK	
Note	(DKr m)	2003	2002	2003	2002
2	**Interest income**				
	Repo transactions with central banks	246	107	207	63
	Central banks	2,073	2,512	1,879	2,211
	Repo transactions with credit institutions	1,926	3,248	1,921	3,374
	Credit institutions	1,321	1,314	1,607	914
	Mortgage loans	27,230	26,698	-	-
	Repo loans	1,538	2,311	1,538	2,309
	Loans and advances	20,960	24,043	16,659	19,142
	Bonds	15,261	13,276	13,447	12,211
	Derivatives				
	Currency contracts	-2,575	-2,720	-2,482	-2,426
	Interest rate contracts	-1,023	-611	-890	-500
	Total derivatives	-3,598	-3,331	-3,372	-2,926
	Other interest income	271	179	62	45
	Total	67,228	70,357	33,948	37,343
3	**Interest expense**				
	Repo transactions with central banks	45	181	45	35
	Central banks	1,962	2,044	1,960	2,043
	Repo transactions with credit institutions	1,681	3,216	1,735	3,469
	Credit institutions	3,759	2,936	3,967	3,283
	Repo deposits	328	1,296	328	1,293
	Deposits	8,967	11,408	7,383	8,772
	Mortgage bonds issued	25,618	24,968	-	-
	Other bonds issued	2,848	3,534	2,700	3,327
	Subordinated debt	1,610	1,630	1,578	1,580
	Other interest expense	145	121	20	41
	Total	46,963	51,334	19,716	23,843
4	**Fee and commission income**				
	Guarantee commissions	513	439	708	647
	Securities and custody commissions	2,503	2,738	2,462	2,447
	Payment services	1,424	1,416	1,382	1,361
	Remortgaging and loan fees	1,819	1,381	1,187	915
	Other commissions	1,255	1,416	952	981
	Total	7,514	7,390	6,691	6,351

Notes to the profit and loss account

		DANSKE BANK GROUP		DANSKE BANK	
Note	(DKr m)	2003	2002	2003	2002
5	**Securities and foreign exchange income**				
	Bonds	-2,411	2,727	-2,126	2,688
	Shares	2,147	-2,943	2,093	-3,184
	Fixed-rate loans and advances	-249	157	-245	127
	Foreign exchange	39	-322	-47	-385
	Derivatives				
	Currency contracts	88	-133	89	-122
	Interest rate contracts	969	-2,140	1,093	-2,242
	Equity contracts	-568	393	-568	347
	Total derivatives	489	-1,880	614	-2,017
	Adjustment for pooled schemes	-728	2,936	-728	2,936
	Total	-713	675	-439	165
	Securities and foreign exchange income after adjustment for pooled schemes				
	Bonds	-2,290	2,072	-2,006	2,033
	Shares	591	-285	537	-526
	Fixed-rate loans and advances	-249	157	-245	127
	Foreign exchange	746	611	660	548
	Derivatives	489	-1,880	615	-2,017
	Total	-713	675	-439	165
6	**Other operating income**				
	Net operating income from property	388	445	303	300
	Profit on sale of associated undertakings, etc.	292	121	283	103
	Other operating income	557	664	323	468
	Total	1,237	1,230	909	871

		DANSKE BANK GROUP		DANSKE BANK	
Note	(DKr m)	2003	2002	2003	2002
7	**Staff costs and administrative expenses**				
	Salaries and remuneration of Executive Board and Board of Directors				
	Executive Board				
	Salary	8	10	8	10
	Bonus	3	2	3	2
	An amount of DKr7m was paid in 2003 (DKr20m in 2002) to strengthen the capital base of the pension fund which covers the Group's pension commitments to current and former members of the Executive Board of Danske Bank A/S and their dependents.				
	Board of Directors				
	Remuneration of the Board of Directors	6	6	6	6
	Remuneration for committee work	3	3	3	3
	Other remuneration	-	-	-	-
	Total	20	21	20	21

The remuneration of the members of the Executive Board and the Board of Directors is calculated as the total remuneration of the individual members and directors for the period in office.

The number of members of the Board of Directors was reduced in both 2003 and 2002.

Agreements about compensation for a fixed term on termination of directorships have been concluded with a number of members of the Board of Directors.

Executive Board service contracts:

Pensions:
Members of the Executive Board may retire with a life pension at the end of the accounting year in which they attain the age of 60 and are expected to retire, at the latest, by the end of the accounting year in which they attain the age of 62. The pension benefit constitutes 50% of their remuneration on retirement. The Bank's pension commitment is paid into the pension fund which covers Danske Bank A/S's pension commitments to current and former members of the Executive Board and their dependents.

Termination:
Termination of the service contracts of the members of the Executive Board is subject to 12 months' notice by either party. In case of termination by the Bank, Peter Straarup is entitled to life pension. In case of termination by the Bank, Jakob Brogaard is entitled to 24 months' salary.

	2003	2002	2003	2002
Staff costs				
Salaries and remuneration of Board of Directors and Executive Board	20	21	20	21
Salaries	7,608	7,592	6,528	6,190
Pension costs	832	876	691	767
Financial services employer tax, etc.	813	824	696	672
Total	9,273	9,313	7,935	7,650
Other administrative expenses, gross	5,512	5,944	3,819	4,145
Expenses for administrative services from non-consolidated subsidiaries included in Other administrative expenses	-334	-248	-334	-248
Other administrative expenses, net	5,178	5,696	3,485	3,897
Total staff costs and administrative expenses	14,451	15,009	11,420	11,547

Note

7 (cont'd)

Equity-based incentive programme
Share options

	Number					Market value (DKr m)	
	Executive Board	Senior staff	Other employees	Total	Strike price	At issue	End of 2003
Allotted in 2001, beg.	83,335	625,565	29,525	738,425	152.89	25.5	9.4
Cancelled/added	-	-156,605	41,290	-115,315	-	-	-
Allotted in 2001, end	83,335	468,960	70,815	623,110	152.89	21.5	7.9
Allotted in 2002, beg.	112,667	1,233,466	34,667	1,380,800	140.84	47.6	27.7
Cancelled/added	-	-219,533	47,200	-172,333	-	-	-
Allotted in 2002, end	112,667	1,013,933	81,867	1,208,467	140.84	41.7	24.3
Allotted in 2003	138,600	1,313,400	12,800	1,464,800	118.50	29.5	46.7
Cancelled/added	-	-66,800	12,000	-54,800	-	-	-
Allotted in 2003, end	138,600	1,246,600	24,800	1,410,000	118.50	28.4	44.9
Specification of share options allotted to the Executive Board							
Allotted in 2001, end							
Peter Straarup	57,145			57,145	152.89	2.0	0.7
Jakob Brogaard	26,190			26,190	152.89	0.9	0.3
Allotted in 2002, end							
Peter Straarup	66,667			66,667	140.84	2.3	1.3
Jakob Brogaard	46,000			46,000	140.84	1.6	0.9
Allotted in 2003, end							
Peter Straarup	81,600			81,600	118.50	1.6	2.6
Jakob Brogaard	57,000			57,000	118.50	1.1	1.8

Market value is calculated according to a dividend-adjusted Black & Scholes formula on the basis of the following assumption on December 31, 2003: Share price 138.78. Dividend payout ratio 3.4%. Rate of interest 3.0%-3.7%. Volatility 23.5%. Average time to expiry 2.25-4.25 years.

The lifetime of share options is seven years from allotment, consisting of a vesting period of three years and an exercise period of four years.

Purchase rights to conditional shares

	Executive Board	Senior staff	Other employees	Total	At issue	End of 2003
Allotted in 2002, beg.	7,969	72,961	276,582	357,512	45.8	49.6
Cancelled/added	-	-10,821	-3,533	-14,354	-	-
Allotted in 2002, end	7,969	62,140	273,049	343,158	43.9	47.6
Allotted in 2003	9,706	78,122	314,254	402,082	43.3	55.8
Cancelled/added	-	-3,917	-352	-4,269	-	-
Allotted in 2003, end	9,706	74,205	313,902	397,813	42.9	55.2
Specification of purchase rights allotted to the Executive Board						
Allotted in 2002, end						
Peter Straarup	5,247			5,247	0.7	0.7
Jakob Brogaard	2,722			2,722	0.3	0.4
Allotted in 2003, end						
Peter Straarup	6,377			6,377	0.7	0.9
Jakob Brogaard	3,329			3,329	0.4	0.5

Conditional shares, which constitute part of the bonus set for the year, are available three years after allotment subject to continuous employment.

The total number of Danske Bank shares (exclusive of options and rights to buy conditional shares) held by the Board of Directors and the Executive Board at the end of 2003 was 36,453 (84,804 in 2002).

Notes to the profit and loss account

		DANSKE BANK GROUP		DANSKE BANK	
Note	(DKr m)	2003	2002	2003	2002
8	**Audit fees**				
	Total fees to the accounting firms elected by the annual general meeting which perform the statutory audit	11	14	7	7
	Fees for non-audit services included in preceding item	2	3	1	2
	In addition to these fees, considerable costs were incurred in operating the Bank's internal audit department.				
9	**Number of employees**				
	Average number of employees for the accounting year, full-time-equivalent:				
	Consolidated companies	16,391	17,156	14,099	14,698
	Non-consolidated companies	833	849	-	-
	Total	17,224	18,005	14,099	14,698
10	**Amortisation, depreciation and write-downs**				
	Intangible assets	12	-	12	-
	Tangible assets	477	591	427	508
	Total	489	591	439	508
11	**Income from associated and subsidiary undertakings**				
	Income from associated undertakings	319	500	295	453
	Income before tax from subsidiary undertakings	2,267	508	5,643	4,075
	Total	2,586	1,008	5,938	4,528
12	**Tax (minus denotes a credit)**				
	Estimated tax charge on the profit for the year	3,649	2,538	3,649	2,538
	Deferred tax	245	508	245	508
	Tax on provisions	66	81	66	81
	Adjustment of prior-year tax charge	-210	-205	-210	-205
	Total	3,750	2,922	3,750	2,922
	Effective tax rate	%	%	%	%
	The tax rate of the Danske Bank Group	30.0	30.0	30.0	30.0
	Non-taxable income and non-deductible expenses	-1.0	-3.4	-1.0	-3.4
	Difference in tax rate of foreign units from Danish tax rate	0.9	1.3	0.9	1.3
	Adjustment of prior-year tax charge	-1.6	-2.1	-1.6	-2.1
	Tax on provisions	0.5	0.7	0.5	0.7
	Other	-	-0.3	-	-0.3
	Effective tax rate	28.8	26.2	28.8	26.2

Breakdown of tax liability	Danske Bank	Consolidated subsidiaries	Non-consolidated subsidiaries	Total
Calculated tax on profit for the year	2,501	741	407	3,649
Deferred tax	-16	100	161	245
Tax on provisions	63	3	-	66
Adjustment of prior-year tax charge	-161	-31	-18	-210
Total	2,387	813	550	3,750

Notes to the balance sheet

Note	(DKr m)	DANSKE BANK GROUP 2003	DANSKE BANK GROUP 2002	DANSKE BANK 2003	DANSKE BANK 2002
13	**Due from credit institutions and deposits with central banks**				
	Repo transactions with central banks	10,878	4,621	9,759	3,840
	Other deposits with central banks	64,070	77,825	64,076	60,386
	Repo transactions with credit institutions	51,666	79,096	52,111	109,430
	Other amounts due from credit institutions	39,503	38,078	84,791	75,999
	Total	166,117	199,620	210,737	249,655
14	**Loans and advances**				
	Mortgage loans	497,563	468,953	-	-
	Repo loans	126,293	77,461	126,293	77,461
	Leases	20,818	19,737	15,037	14,213
	Other loans and advances through foreign units	200,494	205,982	120,994	133,647
	Other loans and advances	175,450	176,213	180,104	179,066
	Total	1,020,618	948,346	442,428	404,387
15	**Loans to management**				
	Loans, loan commitments, pledges, sureties and guarantees for				
	Executive Board	3	3	-	-
	Board of Directors	43	58	28	28
16	**Bonds**				
	Own bonds	180,120	118,708	888	2,373
	Other listed bonds	279,074	275,876	329,003	258,486
	Other bonds	22,689	28,096	20,608	27,596
	Total	481,883	422,680	350,499	288,455
17	**Shares, etc.**				
	Current investments				
	Listed shares	10,046	8,230	9,946	8,199
	Other shares and holdings	1,534	1,342	1,213	1,058
	Total current investments	11,580	9,572	11,159	9,257
	Fixed investments				
	Listed shares	-	-	-	-
	Other shares and holdings	-	-	-	-
	Total fixed investments	-	-	-	-
	Total shares, etc.	11,580	9,572	11,159	9,257
	Difference between the cost of financial assets valued at market value and their higher market value at the time of reporting	1,511	2,620	694	1,965
	The market value of listed shares is written down by DKr1m. In 2002, the write-down was DKr3m.				
	Difference between the cost of financial assets not valued at market value and their higher market value at the time of reporting	-	305	-	204
	At the end of 2003, the Group had deposited securities worth DKr105,373m with Danish and international clearing centres, etc., as security. In 2002, the corresponding amount was DKr86,758m.				

Notes to the balance sheet

Note	(DKr m)	Subsidiary undertakings	Associated undertakings
18	**Financial fixed assets**		
	Danske Bank Group, 2003		
	Cost, beginning of year	6,160	1,292
	Additions	-	103
	Disposals	13	166
	Cost, end of year	6,147	1,229
	Revaluations and write-downs, beginning of year	5,444	381
	Profit/loss	1,716	319
	Dividends	-	481
	Reversal of revaluation and write-downs	-	-25
	Revaluations and write-downs end of year	7,160	194
	Holdings in parent companies	-	-
	Book value, end of 2003	13,307	1,423
	Portion attributable to credit institutions	-	240
	Book value, end of 2002	11,604	1,673
	Portion attributable to credit institutions	-	237
	Danske Bank, 2003		
	Cost, beginning of year	40,378	826
	Exchange rate adjustments	-860	-
	Additions	172	109
	Disposals	898	160
	Cost, end of year	38,792	775
	Revaluations and write-downs, beginning of year	4,155	447
	Exchange rate adjustments	202	-
	Profit/loss	4,278	295
	Dividends	222	462
	Other changes in capital	72	-
	Reversal of revaluation and write-downs	-346	-19
	Revaluations and write-downs, end of year	8,831	261
	Book value, end of 2003	47,623	1,036
	Portion attributable to credit institutions	32,962	240
	Book value, end of 2002	44,533	1,273
	Portion attributable to credit institutions	31,362	237

Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999, is the parent company of Danica Pension. Danica Pension is a life insurance company and the parent company of a life insurance group. The group has an obligation to certain policyholders to restrict transfers to equity if the percentage by which the solvency margin exceeds the statutory solvency requirement is higher than the percentage maintained by Statsanstalten for Livsforsikring (now Danica Pension) prior to the privatisation of this company in 1990. In addition, it is the intention not to distribute dividends for a period of at least 25 years from 1990. Paid-up share capital may, however, be distributed, and interest thereon may be distributed after 2000.

Notes to the balance sheet

Note	Intangible assets (DKr m)	DANSKE BANK GROUP Software	DANSKE BANK Software
19	Cost, beginning of year	-	-
	Additions	76	76
	Cost, end of year	76	76
	Amortisation and write-downs, beginning of year	-	-
	Amortisation during the year	12	12
	Amortisation and write-downs, end of year	-	-
	Book value, end of 2003	64	64
	Book value, end of 2002	-	-

Note	Tangible assets (DKr m)	DANSKE BANK GROUP Land and buildings	DANSKE BANK GROUP Machinery, equipment	DANSKE BANK Land and buildings	DANSKE BANK Machinery, equipment
20	Cost, beginning of year	7,347	2,194	5,700	1,846
	Additions during the year	85	213	58	175
	Disposals during the year	492	208	289	177
	Exchange rate adjustments	-10	-34	-2	-5
	Cost, end of year	6,930	2,165	5,467	1,839
	Revaluation, beginning of year	452	-	385	-
	Exchange rate adjustments	-9	-	-	-
	Reversal of revaluations during the year	95	-	90	-
	Revaluations, end of year	348	-	295	-
	Depreciation and write-downs, beginning of year	1,900	1,858	1,457	1,595
	Depreciation during the year	56	199	41	176
	Write-downs during the year	8	-	-	-
	Reversal of depreciation and write-downs	167	187	119	161
	Exchange rate adjustments	-	-26	-	-4
	Depreciation and write-downs, end of year	1,797	1,844	1,379	1,606
	Book value, end of 2003	5,481	321	4,383	233
	Book value, end of 2002	5,899	336	4,628	251
	Property temporarily taken over, end of 2003 (mortgage finance)	82			
	Property temporarily taken over, end of 2002 (mortgage finance)	34			
	Latest public property value assessment (non-assessed properties included at cost)	6,456		5,273	
	Full write-off upon purchase of machinery and equipment, etc., in 2003		214		210
	Total amount fully written off at the time of acquisition in 2002		279		250

Notes to the balance sheet

		DANSKE BANK GROUP		DANSKE BANK	
Note	(DKr m)	2003	2002	2003	2002
21	**Own shares taken up at market value**				
	Number of shares (in thousands)	7,104	6,235	7,104	6,235
	Nominal holding of shares	71	62	71	62
	Book value	986	732	986	732
	Portion attributable to pooled schemes	400	418	400	418
	Percentage of share capital at December 31	1.0	0.9	1.0	0.9
	Own shares recognised at nil				
	Shares acquired with the object of reducing the share capital are written down to nil against shareholders' equity.				
	Number of shares (in thousands)	39,410	20,324	39,410	20,324
	Nominal holding of shares	394	203	394	203
	Cost	5,000	3,000	5,000	3,000
	Percentage of share capital at December 31	5.5	2.8	5.5	2.8
22	**Other assets**				
	Positive market value of derivatives	95,523	113,467	95,946	113,354
	Interest and commissions due	12,692	13,009	8,718	7,633
	Deferred tax	709	903	88	129
	Other assets	4,049	5,131	2,898	3,196
	Total	112,973	132,510	107,650	124,312
23	**Due to credit institutions and central banks**				
	Repo transactions with central banks	8,813	833	8,813	833
	Due to central banks	69,654	81,291	69,212	81,291
	Repo transactions with credit institutions	51,292	82,446	54,993	81,559
	Due to credit institutions	170,121	155,003	185,197	172,454
	Total	299,880	319,573	318,215	336,137
24	**Deposits**				
	On demand	212,854	214,755	187,535	186,742
	At notice	7,479	7,447	6,247	5,287
	Time deposits	165,726	139,797	162,992	136,845
	Repo deposits	48,552	17,034	48,552	16,931
	Special deposits	49,273	48,907	49,274	48,907
	Total	483,884	427,940	454,600	394,712
25	**Issued bonds**				
	Mortgage bonds	603,120	567,912	-	-
	Other bonds	162,227	131,833	157,401	125,437
	Total	765,347	699,745	157,401	125,437
26	**Other liabilities**				
	Negative market value of derivatives	103,102	123,054	102,654	121,922
	Repurchase obligation, reverse repo transactions	39,890	39,399	39,178	39,399
	Accrued interest and commissions	17,291	18,303	2,591	2,700
	Dividends from the share capital for the year	4,403	3,380	4,403	3,380
	Other liabilities	16,627	26,473	14,346	24,344
	Total	181,313	210,609	163,172	191,745
27	**Provisions for obligations**				
	Reserves in early series subject to a reimbursement obligation	707	832	-	-
	Pensions and similar obligations	319	285	135	101
	Legal cases pending	80	103	74	87
	Other provisions for obligations	-	304	-	170
	Total	1,106	1,524	209	358

Notes to the balance sheet

Note

28 **Subordinated debt**

Subordinated debt consists of liabilities in the form of subordinated loan capital and other capital instruments which, in case of the Bank's voluntary or compulsory winding-up, will not be repaid until after the claims of ordinary creditors have been met. The capital base ("liable capital"), as calculated in accordance with sections 21a and 22 of the Danish Banking Act, includes subordinated debt.

Subordinated debt issued by Danske Bank A/S

Denomination	Millions	Rate of interest	Issued	Maturity	Redemption price	2003 (DKr m)	2002 (DKr m)
Redeemed loans							5,351
USD	200	7.250	21.06.1995	2005	100	1,192	1,416
JPY	10,000	6.300	14.09.1992	2007	100	557	597
DKK	75	6.000	30.09.1999	2007	100	75	75
GBP	125	var.	22.07.1996	2007	100	1,323	1,425
GBP	75	var.	22.10.1996	2007	100	793	855
EUR	150	var.	24.11.1999	2007	100	1,117	1,114
USD	300	6.375	17.06.1998	2008	100	1,787	2,125
USD	300	var.	04.04.1997	2009	100	1,787	2,125
USD	500	7.400	11.06.1997	2010	100	2,979	3,541
EUR	700	5.750	26.03.2001	2011	100	5,211	5,197
EUR	400	5.875	26.03.2002	2015	100	2,978	2,970
EUR	500	5.125	12.11.2002	2012	100	3,722	3,711
EUR	500	4.250	20.06.2003	2016	100	3,722	-
NOK	1,770	var.	12.09.2003	2014	100	1,565	-
GBP	350	5.375	29.09.2003	2021	100	3,703	-
NOK	500	var.	22.12.2003	2014	100	442	-
Total value of capital instruments constituting supplementary capital issued by Danske Bank						32,953	30,502

Capital instruments issued by subsidiaries included in the Group's capital base

USD	100	var.	03.03.1997	Perpetual	100	596	708
Total value of capital instruments constituting supplementary capital issued by subsidiaries						596	708

Total subordinated debt issued by the Danske Bank Group	33,549	31,210
Subordinated debt included in the capital base of the Danske Bank Group	32,558	29,552
Subordinated debt included in the capital base of Danske Bank	32,166	29,086

The cost of repaying and issuing subordinated debt amounted to DKr11m in 2003.
In 2002, the corresponding amount was DKr18m.

Notes to the balance sheet

		DANSKE BANK GROUP		DANSKE BANK	
Note	(DKr m)	2003	2002	2003	2002
29	**Genuine sale and repurchase transactions as well as genuine purchase and resale transactions (repo and reverse repo transactions)**				
	Amounts attributable to genuine purchase and resale transactions in the following asset items:				
	Amounts due from credit institutions and deposits with central banks	62,544	83,717	61,870	113,270
	Loans and advances	126,293	77,461	126,293	77,461
	Amounts attributable to genuine sale and repurchase transactions in the following liability items:				
	Amounts due to credit institutions and central banks	60,105	83,279	63,806	82,392
	Deposits	48,552	17,034	48,552	16,931
	Assets sold in the course of genuine sale and repurchase transactions:				
	Bonds	108,762	101,127	112,346	99,328
	Unsettled genuine purchase and resale transactions	28,936	26,022	28,936	24,674
	Unsettled genuine sale and repurchase transactions	31,631	8,551	29,904	8,221

30	**Amounts outstanding between Danske Bank's subsidiary and associated undertakings and credit institutions, etc.**	Subsidiary undertakings		Associated undertakings	
	Due from credit institutions and deposits with central banks	49,560	73,993	20	21
	Loans and advances	7,745	10,001	811	515
	Bonds	91,936	33,112	-	-
	Total assets	149,241	117,106	831	536
	Due to credit institutions	20,728	19,339	17	8
	Deposits	884	1,265	441	437
	Issued bonds *	60,243	73,305	-	-
	Total liabilities	81,855	93,909	458	445

* This amount represents funds from Danske Corporation resulting from the sale of commercial paper notes in the US market.

Note

31 **Market value adjustment**

The Danske Bank Group continuously monitors the hedging of the interest rate risk on the Group's portfolio of fixed-rate assets and its fixed-rate liabilities. Derivatives are used separately for each currency as hedges to eliminate part or all of the interest rate risk on the assets and liabilities.

Under Danish accounting regulations applying to banks and savings banks, the Group's loans and advances must be valued at cost or lower. Revaluation to market value in excess of cost is consequently not allowed. For some of these loans and advances, the interest rate risk has been hedged by derivatives (swaps), and, in accordance with the accounting regulations, no value adjustment of these instruments has been made. Consequently, the Group did not expense DKr2,193m in 2003 and DKr1,804m in 2002. With effect from January 1, 2003, unlisted bonds are valued at market value, and the instruments hedging the interest rate risk on these bonds are therefore value adjusted.

The interest rate risk on the long-term fixed-rate liabilities is hedged by swap derivatives (fixed-rate liabilities are not value-adjusted under Danish accounting regulations). Market value adjustment of these derivatives employed for hedging purposes is not allowed. Consequently, the Group did not book DKr1,555m in the profit and loss account in 2003 and DKr2,918m in 2002.

(DKr m)	2003				2002		
Danske Bank Group	Purchase price	Book value	Market value	Nominal/ Notional amount	Book value	Market value	Nominal/ Notional amount
Assets							
Loans and advances	74,188	74,188	76,381	74,188	53,509	55,293	53,419
Bonds	-	-	-	-	18,398	18,418	17,594
Total	74,188	74,188	76,381	74,188	71,907	73,711	71,013
Derivatives hedging interest rate risks							
Swaps			2,193	78,359		1,804	70,856
Liabilities							
Deposits	-	24,203	24,882	24,203	1,206	1,341	1,206
Issued bonds, etc.	-	9,463	9,612	9,463	5,538	5,970	5,538
Subordinated debt	-	25,901	26,628	25,901	21,024	23,376	21,024
Total	-	59,567	61,122	59,567	27,768	30,687	27,768
Derivatives hedging interest rate risks							
Swaps			1,555	62,493		2,918	27,769

Fixed-rate loans granted by the mortgage finance business are funded through the issue of mortgage bonds, which are not value-adjusted. In accordance with a ruling made by the Danish Financial Supervisory Authority, fixed-rate mortgage loans are not value adjusted either. Therefore, the fixed-rate assets and liabilities listed above do not include fixed-rate mortgage loans and mortgage bonds issued.

Danske Bank							
Assets							
Loans and advances	62,056	62,056	63,302	62,056	47,077	48,427	47,077
Bonds	-	-	-	-	18,398	18,417	17,594
Total	62,056	62,056	63,302	62,056	65,475	66,844	64,671
Derivatives hedging interest rate risks							
Swaps			1,246	67,506		1,369	65,264
Liabilities							
Deposits	-	24,203	24,882	24,203	1,206	1,341	1,206
Issued bonds, etc.	-	4,661	4,792	4,661	3,647	4,055	3,647
Subordinated debt	-	25,901	26,628	25,901	21,024	23,375	21,024
Total	-	54,765	56,302	54,765	25,877	28,771	25,877
Derivatives hedging interest rate risks							
Swaps			1,537	57,605		2,894	25,878

Notes to off-balance-sheet items

		DANSKE BANK GROUP		DANSKE BANK	
Note	(DKr m)	2003	2002	2003	2002
32	**Guarantees, etc.**				
	Financial guarantees	21,564	21,745	64,326	61,907
	Other guarantees	58,348	61,920	115,467	131,762
	Acceptances and endorsements, etc.	53	1,692	53	1,692
	Total	79,965	85,357	179,846	195,361
33	**Other commitments**				
	Irrevocable loan commitments	105,051	91,722	97,590	86,867
	Other commitments	975	4,046	860	1,177
	Total	106,026	95,768	98,450	88,044

34 **Contingent liabilities**

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

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

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

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

In addition to the deferred tax provided for on the balance sheet, the Bank is liable for deferred tax of DKr236m payable for shares in subsidiary undertakings held for less than three years. In 2002, the corresponding amount was DKr192m.

Note

Pension commitments

The Group's pension commitments consist mainly of defined contribution plans, under which the Group pays contributions to insurance companies and other institutions. Such payments are expensed when they are made.

Some pension commitments are taken over by company pension funds. According to international accounting standards, these commitments are defined benefit plans. The commitments under these plans are calculated on the basis of an actuarial assessment in accordance with the guidelines of local regulatory authorities. Any negative difference (coverage) between the assets and the pension commitments of the individual pension fund is expensed.

Company pension funds	DANSKE BANK GROUP		DANSKE BANK	
(DKr m)	2003	2002	2003	2002
Fair value of assets	2,337	2,339	1,099	1,012
Pension commitments	2,087	1,990	1,066	954
Coverage	250	350	33	58
Fixed-income assets at December 31	92%	94%	83%	82%

Other defined benefit plans in a non-Danish subsidiary are not covered. The net value of the pension commitments, based on actuarial calculations and included on the balance sheet of December 31, 2003, was DKr168m (DKr178m in 2002).

The actuarial assessment is based on the following weighted average rates:

	Denmark		Norway		Sweden	
	2003	2002	2003	2002	2003	2002
Discount rate*	5.4%	6.3%	6.0%	6.0%	4.5%	4.5%
Rate of salary and pension increases	2.5%	2.5%	3.0%	3.0%	2.9%	3.4%

* The rate applicable in Denmark and Sweden is the tax-adjusted discount rate.

35 **Related parties**

The Danske Bank Group's related parties are the Group's Executive Board, Board of Directors, associated undertakings and the non-consolidated subsidiary Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999.

No unusual transactions took place with related parties in 2003. Intra-group restructurings were effected at market price.

Salaries, remuneration, etc., to the Executive Board and the Board of Directors are shown in note 7. Loans, etc., to the Executive Board and the Board of Directors are shown in note 15. The overview of Group holdings and undertakings shows the Group's total outstandings with associated undertakings.

The Danske Bank Group handles IT operations and development, portfolio management, securities trading and property administration for Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999.

Notes to the cash flow statement

		DANSKE BANK GROUP	
Note	(DKr m)	2003	2002
36	**Adjustment for non-cash items in the profit and loss acount, depreciation and provisions for bad and doubtful debts**		
	Accruals, net	-396	80
	Amortisation and write-downs	12	-
	Depreciation and write-downs	263	316
	Provisions for bad and doubtful debts	1,662	1,420
	Result from associated and subsidiary undertakings	-2,034	-1,076
	Tax, net	374	81
	Other adjustments	-1,098	-764
	Total	-1,217	57
37	**Cash and cash equivalents**		
	Cash and cash equivalents, beginning of year		
	Cash in hand and demand deposits	8,972	4,350
	Due from credit institutions	77,823	48,471
	Securities	407,619	347,513
	Total	494,414	400,334
	Cash and cash equivalents, end of year		
	Cash in hand and demand deposits	4,346	8,972
	Due from credit institutions	64,070	77,823
	Securities	440,066	407,619
	Total	508,482	494,414

Profit and loss account excluding pooled schemes

	DANSKE BANK GROUP		DANSKE BANK	
(DKr m)	2003	2002	2003	2002
Interest income	66,120	69,228	32,840	36,214
Interest expense	45,711	50,069	18,464	22,578
Net interest income	20,409	19,159	14,376	13,636
Dividends from shares	91	91	74	60
Fee and commission income	7,514	7,390	6,691	6,351
Fees and commissions paid	1,462	1,335	1,214	1,053
Net interest and fee income	26,552	25,305	19,927	18,994
Securities and foreign exchange income	-713	675	-439	165
Other operating income	1,237	1,230	909	871
Staff costs and administrative expenses	14,451	15,009	11,420	11,547
Amortisation, depreciation and write-downs	489	591	439	508
Other operating expenses	24	34	10	27
Provisions for bad and doubtful debts	1,662	1,420	1,430	1,312
Income from associated and subsidiary undertakings	2,586	1,008	5,938	4,528
Profit before tax	13,036	11,164	13,036	11,164
Tax	3,750	2,922	3,750	2,922
Net profit for the year	9,286	8,242	9,286	8,242

Notes

Interest income				
Due from credit institutions and deposits with central banks	5,566	7,181	5,614	6,562
Loans and advances	49,728	53,051	18,197	21,451
Bonds	14,154	12,147	12,339	11,081
Total derivatives	-3,599	-3,331	-3,372	-2,926
Other	272	180	62	46
Total	66,121	69,228	32,840	36,214
Interest expense				
Interest on deposits				
Securities and foreign exchange income	8,042	11,437	6,458	8,799
Bonds	-2,290	2,073	-2,006	2,034
Shares	591	-286	537	-527
Fixed-rate loans and advances	-249	157	-245	127
Foreign exchange	746	611	660	548
Derivatives	489	-1,880	615	-2,017
Total	-713	675	-439	165

Balance sheet excluding pooled schemes

	DANSKE BANK GROUP		DANSKE BANK	
(DKr m)	2003	2002	2003	2002
ASSETS				
Cash in hand and demand deposits with central banks	9,949	17,565	9,407	11,380
Due from credit institutions and deposits with central banks	166,117	199,620	210,737	249,655
Loans and advances	1,020,618	948,346	442,428	404,387
Bonds	460,807	401,043	329,423	266,818
Shares, etc.	3,043	3,164	2,622	2,849
Holdings in associated undertakings, etc.	1,423	1,673	1,036	1,273
Holdings in subsidiary undertakings	13,307	11,604	47,623	44,533
Intangible assets	64	-	64	-
Tangible assets	5,884	6,269	4,616	4,879
Own shares	587	314	587	314
Other assets	112,672	132,007	107,349	123,809
Prepayments	1,349	982	1,300	879
Total assets	1,795,820	1,722,587	1,157,192	1,110,776
LIABILITIES AND EQUITY				
Due to credit institutions and central banks	299,880	319,573	318,215	336,137
Deposits *	453,646	398,975	424,362	365,747
Issued bonds	765,347	699,745	157,401	125,437
Other liabilities, etc.	181,237	210,608	163,096	191,744
Deferred income	595	624	505	532
Provisions for obligations	1,106	1,524	209	358
Subordinated debt	33,549	31,210	32,953	30,502
Minority interests	9	9	-	-
Shareholders' equity	60,451	60,319	60,451	60,319
Total liabilities and equity	1,795,820	1,722,587	1,157,192	1,110,776
OFF-BALANCE-SHEET ITEMS				
Guarantees, etc.	79,965	85,357	179,846	195,361
Other commitments	106,026	95,768	98,450	88,044
Total off-balance-sheet items	185,991	181,125	278,296	283,405
* Portion attributable to cash deposits from pooled pension fund deposits	812	1,178	812	1,178

Pooled schemes

DANSKE BANK						
	Pension fund deposits		Child savings		Total	Total
(DKr m)	2003	2002	2003	2002	2003	2002
PROFIT AND LOSS ACCOUNT						
Interest income						
Cash deposits	9	14	-	-	9	14
Index-linked bonds	218	190	6	2	224	192
Other bonds	864	928	20	10	884	938
Total	1,091	1,132	26	12	1,117	1,144
Dividends from shares, etc.	141	134	3	1	144	135
Total	141	134	3	1	144	135
Securities and foreign exchange income						
Index-linked bonds	37	154	1	2	38	156
Other bonds, etc.	-155	493	-4	5	-159	498
Shares, etc.	1,520	-2,628	36	-29	1,556	-2,657
Foreign exchange	-691	-923	-16	-10	-707	-933
Total	711	-2,904	17	-32	728	-2,936
Fees and commissions paid	281	304	7	3	288	307
Profit for the year	1,662	-1,942	39	-22	1,701	-1,964
BALANCE SHEET						
Assets						
Cash deposits	793	1,150	19	28	812	1,178
Index-linked bonds	4,174	3,997	99	97	4,273	4,094
Other bonds, etc.	16,415	17,128	388	415	16,803	17,543
Own shares	391	408	9	10	400	418
Other shares, etc.	8,340	6,256	197	152	8,537	6,408
Unit trust holdings	301	503	-	-	301	503
Total assets	30,414	29,442	712	702	31,126	30,144
Liabilities						
Total deposits	30,338	29,441	712	702	31,050	30,143
Other liabilities	76	1	-	-	76	1
Total liabilities	30,414	29,442	712	702	31,126	30,144
Average deposits	28,618	31,070	687	721	29,305	31,791

Highlights in foreign currency

DANSKE BANK GROUP	USD		EUR	
(Millions)	2003	2002	2003	2002
PROFIT AND LOSS ACCOUNT				
Net interest income from banking activities, etc.	2,621	2,239	2,098	2,130
Fee and commission income, net	1,001	825	801	785
Trading income	543	418	435	408
Other core income	190	180	151	172
Core insurance earnings	169	159	135	150
Total core income	4,524	3,821	3,620	3,645
Operating expenses and depreciation	2,488	2,187	1,991	2,086
Core earnings before provisions	2,036	1,634	1,629	1,559
Provisions for bad and doubtful debts	279	201	223	191
Core earnings	1,757	1,433	1,406	1,368
Earnings from investment portfolios	431	143	345	136
Profit before tax	2,188	1,576	1,751	1,504
Tax	629	412	504	394
Net profit for the year	1,559	1,164	1,247	1,110
Portion attributable to minority interests	-	-	-	-

BALANCE SHEET (Billions)				
Assets				
Due from credit institutions, etc.	29.5	30.7	23.6	29.3
Bank loans and advances	87.8	67.6	70.3	64.5
Mortgage loans	83.5	66.2	66.8	63.2
Bonds and shares	82.8	61.0	66.3	58.2
Other assets	22.9	21.7	18.3	20.7
Total assets	306.5	247.2	245.3	235.9
Liabilities and equity				
Due to credit institutions	50.4	45.1	40.3	43.0
Deposits	81.2	60.4	65.0	57.6
Other liabilities	30.7	30.0	24.6	28.7
Issued bonds, etc.	128.5	98.8	102.8	94.3
Subordinated debt	5.6	4.4	4.5	4.2
Shareholders' equity	10.2	8.5	8.1	8.1
Total liabilities and equity	306.5	247.2	245.3	235.9
OFF-BALANCE-SHEET ITEMS				
Guarantees, etc.	13.4	12.1	10.7	11.5
Other commitments	17.8	13.5	14.3	12.9
Total off-balance-sheet items	31.2	25.6	25.0	24.4
Year-end exchange rates	5.9576	7.0822	7.4446	7.4243

Group holdings and undertakings

		Share capital December 31 (thousands)	Net profit for the year (DKr m)	Shareholders' equity December 31 (DKr m)	Share capital held by the Group (%)
Danske Bank A/S, Copenhagen	DKK	7,116,758	9,286	60,451	
CONSOLIDATED SUBSIDIARIES					
Realkredit Danmark A/S, Copenhagen	DKK	625,000	1,918	27,237	100
home a/s, Copenhagen	DKK	15,000	-	-	100
Danske Bank International S.A., Luxembourg	EUR	90,625	86	1,068	100
Firstnordic Fund Management Company S.A., Luxembourg	EUR	125	-	-	100
DDB Fokus Invest AS, Trondheim	NOK	1,300,000	279	4,330	100
Fokus Bank ASA, Trondheim	NOK	1,499,467	-	-	100
Fokus Kreditt AS, Oslo	NOK	1,300,000	-	-	100
Firstnordic Fondene AS, Trondheim	NOK	6,000	-	-	100
Fokus Eiendomsmegling AS, Skien	NOK	1,000	-	-	100
DDB Invest AB, Linköping	SEK	100,000	55	346	100
Firstnordic Fonder AB, Stockholm	SEK	1,000	-	-	100
Byggnads AB Slaget in the process of being wound up, Stockholm	SEK	100	-	-	100
Östgöta Enskilda BFH AB, Linköping	SEK	100	-	-	100
BK Fri AB, Stockholm	SEK	100	-	-	100
Danske Securities AB, Stockholm	SEK	300,000	-	-	100
Bokredit i Sverige AB, Stockholm	SEK	43,000	-	-	100
Danske Bank Polska S.A., Warsaw	PLN	42,225	18	335	97
Danske Markets Inc., Delaware	USD	2,000	11	25	100
Nordania Finans A/S, Birkerød	DKK	5,700	56	276	100
HandelsFinans A/S, Copenhagen	DKK	110,000	59	249	100
Danske Corporation, Delaware, U.S.A.	USD	4	-	1	100
Danske Private Equity A/S, Copenhagen	DKK	5,000	6	52	100
Danske Capital Finland Oy, Helsinki	EUR	1,000	9	26	100
Firstnordic Rahastoyhtiö Oy, Tampere	EUR	350	-	-	100
KHB VI A/S, Copenhagen	DKK	111,700	5	189	100
DDB-Ejendomsselskab af 1. januar 1990 A/S, Copenhagen	DKK	35,700	30	61	100
BG Investeringsselskab af 10/10 1991 ApS, Copenhagen	DKK	300	-	14	100
Medicon Valley Capital II K/S, Copenhagen	DKK	8,220	-4	4	99
Ejendomsaktieselskabet Virum-Vang, Copenhagen	DKK	2,000	3	76	100
Ejendomsaktieselskabet Tårbæk Vang, Copenhagen	DKK	1,000	-	-	100
A/S Forma Ejendomsselskab, Copenhagen	DKK	1,000	-	-	100
Ejendomsselskabet SJ af 1/7 1990 A/S, Copenhagen	DKK	10,300	-	-	100
Ejendomsselskabet Aros A/S, Århus	DKK	10,000	1	28	100
DB I A/S, Copenhagen	DKK	500	-	1	100
DB II A/S, Copenhagen	DKK	500	-	1	100
DB III A/S, Copenhagen	DKK	500	-	1	100
DB IV A/S, Copenhagen	DKK	500	-	1	100
DDB VI A/S, Copenhagen	DKK	500	-	2	100
			11,818	94,774	
Danske Bank's shares of profit from and equity in subsidiaries included above			2,564	34,323	
Adjustments to Group holdings and undertakings			32	-	
Total, Danske Bank Group			9,286	60,451	
NON-CONSOLIDATED SUBSIDIARIES					
Insurance companies					
Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999, Copenhagen	DKK	1,000,000	1,712	13,307	100
Danica Pension, Livsforsikringsaktieselskab, Copenhagen					
The company has 7 subsidiaries					
Other companies*					
A/S Conair in the process of being wound up, Copenhagen	DKK	20,000	-2	8	52
Omegadane SARL, Paris	EUR	8	1	-	100

Amount owed by the consolidated Group to non-consolidated subsidiaries: DKr544m. Amount owed to the consolidated Group by non-consolidated subsidiaries: DKr15m. Commitments carried under off-balance-sheet items: DKr75m.

* Acquired in the process of preventing losses. Total book value: DKr100,000.

Group holdings and undertakings

ASSOCIATED UNDERTAKINGS		Share capital December 31 (thousands)	Net profit for the year* (DKr m)	Shareholders' equity December 31* (DKr m)	Capital held by the consolidated Group (%)
DMdata a/s, Copenhagen	DKK	50,000	101	251	50.0
Ejendomsaktieselskabet af 22. juni 1966, Copenhagen	DKK	500	1	8	50.0
Investeringsselskabet af 23. marts 2001 A/S	DKK	10,500	384	548	48.7
Multidata Holding A/S, Ballerup	DKK	20,091	-	-	43.7
Meglerhuset Nylander AS, Trondheim	NOK	620	-2	6	40.0
Nordenfjeldske Livsforsikring AS, Trondheim	NOK	30,000	21	37	39.0
GrønlandsBANKEN, Aktieselskab, Nuuk	DKK	180,000	74	531	36.5
Medicon Valley Capital Denmark K/S, Copenhagen	DKK	134,645	-13	59	36.5
Luxembourg International Consulting S.A., Luxembourg	EUR	372	-	-	33.3
MVC Holding Ab, Gothenburg	SEK	100	-	-	33.3
Medicon Valley Capital Management AB, Sweden	DKK	472	1	5	32.6
LR Kredit A/S, Copenhagen	DKK	150,000	165	3,386	31.1
Aktieselskabet Reinholdt W. Jorck, Copenhagen	DKK	81,000	46	451	28.0
Dankort A/S, Ballerup	DKK	40,183	2	62	25.9
PBS Holding A/S, Ballerup	DKK	100,457	311	278	25.9
PBS International Holding A/S, Ballerup	DKK	20,091	-	-	25.9
gatetrade.net A/S, Copenhagen	DKK	20,004	-31	45	25.0
Realkreditnettet A/S, Copenhagen	DKK	11,000	-23	19	25.0
DADES A/S, Lyngby-Taarbæk	DKK	505,150	224	2,543	24.1
Danmarks Transport Center A/S, Vejle	DKK	200,000	8	141	20.0

Amount owed by the consolidated Group to associated undertakings: DKr364m. Amount owed to the consolidated Group by associated undertakings: DKr789m.

OTHER COMPANIES IN WHICH THE GROUP HOLDS MORE THAN 10% OF THE SHARE CAPITAL					
Horsens Grundfinansiering A/S, Horsens	DKK	8,150	-	12	38.8
Danske Venture Partners Seed K/S, Copenhagen	DKK	177,545	-24	98	18.1
Dansk Kapitalanlæg Aktieselskab, Copenhagen	DKK	422,000	12	1,516	18.1
P-DD 2002 A/S (Dansk Droge), Copenhagen	DKK	86,350	-5	168	17.7
Nordic Equity Partners II, Jersey	DKK	17,750	-12	106	16.9
Denerco Oil A/S, Hørsholm	DKK	153,000	117	526	15.0
Dansk Erhvervs Investering A/S, Copenhagen	DKK	330,000	-161	931	14.8
Bella Center A/S, Copenhagen	DKK	129,884	53	307	14.0
Copenhagen Stock Exchange A/S, Copenhagen	DKK	40,000	63	297	13.9
VP Securities Services A/S, Taastrup	DKK	40,000	33	235	13.9
Trøndelag Vekst, Trondheim	NOK	66,000	-11	88	13.7
P-LR 1999 A/S (Løgstør Rør), Copenhagen	DKK	56,800	-5	20	13.5
P-LP 1999 A/S (Louis Poulsen), Copenhagen	DKK	260,000	41	352	13.5
P-N 2001 A/S, (Vest-Wood), Copenhagen	DKK	143,623	124	261	13.4
P-M 2000 A/S (Sound Holding), Copenhagen	DKK	330,263	-15	197	13.4
P-N 2000 A/S (Novadan), Copenhagen	DKK	40,622	3	47	13.3
Viking Ship Finance Ltd., Zurich	CHF	30,000	3	68	12.0

Amount owed by the consolidated Group to other companies: DKr95m. Amount owed to the consolidated Group by other companies: DKr42m.
In addition, the Group holds at least 10% of the share capital of 31 companies, in which its shareholding is valued at less than DKr1m.
* According to the latest annual accounts of the company.

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Audit reports

Internal audit

We have audited the Annual Report of Danske Bank A/S for the financial year from January 1 to December 31, 2002, presented by the Board of Directors and the Executive Board.

Basis of opinion
We conducted our audit in accordance with the executive order of the Danish Financial Supervisory Authority on auditing financial enterprises and financial groups and in accordance with Danish auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that financial information included in the Annual Report is free of material misstatement. In addition, the audit was conducted in accordance with the division of duties agreed with the external auditors, according to which the external auditors to the widest possible extent base their audit on the work performed by the internal auditors.

We planned and conducted our audit such that we have, during the year, assessed the business and control procedures, including the risk management processes implemented by the Board of Directors and the Executive Board, aimed at the Group's and the Bank's major business risks. In connection with the preparation of the Annual Report, the internal auditors have examined, on a test basis, evidence supporting financial disclosures in the Annual Report. Our audit includes assessing the accounting policies used and significant estimates made by the Board of Directors and the Executive Board. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at December 31, 2002, and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year from January 1 to December 31, 2002, in accordance with the accounting provisions of Danish legislation.

Copenhagen, February 20, 2003

Jens Peter Thomassen
Group Chief Auditor

Erik Fosgrau
Deputy Group Chief Auditor

External audit

To the shareholders of Danske Bank A/S

We have audited the Annual Report of Danske Bank A/S for the financial year from January 1 to December 31, 2002, presented by the Board of Directors and the Executive Board.

Basis of opinion
We conducted our audit in accordance with Danish auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that financial information included in the Annual Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and financial disclosures in the Annual Report. An audit also includes assessing the accounting policies used and significant estimates made by the Board of Directors and the Executive Board, as well as evaluating the overall presentation of financial information included in the Annual Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at December 31, 2002, and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year from January 1 to December 31, 2002, in accordance with the accounting provisions of Danish legislation.

Copenhagen, February 20, 2003

Grant Thornton
Statsautoriseret Revisionsaktieselskab

Svend Ørjan Jensen   Erik Stener Jørgensen
State Authorised Public Accountants

KPMG C.Jespersen

Arne Sivertsen   Birger Kjerri Hansen
State Authorised Public Accountants

Accounting policies

General
The Annual Report has been prepared in compliance with the Danish Banking Act, the executive order on bank accounts, the Copenhagen Stock Exchange guidelines for issuers of listed securities and Danish accounting standards, except where otherwise provided by Danish banking regulations.

The Group has not changed its accounting policies from those followed in the annual accounts for 2001 apart from the accounting treatment of goodwill on acquisition, which was changed following the implementation of accounting standard No. 18. With effect from January 1, 2002, goodwill on acquisition will be capitalised and amortised over the economic life, however, not exceeding 20 years. Until then, goodwill was written off against equity in the year of acquisition. Since the change affects only acquisitions made after January 1, 2002, and the Group did not make any acquisitions in 2002, there will be no effect on assets and liabilities, shareholders' equity, net profit and cash flows in 2002.

In accordance with the accounting standards, goodwill acquired before January 1, 2002, is not capitalised.

The Danske Bank Group adopted a new consolidation policy for the life insurance companies in 2002. This step was taken in response to a notice from the Danish Financial Supervisory Authority of October 2001 on the interpretation of the contribution principle. Until the adoption of the new policy, the return on equity from the life companies equalled the rate of interest on policyholders' savings plus three percentage points of the equity at the beginning of the year. Moreover, a variable amount has been added to reflect Danica Pension's risks and costs in its contribution to Group earnings.

The result for the first half of 2002 is based on a proportionate share of the investment return plus an amount determined by insurance provisions and a variable amount reflecting the company's risks and costs (risk allowances).

The insurance group reported an adjustment to its consolidation policy to the Danish Financial Supervisory Authority to take effect on July 1, 2002. This adjustment means that the result is based on the return on a separate pool of investment assets amounting to the nominal value of the shareholders' equity and on the allowances mentioned.

If the realised return in a given period is not positive by a sufficient amount, the risk allowances will, according to the contribution principle, not be booked until later periods with sufficient return.

Core earnings incorporate a return on equity corresponding to the money market rate and the risk allowances stated, while the remaining part of earnings, which is related to market risks, is incorporated under earnings from investment portfolios. In periods with low returns, earnings from investment portfolios will be reduced by the risk allowances that will not be booked until a later period when a higher return is achieved.

As a consequence of the shift to the new consolidation policy, Danica Pension made a one-off adjustment at the beginning of 2002 that increased its own and hence Danske Bank's shareholders' equity by DKr1.4bn, in accordance with the transition provisions. The adjustment reflects part of the interest due to the company as a result of the return on equity over a period of years being low relative to the return generated on investments.

Danica's assets and liabilities are marked to market and are still recognised in Danske Bank's accounts at their net asset value.

Principles of consolidation
The consolidated accounts comprise the accounts of Danske Bank and of companies in which the Group holds more than 50% of the voting rights, apart from the insurance subsidiaries, which according to Danish legislation may not be consolidated. Companies acquired in the course of participation in restructuring are not consolidated.

The consolidated accounts are prepared by consolidating items of the same nature and eliminating intra-group income and expenses, share holdings and accounts. The accounts of the consolidated subsidiaries are prepared in accordance with the Group's accounting policies. The accounts of the insurance group are prepared in accordance with the Danish Insurance Business Act and the executive order on the consolidated accounts of insurance companies and pension funds. The "Profit before tax" of the insurance group is included in the consolidated accounts in the item "Income from associated and subsidiary undertakings", while the tax for the year is carried under the item "Tax".

Companies acquired are included in the consolidated accounts as from the acquisition date. New acquisitions are made up at their net asset value at the date of acquisition in compliance with the Group's accounting policies. If the purchase price exceeds the net asset value, remaining positive differences (goodwill on acquisition) are capitalised and amortised over the economic life of the asset, however, not exceeding 20 years.

The profit or loss of subsidiaries disposed of is included in the profit and loss account until the date of disposal. Any gains or losses on sales of subsidiaries are calculated as the difference between the sales amount and the net asset value at which they are recorded in the subsidiary undertakings at the date of disposal with the addition of any unamortised goodwill or goodwill previously charged directly to shareholders' equity in the year of acquisition. Any gains or losses are included in the profit and loss account under "Other operating income".

Translation of foreign currencies
Assets and liabilities in foreign currency are expressed in Danish kroner at the rates of exchange published by Danmarks National-

bank at the end of the year. Currencies for which Danmarks Nationalbank does not publish rates of exchange are stated at estimated rates of exchange.

Income and expenses in foreign currencies are translated into Danish kroner using the exchange rates prevailing at the time of booking. The income and expenses of Danske Bank's foreign branches and subsidiaries are translated at the rates prevailing at the end of the year.

Income recognition
Income and expenses are accrued over the lifetime of the transactions and included in the profit and loss account with the amounts relevant to the accounting period. Fees are normally taken to income when received.

Interest on non-performing loans is not booked as income if the interest is considered to be irrecoverable.

Loans and advances, guarantees, and amounts due from credit institutions and central banks
The assets, including mortgage loans, lease assets and financial instruments, are subject to continuous critical evaluation to identify potential risks. Identified losses, including those relating to payment problems in heavily indebted and politically unstable countries, are charged to expense in the profit and loss account under "Provisions for bad and doubtful debts" either as realised losses or as loss provisions. When a loss is considered to be realised, the corresponding provisions are transferred from the provisions account and the loss is written off.

Fixed-rate uncallable loans and amounts due to the Bank are stated at the lower of their current outstanding amounts or the market value prevailing at the balance sheet date. Certain loans on which the interest rate risk has been hedged by corresponding fixed-rate liabilities or by derivatives are, however, not market value adjusted.

The market value adjustment of fixed-rate loans and amounts due to the Bank is incorporated in the profit and loss account under "Securities and foreign exchange income".

Mortgage loans
Mortgage loans are booked in the balance sheet under the item "Loans and advances" at nominal value, i.e. inclusive of the amortisation account for cash loans. Index-linked loans are stated on the basis of the December 31 index. Other loans (reserve fund mortgages, etc.) are stated at cost or at an estimated lower value.

Repo and reverse repo transactions
In connection with repo transactions, which consist of a sale of securities to be repurchased at a later date, the securities remain on the balance sheet and are subject to interest payment and value adjustment. The amounts received are carried as deposits and specified in the notes. Purchases of securities to be resold at a later date, called reverse repo transactions, are included as loans and advances secured by the securities in question and are specified in the notes.

Lease assets
Lease assets are included in the balance sheet under "Loans and advances" and are valued at cost less depreciation. Depreciation is computed, using the actuarial method taking into account the residual useful life of each asset. Thus, the acquisition price less any estimated residual value is written off over the lease period. In addition, property leases are valued on the basis of the current value of the relevant property.

Current income from lease assets (lease rentals less depreciation) is stated under "Interest income". Profits or losses on the sale of lease assets at expiry are booked under "Other operating income". Value adjustment of property leases is booked under "Securities and foreign exchange income".

Securities (current investments)
Listed securities, including the Group's holdings of own bonds and shares, are stated at the market value at the end of the year.

Unlisted securities are stated at the lower of cost or market value at the balance sheet date. Unlisted units of unit trusts are stated at the net asset value calculated by the unit trust.

The calculated value adjustments are included in the profit and loss account under "Securities and foreign exchange income" and specified in the notes.

Holdings in associated undertakings and other significant holdings
Holdings in associated undertakings comprise shares and other holdings constituting shareholders' equity in companies in which the Group holds not less than 20% and not more than 50% of the voting rights and also has a significant influence on the company's financial management and operations.

Other significant holdings comprise holdings representing an interest of not less than 20% and not more than 50% in companies that are not associated undertakings due to limitations on voting rights, etc.

Holdings in associated undertakings and other significant holdings are, as a general rule, valued using the equity method. The proportionate share of the profit after tax of the individual undertakings is taken up under "Income from associated and subsidiary undertakings". However, some holdings are assessed at a lower value on the basis of a conservative estimate.

Holdings in subsidiary undertakings
Holdings in subsidiary undertakings comprise shares and other holdings constituting shareholders' equity in companies in which the Group holds more than 50% of the voting rights.

Shares in subsidiary undertakings are valued using the equity method. The proportionate share of the pre-tax profit or loss of the individual companies is included under "Income from associated and subsidiary undertakings". The proportionate tax charge from the undertakings is included under "Tax".

Intangible assets

Intangible assets, including lease premiums, franchise rights and leasehold improvements, are charged fully to expense in the year of acquisition. Goodwill acquired after January 1, 2002, is recognised at cost less amortisation and write-downs. Amortisation is made according to the straight-line method over the expected useful life of the goodwill, although only up to a maximum of 20 years.

Tangible assets

Property and property improvements are stated at cost less any depreciation and write-downs. Properties whose market value, at a conservative estimate, is considerably higher than the cost price are revalued to the higher value if this higher value is considered to be of a permanent nature and does not exceed the public valuation. The revaluation is recorded as a revaluation reserve under shareholders' equity.

Properties taken over in connection with the settlement of a debt and other properties whose market value must be considered to be permanently lower than the cost price are written down to the lower value.

Property is written off using the straight-line method on the basis of the property's expected scrap value and its estimated useful life of 20-50 years. Residential properties and listed buildings are, however, written off over 75 years. A few properties are held under long-term leases. These properties are depreciated annually on a progressive scale.

Machinery and equipment, etc., are entered in the balance sheet at cost less depreciation using the straight-line method. Depreciation is based on the estimated useful life of the asset, although only up to a maximum of three years. IT acquisitions worth less than DKr100,000 are written off fully in the year of acquisition.

Own shares

Own shares are recognised at market value at the end of the year. Calculated market value adjustments are stated in the profit and loss account under "Securities and foreign exchange income".

An amount corresponding to the market value is set aside under "Shareholders' equity", "Reserve for own shares".

Own shares acquired with a view to reducing the share capital are stated at nil. The acquisition price is charged directly to shareholders' equity.

Derivatives

Derivatives are entered at market value. The positive or negative gross market value is stated under "Other assets" or "Other liabilities", as the case may be, irrespective of any netting agreements.

Derivatives employed to cover the interest rate risk on fixed-rate assets or fixed-rate liabilities are not included in the balance sheet but are specified in the notes.

Interest in connection with interest rate and currency swaps, and premiums on forward securities and foreign exchange transactions are included under "Interest income", and calculated changes in the market value are entered in the profit and loss account under "Securities and foreign exchange income" and specified in the notes.

Tax

Danske Bank is taxed jointly with the majority of those of its Danish subsidiaries that have been wholly owned for the full year.

The calculated Danish tax on the profit for the year is allocated to the jointly-taxed Danish companies in accordance with the full allocation method. The calculated tax on the profit for the year in Denmark and abroad is expensed under "Tax".

The jointly taxed companies pay Danish corporation tax under the scheme for payment of tax on account.

Issued bonds

Bonds issued are entered in the balance sheet at nominal value. Any premium or discount at the time of issue is accrued over the maturity of the bonds.

Mortgage bonds issued are entered at nominal value.

Index-linked bonds are stated on the basis of the December 31 index.

Deferred tax

Deferred tax resulting from timing differences between the booking of income/charges for tax and for accounting purposes, as the case may be, is posted to the balance sheet and shown as a liability under "Provisions for obligations" or as an asset under "Other assets". Deferred tax includes both Danish and foreign tax liabilities, and is based on current tax rates. Changes in deferred tax during the year are expensed or recorded as income, as appropriate, in the profit and loss account.

Pension commitments

The Group's pension commitments are covered by payments made to insurance companies, pension funds, etc. Such payments are expensed when they are made. Certain foreign pension commitments are not covered, but provisions are made on the basis of an actuarial calculation.

Share-based incentive programmes
The Group's share-based incentive programmes consist of share options, conditional shares and employee shares. If the market price exceeds the allotment price, the difference will be expensed as salary costs at the time of allotment. Subsequent adjustment of the Group's obligations is made under "Securities and foreign exchange income" under earnings from investment portfolios. The Group's obligations are entered under "Other liabilities".

The Group's obligations are secured by its holding of own shares which are valued at market value. Market value adjustment of own shares is also included in earnings from investment portfolios.

Cash flow statement
The cash flow statement shows cash flows for the year and cash and cash equivalents at the beginning of the year and at the end of the year. The cash flow statement is presented using the indirect method and based on the net profit for the year. Cash flows include securities and foreign exchange income.

The cash flows from operating activities are made up as the net profit for the year adjusted for non-cash items in the profit and loss account and increases/decreases in the working capital.

Cash flows from investing activities include acquisitions and disposals of fixed assets, companies and securities, etc. Cash flows from financing include dividend payments and movements in shareholders' equity and subordinated debt.

Cash and cash equivalents include marketable securities adjusted for bonds bought and sold in connection with repo transactions.

Intercompany trading
The Danske Bank Group consists of a number of independent legal entities. Intra-group transactions and services are settled on market terms or on a cost reimbursement basis. Except for insignificant transactions, all transactions are based on contracts between the entities.

Segmental reporting
The Annual Report discloses information on the Group's primary segments, which are the business areas into which the Group is organised and which are the subject of independent management reporting. Segmental information is disclosed in accordance with the Group's accounting policies and comprises the Group's core earnings before provisions, risk-weighted items and allocated capital.

Inter-segmental transactions and services are settled at market prices. Costs incurred centrally, including the cost of management support, administrative and back-office functions, are allocated to the business areas on the basis of market prices, where available. Other costs, including common costs, are allocated according to an assessment of each business area's proportionate share in the Group's activities.

Group equity capital is allocated to individual business areas at a ratio of 6.5% of their average risk-weighted items, calculated in accordance with the regulations of the Danish Financial Supervisory Authority. Insurance companies are subject to specific statutory capital adequacy rules. Consequently, the equity capital allocated to the insurance business represents the statutory minimum solvency margin. The Group allocates interest income to each business area representing the benefit of holding equity. This equity benefit is calculated by reference to the short-term money market rate.

The management of the Group's investment portfolios is considered an independent segment, which is made up in accordance with the principles stated above. Earnings from investment portfolios are not included in core earnings.

Moreover, the Group's gross income, core earnings before provisions, total assets and number of staff are segmented by geographical region. Geographical segmentation is made on the basis of the location where the individual transactions are recorded, as provided for in Danish accounting legislation. The secondary segmentation is not based on the principles of allocated capital.

Differences between these accounting policies and Danish accounting standards
The Annual Report has been prepared in compliance with the Danish accounting standards with the following variations stipulated by the executive order on bank accounts:

According to Danish legislation, insurance subsidiaries are not consolidated. According to the Danish accounting standards, group accounts comprise the parent company and all subsidiaries.

The accounts of foreign units are converted at the exchange rate in force at the balance sheet date. According to the Danish accounting standards, income and expense items are translated at the exchange rates in force at the date of the transaction.

Profit and loss account for Danske Bank Group

Note	(DKr m)	2002	2001
2	Interest income	70,357	79,787
3	Interest expense	51,334	61,181
	Net interest income	19,023	18,606
	Dividends from shares, etc.	227	441
4	Fee and commission income	7,390	7,813
	Fees and commissions paid	1,335	1,571
	Net interest and fee income	25,305	25,289
5	Securities and foreign exchange income	675	1,563
6	Other operating income	1,230	1,260
7-9	Staff costs and administrative expenses	15,009	15,503
10,20	Amortisation, depreciation and write-downs	591	891
	Other operating expenses	34	22
	Provisions for bad and doubtful debts	1,420	1,752
11	Income from associated and subsidiary undertakings	1,008	1,446
	Profit on ordinary operations before tax	11,164	11,390
12	Tax	2,922	2,677
	Net profit for the year	8,242	8,713
	Attributable to minority interests	-	-

Balance sheet for Danske Bank Group

Note	(DKr m)	2002	2001
	ASSETS		
	Cash in hand and demand deposits with central banks	17,565	9,566
14,30-31	Due from credit institutions and deposits with central banks	199,620	140,250
15,30-32	Loans and advances	948,346	924,021
17,31-32	Bonds	422,680	343,078
18,19	Shares, etc.	9,572	12,357
19	Holdings in associated undertakings, etc.	1,673	1,421
19	Holdings in subsidiary undertakings	11,604	9,644
21	Tangible assets	6,269	6,459
22	Own shares	732	810
23	Other assets	132,510	89,864
	Prepayments	982	1,112
13	Total assets	1,751,553	1,538,582
	LIABILITIES		
24,30-31	Due to credit institutions and central banks	319,573	241,042
25,30-32	Deposits	427,940	400,491
26,31-32	Issued bonds	699,745	673,454
27	Other liabilities	210,609	131,927
	Deferred income	624	674
28	Provisions for obligations	1,524	2,128
29,32	Subordinated debt	31,210	31,765
	Minority interests	9	10
	Shareholders' equity		
	Share capital	7,320	7,320
	Share premium account	-	1,227
	Reserve for own shares	732	810
	Revaluation reserve	38	50
	Brought forward from prior years	47,367	42,448
	Appropriated from net profit for the year	4,862	5,236
	Total shareholders' equity	60,319	57,091
	Total liabilities	1,751,553	1,538,582
	OFF-BALANCE-SHEET ITEMS		
33	Guarantees, etc.	85,357	91,852
34	Other commitments	95,768	90,536
	Total off-balance-sheet items	181,125	182,388

Profit and loss account for Danske Bank

Note	(DKr m)	2002	2001
2	Interest income	37,343	44,784
3	Interest expense	23,843	31,414
	Net interest income	13,500	13,370
	Dividends from shares, etc.	196	349
4	Fee and commission income	6,351	6,908
	Fees and commissions paid	1,053	1,322
	Net interest and fee income	18,994	19,305
5	Securities and foreign exchange income	165	1,188
6	Other operating income	871	891
7-9	Staff costs and administrative expenses	11,547	12,071
10,20	Amortisation, depreciation and write-downs	508	787
	Other operating expenses	27	2
	Provisions for bad and doubtful debts	1,312	1,507
11	Income from associated and subsidiary undertakings	4,528	4,373
	Profit on ordinary operations before tax	11,164	11,390
12	Tax	2,922	2,677
	Net profit for the year	8,242	8,713

PROPOSAL FOR ALLOCATION OF PROFITS		
Net profit for the year	8,242	8,713
Brought forward from prior years	-	-
Total amount to be allocated	8,242	8,713
Dividends	3,477	3,477
Profit retained	4,765	5,236
Total allocation	8,242	8,713

Balance sheet for Danske Bank

Note	(DKr m)	2002	2001
	ASSETS		
	Cash in hand and demand deposits with central banks	11,380	7,477
14,30-31	Due from credit institutions and deposits with central banks	249,655	180,404
15,30-32	Loans and advances	404,387	411,402
17,31-32	Bonds	288,455	235,477
18,19	Shares, etc.	9,257	11,752
19	Holdings in associated undertakings, etc.	1,273	989
19	Holdings in subsidiary undertakings	44,533	40,202
21	Tangible assets	4,879	4,967
22	Own shares	732	810
23	Other assets	124,312	79,777
	Prepayments	879	1,059
	Total assets	1,139,742	974,316
	LIABILITIES		
24,30-31	Due to credit institutions and central banks	336,137	269,511
25,30-32	Deposits	394,712	373,705
26,31-32	Issued bonds	125,437	128,034
27	Other liabilities	191,745	113,883
	Deferred income	532	549
28	Provisions for obligations	358	1,039
29,32	Subordinated debt	30,502	30,504
	Shareholders' equity		
	Share capital	7,320	7,320
	Share premium account	-	1,227
	Reserve for own shares	732	810
	Revaluation reserve	38	50
	Brought forward from prior years	47,367	42,448
	Appropriated from net profit for the year	4,862	5,236
	Total shareholders' equity	60,319	57,091
	Total liabilities	1,139,742	974,316
	OFF-BALANCE-SHEET ITEMS		
33	Guarantees, etc.	195,361	191,810
34	Other commitments	88,044	86,537
	Total off-balance-sheet items	283,405	278,347

Capital

MOVEMENTS IN THE CAPITAL OF DANSKE BANK IN 2002 (DKr m)	Beginning of year	Capital reduction	Other additions	Other disposals	End of year
Share capital	7,320	-	-	-	7,320
Share premium account	1,227	-1,227	-	-	-
Reserve for own shares	810	-	-	-78	732
Revaluation reserve	50	-	-	-12	38
Profit brought forward	47,684	1,227	6,318	-3,000	52,229
Total shareholders' equity	57,091	-	6,318	-3,090	60,319

The share capital is made up of 732,000,000 shares of DKr10, totalling DKr7,320m. All shares carry the same rights. Consequently, there is only one class of shares. The average number of outstanding shares was 719,314,404 in 2002. At the end of 2002, the number of outstanding shares stood at 711,675,849.

MOVEMENTS IN SHAREHOLDERS' EQUITY AND MINORITY INTERESTS (DKr m)	2002	2001
Shareholders' equity at January 1	57,091	50,906
One-off adjustments regarding insurance activities	1,369	-
Reduction of own shares	-3,000	-
Capital increase	-	1,321
Reversal of revaluation reserve on sale	-12	-
Net profit for the year	8,242	8,713
Dividends	-3,477	-3,477
Dividends on own shares	97	-
Other	9	-372
Shareholders' equity, at December 31	60,319	57,091
Minority interests at January 1	10	983
Foreign exchange revaluation	-1	-
Redemption of minority interests	-	-973
Minority interests at December 31	9	10

CAPITAL BASE AND SOLVENCY RATIO	DANSKE BANK GROUP		DANSKE BANK	
(DKr m)	2002	2001	2002	2001
Core capital, less statutory deductions	58,654	55,177	59,419	56,021
Eligible subordinated debt and revaluation reserve	29,590	29,835	29,124	29,221
Statutory deduction for insurance subsidiaries	-6,560	-6,208	-6,556	-6,199
Other statutory deductions	-384	-345	-384	-345
Supplementary capital, less statutory deductions	22,646	23,282	22,184	22,677
Total capital base, less statutory deductions	81,300	78,459	81,603	78,698
Weighted items				
not included in trading portfolio	700,698	693,499	474,811	488,744
with market risk included in trading portfolio	73,452	66,159	69,100	60,386
Total weighted items	774,150	759,658	543,911	549,130
Core (tier 1) capital ratio, %	7.58	7.26	10.92	10.20
Solvency ratio, %	10.50	10.33	15.00	14.33
Statutory minimum solvency requirement, %	8.00	8.00	8.00	8.00

The solvency ratio is calculated in accordance with the rules on capital adequacy for banks and certain credit institutions. The rules stipulate that the Group's insurance subsidiaries are not to be consolidated into the Group accounts. Hence, the solvency margin of these companies is deducted from the Group's capital base before the capital base is included in the calculation of its solvency ratio. The consequent reduction in the solvency ratio was 0.8 percentage points at the end of 2002 and 0.7 percentage points at the end of 2001.

Cash flow statement for Danske Bank Group

Note	(DKr m)	2002	2001
	Net profit for the year	8,242	8,713
37	Adjustment for non-cash items in the profit and loss account	57	150
	Net profit for the year adjusted for non-cash items in the profit and loss account	8,299	8,863
	Increase/decrease in working capital		
	Loans and advances and amounts due from credit institutions	-59,140	-71,428
	Deposits and amounts due to credit institutions	105,980	71,068
	Mortgage bonds and other bonds issued	26,290	110,198
	Other working capital	16,970	13,949
	Total	90,100	123,787
	Cash flow from operations	98,399	132,650
	Cash flow from investing activities		
38	Acquisition of business	-	-88
	Sale of business	-	526
	Tangible fixed assets	-138	-545
	Total	-138	-107
	Cash flow from financing		
	Buyback of own shares	-3,000	-
	Subordinated debt	2,296	-1,229
	Dividends	-3,477	-3,221
	Total	-4,181	-4,450
39	Cash and cash equivalents, beginning of year	400,334	276,211
	Cash and cash equivalents of business acquired	-	-3,969
	Increase/decrease in cash and cash equivalents	94,080	128,092
39	Cash and cash equivalents, end of year	494,414	400,334

Credit risk

	DANSKE BANK GROUP				DANSKE BANK			
LOANS, ADVANCES AND GUARANTEES BY SECTOR AND INDUSTRY	2002 DKr m	%	2001 DKr m	%	2002 DKr m	%	2001 DKr m	%
Public sector	28,460	2.8	29,022	2.9	15,871	2.6	14,706	2.4
Corporate sector:								
Agriculture, hunting and forestry	32,317	3.1	27,335	2.7	9,136	1.5	8,536	1.4
Fisheries	2,443	0.2	3,597	0.4	855	0.1	2,698	0.4
Manufacturing industries, extraction of raw materials, utilities	99,840	9.7	97,324	9.6	83,143	13.9	82,140	13.6
Building and construction	18,457	1.8	14,905	1.5	10,724	1.8	7,786	1.3
Trade, hotels and restaurants	71,185	6.9	65,489	6.4	41,481	6.9	40,149	6.7
Transport, mail and telephone	34,608	3.3	32,754	3.2	25,337	4.2	26,984	4.5
Credit, finance and insurance	123,643	12.0	70,742	7.0	213,926	35.7	184,637	30.6
Property administration, purchase and sale and business services	178,744	17.3	153,513	15.1	62,004	10.3	57,642	9.6
Other	25,967	2.5	108,797	10.7	24,550	4.1	97,885	16.2
Total corporate sector	587,204	56.8	574,456	56.5	471,156	78.6	508,457	84.3
Retail customers	418,039	40.4	412,395	40.6	112,721	18.8	80,049	13.3
Total	1,033,703	100.0	1,015,873	100.0	599,748	100.0	603,212	100.0
Accumulated provisions								
Provisions against loans, advances and guarantees at December 31	12,819		13,610		10,469		11,142	
Provisions at December 31 against amounts due from credit institutions and other items involving a credit risk	347		472		338		462	
Total accumulated provisions	13,166		14,082		10,807		11,604	
Accumulated provisions against loans, advances and guarantees as a percentage of loans, advances and guarantees at December 31	1.2		1.3		1.7		1.8	
Non-accrual loans and advances to customers and non-accrual amounts due from credit institutions at December 31*	4,116		3,484		3,118		2,528	

*) In 2001, this item covered exposures on which the Bank had stopped accruing interest to the customer's account. With effect from 2002, this item includes exposures on which the Bank continues to accrue interest to the customer's account but excludes this interest from interest income in the profit and loss account.

SUBORDINATED CLAIMS (DKr m)				
Subsidiary undertakings				
Credit institutions	-	8	700	700
Loans and advances	-	-	-	-
Bonds	-	-	1,137	640
Other undertakings				
Credit institutions	-	-	-	-
Loans and advances	200	94	200	85
Bonds	309	416	309	416

Liquidity risk

	DANSKE BANK GROUP		DANSKE BANK	
LOANS AND DEPOSITS, ETC., BY TIME TO MATURITY (DKr m)	2002	2001	2002	2001
Due from credit institutions and deposits with central banks				
On demand	19,663	32,565	21,070	34,978
Up to and including 3 months	139,869	84,537	175,182	118,050
Over 3 months and up to and including 1 year	23,281	16,093	31,298	20,959
Over 1 year and up to and including 5 years	11,469	4,101	16,237	2,982
Over 5 years	5,338	2,954	5,868	3,435
Total	199,620	140,250	249,655	180,404
Loans and advances				
On demand	28,270	30,755	30,370	38,530
Up to and including 3 months	219,846	177,016	149,004	117,992
Over 3 months and up to and including 1 year	110,531	176,531	74,609	140,225
Over 1 year and up to and including 5 years	187,326	156,567	79,973	62,830
Over 5 years	402,373	383,152	70,431	51,825
Total	948,346	924,021	404,387	411,402
Due to credit institutions and central banks				
On demand	45,999	52,152	53,953	63,588
Up to and including 3 months	244,622	159,730	253,259	177,112
Over 3 months and up to and including 1 year	27,432	27,639	27,435	27,393
Over 1 year and up to and including 5 years	1,178	1,119	1,143	1,016
Over 5 years	342	402	347	402
Total	319,573	241,042	336,137	269,511
Deposits				
On demand	214,516	198,796	186,742	176,903
Up to and including 3 months	170,518	154,298	165,459	149,156
Over 3 months and up to and including 1 year	4,667	5,919	4,470	5,803
Over 1 year and up to and including 5 years	12,649	12,372	12,592	12,814
Over 5 years	25,590	29,106	25,449	29,029
Total	427,940	400,491	394,712	373,705
Issued bonds, etc.				
Up to and including 3 months	179,806	170,693	87,642	85,074
Over 3 months and up to and including 1 year	86,347	74,083	30,953	36,335
Over 1 year and up to and including 5 years	199,937	148,794	6,216	5,647
Over 5 years	233,655	279,884	626	978
Total	699,745	673,454	125,437	128,034

Market risk

	DANSKE BANK GROUP		DANSKE BANK	
(DKr m)	2002	2001	2002	2001
Outstanding amounts in foreign currency				
Total assets in foreign currency	663,766	487,173	596,040	470,276
Total liabilities in foreign currency	712,126	516,388	644,596	498,667
Exchange rate indicator 1	2,614	1,532	2,197	1,532
Exchange rate indicator 1 as percentage of core capital less statutory deductions	4.46	2.78	3.70	2.74
Indicator 1 represents the sum of the Group's long currency positions or short currency positions, whichever is the larger.				
Exchange rate indicator 2	49.23	42.27	42.57	42.22
Exchange rate indicator 2 as percentage of core capital less statutory deductions	0.08	0.08	0.07	0.08
Indicator 2 is a more accurate measure of the Group's exchange rate risk than indicator 1 because indicator 2 takes into account the volatility and correlation of the currencies. Thus, indicator 2 represents, with a 99% probability, the maximum amount that the Group risks losing in the course of the following 10 days, provided that the currency position remains unchanged.				
Interest rate risk				
Interest rate risk (according to size) broken down by currency:				
DKK	1,329	1,075	1,333	900
EUR	-732	278	-739	271
USD	159	292	157	291
GBP	29	42	29	42
Other	142	149	137	147
Total	927	1,836	917	1,651

The Danske Bank Group's total interest rate sensitivity – as measured according to the guidelines laid down by the Danish Financial Supervisory Authority – was DKr927m at the end of 2002, or 1.6% of the Group's core capital less statutory deductions. Interest rate sensitivity represents the interest rate risk on short-term and long-term fixed-rate krone and foreign currency assets and liabilities, including mortgages.

In 2001, the amount of the Danske Bank Group's interest rate sensitivity was DKr1,836m, or 3.3% of the Group's core capital less statutory deductions.

Market risk

DERIVATIVES

Specified by remaining life

Danske Bank Group	**Three months and below**		**Over 3 months to 1 year**		**Over 1 year to 5 years**		**Over 5 years**	
(DKr m)	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value
Currency contracts								
Forwards/futures bought	719,117	10,391	359,754	7,742	13,809	165	-	-
Forwards/futures sold	548,787	-13,427	288,048	-10,530	10,392	-242	-	-
Swaps	17,808	-	31,395	-3	140,659	117	85,855	-162
Options bought	22,469	1,042	7,726	630	194	58	-	-
Options written	22,032	-969	9,399	-814	156	-63	-	-
Interest rate contracts								
Forwards/futures bought	132,744	470	306	3	-	-	-	-
Forwards/futures sold	86,363	-388	520	-49	100	-31	-	-
FRAs bought	409,883	-1,256	301,221	-824	20,664	-41	-	-
FRAs sold	364,689	1,435	343,373	869	19,453	35	-	-
Swaps	747,001	-45	762,834	-283	1,195,438	-2,027	510,299	-1,226
Options bought	16,403	34	25,161	224	48,512	555	6,273	53
Options written	22,664	-101	23,393	-225	38,281	-489	8,437	-112
Equity contracts								
Forwards/futures bought	757	473	133	-	-	-	-	-
Forwards/futures sold	775	-469	133	-	4	4	-	-
Options bought	147	144	8,086	24	15,570	122	-	-
Options written	232	-131	8,104	-27	23,508	-114	-	-
Other contracts								
Credit derivatives	-	-	-	-	1,274	-23	-	-

Danske Bank Group	Total 2002		Total 2001		Total 2002		Total 2001	
					Market value		Market value	
(DKr m)	Notional amount	Net market value	Notional amount	Net market value	Positive	Negative	Positive	Negative
Currency contracts								
Forwards/futures bought	1,092,680	18,298	1,037,344	-8,968	36,953	18,655	10,479	19,447
Forwards/futures sold	847,227	-24,199	927,060	9,789	19,203	43,402	17,895	8,106
Swaps	275,717	-48	156,256	-3,623	1,368	1,416	469	4,092
Options bought	30,389	1,730	44,056	543	1,730	-	543	-
Options written	31,587	-1,846	45,392	-510	-	1,846	-	510
Interest rate contracts								
Forwards/futures bought	133,050	473	128,656	53	477	4	119	66
Forwards/futures sold	86,983	-468	241,825	13	38	506	53	40
FRAs bought	731,768	-2,121	1,323,263	-3,108	-	2,121	104	3,212
FRAs sold	727,515	2,339	1,317,714	3,038	2,339	-	3,145	107
Swaps	3,215,572	-3,581	2,257,557	-848	49,480	53,061	31,146	31,994
Options bought	96,349	866	160,387	684	866	-	684	-
Options written	92,775	-927	81,722	-557	-	927	-	557
Equity contracts								
Forwards/futures bought	890	473	1,546	857	477	4	869	12
Forwards/futures sold	912	-465	1,644	-958	16	481	26	984
Options bought	23,803	290	27,709	263	290	-	263	-
Options written	31,844	-272	4,116	-305	-	272	-	305
Other contracts								
Credit derivatives	1,274	-23	1,246	-12	-	23	-	12
Total		-9,481		-3,649	113,237	122,718	65,795	69,444

Market risk

DERIVATIVES

Specified by remaining life

Danske Bank	**Three months and below**		**Over 3 months to 1 year**		**Over 1 year to 5 years**		**Over 5 years**	
(DKr m)	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value
Currency contracts								
Forwards/futures bought	713,680	10,358	358,055	7,634	13,608	154	-	-
Forwards/futures sold	545,357	-13,033	286,270	-10,442	10,218	-226	-	-
Swaps	17,808	-	27,973	-9	141,722	6	90,530	-161
Options bought	22,376	1,030	7,641	609	157	45	-	-
Options written	21,939	-1,167	9,314	-793	119	-49	-	-
Interest rate contracts								
Forwards/futures bought	44,278	82	-	-	-	-	-	-
Forwards/futures sold	24,700	-257	320	-47	100	-31	-	-
FRAs bought	408,694	-1,255	301,221	-824	20,664	-41	-	-
FRAs sold	361,026	1,433	343,373	869	19,453	35	-	-
Swaps	747,133	-45	762,960	-259	1,196,700	-1,194	521,851	-835
Options bought	16,039	32	25,060	225	47,959	554	6,166	51
Options written	22,121	-97	23,291	-226	37,866	-484	8,330	-110
Equity contracts								
Forwards/futures bought	713	473	-	-	-	-	-	-
Forwards/futures sold	731	-469	-	-	4	4	-	-
Options bought	146	143	8,081	24	15,570	122	-	-
Options written	231	-130	8,101	-27	23,508	-114	-	-
Other contracts								
Credit derivatives	-	-	-	-	1,273	-23	-	-

Danske Bank	Total 2002		Total 2001		Total 2002		Total 2001	
					Market value		Market value	
(DKr m)	Notional amount	Net market value	Notional amount	Net market value	Positive	Negative	Positive	Negative
Currency contracts								
Forwards/futures bought	1,085,343	18,146	1,061,727	-8,972	37,158	19,012	10,472	19,444
Forwards/futures sold	841,845	-23,701	952,782	9,709	19,233	42,934	17,758	8,049
Swaps	278,033	-164	155,160	-3,449	1,252	1,416	470	3,919
Options bought	30,174	1,684	44,036	543	1,684	-	543	-
Options written	31,372	-2,009	45,394	-510	-	2,009	-	510
Interest rate contracts								
Forwards/futures bought	44,278	82	57,116	-1	87	5	2	3
Forwards/futures sold	25,120	-335	192,435	3	38	373	3	-
FRAs bought	730,579	-2,120	1,321,230	-3,106	-	2,120	104	3,210
FRAs sold	723,852	2,337	1,316,027	3,037	2,337	-	3,144	107
Swaps	3,228,644	-2,333	2,251,021	-672	49,696	52,029	31,263	31,935
Options bought	95,224	862	160,387	678	862	-	678	-
Options written	91,608	-917	81,722	-555	-	917	-	555
Equity contracts								
Forward/futures bought	713	473	1,107	851	477	4	857	6
Forward/futures sold	735	-465	1,178	-957	15	480	10	967
Options bought	23,797	289	27,669	22	289	-	22	-
Options written	31,840	-271	4,071	-148	-	271	-	148
Other contracts								
Credit derivatives	1,273	-23	1,246	-12	-	23	-	12
Total		-8,465		-3,539	113,128	121,593	65,326	68,865

Market risk

Danske Bank Group	2002		2001		2002		2001	
	Average market value		Average market value		Market value of non-guaranteed contracts		Market value of non-guaranteed contracts	
(DKr m)	Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative
Currency contracts								
Forwards/futures bought	23,717	19,051	16,202	16,731	36,954	18,655	10,479	19,447
Forwards/futures sold	18,549	25,754	15,100	13,688	19,203	43,401	17,895	8,106
Swaps	919	1,254	2,004	6,061	1,368	1,416	469	4,092
Options bought	1,136	-	500	-	1,730	-	543	-
Options written	-	1,178	-	596	-	1,846	-	510
Interest rate contracts								
Forwards/futures bought	298	35	159	44	477	5	98	46
Forwards/futures sold	46	273	34	74	39	505	44	30
FRAs bought	52	2,667	129	2,728	-	2,121	104	3,212
FRAs sold	2,742	53	2,692	129	2,339	-	3,145	107
Swaps	40,315	42,527	27,453	27,317	49,480	53,061	31,146	31,994
Options bought	775	-	564	-	866	-	684	-
Options written	-	742	-	501	-	927	-	557
Equity contracts								
Forwards/futures bought	673	8	536	18	477	-	847	2
Forwards/futures sold	19	733	40	607	-	477	1	933
Options bought	276	-	307	-	134	-	94	-
Options written	-	288	-	265	-	114	-	87
Credit derivatives	-	19	1	-	-	23	-	12
Total market value	89,517	94,582	65,721	68,759	113,067	122,551	65,549	69,135
Total after netting					33,316		31,485	

Danske Bank	2002		2001		2002		2001	
	Average market value		Average market value		Market value of non-guaranteed contracts		Market value of non-guaranteed contracts	
(DKr m)	Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative
Currency contracts								
Forwards/futures bought	23,815	19,228	16,120	16,665	37,158	19,012	10,472	19,444
Forwards/futures sold	18,495	25,492	14,766	13,214	19,233	42,934	17,758	8,049
Swaps	861	2,667	2,004	5,868	1,252	1,416	470	3,919
Options bought	1,114	-	499	-	1,684	-	543	-
Options written	-	1,260	-	596	-	2,009	-	510
Interest rate contracts								
Forwards/futures bought	44	4	26	7	87	5	1	1
Forwards/futures sold	21	187	4	10	38	373	2	-
FRAs bought	52	2,665	125	2,637	-	2,120	104	3,210
FRAs sold	2,740	53	2,596	126	2,337	-	3,144	107
Swaps	40,481	42,312	27,267	27,755	49,699	52,690	31,263	31,935
Options bought	770	-	564	-	862	-	678	-
Options written	-	736	-	500	-	917	-	555
Equity contracts								
Forwards/futures bought	667	5	524	13	477	-	852	1
Forwards/futures sold	11	722	27	592	-	477	4	950
Options bought	156	-	105	-	134	-	15	-
Options written	-	210	-	201	-	114	-	52
Credit derivatives	-	18	1	-	-	23	-	12
Total market value	89,227	95,559	64,627	68,184	112,961	122,090	65,306	68,745
Total after netting					33,972		30,403	

Market risk

UNSETTLED SPOT TRANSACTIONS

Danske Bank Group (DKr m)	Notional amount	Market value Positive	Market value Negative	Total 2002 Net market value
Foreign exchange transactions bought	48,510	27	78	-51
Foreign exchange transactions sold	26,664	57	61	-4
Interest rate transactions bought	26,573	11	2	9
Interest rate transactions sold	27,917	27	86	-59
Equity transactions bought	245	106	6	100
Equity transactions sold	252	2	103	-101
Total	130,161	230	336	-106
Total 2001		298	316	-18

Danske Bank (DKr m)	Notional amount	Market value Positive	Market value Negative	Total 2002 Net market value
Foreign exchange transactions bought	48,096	27	78	-51
Foreign exchange transactions sold	26,250	56	61	-5
Interest rate transactions bought	26,038	33	2	31
Interest rate transactions sold	14,791	3	79	-76
Equity transactions bought	145	105	5	100
Equity transactions sold	168	2	103	-101
Total	115,488	226	328	-102
Total 2001		210	242	-32

	DANSKE BANK GROUP		DANSKE BANK	
POSITIVE MARKET VALUE, AFTER NETTING (DKr m)	2002	2001	2002	2001
Counterparty with risk weighting of 0%	448	200	446	193
Counterparty with risk weighting of 20%	24,849	26,821	25,596	25,899
Counterparty with risk weighting of 100%	8,019	4,464	7,930	4,311
Total	33,316	31,485	33,972	30,403

Notes to the profit and loss account

CORE EARNINGS AND EARNINGS FROM INVESTMENT PORTFOLIOS OF THE DANSKE BANK GROUP AND THE STATUTORY PRESENTATION OF ACCOUNTS

Note	(DKr m) 2002	Core earnings	Trading income	Profit on sale	Earnings from investment portfolios	Total *
1	Net interest income	15,658	2,484	-	881	19,023
	Dividends from shares, etc.	154	-	-	73	227
	Fee and commission income	6,112	-31	-	-26	6,055
	Net interest and fee income	21,924	2,453	-	928	25,305
	Trading income/securities and foreign exchange income	2,698	-2,456	-	433	675
	Other operating income	1,124	3	-	103	1,230
	Staff costs and administrative expenses	14,864	-	-	145	15,009
	Amortisation, depreciation and write-downs	591	-	-	-	591
	Other operating expenses	34	-	-	-	34
	Provisions for bad and doubtful debts	1,420	-	-	-	1,420
	Income from associated and subsidiary undertakings	1,319	-	-	-311	1,008
	Profit on ordinary operations before tax	10,156	-	-	1,008	11,164

2001	Core earnings	Trading income	Profit on sale [1]	Earnings from investment portfolios	Total *
Net interest income	16,565	1,486	-	555	18,606
Dividends from shares, etc.	168	-	-	273	441
Fee and commission income	6,240	25	-	-23	6,242
Net interest and fee income	22,973	1,511	-	805	25,289
Trading income/securities and foreign exchange income	3,108	-1,511	-	-34	1,563
Other operating income	1,003	-	257	-	1,260
Staff costs and administrative expenses	15,379	-	-	124	15,503
Amortisation, depreciation and write-downs	891	-	-	-	891
Other operating expenses	5	-	17	-	22
Provisions for bad and doubtful debts	1,752	-	-	-	1,752
Income from associated and subsidiary undertakings	1,223	-	-	223	1,446
Profit on ordinary operations before tax	10,280	-	240	870	11,390

*) The statutory accounting format of the Danish Financial Supervisory Authority
[1]) Profit on sale of subsidiaries

Core earnings comprise the result of customer-related activities, including the trading portfolio and life business.
Earnings from investment portfolios comprise the profits on the proprietary investment portfolios of the banking group and the life business. Shareholders' equity is allocated to core earnings and earnings from investment portfolios of the areas in proportion to their capital requirement.

Notes to the profit and loss account

		DANSKE BANK GROUP		DANSKE BANK	
Note	(DKr m)	2002	2001	2002	2001
2	**Interest income**				
	Repo transactions with central banks	107	28	63	25
	Central banks	2,512	1,215	2,211	1,186
	Repo transactions with credit institutions	3,248	2,987	3,374	3,120
	Credit institutions	1,314	3,554	914	3,846
	Mortgage loans	26,698	27,594	-	-
	Repo loans and advances	2,311	2,178	2,309	2,178
	Loans and advances	24,043	29,089	19,142	23,719
	Bonds	13,276	13,037	12,211	10,783
	Derivatives				
	Currency contracts	-2,720	-95	-2,426	-149
	Interest rate contracts	-611	-13	-500	-17
	Total derivatives	-3,331	-108	-2,926	-166
	Other interest income	179	213	45	93
	Total	70,357	79,787	37,343	44,784
3	**Interest expense**				
	Repo transactions with central banks	181	30	35	25
	Central banks	2,044	2,412	2,043	2,397
	Repo transactions with credit institutions	3,216	3,111	3,469	3,229
	Credit institutions	2,936	6,402	3,283	6,538
	Repo deposits	1,296	743	1,293	742
	Deposits	11,408	14,251	8,772	11,859
	Mortgage bonds issued	24,968	26,870	-	-
	Other bonds issued	3,534	5,146	3,327	4,685
	Subordinated debt	1,630	2,085	1,580	1,891
	Other interest expense	121	131	41	48
	Total	51,334	61,181	23,843	31,414
4	**Fee and commission income**				
	Guarantee commission	439	469	647	675
	Securities and custody commission	2,738	3,258	2,447	2,928
	Payment services	1,416	1,513	1,361	1,407
	Remortgaging and loan fees	1,381	1,244	915	895
	Other commissions	1,416	1,329	981	1,003
	Total	7,390	7,813	6,351	6,908

Notes to the profit and loss account

		DANSKE BANK GROUP		DANSKE BANK	
Note	(DKr m)	2002	2001	2002	2001
5	**Securities and foreign exchange income**				
	Bonds	2,727	562	2,688	465
	Shares	-2,943	-2,507	-3,184	-2,610
	Fixed-rate loans and advances	157	278	127	206
	Foreign exchange	-322	908	-385	824
	Derivatives				
	Currency contracts	-133	28	-122	28
	Interest rate contracts	-2,140	55	-2,242	45
	Equity contracts	393	332	347	323
	Total derivatives	-1,880	415	-2,017	396
	Adjustment for pooled schemes	2,936	1,907	2,936	1,907
	Total	675	1,563	165	1,188
	Securities and foreign exchange income				
	After adjustment for pooled schemes, securities and foreign exchange income totals:				
	Bonds	2,072	556	2,033	458
	Shares	-285	-565	-526	-668
	Fixed-rate loans and advances	157	278	127	206
	Foreign exchange	611	880	548	796
	Derivatives	-1,880	414	-2,017	396
	Total	675	1,563	165	1,188
6	**Other operating income**				
	Net operating income from property	445	451	300	324
	Profit on sale of subsidiaries and associated undertakings	121	257	103	233
	Other operating income	664	552	468	334
	Total	1,230	1,260	871	891

		DANSKE BANK GROUP		DANSKE BANK	
Note	(DKr m)	2002	2001	2002	2001
7	**Staff costs and administrative expenses**				
	Salaries and remuneration of Board of Directors and Executive Board				
	Executive Board				
	Salary	10	24	10	24
	Bonus	2	5	2	5
	An amount of DKr20m was paid in 2002 (DKr30m in 2001) to strengthen the capital base of the pension fund which covers the Group's pension commitments to current and former members of the Executive Board and their dependents.				
	Board of Directors				
	Remuneration of the Board of Directors	6	7	6	7
	Remuneration for committee work	3	3	3	3
	Other remuneration	-	-	-	-
	Total	21	39	21	39

Remuneration to the members of the Executive Board and the Board of Directors is calculated as the total remuneration of the individual members and directors in the period in office.

The number of members of the Executive Board and the Board of Directors was reduced in both 2001 and 2002.

Agreements about compensation for a fixed term on termination of directorships have been concluded with a number of Board members.

Executive Board service contracts:

Pensions:
Members of the Executive Board may retire with a life pension by the end of the accounting year in which they attain the age of 60 and are expected to retire, at the latest, by the end of the accounting year in which they attain the age of 62. Pension benefit constitutes 50% of their salary on retirement. The Bank's pension commitment is paid into the pension fund which covers Danske Bank A/S' pension commitments to current and former members of the Executive Board and their dependents.

Termination:
Termination of the service contracts of the members of the Executive Board is subject to 12 months' notice by either party. In case of termination by the Bank, Peter Straarup is entitled to life pension. In case of termination by the Bank, Jakob Brogaard is entitled to 24 months' salary.

	Group 2002	Group 2001	Bank 2002	Bank 2001
Staff costs				
Salaries and remuneration of Board of Directors and Executive Board	21	39	21	39
Salaries	7,592	7,557	6,190	6,193
Pension costs	876	760	767	644
Financial services employer tax, etc.	824	768	672	636
Total	9,313	9,124	7,650	7,512
Other administrative expenses, gross	5,944	6,622	4,145	4,802
Consideration for administrative services from non-consolidated subsidiaries is deducted from other administrative expenses	-248	-243	-248	-243
Other administrative expenses, net	5,696	6,379	3,897	4,559
Total staff costs and administrative expenses	15,009	15,503	11,547	12,071

Notes to the profit and loss account

Note

7 (continued) **Equity-based incentive programme**

Share options

	Number					Market value (DKr m)	
	Executive Board	Senior staff	Other employees	Total	Strike price	At issue	End of year
Allotted in 2001, beg.	139,050	637,900	-	776,950	152.89	26.8	9.4
Cancelled/added	-55,715	-12,335	29,525	-38,525	-	-	-
Allotted in 2001, end	83,335	625,565	29,525	738,425	152.89	25.5	9.0
Allotted in 2002	147,334	1,241,466	-	1,388,800	140.84	47.9	24.1
Cancelled/added	-34,667	-8,000	34,667	-8,000	-	-	-
Allotted in 2002, end	112,667	1,233,466	34,667	1,380,800	140.84	47.6	23.6
Allotted in 2001, end							
Peter Straarup	57,145	-	-	57,145	152.89	2.0	0.7
Jakob Brogaard	26,190	-	-	26,190	152.89	0.9	0.3
Allotted in 2002, end							
Peter Straarup	66,667	-	-	66,667	140.84	2.3	1.2
Jakob Brogaard	46,000	-	-	46,000	140.84	1.6	0.8

Market value is calculated according to the Black & Scholes formula on the basis of the following assumptions: Share price end of year 117.43. Dividend 4%. Volatility 30%. Average time to expiry 3.25/4.25 years.

The lifetime of the share options is seven years from allotment, consisting of a vesting period of three years and an exercise period of four years. The option programme is a three-year revolving programme.

Purchase rights to conditional shares

Allotted in 2002	10,021	73,435	279,450	362,906		46.5	43.6
Cancelled/added	-2,052	-474	-2,868	-5,394		-	-
Allotted in 2002, end	7,969	72,961	276,582	357,512		45.8	42.0
Allotted in 2002, end							
Peter Straarup	5,247	-	-	5,247		0.7	0.6
Jakob Brogaard	2,722	-	-	2,722		0.3	0.3

Conditional shares, which constitute part of the bonus set for the year, are available three years after allotment subject to continuous employment.

The total number of Danske Bank shares (exclusive of options and rights to buy conditional shares) held by the Board of Directors and the Executive Board was 84,804 at the end of 2002 (2001: 88,207).

Notes to the profit and loss account

		DANSKE BANK GROUP		DANSKE BANK	
Note	(DKr m)	2002	2001	2002	2001
8	**Audit fees**				
	Aggregate fees to the accounting firms elected by the annual general meeting which perform the statutory audit	14	15	7	9
	Of which in respect of services other than auditing	3	5	2	3
	In addition to these fees, considerable costs were incurred in operating the Bank's internal audit department.				
9	**Number of employees**				
	Average number of employees for the accounting year, full-time equivalent:				
	Consolidated companies	17,156	18,000	14,698	15,645
	Non-consolidated companies	849	958	-	-
	Total	18,005	18,958	14,698	15,645
10	**Amortisation and depreciation**				
	Intangible assets	48	46	44	38
	Tangible assets	543	845	464	749
	Total	591	891	508	787
11	**Income from associated and subsidiary undertakings**				
	Income from associated undertakings, etc.	500	221	453	180
	Income before tax from subsidiary undertakings	508	1,225	4,075	4,193
	Total	1,008	1,446	4,528	4,373
12	**Tax (minus denotes an income)**				
	Estimated tax charge on the profit for the year	2,538	2,761	2,538	2,761
	Deferred tax	508	629	508	629
	Tax on provisions	81	104	81	104
	Adjustment of prior-year tax charge	-205	-817	-205	-817
	Total	2,922	2,677	2,922	2,677
	Effective tax rate	%	%	%	%
	The current tax rate of the Danske Bank Group	30.0	30.0	30.0	30.0
	Non-liable income and non-deductible expenses	-3.4	-0.6	-3.4	-0.6
	Difference in tax rate of foreign units from Danish tax rate	1.3	0.4	1.3	0.4
	Re-adjustment of prior-year tax charge	-2.1	-7.2	-2.1	-7.2
	Tax on provisions	0.7	0.9	0.7	0.9
	Other	-0.3	-	-0.3	-
	Effective tax rate	26.2	23.5	26.2	23.5

The tax charge is allocated as follows	Danske Bank	Consolidated subsidiaries	Non-consolidated subsidiaries	Total
Calculated tax on profit for the year	1,871	947	-280	2,538
Deferred tax	134	122	252	508
Tax on provisions	77	4	-	81
Re-adjustment of prior-year tax charge	-218	52	-39	-205
Total	1,864	1,125	-67	2,922

Note

13 **The Group's geographical segments**

(DKr m)	Gross income 2002	Gross income 2001	Core earnings before provisions 2002	Core earnings before provisions 2001	Total assets 2002	Total assets 2001	Total staff 2002	Total staff 2001
Denmark	65,593	75,051	12,924	12,440	1,527,578	1,354,077	15,063	15,733
Finland	555	1,973	-17	31	13,442	9,138	65	88
Germany	285	391	109	104	5,514	10,128	38	37
Hong Kong	-	383	-	37	-	-	-	-
Luxembourg	1,117	1,991	149	242	31,639	36,113	106	131
Norway	6,818	5,628	538	448	80,352	71,637	1,040	1,083
Poland	85	71	27	10	1,276	655	47	41
Singapore	-	253	-	27	-	-	-	-
Sweden	6,760	5,714	84	373	139,412	110,552	1,185	1,158
UK	4,838	6,877	1,011	966	121,292	132,201	193	182
USA	1,939	5,257	321	300	94,255	98,868	71	68
Eliminations	-8,111	-12,725	-3,571	-2,946	-263,207	-284,787		

Geographical segmentation is based on the location where the individual transactions are recorded. The figures for Denmark include funding costs related to investments in foreign activities.

Total gross income comprises interest income, dividends, fee and commission income, securities and foreign exchange income, net, and other operating income.

Notes to the balance sheet

		DANSKE BANK GROUP		DANSKE BANK	
Note	(DKr m)	2002	2001	2002	2001
14	**Due from credit institutions and deposits with central banks**				
	Repo transactions with central banks	4,621	3,316	3,840	3,123
	Other deposits with central banks	77,825	37,080	60,386	20,895
	Repo transactions with credit institutions	79,096	52,437	109,430	74,534
	Other amounts due from credit institutions	38,078	47,417	75,999	81,852
	Total	199,620	140,250	249,655	180,404
15	**Loans and advances**				
	Mortgage loans	469,506	448,159	-	-
	Repo loans and advances	77,461	65,100	77,461	65,072
	Leases	19,737	16,056	14,213	11,544
	Other loans and advances through foreign units	205,982	209,652	133,647	144,953
	Other loans and advances	175,660	185,054	179,066	189,833
	Total	948,346	924,021	404,387	411,402
16	**Loans to management**				
	Loans, loan commitments, pledges, sureties or guarantees established for members of				
	Executive Board	3	3	-	1
	Board of Directors	58	68	28	59
17	**Bonds**				
	Own bonds	118,708	125,322	2,373	1,716
	Other listed bonds	275,876	188,470	258,486	204,829
	Other bonds	28,096	29,286	27,596	28,932
	Total	422,680	343,078	288,455	235,477
18	**Shares, etc.**				
	Current investments:				
	Listed shares	8,230	11,075	8,199	10,761
	Other shares and holdings	1,342	1,282	1,058	991
	Total current investments	9,572	12,357	9,257	11,752
	Fixed investments:				
	Listed shares	-	-	-	-
	Other shares and holdings	-	-	-	-
	Total fixed investments	-	-	-	-
	Total shares, etc.	9,572	12,357	9,257	11,752
	Market value of listed securities exceeds the cost of these securities by a net amount of	2,620	-	1,965	-
	Market value of unlisted securities exceeds the cost of these securities by a net amount of	305	-	204	-

At the end of 2002, the Group had deposited securities for a nominal amount of DKr86,758m with Danish and international clearing centres, etc., as security. In 2001, the corresponding amount was DKr34,176m.

Notes to the balance sheet

Note	(DKr m)	Subsidiary undertakings	Associated undertakings and other significant holdings
19	**Danske Bank Group's financial fixed assets in 2002**		
	Cost, beginning of year	6,293	1,327
	Additions	-	81
	Disposals	133	116
	Cost, end of year	6,160	1,292
	Revaluation and write-downs, beginning of year	3,351	94
	Result	578	500
	Dividends	-	196
	Other movements in capital	1,407	6
	Reversal of revaluation and write-downs	108	-23
	Revaluation and write-downs, end of year	5,444	381
	Holdings in parent companies	-	-
	Book value, end of 2002	11,604	1,673
	of which credit institutions	-	237
	Book value, end of 2001	9,644	1,421
	of which credit institutions	-	181
	Danske Bank's financial fixed assets in 2002		
	Cost, beginning of year	40,296	786
	Exchange rate adjustment	484	-
	Additions	666	70
	Disposals	1,068	30
	Cost, end of year	40,378	826
	Revaluation and write-downs, beginning of year	-94	203
	Exchange rate adjustment	-192	-
	Result	3,018	453
	Dividends	153	185
	Other movements in capital	1,576	6
	Reversal of revaluation and write-downs	-	-30
	Revaluation and write-downs, end of year	4,155	447
	Book value, end of 2002	44,533	1,273
	of which credit institutions	31,362	237
	Book value, end of 2001	40,202	989
	of which credit institutions	28,329	181

Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999 is the parent company of Danica Pension. Danica Pension is a life insurance company and the parent company of a life insurance group. The group has an obligation to certain policyholders to restrict transfers to equity if the percentage by which the solvency margin exceeds the statutory solvency requirement is higher than the percentage maintained by Statsanstalten for Livsforsikring (now Danica Pension) prior to the privatisation of this company in 1990. In addition, it is the intention not to distribute dividends for a period of at least 25 years as from 1990. Paid-up share capital may, however, be distributed, and interest thereon may be distributed after 2000.

		DANSKE BANK GROUP		DANSKE BANK	
Note	**Intangible assets** (DKr m)	Intangible assets	Goodwill	Intangible assets	Goodwill
20	Cost, beginning of year	-	-	-	-
	Additions	-	-	-	-
	Disposals	-	-	-	-
	Cost, end of year	-	-	-	-
	Amortisation, end of year	-	-	-	-
	Book value, end of 2002	-	-	-	-
	Book value, end of 2001	-	-	-	-
	Furthermore, amounts fully written off at the time of acquisition during the accounting year total	48	-	44	-
	In 2001, the total amount fully written off at the time of acquisition was	46	372	38	372

Note	**Tangible assets** (DKr m)	Land and buildings	Machinery, equipment	Land and buildings	Machinery, equipment
21	Cost, beginning of year	7,509	2,325	5,703	1,991
	Other additions	53	-	-	-
	Additions during year	179	201	164	170
	Disposals during year	413	345	167	311
	Exchange rate adjustment	19	13	-	-4
	Cost, end of year	7,347	2,194	5,700	1,846
	Revaluation, beginning of year	480	-	406	-
	Reversal of revaluation during year	28	-	21	-
	Revaluation, end of year	452	-	385	-
	Depreciation and write-downs, beginning of year	1,971	1,919	1,447	1,686
	Other additions	3	-	-	-
	Depreciation during year	52	255	37	219
	Write-downs during year	5	-	2	-
	Reversal of depreciation and write-downs	138	328	29	306
	Exchange rate adjustment	7	12	-	-4
	Depreciation and write-downs, end of year	1,900	1,858	1,457	1,595
	Book value, end of 2002	5,899	336	4,628	251
	Property temporarily taken over, end of 2002 (mortgage loans)	34			
	Book value, end of 2001	6,018	406	4,662	305
	Latest public land assessment (non-assessed properties included at cost)	6,897		5,622	
	Furthermore, machinery and equipment, etc., acquired during the accounting year were fully written off at the time of acquisition, by a total amount of		231		206
	In 2001, the total amount fully written off at the time of acquisition was		417		387

Notes to the balance sheet

		DANSKE BANK GROUP		DANSKE BANK	
Note	(DKr m)	2002	2001	2002	2001
22	**Own shares taken up at market value**				
	Number of own shares (in thousands)	6,235	5,998	6,235	5,998
	Nominal holding of own shares	62	60	62	60
	Book value	732	810	732	810
	Of which pooled schemes	418	569	418	569
	Percentage of share capital at December 31	0.9	0.8	0.9	0.8
	Own shares recognised at nil				
	Own shares acquired with the object of reducing the share capital are written down to nil against shareholders' equity.				
	Number of own shares (in thousands)	20,324	-	20,324	-
	Nominal holding of own shares	203	-	203	-
	Cost	3,000	-	3,000	-
	Percentage of share capital at December 31	2.8	-	2.8	-
23	**Other assets**				
	Positive market value of derivatives	113,467	66,093	113,354	65,536
	Interest and commission due	13,009	14,447	7,633	9,056
	Other assets	6,034	9,324	3,325	5,185
	Total	132,510	89,864	124,312	79,777
24	**Due to credit institutions and central banks**				
	Repo transactions with central banks	833	3,173	833	3,173
	Due to central banks	81,291	59,172	81,291	59,172
	Repo transactions with credit institutions	82,446	59,893	81,559	65,747
	Due to credit institutions	155,003	118,804	172,454	141,419
	Total	319,573	241,042	336,137	269,511
25	**Deposits**				
	On demand	214,755	198,134	186,742	176,903
	At notice	7,447	7,421	5,287	4,785
	Time deposits	139,797	126,075	136,845	123,165
	Repo deposits	17,034	16,803	16,931	16,794
	Special deposits	48,907	52,058	48,907	52,058
	Total	427,940	400,491	394,712	373,705
26	**Issued bonds**				
	Mortgage bonds	567,912	536,352	-	-
	Other bonds	131,833	137,102	125,437	128,034
	Total	699,745	673,454	125,437	128,034
27	**Other liabilities**				
	Negative market value of derivatives	123,054	69,760	121,922	69,106
	Repurchase obligation, reverse transactions	39,399	19,832	39,399	19,832
	Accrued interest and commission	18,303	19,820	2,700	5,297
	Dividends from the share capital for the year	3,380	3,477	3,380	3,477
	Other liabilities	26,473	19,038	24,344	16,171
	Total	210,609	131,927	191,745	113,883
28	**Provisions for obligations**				
	Reserves in early series subject to a reimbursement obligation	832	920	-	-
	Pensions and similar obligations	285	234	101	74
	Cases pending	103	229	87	223
	Other provisions for obligations	304	745	170	742
	Total	1,524	2,128	358	1,039

Notes to the balance sheet

Note

29 **Subordinated debt**

Subordinated debt consists of liabilities in the form of subordinated loan capital and other capital instruments which, in case of the Bank's voluntary or compulsory winding-up, will not be repaid until after the claims of ordinary creditors have been met. The capital base ("liable capital"), as calculated in accordance with sections 21a and 22 of the Danish Banking Act, includes subordinated debt.

Subordinated loan capital

Nominal amount	Million	Rate of interest	Issued	Maturity	Redemption price	2002 DKr m	2001 DKr m
Redeemed loans						-	138
Total subordinated loan capital issued by Danske Bank						-	138
Subordinated loan capital issued by subsidiaries							
Redeemed loans						-	420
Total subordinated loan capital issued by the Danske Bank Group						-	558
Capital instruments included in the capital base							
Redeemed loans							3,827
USD	200	6.55	23/9 1993	2003	100	1,416	1,682
USD	200	7.25	21/6 1995	2005	100	1,416	1,682
DKK	100	8.93	5/12 1993	2006	100	100	100
USD	300	floating	4/6 1996	2006	100	2,125	2,523
JPY	10,000	6.30	14/9 1992	2007	100	597	641
DKK	75	6.00	30/9 1999	2007	100	75	75
GBP	125	floating	22/7 1996	2007	100	1,425	1,523
GBP	75	floating	22/10 1996	2007	100	855	914
EUR	150	floating	24/11 1999	2007	100	1,114	1,115
USD	300	6.375	17/6 1998	2008	100	2,125	2,523
USD	300	floating	4/4 1997	2009	100	2,125	2,523
USD	500	7.40	11/6 1997	2010	100	3,541	4,205
EUR	700	5.75	26/3 2001	2011	100	5,197	5,205
GBP	150	floating	25/5 2001	2014	100	1,710	1,828
EUR	400	5,875	26/3 2002	2015	100	2,970	-
EUR	500	5,125	12/11 2002	2012	100	3,711	-
Total value of capital instruments constituting supplementary capital issued by Danske Bank						30,502	30,366
Capital instruments issued by subsidiaries included in the Group's capital base							
USD	100	floating	3/3 1997	perpetual	100	708	841
Total value of capital instruments constituting supplementary capital of subsidiaries						708	841
Total subordinated debt of the Danske Bank Group						31,210	31,765
The capital base includes subordinated debt in the amount of							
Danske Bank Group						29,552	29,784
Danske Bank						29,086	29,170

The cost of repaying and issuing subordinated debt amounts to DKr18m in 2002.
In 2001, the corresponding amount was DKr32m.

Notes to the balance sheet

Note	(DKr m)	DANSKE BANK GROUP 2002	DANSKE BANK GROUP 2001	DANSKE BANK 2002	DANSKE BANK 2001
30	**Genuine sale and repurchase transactions as well as genuine purchase and resale transactions (repo/reverse transactions)**				
	Genuine purchase and resale transactions included in:				
	Amounts due from credit institutions and deposits with central banks	83,717	55,753	113,270	77,657
	Loans and advances	77,461	65,100	77,461	65,072
	Genuine sale and repurchase transactions included in:				
	Amounts due to credit institutions and central banks	83,279	63,066	82,392	68,920
	Deposits	17,034	16,803	16,931	16,794
	Assets sold in the context of genuine sale and repurchase transactions:				
	Bonds	101,127	79,901	99,328	85,262
	Unsettled genuine purchase and resale transactions	26,022	20,757	24,674	20,447
	Unsettled genuine sale and repurchase transactions	8,551	6,054	8,221	6,054

Note	**Amounts due from and due to subsidiary and associated undertakings, etc.**	**Subsidiary undertakings**		**Associated undertakings and other significant holdings**	
31	Amounts due to Danske Bank from subsidiary and associated undertakings, etc., and amounts due from the Bank to these undertakings break down as follows:				
	Due from credit institutions and deposits with central banks	73,993	63,568	21	21
	Loans and advances	10,001	12,054	515	405
	Bonds	33,112	43,154	-	3
	Total assets	117,106	118,776	536	429
	Due to credit institutions	19,339	31,815	8	7
	Deposits	1,265	2,748	437	231
	Issued bonds*	73,305	66,057	-	-
	Total liabilities	93,909	100,620	445	238

*) This amount represents funds from Danske Corporation resulting from the sale of commercial paper notes in the US market.

Note

32 **Market value adjustment**

The Danske Bank Group continuously monitors the hedging of the interest rate risk on the Group's portfolio of fixed-rate assets and liabilities. The portfolio of assets and the liabilities are hedged in full or in part by means of derivatives so that, for each currency, the interest rate risk on the hedged portfolio of assets and the liabilities corresponds to the interest rate risk, for each currency, on the derivatives employed for hedging them.

Under Danish accounting regulations applying to banks and savings banks, part of the Group's fixed-rate assets (loans and advances as well as unlisted bonds) must be valued at cost or lower. Revaluation to a market value in excess of cost is consequently not allowed. For some of these assets, the interest rate risk has been hedged by derivatives (swaps), and, in accordance with the accounting regulations, no value adjustment of these instruments has been made. Consequently, the Group did not expense DKr1,804m in 2002 and DKr756m in 2001.

The interest rate risk on the fixed-rate liabilities, which are not value adjusted under Danish accounting regulations, is hedged by derivatives (swaps) in respect of long-term liabilities. Market value adjustment of these derivatives employed for hedging purposes is not allowed. Consequently, the Group did not book income of DKr2,918m in 2002 and DKr1,064m in 2001.

(DKr m)	2002				2001		
Danske Bank Group	Purchase price	Book value	Market value	Nominal/ Notional amount	Book value	Market value	Nominal/ Notional amount
Assets							
Loans and advances	53,509	53,509	55,293	53,419	51,585	52,341	51,585
Bonds	18,398	18,398	18,418	17,594	12,024	12,024	12,078
Total	71,907	71,907	73,711	71,013	63,609	64,365	63,663
Derivatives hedging interest rate risks							
Swaps			1,804	70,856		756	62,925
Liabilities							
Deposits	-	1,206	1,341	1,206	8,326	8,618	8,326
Issued bonds, etc.	-	5,538	5,970	5,538	6,610	6,814	6,610
Subordinated debt	-	21,024	23,376	21,024	16,125	16,693	16,125
Total	-	27,768	30,687	27,768	31,061	32,125	31,061
Derivatives hedging interest rate risks							
Swaps			2,918	27,769		1,064	30,965

Fixed-rate loans granted by the mortgage finance business are funded through the issue of mortgage bonds, which are not value adjusted. In accordance with a ruling given by the Danish Financial Supervisory Authority, fixed-rate mortgage loans are not value adjusted either. Therefore, the fixed-rate assets and liabilities listed above do not include fixed-rate mortgage loans and mortgage bonds issued.

Danske Bank							
Assets							
Loans and advances	47,077	47,077	48,427	47,077	40,726	41,329	40,726
Bonds	18,398	18,398	18,417	17,594	12,024	12,024	12,078
Total	65,475	65,475	66,844	64,671	52,750	53,353	52,804
Derivatives hedging interest rate risks							
Swaps			1,369	65,264		603	52,550
Liabilities							
Deposits	-	1,206	1,341	1,206	8,326	8,618	8,326
Issued bonds, etc.	-	3,647	4,055	3,647	4,920	5,093	4,920
Subordinated debt	-	21,024	23,375	21,024	16,125	16,693	16,125
Total	-	25,877	28,771	25,877	29,371	30,404	29,371
Derivatives hedging interest rate risks							
Swaps			2,894	25,878		1,033	29,369

Notes to off-balance-sheet items

		DANSKE BANK GROUP		DANSKE BANK	
Note	(DKr m)	2002	2001	2002	2001
33	**Guarantees, etc.**				
	Financial guarantees	21,745	27,633	61,907	64,333
	Other guarantees	61,920	62,552	131,762	125,810
	Acceptances and endorsements, etc.	1,692	1,667	1,692	1,667
	Total	85,357	91,852	195,361	191,810
34	**Other commitments**				
	Irrevocable loan commitments	91,722	86,259	86,867	84,371
	Other commitments	4,046	4,277	1,177	2,166
	Total	95,768	90,536	88,044	86,537

35 **Contingent liabilities**

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

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

The Group's pension commitments are covered by ongoing payments made to insurance companies, pension funds, etc. In a few cases, however, the Group may, following an actuarial calculation, be ordered to make further payments. Certain foreign pension commitments are not covered outside the Group, but provisions are made on the basis of an actuarial calculation.

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

The Bank is jointly and severally liable for the corporation tax of the jointly taxed companies. The Bank is registered jointly with all significant wholly-owned Danish subsidiaries in relation to financial services employer tax and VAT for which it is jointly and severally liable.

In addition to the deferred tax provided for in the balance sheet, the Bank is liable for deferred tax of DKr192m regarding shares in subsidiary companies held for less than three years. In 2001, the corresponding amount was DKr1,085m.

36 **Related parties**

Danske Bank has no related parties with a significant influence on the Group. Apart from intra-group restructurings effected at market price, no unusual transactions took place with associated or subsidiary undertakings in 2002.

The Danske Bank Group handles IT administration and development, portfolio management and property administration for Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999. Danske Bank also handles a substantial portion of that company's securities trading.

Notes to the cash flow statement

		DANSKE BANK GROUP	
Note	(DKr m)	2002	2001
37	**Adjustment for non-cash items in the profit and loss account, depreciation, and provisions for bad and doubtful debts**		
	Accruals, net	80	-75
	Amortisation, depreciation and write-downs	316	884
	Provisions for bad and doubtful debts	1,420	1,752
	Income from associated and subsidiary undertakings	-1,076	-1,196
	Tax, net	81	1,445
	Other adjustments	-764	-2,660
	Total	57	150
38	**Acquisition of businesses**		
	Breakdown of assets and liabilities acquired:		
	Loans and advances and amounts due from credit institutions	-	84
	Net assets	-	84
	Goodwill on acquisition	-	4
	Total acquisition price	-	88
39	**Cash and cash equivalents**		
	Cash and cash equivalents, beginning of year		
	Cash in hand and demand deposits	4,350	5,924
	Due from credit institutions	48,471	37,842
	Securities	347,513	232,445
	Total	400,334	276,211
	Cash and cash equivalents, end of year		
	Cash in hand and demand deposits	8,972	4,350
	Due from credit institutions	77,823	48,471
	Securities	407,619	347,513
	Total	494,414	400,334

Profit and loss account excluding pooled schemes

	DANSKE BANK GROUP		DANSKE BANK	
(DKr m)	2002	2001	2002	2001
Interest income	69,228	78,523	36,214	43,520
Interest expense	50,069	59,788	22,578	30,022
Net interest income	19,159	18,735	13,636	13,498
Dividends from shares, etc.	91	312	60	221
Fee and commission income	7,390	7,813	6,351	6,908
Fees and commissions paid	1,335	1,571	1,053	1,322
Net interest and fee income	25,305	25,289	18,994	19,305
Securities and foreign exchange income	675	1,563	165	1,188
Other operating income	1,230	1,260	871	891
Staff costs and administrative expenses	15,009	15,503	11,547	12,071
Amortisation, depreciation and write-downs	591	891	508	787
Other operating expenses	34	22	27	2
Provisions for bad and doubtful debts	1,420	1,752	1,312	1,507
Income from associated and subsidiary undertakings	1,008	1,446	4,528	4,373
Profit on ordinary operations before tax	11,164	11,390	11,164	11,390
Tax	2,922	2,677	2,922	2,677
Net profit for the year	8,242	8,713	8,242	8,713

Notes

Interest income				
Due from credit institutions and deposits with central banks	7,181	7,784	6,562	8,176
Loans and advances	53,051	58,862	21,451	25,897
Bonds	12,147	11,773	11,081	9,520
Total derivatives	-3,331	-109	-2,926	-166
Other	180	213	46	93
Total	69,228	78,523	36,214	43,520
Interest expense:				
Interest on deposits	11,437	13,602	8,799	11,209
Securities and foreign exchange income				
Bonds	2,073	556	2,034	458
Shares	-286	-565	-527	-668
Fixed-rate loans and advances	157	278	127	206
Foreign exchange	611	880	548	796
Derivatives	-1,880	414	-2,017	396
Total	675	1,563	165	1,188

Balance sheet excluding pooled schemes

	DANSKE BANK GROUP		DANSKE BANK	
(DKr m)	2002	2001	2002	2001
ASSETS				
Cash in hand and demand deposits with central banks	17,565	9,566	11,380	7,477
Due from credit institutions and deposits with central banks	199,620	140,250	249,655	180,404
Loans and advances	948,346	924,021	404,387	411,402
Bonds	401,043	320,957	266,818	213,356
Shares, etc.	3,164	3,954	2,849	3,349
Holdings in associated undertakings, etc.	1,673	1,421	1,273	989
Holdings in subsidiary undertakings	11,604	9,644	44,533	40,202
Tangible assets	6,269	6,459	4,879	4,967
Own shares	314	228	314	228
Other assets	132,007	89,406	123,809	79,319
Prepayments	982	1,112	879	1,059
Total assets	1,722,587	1,507,018	1,110,776	942,752
LIABILITIES				
Due to credit institutions and central banks	319,573	241,042	336,137	269,511
Deposits [1]	398,975	369,181	365,747	342,395
Issued bonds	699,745	673,454	125,437	128,034
Other liabilities	210,608	131,673	191,744	113,630
Deferred income	624	674	532	549
Provisions for obligations	1,524	2,128	358	1,038
Subordinated debt	31,210	31,765	30,502	30,504
Minority interests	9	10	-	-
Shareholders' equity	60,319	57,091	60,319	57,091
Total liabilities	1,722,587	1,507,018	1,110,776	942,752
OFF-BALANCE-SHEET ITEMS				
Guarantees, etc.	85,357	91,852	195,361	191,810
Other commitments	95,768	90,536	88,044	86,537
Total off-balance-sheet items	181,125	182,388	283,405	278,347
[1]) Of which cash deposits from pooled pension fund deposits	1,178	1,356	1,178	1,356

Pooled schemes

						DANSKE BANK
	Pension fund deposits		Child savings		Total	Total
(DKr m)	2002	2001	2002	2001	2002	2001
PROFIT AND LOSS ACCOUNT						
Interest income						
Cash deposits	14	30	-	-	14	30
Index-linked bonds	190	218	2	2	192	220
Other bonds	928	1,036	10	8	938	1,044
Total	1,132	1,284	12	10	1,144	1,294
Dividends						
Shares, etc.	134	123	1	1	135	124
Unit trust holdings	-	4	-	-	-	4
Total	134	127	1	1	135	128
Securities and foreign exchange income						
Index-linked bonds	154	10	2	-	156	10
Other bonds, etc.	493	-3	5	-	498	-3
Shares, etc.	-2,628	-1,906	-29	-15	-2,657	-1,921
Unit trust holdings	-	-21	-	-	-	-21
Foreign exchange	-923	28	-10	-	-933	28
Total	-2,904	-1,892	-32	-15	-2,936	-1,907
Fees and commissions paid	304	367	3	2	307	369
Profit for the year	-1,942	-848	-22	-6	-1,964	-854
BALANCE SHEET						
Assets						
Cash deposits	1,150	1,326	28	30	1,178	1,356
Index-linked bonds	3,997	4,313	97	98	4,094	4,411
Other bonds	17,128	17,317	415	393	17,543	17,710
Own shares	408	569	10	13	418	582
Other shares, etc.	6,256	8,217	152	187	6,408	8,404
Unit trust holdings	503	457	-	-	503	457
Total	29,442	32,199	702	721	30,144	32,920
Liabilities						
Total deposits	29,441	31,946	702	721	30,143	32,667
Other liabilities	1	253	-	-	1	253
Total	29,442	32,199	702	721	30,144	32,920
Average deposits	31,070	32,177	721	721	31,791	32,898

Highlights in foreign currency

DANSKE BANK GROUP HIGHLIGHTS	USD		EUR	
(millions)	2002	2001	2002	2001
SUMMARY PROFIT AND LOSS ACCOUNT				
Net interest income, excluding earnings from investment portfolios	2,211	2,147	2,109	2,428
Fee and commission income, net	863	745	823	843
Trading income	381	190	363	215
Other core income	180	139	172	157
Core insurance income	186	145	178	164
Total core income	3,821	3,366	3,645	3,807
Operating expenses and depreciation	2,187	1,935	2,086	2,189
Core earnings before provisions	1,634	1,431	1,559	1,618
Provisions for bad and doubtful debts	201	208	191	236
Core earnings	1,433	1,223	1,368	1,382
Profit on sale of subsidiaries	-	29	-	32
Earnings from investment portfolios	143	103	136	117
Profit on ordinary operations before tax	1,576	1,355	1,504	1,531
Tax	412	318	394	360
Net profit for the year	1,164	1,037	1,110	1,171
Attributable to minority interests	-	-	-	-
SUMMARY BALANCE SHEET (billions)				
Assets				
Due from credit institutions, etc.	30.7	17.8	29.3	20.1
Bank loans and advances	67.6	56.6	64.5	64.0
Mortgage loans	66.2	53.3	63.2	60.3
Bonds and shares	61.0	42.2	58.2	47.8
Other assets	21.7	12.8	20.7	14.5
Total assets	247.2	182.7	235.9	206.7
Liabilities				
Due to credit institutions	45.1	28.7	43.0	32.4
Deposits	60.4	47.6	57.6	53.9
Other liabilities	30.0	15.7	28.7	17.8
Issued bonds, etc.	98.8	80.1	94.3	90.6
Subordinated debt	4.4	3.8	4.2	4.3
Shareholders' equity	8.5	6.8	8.1	7.7
Total liabilities	247.2	182.7	235.9	206.7
Off-balance-sheet items				
Guarantees, etc.	12.1	10.9	11.5	12.4
Other commitments	13.5	10.8	12.9	12.2
Total off-balance-sheet items	25.6	21.7	24.4	24.6
The translation is based on the following exchange rates	7.0822	8.4095	7.4243	7.4357

Group holdings and undertakings

		Share capital December 31 (thousands)	Net profit for the year DKr m	Shareholders' equity December 31 DKr m	Share capital held by the Group %
Danske Bank A/S, Copenhagen	DKK	7,320,000	8,242	60,319	
CONSOLIDATED SUBSIDIARIES					
Realkredit Danmark A/S, Copenhagen	DKK	625,000	1,990	25,248	100
home a/s, Copenhagen	DKK	15,000			100
Danske Bank International S.A., Luxembourg	EUR	90,625	96	1,090	100
Firstnordic Fund Management Company S.A., Luxembourg	EUR	125			100
DDB Fokus Invest AS, Trondheim	NOK	1,300,000	492	4,665	100
Fokus Bank ASA, Trondheim	NOK	1,499,467			100
Fokus Kreditt AS, Oslo	NOK	800,000			100
Roby ANS, Stavanger	NOK	23,400			100
Fokus Kredittforsikring AS, Trondheim	NOK	20,900			100
Firstnordic Fondene AS, Trondheim	NOK	6,000			100
Fokus Eiendomsmegling AS, Skien	NOK	1,000			100
Skårersletta Eiendom AS, Trondheim	NOK	50			100
Danske Securities ASA, Oslo	NOK	30,000			100
DDB Invest AB, Linköping	SEK	100,000	11	126	100
Bokredit i Sverige AB, Stockholm	SEK	43,000			100
Östgöta Enskilda Fastigheter AB, Linköping	SEK	10,000			100
Firstnordic Fonder AB, Stockholm	SEK	1,000			100
Byggnads AB Slaget, Stockholm	SEK	100			100
Östgöta Enskilda BFH AB, Linköping	SEK	100			100
BK Fri AB, Stockholm	SEK	100			100
Danske Bank Polska S.A., Warsaw	PLN	42,225	19	369	97
Danske Securities AB, Stockholm	SEK	300,000	-364	441	100
Danske Securities (US) Inc., Delaware	USD	2,000	-	16	100
Nordania Finans A/S, Birkerød	DKK	5,700	49	219	100
HandelsFinans A/S, Copenhagen	DKK	110,000	56	246	100
Kreditsystem Service A/S in the process of being wound up, Copenhagen	DKK	500			100
Danske Corporation, Delaware, U.S.A.	USD	4	-	1	100
Danske Private Equity A/S, Copenhagen	DKK	5,000	13	47	100
Medicon Valley Capital Management ApS, Copenhagen	DKK	125		-	75
Danske Capital Finland Oy, Helsinki	EUR	1,000	-1	17	100
Firstnordic Rahastoyhtiö Oy, Tampere	EUR	350			100
Danske Finance, Asia, Ltd. in the process of being wound up, Hong Kong	HKD	1,000	-	23	100
KHB VI A/S, Copenhagen	DKK	111,700	8	189	100
DDB-Ejendomsselskab af 1. januar 1990 A/S, Copenhagen	DKK	35,700	28	81	100
BG Dublin A/S, Copenhagen	DKK	500	18	47	100
BG Investeringsselskab af 10/10 1991 ApS, Copenhagen	DKK	300	-	14	100
Ejendomsaktieselskabet Virum-Vang, Copenhagen	DKK	2,000	22	73	100
Ejendomsaktieselskabet Tårbæk Vang, Copenhagen	DKK	1,000			100
A/S Forma Ejendomsselskab, Copenhagen	DKK	1,000			100
Ejendomsselskabet SJ af 1/7 1990 A/S, Copenhagen	DKK	10,300			100
Bikuben Giro Dublin Limited in the process of being wound up, Dublin	DKK	200,000	2	3	100
Ejendomsselskabet Aros A/S, Århus	DKK	10,000	2	27	100
DB I A/S, Copenhagen	DKK	500	-	1	100
DB II A/S, Copenhagen	DKK	500	-	1	100
DB III A/S, Copenhagen	DKK	500	-	1	100
DB IV A/S, Copenhagen	DKK	500	-	1	100
DB VI A/S, Copenhagen	DKK	500	-	1	100
			10,683	93,266	
Danske Bank's share of income and equity from subsidiaries included in preceding line			2,441	32,947	
Total Danske Bank Group			8,242	60,319	

Group holdings and undertakings

		Share capital December 31 (thousands)	Net profit for the year DKr m	Shareholders' equity December 31 DKr m	Share capital held by the Group %
NON-CONSOLIDATED SUBSIDIARIES					
Insurance companies					
Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999, Copenhagen	DKK	1,000,000	577	11,590	100
Danica Pension, Livsforsikringsaktieselskab, Copenhagen					
The company has 15 subsidiaries					
Other companies					
A/S Conair, Consolidated Aircraft Corporation Ltd. in the process of being wound up, Copenhagen [1]	DKK	20,000			52
Skævinge Boligselskab A/S, Copenhagen [1]	DKK	7,000			100
Omegadane SARL, Paris [1]	EUR	8			100
Medicon Valley Capital Management K/S, Copenhagen	DKK	180,000	-	58	37
Danske Ventures SEED K/S, Copenhagen	DKK	124,031	-33	69	18
Danske Venture Partners Nordic K/S, Copenhagen	DKK	456,588	-180	276	7

Amount owed by the consolidated Group to non-consolidated subsidiaries and other companies: DKr252m. Amount owed to the consolidated Group by non-consolidated subsidiaries and other companies: DKr64m. Obligations carried under off-balance-sheet items: DKr75m.

[1]) Acquired in the process of limiting losses. Total book value DKr9m.

Group holdings and undertakings

ASSOCIATED UNDERTAKINGS		Share capital December 31 (thousands)	Net profit for the year* DKr m	Shareholders' equity December 31* DKr m	Capital held by the consolidated Group %
Ejendomsaktieselskabet af 22. juni 1966, Copenhagen	DKK	500	-	8	50.0
DMdata a/s, Copenhagen	DKK	50,000	60	113	50.0
Investeringsselskabet af 23. marts 2001 A/S	DKK	10,500	61	164	48.7
PBS Holding A/S, Ballerup	DKK	200,915	309	244	43.7
Dankort A/S, Ballerup	DKK	40,183	7	60	43.7
Meglerhuset Nylander AS, Trondheim	NOK	300	4	10	40.0
Nordenfjeldske Livsforsikring AS, Trondheim	NOK	100,000	21	57	39.0
GrønlandsBANKEN, Aktieselskab, Nuuk	DKK	180,000	79	520	36.5
Medicon Valley Capital Management AB, Sweden	DKK	472	-	4	35.7
LRF Kredit A/S, Copenhagen	DKK	150,000	-	-	31.1
Aktieselskabet Reinholdt W. Jorck, Copenhagen	DKK	81,000	12	212	28.0
Realkreditnettet A/S, Copenhagen	DKK	10,000	-15	17	25.0
gatetrade.net A/S, Copenhagen	DKK	20,000	-51	49	25.0
DADES A/S, Lyngby-Taarbæk	DKK	494,622	230	2,292	24.6
Danmarks Transport Center A/S, Vejle	DKK	200,000	7	133	20.0

Amount owed by the consolidated Group to associated undertakings: DKr423m. Amount owed to the consolidated Group by the associated undertakings: DKr2,646m. Obligations carried under off-balance-sheet items: DKr191m.

OTHER SIGNIFICANT HOLDINGS					
Medicon Valley Capital II K/S, Copenhagen	DKK	100,000	-	-	95.8
Horsens Grundfinansiering A/S, Horsens	DKK	8,150	-	12	38.8
MVC Holding Ab, Göteborg	SEK	100	-	-	33.3
Luxembourg International Consulting S.A., Luxembourg	EUR	372			33.3
Bake Invest Ltd. (Hibernia Foods), Belgium	EUR	16,000	-1	7	25.0
Taulov Transit Center A/S, Taulov	DKK	1,000	-	3	25.0
Pan European Food Fund Investment Management S.A., Luxembourg	EUR	75	-	-	25.0
Ejendomsaktieselskabet Rugvangen, Copenhagen	DKK	1,200	-	6	24.6
Humanix Holding AB, Stockholm	SEK	3,000	-	-	20.0
Pan European Food Fund, Luxembourg	EUR	55,000	-2	42	18.2

Amount owed by the consolidated Group to other significant holdings: DKr2m.
Amount owed to the consolidated Group by other significant holdings: DKr11m.

OTHER COMPANIES IN WHICH THE GROUP HOLDS MORE THAN 10% OF THE SHARE CAPITAL					
P-DD 2002 A/S (Dansk Droge), Copenhagen	DKK	86,350	-	-	17.7
Nordic Equity Partners II, Jersey	DKK	17,750	-20	109	16.9
A/S Dansk Erhvervs Investering af 3/9 1983, Copenhagen	DKK	330,000	30	1,083	14.8
Bella Center A/S, Copenhagen	DKK	129,884	13	255	14.0
Copenhagen Stock Exchange A/S, Copenhagen	DKK	40,000	52	199	13.9
VP Securities Services A/S, Taastrup	DKK	40,000	27	203	13.9
P-LP 1999 A/S (Louis Poulsen), Copenhagen	DKK	260,000	-	260	13.5
P-LR 1999 A/S (Løgstør Rør), Copenhagen	DKK	46,800	-15	11	13.5
P-M 2000 A/S (Sound Holding), Copenhagen	DKK	298,363	1	259	13.4
P-N 2001 A/S, (Novasol), Copenhagen	DKK	143,623	-2	102	13.4
Interdan A/S, Kvistgård	DKK	31,669	41	202	13.3
P-N 2000 A/S (Novadan), Copenhagen	DKK	40,622	-2	43	13.3
Nordic Private Equity Partners, Jersey	EUR	135	-	2	13.0
Viking Ship Finance Ltd., Zurich	CHF	30,000	4	73	12.0
Pan European Seafoods Invest SA, Luxembourg	EUR	19,000	-	18	10.5

Amount owed by the consolidated Group to the companies: DKr96m. Amount owed to the consolidated Group by the companies: DKr60m.
Obligations carried under off-balance-sheet items: DKr21m.
*) According to the latest annual accounts of the company.
In addition, the Group holds at least 10% of the share capital of 25 companies, in which its shareholding is valued at less than DKr1m.

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Extracts from the Quarterly Report – First quarter of 2004

Danske Bank Group – financial highlights

CORE EARNINGS AND NET PROFIT FOR THE PERIOD (DKr m)	Q1 2004	Q1 2003	Index*) 04/03	Full year 2003
Net interest income from banking activities, etc.	3,709	4,026	92	15,593
Fee and commission income, net	1,559	1,475	106	5,910
Trading income	856	983	87	3,315
Other core income	293	247	119	1,127
Core insurance earnings	314	269	117	1,004
Total core income	6,731	7,000	96	26,949
Operating expenses and depreciation	3,473	3,679	94	14,820
Core earnings before provisions	3,258	3,321	98	12,129
Provisions for bad and doubtful debts	321	478	67	1,662
Core earnings	2,937	2,843	103	10,467
Earnings from investment portfolios	523	229	228	2,569
Profit before tax	3,460	3,072	113	13,036
Tax	1,020	813	125	3,750
Net profit for the period	2,440	2,259	108	9,286
Portion attributable to minority interests	-	-	-	-

BALANCE SHEET (DKr bn)				
Bank loans and advances	410	390	105	397
Repo loans	144	80	180	126
Mortgage loans	503	478	105	498
Bonds and shares	429	438	98	494
Due to credit institutions and central banks	364	349	104	300
Deposits	448	429	104	435
Repo deposits	50	29	172	49
Issued bonds	723	688	105	765
Subordinated debt	33	30	110	34
Shareholders' equity	62	63	98	60
Total assets	1,842	1,764	104	1,826

RATIOS AND KEY FIGURES				
Net profit for the period per share, DKr	3.6	3.2		13.3
Net profit for the period as % p.a. of average shareholders' equity	15.9	14.7		15.2
Core earnings as % p.a. of average shareholders' equity	19.2	18.4		17.1
Cost/core income ratio, %	51.6	52.6		55.0
Solvency ratio, excl. net profit for the period, %	10.3	10.1		11.0
Core (tier 1) capital ratio, excl. net profit for the period, %	7.1	7.4		7.7
Share price end of period, DKr	137.9	113.1		138.8
Book value per share, DKr	92.9	88.2		89.9
Number of full-time-equivalent staff, end of period:				
Danske Bank and consolidated subsidiaries	15,847	16,722		16,114
Non-consolidated subsidiaries (insurance companies)	829	837		821

*) Index 04/03: Q1 2004 *100 / Q1 2003

Review

- Net profit up 8% on the first quarter of 2003
- 13% increase in earnings per share
- Cost/core income ratio improved from 52.6% to 51.6%
- Satisfactory earnings from investment portfolios
- Core earnings expectations for 2004 unchanged

Results for the first quarter of 2004

Danske Bank Group recorded a net profit of DKr2,440m for the first quarter of 2004, against DKr2,259m for the first quarter of 2003.

Group core earnings in the first quarter matched the expectations announced at the presentation of the Annual Report for 2003.

Core income

In the first quarter of 2004, core income fell by 4%, or DKr269m, compared with the same period the year before.

Net interest income declined by 8%. Increasing business volume in the banking and mortgage finance areas could not fully compensate for the decline in money market rates in the Scandinavian markets. The falling rates put downward pressure on the deposit margin and led to a smaller return on allocated capital. The total effect of the fall is estimated at DKr270m. Moreover, the depreciation of the Norwegian krone had an adverse effect on net interest income.

Net income from fees and commissions went up by 6%, partly as a result of growing interest in securities trading among customers and an increase in lending.

Trading income fell by 13%. The decline was due mainly to a negative effect of the currency hedging of earnings at non-Danish units.

Other income rose by 19%, partly due to one-off income from the sale of real property. Core earnings from the insurance business went up by 17%, primarily as a result of increasing business volume.

Expenses

The Group's operating expenses and depreciation declined by 6%, mainly as a result of staff reductions completed in 2003 and falling severance expenses. The cost/core income ratio improved to 51.6%, down from 52.6% in the same period of 2003.

Provisions for bad and doubtful debts

Provisions for bad and doubtful debts amounted to DKr321m, against DKr478m in the first quarter of 2003. Bad and doubtful debts stood at 0.11% p.a. of total loans, advances and guarantees, against 0.18% p.a. at the same time the year before. The Group's expected average loss during a full business cycle is estimated at around 0.19% p.a.

Core earnings

Against this background, core earnings increased by 3% to DKr2,937m.

Earnings from investment portfolios

Earnings from investment portfolios totalled DKr523m, against DKr229m in the first quarter of 2003. Investment portfolios in the banking business generated earnings of DKr450m. Danica Pension recorded a profit of DKr73m on its investment portfolios, against a loss of DKr141m in the first quarter of 2003 when the Group postponed the booking of its life insurance risk allowance and therefore reduced earnings from investment portfolios by the same amount.

Tax

The Group's tax charge, including tax on loan loss reserves, is calculated to be DKr1,020m, corresponding to a tax rate of 29%.

Return on equity

The return on equity was 15.9% p.a., against 14.7% p.a. in the first quarter of 2003. Earnings per share rose to DKr3.6 – an increase of 13%.

Capital and solvency

Share capital

At the annual general meeting on March 23, 2004, shareholders decided to reduce the share capital by a nominal amount of DKr394,100,970 by cancelling the shares bought back under the repurchase programme in 2003. When the capital reduction is registered after the stipulated deadline for claims from shareholders at the end of June, the share capital will amount to DKr6,722,657,520 divided into 672,265,752 shares.

In the first quarter of 2004, the Group bought back 5,092,944 shares at an average price of 137.07 (excluding dividends) and a total market value of DKr698m. This buyback forms part of the repurchase programme of a total market value of DKr3bn during the first half of 2004. At the annual general meeting in 2005, the Group will propose that the shares bought back be cancelled.

DANSKE BANK SHARES	Q1 2004	Q1 2003	Full year 2003
Average number of shares outstanding in the period	671,251,800	711,145,481	696,374,857
Number of shares outstanding, end of period	667,172,808	708,809,511	672,265,752
Number of issued shares, end of period	711,675,849	732,000,000	711,675,849

Shareholders' equity

Shareholders' equity was DKr62bn at the end of the quarter. The change in Group equity since the end of 2003, aside from the net profit for the period, reflects the changes resulting from amendments to Danish accounting legislation (see Accounting Policies below). In addition, shareholders' equity was reduced by DKr698m after the share buyback in the first quarter of 2004.

Solvency

The solvency ratio at the end of March 2004 (excluding the net profit for the period) stood at 10.3%, of which 7.1 percentage points derived from Group core (tier 1) capital. The share buyback in the first quarter of 2004 reduced the core (tier 1) capital ratio by 0.1 of a percentage point. The forthcoming share buyback in the second quarter of 2004 will reduce the ratio by another 0.3 of a percentage point.

Danske Bank intends to raise hybrid capital in the amount of $700m in the second quarter of 2004.

CAPITAL AND SOLVENCY (DKr m)	March 31, 2004	March 31, 2003	December 31, 2003
Core capital, less statutory deductions	57,362	58,468	58,699
Supplementary capital, less statutory deductions	25,199	21,809	25,351
Total capital base, less statutory deductions	82,561	80,277	84,050
Total weighted items	803,432	791,403	766,985
Solvency ratio, %	10.3	10.1	11.0
Core (tier 1) capital ratio, %	7.1	7.4	7.7

Balance sheet

The total assets of the consolidated Group were DKr1,842bn at the end of the quarter, against DKr1,764bn a year earlier. Danica Pension's assets, which are not consolidated in the Group accounts, amounted to DKr195bn, against DKr181bn at the end of the first quarter of 2003.

Lending

Loans and advances extended by the banking business increased by DKr20bn, or 5%, to DKr410bn.

Domestic loans and advances grew by DKr9bn, or 4%, reflecting a DKr13bn increase in the retail segment and a DKr4bn fall in the corporate segment. Since the beginning of the year, domestic lending has risen by DKr7bn, or 3%.

Loans and advances extended by non-Danish units increased by DKr11bn, or 4%. When adjusted for changes in exchange rates, lending advanced by DKr15bn, the result of a DKr18bn, or 12%, increase in the other Nordic countries and a DKr3bn, or 4%, fall in non-Nordic countries. Since the beginning of the year, lending by units outside Denmark has risen by DKr6bn, or 3%.

Repo loans grew by DKr64bn to DKr144bn, compared with the repo loan portfolio at the end of the first quarter of 2003. The growth was attributable to the increase in the business volume with selected global financial institutions and higher customer activity in the fixed-income market.

Mortgage lending rose by 5% to DKr503bn at the end of the first quarter of 2004.

Securities

Bonds and equities amounted to DKr429bn, against DKr438bn at the end of the first quarter of 2003.

Deposits

Deposits totalled DKr448bn, against DKr429bn at the end of the first quarter of 2003. The increase of DKr19bn, or 4%, was the result of a DKr12bn increase in deposits made by large institutional clients and a DKr7bn increase in deposits made by retail customers.

Ratings

In April 2004, Moody's, the international rating agency, upgraded the Group's long-term rating from Aa2 to Aa1. Moreover, the Group was upgraded from B+ to A- in the category Financial Strength. The Group's long-term AA- rating with Standard & Poor's remained unchanged.

Incentive programmes

Share options for the accounting year 2003 were allotted in first quarter of 2004. The total number of share options allotted was 2,280,000, including 190,667 allotted to the Executive Board members. The strike price was fixed at DKr157.18, computed as the average price of Danske Bank shares for 20 trading days after the release of the annual report plus 10%. Moreover, the number of rights allotted to purchase conditional shares was 310,000, including 5,377 allotted to the Executive Board members. The market value of these conditional shares of DKr44m was expensed in the 2003 accounts together with the bonus awards for the year.

At the end of the first quarter of 2004, members of the Board of Directors and the Executive Board held 35,434 Danske Bank shares.

Accounting policies

The report for the first quarter of 2004 has been prepared in compliance with the Copenhagen Stock Exchange guidelines for issuers of listed securities. The Group has not changed its accounting policies from those followed in the Annual Report for 2003 except in the instances indicated below. The changes were implemented to adjust the accounting policies to amendments to Danish accounting legislation.

With effect from January 1, 2004, software developed by the Group is capitalised as an intangible asset and amortised over its expected useful life, with a maximum of three years. Previously, development costs were charged fully to the profit and loss account in the year of development. The pre-tax profit for the period was DKr8m higher because of the change. After tax, the effect was DKr6m.

Certain types of fee income that form an integral part of the actual return on loans, advances, guarantees and the like are accrued over the term of such facilities. Previously, such types of fee income were booked as income on receipt. Shareholders' equity as at January 1, 2004, was DKr198m lower because of this change, whereas the pre-tax profit for the period was DKr12m higher. After tax, the effect was DKr8m.

Comparative figures have not been restated.

International Financial Reporting Standards (IFRS)

The Group plans to present its report for the first quarter of 2005 in accordance with the IFRS.

At the end of March 2004, the International Accounting Standards Board (IASB) published new reporting standards, including insurance reporting standards, to come into force on January 1, 2005. The IASB's restrictions on valuation of assets at their fair value still need to be determined before the new international standards can be fully implemented. Apart from this, the Group is implementing the new standards as scheduled.

The Group expects to announce the financial effect of the implementation of the IFRS to come into force on January 1, 2005, in its Annual Report for 2004.

Business areas

The organisational adjustment announced in October 2003 took effect on January 1, 2004. The adjustment included a separation of Banking Activities, Denmark, into a Danske Bank division and a BG Bank division.

Other Banking Activities comprise the Danish banking activities carried out by the subsidiaries Nordania and HandelsFinans and the international banking activities carried out in the UK, the USA, Luxembourg, Germany, Poland and Finland.

The comparative figures for 2003 have been restated to reflect the new organisational structure.

CORE EARNINGS BEFORE PROVISIONS (DKr m)	Q1 2004	Q1 2003	Index*) 04/03	Share Q1 2004
- Banking Activities, Danske Bank	1,018	1,020	100	31%
- Banking Activities, BG Bank	399	373	107	12%
- Banking Activities, Norway	81	139	58	3%
- Banking Activities, Sweden	159	169	94	5%
- Other Banking Activities	438	441	99	13%
Banking Activities, total	2,095	2,142	98	64%
Mortgage Finance	537	619	87	17%
Danske Markets	308	351	88	9%
Danske Capital	104	71	146	3%
Danica Pension	314	269	117	10%
Other areas	-100	-131	76	-3%
Total Group	3,258	3,321	98	100%

*) Index 04/03: Q1 2004 *100 / Q1 2003

The Group's total core earnings before provisions amounted to DKr3,258m in the first quarter of 2004, against DKr3,321m in the first quarter of 2003, corresponding to a fall of 2%.

The improvement in core earnings from Other areas reflects a decline in severance payments from DKr220m in the first quarter of 2003 to DKr70m in the first quarter of 2004 and adverse results of currency hedging of earnings at units outside Denmark.

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

Banking Activities, Danske Bank

Banking Activities, Danske Bank, encompasses the banking activities carried out by the Danske Bank division in Denmark. Danske Bank caters to all types of retail and corporate customers. The Bank's finance centres serve large corporate customers, and its private banking department serves affluent retail customers. Banking Activities, Danske Bank, has 292 branches and almost 4,200 employees.

BANKING ACTIVITIES, DANSKE BANK (DKr m)	Q1 2004	Q1 2003
Net interest income	1,359	1,442
Fee income	733	671
Other income	152	128
Core income	2,244	2,241
Operating expenses and depreciation	1,226	1,221
Core earnings before provisions	1,018	1,020
Provisions for bad and doubtful debts	222	-3
Core earnings	796	1,023
Bank loans and advances, end of period	144,973	142,459
Deposits, end of period	179,150	172,555
Risk-weighted items (avg.)	149,560	145,281
Allocated capital (avg.)	9,721	9,443
Core earnings as % p.a. of allocated capital	32.8	43.3
Cost/core income ratio, %	54.6	54.5

- Core income unchanged despite falling interest rates
- Higher income from securities trading by customers
- Satisfactory sales of *Danske Prioritet*
- Growing market share of retail lending
- Declining market share of corporate lending

Core earnings before provisions remained at the level recorded in the first quarter of 2003, although net interest income declined as a result of the fall of about 0.8 of a percentage point in short-term money market rates. This led to a fall in the return on allocated capital and reduced earnings on the deposit surplus. On the other hand, higher fee income and other income sustained core income. Trading activity rose for almost all types of securities products.

Expenses were at the same level as the year before. Provisions for bad and doubtful debts amounted to DKr222m in the first quarter of 2004.

Total loans rose by 2% from the first quarter of 2003. Retail loans advanced 26%, in part because of healthy sales of the property financing product *Danske Prioritet*, which is an alternative to mortgage financing. This helped lift Danske Bank's share of the retail market from the level recorded in March 2003. Modest demand for corporate loans resulted in a 6% fall in this segment. The Bank's market share of corporate loans was lower than at the end of March 2003.

Sales of customer packages were satisfactory. During the first three months, the Bank sold 20,000 *Danske Ekstra* packages. An increasing number of them included the American Express card. Sales of the customer packages *Danske Erhverv* and *Danske Ung* were also satisfactory. At the end of the quarter, Danske Bank had sold a total of 294,000 customer packages.

In the first quarter of 2004, the Bank recorded an inflow of both corporate and retail customers to its finance centres, whereas the number of customers in the rest of the branch network remained stable. No branches were merged in the first quarter.

Banking Activities, BG Bank

Banking Activities, BG Bank, encompasses the banking activities carried out by the BG Bank division in Denmark. BG Bank serves all types of retail customers and most corporate customers through its branch network. In addition, BG Bank serves a number of agricultural customers at special agricultural centres. Banking Activities, BG Bank, has 173 branches and just over 1,800 employees.

BANKING ACTIVITIES, BG BANK (DKr m)	Q1 2004	Q1 2003
Net interest income	641	666
Fee income	314	295
Other income	32	25
Core income	987	986
Operating expenses and depreciation	588	613
Core earnings before provisions	399	373
Provisions for bad and doubtful debts	-23	38
Core earnings	422	335
Bank loans and advances, end of period	48,138	45,700
Deposits, end of period	62,258	61,514
Risk-weighted items (avg.)	51,874	49,398
Allocated capital (avg.)	3,372	3,211
Core earnings as % p.a. of allocated capital	50.1	41.7
Cost/core income ratio, %	59.6	62.2

- Core income unchanged despite falling interest rates
- Increase in lending as a result of satisfactory *Bolig Plus* sales
- Improved cost/core income ratio
- Market share of lending maintained

Core earnings before provisions was 7% higher in the first quarter of 2004 than in the first quarter of 2003. Growth in lending compensated for lower short-term money market rates, which put pressure on the deposit margin.

Fee income benefited from a larger trading volume in the securities market and good sales of *BG Invest* products. In addition, the increase in lending kept loan processing fees at a high level.

Expenses were 4% lower owing to staff reductions in 2003. Provisions for bad and doubtful debts showed a positive result of DKr23m.

Total loans and advances grew by 5% from the first quarter of 2003. Retail loans rose 13%, owing mainly to satisfactory sales of the property financing product *Bolig Plus*, which is an alternative to mortgage loans. Loans to corporate customers fell 2%. The market shares of loans to retail and corporate customers were unchanged from March 2003.

The number of *BG Plus* customer packages grew by 6,500. In the first quarter of 2004, BG Bank sold 1,100 *BG Erhverv* packages to self-employed persons. The packages were launched at the beginning of 2004. At the end of the quarter, BG Bank had sold a total of 220,000 customer packages.

BG Bank benefited from a positive trend in the number of customers in the first quarter of 2004. In addition, BG Bank managed to extend its business with a number of customers who had previously used its facilities sparingly. No branches were merged in the first quarter.

Banking Activities, Norway

Banking Activities, Norway, encompasses the banking activities carried out by Fokus Bank in Norway. Banking Activities, Norway, has 63 branches and about 1,000 employees.

BANKING ACTIVITIES, NORWAY (DKr m)	Q1 2004	Q1 2003
Net interest income	264	338
Fee income	58	55
Other income	14	10
Core income	336	403
Operating expenses and depreciation	255	264
Core earnings before provisions	81	139
Provisions for bad and doubtful debts	13	28
Core earnings	68	111
Core earnings in local currency	78	118
Bank loans and advances, end of period	54,415	52,433
Deposits, end of period	27,961	29,311
Risk-weighted items (avg.)	44,674	48,520
Allocated capital (avg.)	2,904	3,154
Core earnings as % p.a. of allocated capital	9.4	14.1
Cost/core income ratio, %	75.9	65.5

- Net interest income down by 22% due to the sharp fall in short-term money market rates and in the Norwegian krone
- Lending up 11% in local currency since the first quarter of 2003
- Opening of new branches in Oslo, Bergen and Trondheim

Core earnings before provisions from Norwegian banking activities amounted to DKr81m in the first quarter of 2004. The fall of DKr58m from the first quarter of 2003 stems from the sharp fall in Norwegian money market rates and the Norwegian krone. Lower returns on allocated capital and lower deposit margins therefore overshadowed the positive effects of the underlying growth in lending. Measured in local currency, income fell by 8%, whereas expenses rose by 8% as a result of an increase in provisions for pension commitments and the establishment of new branches.

Provisions for bad and doubtful debts amounted to DKr13m in the first quarter, against DKr28m in the first quarter of 2003.

Lending totalled NKr62bn, reflecting a 15% increase in loans to retail customers and a 6% increase in loans to corporate customers. Demand for corporate loans remained moderate, although the inflow of new customers continued. Fokus Bank is the principal banker of 10% of Norway's 500 largest businesses. Its market share of both loans and deposits was 4%.

The inflow of retail customers was consistently high after the new branch openings and launches of new products and customer programmes in recent years. Fokus Bank serves 230,000 customers. In the first quarter of 2004, new branches were opened in the three largest cities, Oslo, Bergen and Trondheim.

Banking Activities, Sweden

Banking Activities, Sweden, encompasses the banking activities carried out by Östgöta Enskilda Bank and Provinsbankerne in Sweden. Banking Activities, Sweden, has 46 branches and about 1,000 employees.

BANKING ACTIVITIES, SWEDEN (DKr m)	Q1 2004	Q1 2003
Net interest income	334	345
Fee income	100	76
Other income	12	13
Core income	446	434
Operating expenses and depreciation	287	265
Core earnings before provisions	159	169
Provisions for bad and doubtful debts	3	103
Core earnings	156	66
Core earnings in local currency	194	82
Bank loans and advances, end of period	77,408	65,887
Deposits, end of period	26,377	23,280
Risk-weighted items (avg.)	64,509	60,859
Allocated capital (avg.)	4,193	3,956
Core earnings as % p.a. of allocated capital	14.9	6.7
Cost/core income ratio, %	64.3	61.1

- Core income up 3% despite falling interest rates
- Increasing fee income as a result of higher activity in the securities market
- Growth in lending of 17%, in local currency, since the first quarter of 2003
- Opening of two new branches in Stockholm

Core earnings before provisions from banking activities in Sweden amounted to DKr159m, against DKr169m in the first quarter of 2003.

The fall in interest rates had a negative effect on earnings owing to lower returns on allocated capital and lower deposit margins. Net interest income, measured in local currency, fell by 3% from the first quarter of 2003 despite good growth in lending.

Fee income advanced substantially on the strength of increasing equity trading by customers, growing business volume and the launch of a new retail customer programme which gives customers access to a larger number of sophisticated bank products.

Total growth in income was 3%, measured in local currency, compared with the first quarter of 2003.

The rise in expenses reflects the increase in staff and the establishment of a new Swedish head office at *Norrmalmstorg* in Stockholm. Moreover, two new branches were opened in Stockholm in the first quarter of 2004.

Lending totalled SKr96bn, reflecting a 19% increase in loans to retail customers and a 13% increase in loans to corporate customers. Growth was attributable to the inflow of new customers through the branch network and to good sales of property financing solutions.

Market shares amounted to 8% of loans and 4% of deposits. Danske Bank in Sweden serves 180,000 customers.

Other Banking Activities

Other Banking Activities comprise the Danish banking activities carried out by the subsidiaries Nordania and HandelsFinans and the international banking activities carried out in the UK, the USA, Luxembourg, Germany, Poland and Finland.

OTHER BANKING ACTIVITIES (DKr m)	Q1 2004	Q1 2003
Net interest income	460	477
Fee income	148	147
Other income	35	49
Core income	643	673
Operating expenses and depreciation	205	232
Core earnings before provisions	438	441
Provisions for bad and doubtful debts	104	286
Core earnings	334	155
Bank loans and advances, end of period	89,223	90,546
Deposits, end of period	59,374	69,804
Risk-weighted items (avg.)	110,496	126,558
Allocated capital (avg.)	7,182	8,226
Core earnings as % p.a. of allocated capital	18.6	7.5
Cost/core income ratio, %	31.9	34.5

CORE EARNINGS BEFORE PROVISIONS (DKr m)	Q1 2004	Q1 2003
Banking Activities, UK	171	166
Banking Activities, USA	47	78
Nordania	91	83
HandelsFinans	29	32
Other	100	82
Total Other Banking Activities	438	441

The UK
Core earnings before provisions from UK banking activities amounted to DKr171m, against DKr166m in the first quarter of 2003. Although there was a decline in the level of activity, core earnings, measured in local currency, remained at the same level as in the first quarter of 2003 because both income and expenses fell.

The USA
Core earnings before provisions from US banking activities amounted to DKr47m. Disregarding the effect of the fall in the dollar, core earnings declined by DKr22m from the first quarter of 2003. This trend is due to the ongoing reduction in exposure to businesses outside the Bank’s principal markets in northern Europe and to one-off gains in 2003.

Nordania
Core earnings before provisions were DKr91m, against DKr83m in the first quarter of 2003. The increase in earnings was due mainly to higher business activity and to profits on sales of assets.

Other
The growth in income from other areas came primarily from positive developments in activities in Luxembourg.

Mortgage Finance

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

MORTGAGE FINANCE (DKr m)	Q1 2004	Q1 2003
Net interest income	751	804
Fee income	33	70
Other income	67	75
Core income	851	949
Operating expenses and depreciation	314	330
Core earnings before provisions	537	619
Provisions for bad and doubtful debts	2	26
Core earnings	535	593
Loans, end of period	503,133	477,720
Risk-weighted items (avg.)	249,008	235,483
Allocated capital (avg.)	16,186	15,306
Core earnings as % p.a. of allocated capital	13.2	15.5
Cost/core income ratio, %	36.9	34.8

- Lower core income in comparison with last year's extraordinarily strong refinancing activity
- Growth in lending of 5%
- Net new lending adversely affected by sales of bank-based property loans
- Market share of interest-only loans at 41%

In the first quarter of 2004, Mortgage Finance generated core earnings before provisions of DKr537m, against DKr619m in the first quarter of 2003.

Core income was DKr851m, against DKr949m in the first quarter of 2003. Total lending was 5% higher than at the end of the first quarter of 2003. Core income was adversely affected by the fact that the mortgage finance market did not see the same extraordinarily high refinancing activity as in the first quarter of 2003. In addition, lower short-term money market rates led to smaller returns on allocated capital and liquid funds.

Operating expenses and depreciation were 5% lower than in the first quarter of 2003.

Realkredit Danmark's gross lending totalled DKr35bn in the first quarter of 2004, against DKr51bn in the same period the year before. Realkredit Danmark's market share of gross lending stood at 31.3%, against 30.0% in the first quarter of 2003. The market share of net new lending was 25.4%, compared with 27.0% in the first quarter of 2003. Net new lending is defined as gross lending less repayment of loans with or without the raising of new loans. The market share was adversely affected by the bank branches' sales of the new property financing products.

The loan portfolio rose by DKr25bn to DKr503bn since the end of the first quarter of 2003, the private market accounting for almost half of the increase.

In the first quarter of 2004, interest-only loans still accounted for a large share of activities in the private market. In the two quarters since the launch of interest-only loans in October 2003, Realkredit Danmark disbursed interest-only loans of a total value of DKr35bn. This corresponds to a market share of 41%. Almost all interest-only loans were disbursed as FlexLån®.

In the first quarter of 2004, FlexLån® accounted for 75% of all loans disbursed by Realkredit Danmark, against 52% for the whole of 2003. At the end of the first quarter of 2004, FlexLån® constituted 44% of the mortgage loan portfolio, against 40% at the end of 2003.

Danske Markets

Danske Markets is responsible for the Group's activities in the financial markets. These activities include foreign exchange, equity and fixed-income trading, management of the Group's short-term liquidity and trading services for the Group's retail banking units. Danske Markets serves the largest corporate and institutional clients, providing financial products, advisory services regarding acquisitions and assistance to customers in connection with their issue of equity and debt on the international financial markets.

DANSKE MARKETS (DKr m)	Q1 2004	Q1 2003
Core income	690	701
Operating expenses and depreciation	382	350
Core earnings before provisions	308	351
Provisions for bad and doubtful debts	0	0
Core earnings	308	351
Loans, end of period	3,515	3,339
Risk-weighted items (avg.)	61,630	69,421
Allocated capital (avg.)	4,006	4,512
Core earnings as % p.a. of allocated capital	30.8	31.1
Cost/core income ratio, %	55.4	49.9

- Satisfactory level of income maintained
- Higher earnings from equity trading and corporate finance

In the first quarter of 2004, Danske Markets generated core earnings before provisions of DKr308m, against DKr351m in the first quarter of 2003. Although lower than last year, the level of earnings is still considered satisfactory. The rise in costs was attributable mainly to higher transaction-based expenses and to provisions for performance-based compensation.

Sales of fixed-income products continued the good trend of the previous quarters. As before, government and mortgage bonds accounted for most of the trading volume. Danske Markets consolidated its leading position in the Scandinavian market.

The foreign exchange markets continued to see large fluctuations in exchange rates between the major currencies and between the Scandinavian currencies. Customer demand for ongoing services related to foreign exchange products, including options, remained high.

Danske Markets experienced an increase in investor interest in the Scandinavian equity markets. Retail and international investors accounted for the largest increase, but Danish institutional clients also increased their business volumes. This trend resulted in a healthy rise in equity sales and earnings.

Corporate Finance achieved substantial growth in income in the first quarter of 2004. A number of the advisory assignments that Corporate Finance had been working on for quite some time were concluded in the quarter under review. The prospects of economic recovery and improved liquidity and higher risk tolerance in the capital markets generally enhanced customer demand for corporate finance advisory services.

Danske Capital

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

DANSKE CAPITAL (DKr m)	Q1 2004	Q1 2003
Net interest income	2	1
Fee income	181	155
Other income	-4	3
Core income	179	159
Operating expenses and depreciation	75	88
Core earnings before provisions	104	71
Risk-weighted items (avg.)	1,048	1,172
Cost/core income ratio, %	41.9	55.3
Assets under management (DKr bn)	383	348

- Higher core income due to positive developments on the capital markets
- Retail market share of 39%
- Positive turnaround in sales to institutional investors
- Lower costs

Core earnings before provisions were DKr104m, against DKr71m in the first quarter of 2003. The growth in earnings was due mainly to higher core income resulting from an increase in assets under management combined with a rise in core income as a percentage of assets under management. The increase in this percentage reflects, among other things, an increase in the proportion of equities under management to 18% in the first quarter of 2004 from 15% in the first quarter of 2003.

Operating expenses and depreciation declined by 15%, due mainly to restructurings in 2003.

Total assets under management rose by 10% from the end of March 2003 to DKr383bn. Increased sales accounted for 42% of the rise, and the rest was ascribable to developments on the equity and bond markets.

Danske Capital's retail market share of total assets was 39% at the end of March 2004, against 42% at the same time in 2003. Danske Capital experienced a turnaround in sales to institutional customers in Denmark. After a somewhat difficult year in the Danish institutional market in 2003, when a number of index-linked mandates were discontinued or reduced, sales rose by DKr1.2bn in the first quarter of 2004.

Results of investments were not completely satisfactory in all investment categories in the first quarter of 2004. Generally, the returns on bond portfolios and global equity portfolios underperformed the benchmarks. On the other hand, value was created in tactical asset allocation, investment-grade credit bonds and a number of Nordic and eastern European equity funds. The hedge fund Danske Hedge Mortgage Arbitrage achieved an above-target return.

Danica Pension

Danica Pension encompasses all the Group's activities in the life insurance and pensions market. The area, marketed under the name of Danica Pension, is run by the Danica Pension Group and Forsikringsselskabet Danica and targets both retail and corporate customers. Products are marketed through a range of distribution channels within the Danske Bank Group, primarily Banking Activities' outlets and Danica Pension's team of insurance agents and advisers.

DANICA PENSION (DKr m)	Q1 2004	Q1 2003
Net interest income on allocated assets	71	83
Risk allowance	254	217
Unit-linked and health care business, etc.	34	17
Core insurance income	359	317
Funding cost, net	-45	-48
Core insurance earnings	314	269
Technical provisions	177,324	164,578
Allocated capital (solvency margin)	7,081	6,721
Core earnings as % p.a. of allocated capital	17.7	16.0

- Improvement in core insurance earnings
- Return on investments of customer funds of 3.2%, against 1.3% the year before
- Strengthening of collective bonus potential

Core earnings from the Group's insurance activities amounted to DKr314m, against DKr269m in the first quarter of 2003.

The life insurance risk allowance totalled DKr254m, against DKr217m in the first quarter of 2003. This rise was the result of increasing business volume.

The positive trend in the securities markets allowed the booking of the risk allowance for the period. Danica Pension posted a return on investments of customer funds of 3.2%, against 1.3% in the first quarter of 2003. The return on bonds, including derivatives, stood at 3.1%. The return on equities was 4.3%, and the return on real property was 2.2%. Given the market conditions and the chosen risk profile, the return was satisfactory. Investment assets consisted of bonds (81%), equities (10%) and real property (9%). Customers with a unit-linked pension scheme and a medium-risk profile obtained a return of 4.6%.

Gross premiums, including unit-linked products, were about DKr3.5bn, in line with the level in the first quarter of 2003. The trend in regular premiums was satisfactory, while single premiums were lower than expected.

Unit-linked and health care business generated a profit of DKr34m, against DKr17m the year before. Danica Link gross premiums stood at DKr500m in the first quarter of 2004, up 18% on the figure for the first quarter of 2003. In the health care area, the positive trend of 2003 continued, and the number of health care policies increased by 4%.

At the end of the first quarter of 2004, the collective bonus potential was DKr8.1bn, or 5.6% of life insurance provisions. A 30% fall in equity prices would reduce the collective bonus potential by about DKr4.1bn, while a fall in interest rates of 1.0 percentage point would not have any effect because the risk has been hedged.

Earnings from investment portfolios

Earnings from investment portfolios stem from the Group's own equity, fixed-income and currency positions, including the total portfolio of unlisted shares, which include shares in companies providing the financial infrastructure in Denmark.

EARNINGS FROM INVESTMENT PORTFOLIOS (DKr m)	Q1 2004	Q1 2003
Fixed-income and currency positions	212	348
Shares		
Unlisted	46	8
Listed	252	55
Expenses	60	41
Earnings from investment portfolios, banking business	450	370
Share of return on investments, Danica Pension	73	76
Risk allowance, Danica Pension	0	-217
Earnings from investment portfolios, Danica Pension	73	-141
Total earnings from investment portfolios	523	229
Risk-weighted items, banking business (avg.)	29,059	25,856
Allocated capital, banking business (avg.)	1,889	1,681

- Market characterised by high volatility and falling interest rates
- Satisfactory return on investments
- Positive earnings from Danica Pension's investment portfolios

The Group's total earnings from investment portfolios were DKr523m in the first quarter of 2004, against DKr229m in the first quarter of 2003.

The market was characterised by falling interest rates and rising equity prices.

Earnings from investment portfolios generated by the banking business amounted to DKr450m, against DKr370m the year before.

Fixed-income and currency positions generated earnings of DKr212m – a decline of DKr136m on the first quarter of 2003. The fall in earnings was attributable to the slightly lower interest rate risk in 2004.

Equities generated a return of DKr298m, against DKr63m in the first quarter of 2003. The return on listed shares amounted to DKr252m in the first quarter of 2004, compared with DKr55m the year before. At a 10% change in equity prices, the Group's portfolio of listed shares would cause a change in earnings of DKr87m, against DKr120m at the end of March 2003.

Unlisted shares generated a return of DKr46m, against DKr8m the year before.

Earnings from the investment portfolios of the insurance business were DKr73m in the first quarter of 2004, against a loss of DKr141m in the first quarter of 2003, when the postponement of the risk allowance reduced earnings by DKr217m.

The increase in expenses was due mainly to performance-based compensation.

The Group's overall sensitivity to a 1.0 percentage point change in interest rates was DKr894m at the end of the first quarter of 2004. The highest interest rate risk during the quarter was DKr985m and the lowest DKr539m.

Currency exposure was limited. Calculated according to foreign exchange indicator 2 of the Danish Financial Supervisory Authority, the currency risk was DKr106m at the end of the quarter.

Danske Bank Group

CORE EARNINGS AND NET PROFIT FOR THE PERIOD (DKr m)	Q1 2004	Q1 2003
Net interest income from banking activities, etc.	3,709	4,026
Fee and commission income, net	1,559	1,475
Trading income	856	983
Other core income	293	247
Core insurance earnings	314	269
Total core income	6,731	7,000
Operating expenses and depreciation	3,473	3,679
Core earnings before provisions	3,258	3,321
Provisions for bad and doubtful debts	321	478
Core earnings	2,937	2,843
Earnings from investment portfolios	523	229
Profit before tax	3,460	3,072
Tax	1,020	813
Net profit for the period	2,440	2,259
Portion attributable to minority interests	-	-

BALANCE SHEET HIGHLIGHTS (DKr bn)	March 31, 2004	December 31, 2003
Bank loans and advances	410	397
Repo loans	144	126
Mortgage loans	503	498
Bonds and shares	429	494
Due to credit institutions and central banks	364	300
Deposits	448	435
Repo deposits	50	49
Issued bonds	723	765
Subordinated debt	33	34
Shareholders' equity	62	60
Total assets	1,842	1,826

Profit and loss account for Danske Bank Group *

(DKr m)	Q1 2004	Q1 2003	Full year 2003
Interest income	15,692	18,033	67,228
Interest expense	11,036	13,081	46,963
Net interest income	4,656	4,952	20,265
Dividends from shares	83	58	235
Fee and commission income	1,986	1,816	7,514
Fees and commissions paid	343	300	1,462
Net interest and fee income	6,382	6,526	26,552
Securities and foreign exchange income	214	348	-713
Other operating income	251	215	1,237
Staff costs and administrative expenses	3,443	3,629	14,451
Amortisation, depreciation and write-downs	87	85	489
Other operating expenses	3	6	24
Provisions for bad and doubtful debts	321	478	1,662
Income from associated and subsidiary undertakings	467	181	2,586
Profit before tax	3,460	3,072	13,036
Tax	1,020	813	3,750
Net profit for the period	2,440	2,259	9,286
Portion attributable to minority interests	-	-	-

* The accounting format of the Danish Financial Supervisory Authority.

Balance sheet for Danske Bank Group

(DKr m)	March 31, 2004	December 31, 2003
ASSETS		
Cash in hand and demand deposits with central banks	13,780	9,949
Due from credit institutions and deposits with central banks	214,988	166,117
Loans and advances	1,056,802	1,020,618
Bonds	414,646	481,883
Shares, etc.	12,761	11,580
Holdings in associated undertakings	1,448	1,423
Holdings in subsidiary undertakings	13,623	13,307
Intangible assets	83	64
Tangible assets	5,800	5,884
Own shares	1,304	986
Other assets	104,910	112,973
Prepayments	2,130	1,350
Total assets	1,842,275	1,826,134
LIABILITIES AND EQUITY		
Due to credit institutions and central banks	363,885	299,880
Deposits	497,924	483,884
Issued bonds	723,240	765,347
Other liabilities	159,746	181,313
Deferred income	887	595
Provisions for obligations	1,107	1,106
Subordinated debt	33,482	33,549
Minority interests	9	9
Shareholders' equity		
Share capital	7,117	7,117
Reserve for own shares	1,304	986
Revaluation reserve	37	37
Brought forward from prior years	51,097	47,428
Retained profit for the year	2,440	4,883
Total shareholders' equity	61,995	60,451
Total liabilities and equity	1,842,275	1,826,134
OFF-BALANCE-SHEET ITEMS		
Guarantees, etc.	92,401	79,965
Other commitments	110,651	106,026
Total off-balance-sheet items	203,052	185,991

Capital

CHANGES IN SHAREHOLDERS' EQUITY AND MINORITY INTERESTS (DKr m)	Q1 2004	Q1 2003	Full year 2003
Shareholders' equity, beg. of period	60,451	60,319	60,319
Adjustment of accounting policies	-198	250	250
Reduction of own shares	-698	-307	-5,000
Reversal of revaluation reserve upon sale	-	-	-1
Net profit for the period	2,440	2,259	9,286
Dividends	-	-	-4,661
Dividends from own shares	-	-	258
Shareholders' equity, end of period	61,995	62,521	60,451
Minority interests, beg. of period	9	9	9
Minority interests, end of period	9	9	9

CAPITAL BASE AND SOLVENCY RATIO	DANSKE BANK GROUP	
(DKr m)	March 31, 2004	December 31, 2003
Core capital, less statutory deductions	57,362	58,699
Eligible subordinated debt and revaluation reserve	32,648	32,596
Statutory deduction for insurance subsidiaries	-7,090	-6,916
Other statutory deductions	-359	-329
Supplementary capital, less statutory deductions	25,199	25,351
Total capital base, less statutory deductions	82,561	84,050
Weighted items		
not included in trading portfolio	721,107	699,455
included in trading portfolio, with market risk	82,325	67,530
Total weighted items	803,432	766,985
Core (tier 1) capital ratio, %	7.14	7.65
Solvency ratio, %	10.28	10.96
Statutory minimum solvency requirement, %	8.00	8.00

Notes to the profit and loss account

SEGMENTS Q1 2004

(DKr m)	Banking Activities	Mortgage Finance	Danske Markets	Danske Capital	Danica Pension	Other	Core earnings	Earnings from investment portfolios	Trading income, etc.	Total *
Net interest income	3,058	751	-	2	-	-102	3,709	286	661	4,656
Dividends from shares	43	-	-	-	-	-	43	43	-3	83
Fee and commission income	1,353	33	-	181	-	-8	1,559	-5	89	1,643
Net interest and fee income	4,454	784	-	183	-	-110	5,311	324	747	6,382
Trading income/Securities and foreign exchange income	167	35	690	-4	-	-32	856	154	-796	214
Other operating income	35	32	-	-		183	250	1	-	251
Expenses, depreciation and amortisation	2,561	314	382	75	-	138	3,470	60	-	3,530
Other operating expenses		-	-	-	-	3	3	-	-	3
Insurance activities/ Income from associated and subsidiary undertakings	-	-	-		314	-	314	104	49	467
Provisions for bad and doubtful debts	319	2	-	-	-	-	321	-	-	321
Profit before tax	1,776	535	308	104	314	-100	2,937	523	-	3,460
Total assets (avg.)	508,456	516,918	671,225	3,292	-	4,708	1,704,599	95,304	-	1,799,903
Risk-weighted items (avg.)	421,113	249,008	61,630	1,048	-	4,708	737,507	29,059	-	766,566
Allocated capital (avg.)	27,372	16,186	4,006	68	7,081	306	55,019	1,889	-	56,908
Number of full-time-equivalent staff at March 31	8,885	988	536	192	829	5,208	16,638	38	-	16,676

SEGMENTS Q1 2003

(DKr m)	Banking Activities	Mortgage Finance	Danske Markets	Danske Capital	Danica Pension	Other	Core earnings	Earnings from investment portfolios	Trading income, etc.	Total *
Net interest income	3,268	804	-	1	-	-47	4,026	357	569	4,952
Dividends from shares	33	-	-	-	-	-	33	23	2	58
Fee and commission income	1,244	70	-	155	-	6	1,475	-8	49	1,516
Net interest and fee income	4,545	874	-	156	-	-41	5,534	372	620	6,526
Trading income/Securities and foreign exchange income	160	48	701	3	-	71	983	35	-670	348
Other operating income	33	27	-	-	-	155	215	-	-	215
Expenses, depreciation and amortisation	2,595	330	350	88	-	311	3,674	41	-	3,715
Other operating expenses	1	-	-	-	-	5	6	-	-	6
Insurance activities/ Income from associated and subsidiary undertakings	-	-	-	-	269	-	269	-137	50	182
Provisions for bad and doubtful debts	452	26	-	-	-	-	478	-	-	478
Profit before tax	1,690	593	351	71	269	-131	2,843	229	-	3,072
Total assets (avg.)	487,454	505,173	628,048	1,237	-	4,984	1,626,896	76,706	-	1,703,602
Risk-weighted items (avg.)	430,616	235,483	69,421	1,172	-	4,984	741,676	25,856	-	767,532
Allocated capital (avg.)	27,990	15,306	4,512	76	6,721	324	54,930	1,681	-	56,611
Number of full-time-equivalent staff at March 31	9,283	1,009	512	211	837	5,668	17,520	39	-	17,559

* The accounting format of the Danish Financial Supervisory Authority.

Summary

of

the Danica Group's consolidated financial statements as of and for the year ended December 31, 2003 together with comparative figures as of and for the year ended December 31, 2002, as included in the Danica Group's audited annual report for the year 2003, supplemented by comparative figures as of and for the year ended December 31, 2001, as included in the Danica Group's audited annual report for the year 2002.

Profit and loss account for the year

Note	(DKr m)	Danica Pension Group 2003	Danica Pension Group 2002	Danica Pension Group 2001	Danica Pension 2003	Danica Pension 2002	Danica Pension 2001
	PREMIUMS						
	Gross premiums	13.908	12.291	10.416	11.676	10.154	9.412
	Reinsurance premiums ceded	-33	-33	-15	-29	-30	-13
	Premiums, net of reinsurance	13.875	12.258	10.401	11.647	10.124	9.399
	INVESTMENT INCOME						
	Income from subsidiary undertakings	-	-	-	906	1.038	1.052
	Income from associated undertakings	112	7	-	-1	-	-
	Income from land and buildings	854	898	917	135	150	165
	Interest and dividends, etc.	7.924	7.066	8.016	7.159	6.318	7.164
	Total investment income	8.890	7.971	8.933	8.199	7.506	8.381
	Unrealised gains on investments	3.330	2.768	-	2.830	2.666	-
	CLAIMS AND BENEFITS						
	Claims and benefits paid	-10.773	-10.608	-9.896	-9.734	-9.790	-8.804
	Reinsurers' share received	81	76	70	80	76	69
	Change in outstanding claims provision	-24	12	-6	-19	14	-6
	Change in reinsurers' share of outstanding claims provision	2	1	0	-	-	-
	Claims and benefits, net of reinsurance	-10.714	-10.519	-9.832	-9.673	-9.700	-8.741
	CHANGE IN LIFE INSURANCE PROVISIONS						
a	Change in life insurance provisions, gross	-4.308	-6.676	-6.510	-4.840	-6.915	-6.863
	Change in reinsurers' share	55	137	35	55	137	36
	Change in life insurance provisions, net of reinsurance	-4.253	-6.539	-6.475	-4.785	-6.778	-6.827
	BONUS						
	Change in collective bonus potential	-2.663	3.307	7.219	-2.663	3.307	7.219
	Total bonus	-2.663	3.307	7.219	-2.663	3.307	7.219
b	Change in provisions for unit-linked policies	-2.526	-1.892	-963	-	-	-
	OPERATING EXPENSES RELATING TO INSURANCE						
	Acquisition costs	-360	-344	-275	-255	-222	-238
	Administrative expenses	-787	-810	-751	-674	-695	-642
	Reinsurance commissions and profit participation	0	-	-	-2	-1	-
	Total operating expenses relating to insurance, net of reinsurance	-1.147	-1.154	-1.026	-931	-918	-880
	INVESTMENT EXPENSES						
	Administrative expenses related to investment activities	-124	-154	-157	-112	-130	-135
	Interest expenses	-51	-118	-136	-57	-128	-148
	Realised losses on investments	-287	-3.091	-2.906	-252	-3.132	-2.941
	Total investment expenses	-462	-3.363	-3.199	-421	-3.390	-3.224
	Unrealised losses on investments	-	-	-3.945	-	-	-4.220
	Exchange rate adjustments	-681	-1.719	43	-612	-1.700	32
	Tax on pension returns	-1.100	-455	366	-1.045	-462	367
	Transferred investment return	-692	-474	-169	-692	-436	-112
	TECHNICAL RESULT OF LIFE INSURANCE	1.857	189	1.353	1.854	219	1.394
c	**TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE**	-21	-49	-209	-15	-47	-209
	Transferred investment return	484	377	139	484	339	82
	Other operating income	41	13	23	16	-	14
	Other operating expenses	-	-17	-	-	-17	-
	PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	2.361	513	1.306	2.339	494	1.281
	Extraordinary expenses	-	-	-28	-	-	-28
	PROFIT BEFORE TAX	2.361	513	1.278	2.339	494	1.253
d	Tax	-571	65	-253	-571	65	-253
	NET PROFIT FOR THE YEAR	1.790	578	1.025	1.768	559	1.000
	Portion attributable to minority interests	22	19	25	-	-	-
	PORTION ATTRIBUTABLE TO THE PARENT COMPANY	1.768	559	1.000	1.768	559	1.000

Summary annual accounts 2003 supplemented by the accounting figures for 2001 included as comparative figures in the annual accounts for 2002.

Balance sheet at 31 December

Assets

	Danica Pension Group			Danica Pension		
Note (DKr m)	2003	2002	2001	2003	2002	2001
INVESTMENTS						
Land and buildings	15.403	15.216	14.735	2.777	2.724	2.652
HOLDINGS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS						
Shares in subsidiary undertakings	-	-	-	14.078	14.165	13.658
Loans to subsidiary undertakings	-	-	-	-	-	100
Shares in associated undertakings	183	64	1	6	1	1
Loans to associated undertakings	296	393	-	-	-	-
Total investments in subsidiary and associated undertakings	479	457	1	14.084	14.166	13.759
OTHER FINANCIAL INVESTMENTS						
Shares	13.927	12.911	29.995	13.926	12.186	29.438
Units in unit trusts	10.175	5.678	5.788	10.160	5.670	5.459
Bonds	136.885	133.303	112.800	126.479	122.513	101.626
Other loans	-	47	-	-	47	-
Deposits with credit institutions	276	1.175	1.490	276	1.158	1.425
Total other financial investments	161.263	153.114	150.073	150.841	141.574	137.948
Total investments	177.145	168.787	164.809	167.702	158.464	154.359
Unit-linked investments	6.004	3.332	1.959	-	-	-
DEBTORS						
DEBTORS FROM DIRECT INSURANCE OPERATIONS						
Policyholders	448	734	787	394	669	733
Total debtors from direct insurance operations	448	734	787	394	669	733
Amounts due from insurance companies	878	676	634	878	676	632
Amounts due from subsidiary undertakings	66	38	-	1.195	993	991
Other debtors	321	179	601	121	74	571
Total debtors	1.713	1.627	2.022	2.588	2.412	2.927
OTHER ASSETS						
Tangible assets	2	2	2	1	1	1
Cash in hand and due from credit institutions	300	247	167	245	192	113
Other assets	19	-	365	-	-	1.034
Total other assets	321	249	534	246	193	1.148
PREPAYMENTS AND ACCRUED INCOME						
Accrued interest and rent	2.019	2.080	1.728	1.868	1.916	1.558
Other prepayments and accrued income	311	291	256	305	235	200
Total prepayments and accrued income	2.330	2.371	1.984	2.173	2.151	1.758
TOTAL ASSETS	187.513	176.366	171.308	172.709	163.220	160.192

Summary annual accounts 2003 supplemented by the accounting figures for 2001 included as comparative figures in the annual accounts for 2002.

Balance sheet at 31 December
Liabilities and equity

Note	(DKr m)	Danica Pension Group 2003	2002	2001	Danica Pension 2003	2002	2001
e	**SHAREHOLDERS' EQUITY**						
	Share capital	1.100	1.100	1.100	1.100	1.100	1.100
	Share premium account	568	568	568	568	568	568
	RESERVES						
	Security fund	1.499	1.499	1.499	1.499	1.499	1.499
	Total reserves	1.499	1.499	1.499	1.499	1.499	1.499
	Profit brought forward	10.522	8.754	8.181	10.522	8.754	8.181
	Total shareholders' equity	13.689	11.921	11.348	13.689	11.921	11.348
	Minority interests	208	197	187	-	-	-
	TECHNICAL PROVISIONS						
	UNEARNED PREMIUMS PROVISION						
	Gross provision	56	59	62	55	59	63
	Reinsurers' share	-1	-	-	-1	-	-
	Unearned premiums provision, net of reinsurance	55	59	62	54	59	63
a	LIFE INSURANCE PROVISIONS						
	Guaranteed benefits	123.881	131.063		114.943	121.593	
	Bonus potential of future premiums	22.698	14.939		22.698	14.939	
	Bonus potential of paid-up policies	9.629	5.827		9.629	5.827	
	Reinsurers' share	-1.607	-1.552		-1.607	-1.552	
	Life insurance provisions, net of reinsurance	154.601	150.277	144.045	145.663	140.807	134.020
	OUTSTANDING CLAIMS PROVISION						
	Gross provision	3.230	2.730	2.410	3.194	2.722	2.408
	Reinsurers' share	-52	-59	-76	-34	-57	-76
	Outstanding claims provision, net of reinsurance	3.178	2.671	2.334	3.160	2.665	2.332
	Collective bonus potential	7.152	4.475	7.711	7.152	4.475	7.710
	Provisions for bonus and premium discounts on health and accident insurance	53	51	35	50	51	35
	Equalisation provision for health and accident insurance	-	50	50	-	50	50
	Other technical provisions for health and accident insurance	909	871	822	902	867	823
	Total technical provisions, net of reinsurance	165.948	158.454	155.059	156.981	148.974	145.033
b	**Provisions for unit-linked policies, net of reinsurance**	5.810	3.283	2.042	-	-	-
	PROVISIONS FOR OTHER RISKS AND COSTS						
	Deferred tax on pension returns	421	624	821	409	601	788
	Pensions and other obligations	-	-	5	-	-	-
d	Deferred taxes	391	224	7	297	170	598
	Total provisions for other risks and costs	812	848	833	706	771	1.386
	CREDITORS						
	Creditors, direct insurance	151	272	134	144	267	128
	Creditors from reinsurance	15	7	7	-	-	7
	Amounts owed to credit institutions	117	290	303	39	217	220
	Amounts owed to subsidiary undertakings	2	-	60	854	396	1.121
	Tax	-	51	-	-	51	-
	Other creditors	637	896	1.241	185	484	858
	Total creditors	922	1.516	1.745	1.222	1.415	2.334
	Accruals and deferred income	124	147	94	111	139	91
	TOTAL LIABILITIES AND EQUITY	187.513	176.366	171.308	172.709	163.220	160.192

h Contingent liabilities

Summary annual accounts 2003 supplemented by the accounting figures for 2001 included as comparative figures in the annual accounts for 2002.

Notes

Note (DKr m)	Danica Pension Group 2003	2002	2001	Danica Pension 2003	2002	2001
a CHANGE IN LIFE INSURANCE PROVISIONS, GROSS						
Provisions, beginning of year	151.829	145.465		142.359	135.435	
Adjustment at January 1, 2002, because of change to market value assessment	-	14		-	-	
Accumulated value adjustment, beginning of year	-10.995	-10.001		-7.165	-6.232	
Retrospective provisions, beginning of year	140.834	135.478		135.194	129.203	
Changes during the period:						
Gross premiums	11.477	9.701		11.676	10.154	
Interest added	7.042	7.101		6.278	6.307	
Claims and benefits	-10.664	-10.448		-9.753	-9.776	
Expense supplement after addition of expense bonus	-699	-609		-699	-609	
Risk gain after addition of risk bonus	5	-63		-24	-94	
Other	3	-		-	-	
Total changes	7.164	5.682		7.478	5.982	
Other changes:						
Transfer of provisions	38	17		38	19	
Change in quota share, Forenede Gruppeliv	33	-10		33	-10	
Other	-	-333		-	-	
Total other changes	71	-326		71	9	
Retrospective provisions, end of year	148.069	140.834		142.743	135.194	
Accumulated value adjustment, end of year	8.139	10.995		4.527	7.165	
Gross life insurance provisions, end of year	156.208	151.829	145.465	147.270	142.359	135.435
Reinsurers' share of life insurance provisions, end of year	-1.607	-1.552	-1.420	-1.607	-1.552	-1.415
Life insurance provisions, net of reinsurance, end of year	154.601	150.277	144.045	145.663	140.807	134.020
Change in gross life insurance provisions consists of:						
Change in retrospective provisions	7.164	5.682		7.478	5.982	
Change in accumulated value adjustment	-2.856	994		-2.638	933	
Change in gross life insurance provisions	4.308	6.676		4.840	6.915	
Increase in provisions because the bonus potential of future premiums and paid-up policies must be positive for each policy						
Bonus potential of future premiums	10	416		10	416	
Bonus potential of paid-up policies	4.517	6.749		4.517	6.749	

The provisions concern the same portfolio.

For each insurance, the provision is larger than the guaranteed surrender value.

Summary annual accounts 2003 supplemented by the accounting figures for 2001 included as comparative figures in the annual accounts for 2002.

Notes

	Danica Pension Group			Danica Pension		
Note (DKr m)	2003	2002	2001	2003	2002	2001
b CHANGE IN PROVISIONS FOR UNIT-LINKED POLICIES						
Provisions, beginning of year	3,283	2,042		-	-	
Adjustment at January 1, 2002, because of change to market value assessment	-	-89		-	-	
Accumulated value adjustment, beginning of year	221	29		-	-	
Retrospective provisions, beginning of year	3,504	1,982				
Changes during the year:						
Gross premiums	2,431	2,541				
Interest added	416	-311		-	-	
Claims and benefits	-131	-99		-	-	
Expense supplement after addition of expense bonus	-69	-45		-	-	
Risk gain after addition of risk bonus	3	-1		-	-	
Other	-14	-1		-	-	
Total changes	2,636	2,084		-	-	
Other changes:						
Transfer of provisions	-1	-		-	-	
Other	2	-562		-	-	
Total other changes	1	-562		-	-	
Retrospective provisions, end of year	6,141	3,504		-	-	
Accumulated value adjustment, end of year	-331	-221		-	-	
Gross provisions, end of year	5,810	3,283	2,042	-	-	-
Provisions, net of reinsurance, end of year	5,810	3,283	2,042	-	-	-
Change in provisions for unit-linked policies consists of:						
Change in retrospective provisions	2,636	2,084		-	-	
Change in accumulated value adjustment	-110	-192		-	-	
Change in provisions for unit-linked policies	2,526	1,892		-	-	
PROVISIONS FOR UNIT-LINKED POLICIES, NET OF REINSURANCE						
Provisions for unit-linked policies without guarantee	3,367	1,754	1,642	-	-	
Provisions for guaranteed unit-linked policies	2,443	1,529	400	-	-	
Total provisions for unit-linked policies, net of reinsurance	5,810	3,283	2,042	-	-	
Total provisions for guaranteed unit-linked policies, net of reinsurance includes:						
Guaranteed benefits	315	447		-	-	
Guaranteed paid-up policies	1,719	1,120		-	-	

Summary annual accounts 2003 supplemented by the accounting figures for 2001 included as comparative figures in the annual accounts for 2002.

Notes

		Danica Pension Group			Danica Pension		
Note (DKr m)		2003	2002	2001	2003	2002	2001
c	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE						
	PREMIUMS						
	Gross premiums	805	730	722	775	720	721
	Reinsurance premiums ceded	-21	-15	-10	-11	-10	-10
	Change in unearned premiums provision, gross	3	3	2	4	3	2
	Change in unearned premiums provision, reinsurers' share	1	-	-	1	-	-
	Premiums, net of reinsurance	788	718	714	769	713	713
	Transferred investment return	112	9	-89	112	9	-89
	CLAIMS						
	Claims paid, gross	-402	-313	-242	-401	-313	-242
	Reinsurers' share received	34	13	9	34	13	9
	Change in outstanding claims provision, gross	-369	-246	-383	-352	-239	-383
	Change in outstanding claims provision, reinsurers' share	-15	-19	5	-23	-19	5
	Claims, net of reinsurance	-752	-565	-611	-742	-558	-611
	Change in other technical provisions, net of reinsurance	-52	-49	-70	-47	-46	-70
	Bonus and premium discounts	-27	-45	-28	-23	-45	-28
	OPERATING EXPENSES RELATING TO INSURANCE						
	Acquisition costs	-41	-28	-37	-37	-27	-37
	Administrative expenses	-101	-89	-88	-99	-89	-87
	Reinsurance commissions and profit participation	2	-	-	2	-4	-
	Total operating expenses relating to insurance, net of reinsurance	-140	-117	-125	-134	-120	-124
	Change in equalisation provision	50	-	-	50	-	-
	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-21	-49	-209	-15	-47	-209
	Total run-off regarding prior years:						
	Gross	-40	-1	-54	-40	-1	-54
	Net of reinsurance	-40	-8	-42	-40	-8	-42
	Discount transferred to claims						
	(deducted from transferred investment return)	-96	-88	-119	-96	-88	-119
d	TAX						
	Estimated tax charge on the profit for the year	-431	276	-118	-473	421	-59
	Deferred tax	-158	-415	-237	-117	-499	-253
	Adjustment of deferred tax concerning merger	-	170	-	-	170	-
	Adjustment of prior-year tax charge	18	34	102	14	42	100
	Share of tax in group business	-	-	-	5	-69	-41
	Tax on profit on ordinary activities and extraordinary items	-571	65	-253	-571	65	-253
	Total tax	-571	65	-253	-571	65	-253

Provisions for deferred tax mostly concern land and buildings, shares and NPV of future administrative results.

Summary annual accounts 2003 supplemented by the accounting figures for 2001 included as comparative figures in the annual accounts for 2002.

Notes

Note (DKr m)		Danica Pension Group 2003	2002	2001	Danica Pension 2003	2002	2001
e	SHAREHOLDERS' EQUITY						
	Shareholders' equity, beginning of year	11.921	11.348	8.612	11.921	11.348	8.612
	Adjustment at January 1, 2002, because of one-off adjustment			1.370			1.370
	Adjustment at January 1, 2002, because of change to market value assessment	-	14	16	-	14	16
	Shareholders' equity after adjustment, beginning of year	11.921	11.362	9.998	11.921	11.362	9.998
	Capital increase			350			350
	Net profit for the year	1.768	559	1.000	1.768	559	1.000
	Shareholders' equity, end of period	13.689	11.921	11.348	13.689	11.921	11.348
	Number of shares of DKr100				11.000.000	11.000.000	11.000.000
	Realised result						
	Technical result of life insurance				1.854	219	
	Transferred investment return				692	436	
	Tax on pension returns				1.045	462	
	Change in collective bonus potential				2.663	-3.307	
	Addition of bonus				1.555	1.928	
	Total realised result				7.809	-262	
	Result of reinsurance				-104	-182	
	Investment return allocated to shareholders' equity and health and accident insurance				-693	-625	
	Total realised result of life insurance				7.012	-1.069	

In accordance with the consolidation policy, the full risk allowance may be booked for 2003.
In addition, DKr 954m has been transferred from the shadow account,
which amounts to DKr 859m at year-end.

	2003	2002
Change in the shadow account:		
Shadow account, beginning of year	1.748	859
Interest added	65	39
Used/transferred	-954	850
Shadow account, end of year	859	1.748

According to the articles of association, the security fund may be used to strengthen insurance provisions or otherwise for the benefit of policyholders. The tranfer to the fund was made before Danica Pension became liable to tax..

Danica Pension has an obligation to certain policyholders to restrict transfers to equity if the percentage by which the solvency margin exceeds the statutory solvency requirement is higher than the percentage maintained by Statsanstalten for Livsforsikring (now part of Danica Pension) prior to the privatisation of this company in 1990.
In addition, it is the intention not to distribute dividends for a period of at least 25 years from 1990.
Paid-up share capital may, however, be distributed, and interest thereon may be distributed after 2000.

Note (DKr m)		Danica Pension Group 2003	2002	2001	Danica Pension 2003	2002	2001
f	SOLVENCY MARGIN						
	Solvency margin for life insurance, end of year	6.745	6.422	6.187	6.268	5.976	5.757
	Solvency margin for health and accident insurance, end of year	148	120	121	143	117	119
	Total solvency margin, end of year	6.893	6.542	6.308	6.411	6.093	5.876
g	CAPITAL BASE						
	Shareholder's equity	13.689	11.921	11.348	13.689	11.921	11.348
	Solvency margin of subsidiaries	-	-	-	-482	-449	-433
	Total capital base	13.689	11.921	11.348	13.207	11.472	10.915

Summary annual accounts 2003 supplemented by the accounting figures for 2001 included as comparative figures in the annual accounts for 2002.

Notes

Note (DKr m)

h CONTINGENT LIABILITIES (2003)
The parent company is jointly and severally liable with the other participants for the insurance obligations concerning all the policies administered by Forenede Gruppeliv A/S.

Assets with a total balance-sheet value of DKr170,239m at the end of the year were earmarked by the parent company as security for policyholders' savings.

At the end of the year, unsettled contracts for the purchase and sale of investment assets amounted to DKr12,962m and DKr29,220m, respectively, in the Group, and to DKr12,625m and DKr29,216m in the parent company.

The parent company has undertaken to invest an amount of DKr1,410m in unlisted shares.

The group companies are voluntarily registered for VAT on certain properties. VAT payable by the group companies and the parent company amounts to DKr395m and DKr17m, respectively.

The group's Danish companies are jointly and severally liable for the total tax of the jointly taxed companies. The companies are registered jointly with subsidiary undertakings for financial services employer tax and for VAT for which they are jointly and severally liable.

Mortgages in a total amount of DKr2,732m have been issued as security for the technical liabilities. In addition, the group has debt secured on land and buildings in an amount of DKr62m.

In addition to the deferred tax recognised on the balance sheet, the parent company is liable for contingent tax of DKr52m on shares in subsidiaries owned for a period of less than three years.

i INTRA-GROUP TRANSACTIONS (2003)
The Danica Pension group is managed by its parent company, Forsikringsselskabet Danica, which charges the Danica Pension group companies for intra-group transactions and services on market terms or on a cost reimbursement basis.
In 2003, Forsikringsselskabet Danica was reimbursed DKr1,193m by the Danica Pension group, including DKr264m paid to Danske Bank for the handling of IT operations and development, and DKr73m for internal audit, human resource administration, purchasing, marketing and the like.

In addition, the Danica Pension group paid DKr161m to the Danske Bank Group for its sale of life insurance policies and for portfolio management, corresponding to 3.3% of the gross premium income from policies written through the Danske Bank Group.

Danske Bank handles portfolio management, securities trading and much of the administration of the group's investment properties. These services are also settled on market terms or on a cost reimbursement basis. In 2003, the Danica Pension group paid DKr132m for portfolio management, corresponding to 0.08% of the investment assets under management.
In addition, the group received commission and paid custody fees and brokerage for trades in shares, etc., totalling DKr2m.
An amount of DKr34m, corresponding to 4.4% of the gross rent, was paid for administration of investment properties.

Other transactions with related parties in 2003
As part of the streamlining of its group structure, Danica Pension acquired the portfolio of shares held by its subsidiary, Danica Aktieinvest. The acquisition price was DKr875m, corresponding to the market value at the time of acquisition.

Summary annual accounts 2003 supplemented by the accounting figures for 2001 included as comparative figures in the annual accounts for 2002.

Accounting policies 2003

General

The consolidated accounts and the annual accounts have been prepared in compliance with the Danish Insurance Business Act and the Executive Order on the Accounts of Life Insurance Companies and Life Insurance Groups issued by the Danish Financial Supervisory Authority.

According to the Executive Order issued by the Danish Financial Supervisory Authority, health and accident insurance is incorporated in the accounts pursuant to the principles of the Executive Order on the Accounts of General Insurance Companies.

Danica Pension is included in the consolidated accounts of Danske Bank A/S, Copenhagen, as a non-consolidated insurance subsidiary.

In accordance with the Executive Order on the Contribution Principle, the Danish Financial Supervisory Authority has been notified of the company's policy for profit distribution. The company's pre-tax profit consists of the return on assets allocated to shareholders' equity plus an amount (a risk allowance) determined by insurance provisions and a variable amount reflecting the company's risks and costs and the health and accident result. To the extent that the Executive Order on the Contribution Principle does not permit the company to include a full risk allowance, inclusion may be made over the following years if justified by the realised result. In these cases, a shadow account is established. The shadow account bears interest at the same rate as the bonds allocated to shareholders' equity. The shadow account appears in the notes.

Change in accounting policies, etc.

Danica Pension has not changed its accounting policies from those followed in the annual report for 2002 apart from the accounting treatment of goodwill on acquisition and leasehold improvements. With effect from January 1, 2003, goodwill on acquisition will be capitalised and amortised over the economic life of the assets, and leasehold improvements will be capitalised under tangible assets and amortised over the expected useful life of the assets. Since Danica Pension neither acquired goodwill nor made leasehold improvements in 2003, the change had no financial effect for 2003.

As a consequence of Danica Pension having allocated assets to shareholders' equity since July 1, 2002, the method for calculating the investment return to be transferred to equity for 2003 has been changed, so that the transferred investment return corresponds to the return on the assets allocated to shareholders' equity.

In addition, the method for calculating the fair value of life insurance provisions has been changed. The Danish Financial Supervisory Authority's rules permit the companies to calculate the fair value, using a zero-coupon yield curve method or on the basis of the flat calculation rate of the Danish Financial Supervisory Authority.

At the end of 2003, the Danica Pension Group started to calculate the fair value, using a zero-coupon yield curve method. This change in method has reduced the life insurance provisions by DKr1.7bn and increased the collective bonus potential by a similar amount.

In October 2003, the Danish Financial Supervisory Authority issued a new Executive Order on the Annual Accounts of Life Insurance Companies, which shows changed ratios as a consequence of the recognition of assets and liabilities at fair values. In addition, new ratios and group ratios have been introduced.

Principles of consolidation

The annual accounts for the companies included in the consolidated accounts are prepared in accordance with the accounting policies of Danica Pension.

The annual accounts of the parent company and the subsidiaries are consolidated line by line in the consolidated accounts. Subsidiaries are companies in which Danica Pension has a controlling interest. The portion of the net profit and shareholders' equity of the subsidiaries attributable to minority interests appears in the consolidated profit and loss account and balance sheet.

In the consolidated accounts, intra-group income, expenses, accounts and dividends are eliminated and investments in subsidiaries are set off against the share of the companies' shareholders' equity. In accordance with the Executive Order of the Danish Financial Supervisory Authority, gains and losses resulting from intra-group transactions in connection with the formation of companies, capital increases, transfers of policy portfolios, etc. are not reversed because such transactions are made on market terms.

Companies that are not subsidiaries but in which the Danica Pension Group holds shares and exerts a significant influence are associated companies. Associated companies are included in the consolidated accounts and in the parent company's accounts with that portion of the net profit and the shareholders' equity that corresponds to the Group's and Danica Pension's shares of the capital. The portion of the net profit and the shareholders' equity is calculated on the basis of the most recent annual accounts or interim accounts.

Companies acquired are included in the consolidated accounts as from the acquisition date. Sold companies are included in the consolidated accounts until the time of the sale. Comparative figures are not restated on the sale or acquisition of companies.

Intra-group trading

The company is a member of the Danske Bank Group, which consists of a number of independent legal entities. Intra-group transactions and services are settled on market terms or on a cost-reimbursement basis. Except for insignificant transactions, all transactions are based on contracts between the entities.

Translation of foreign currency

Assets and liabilities in foreign currency are translated into Danish kroner, using the exchange rates applicable at the balance sheet date. Income and expenses in foreign currency are translated into Danish kroner using the exchange rates prevailing at the time of booking. The profit and loss account of foreign subsidiaries and branches is translated using average exchange rates.

All value adjustments and gains and losses attributable to differences in exchange rates at the time of translation into Danish kroner are recorded under the item Exchange rate adjustments.

PROFIT AND LOSS ACCOUNT

Premiums

Regular premiums and single premiums are recorded in the profit and loss account when they fall due.

Investment income

Income from subsidiary undertakings includes the company's share of the pre-tax profit of the subsidiaries and realised gains and losses on sales during the year.

Income from associated undertakings includes the company's share of the pre-tax profit of the associated companies and realised gains and losses on sales during the year.

Income from land and buildings comprises the profit on operating land and buildings after deduction of property management expenses and addition of a calculated market rent on buildings used for the company's own operations.

Interest and dividends, etc. comprise yield on bonds and other securities, and interest on loans, deposits and amounts due. In addition, the item includes dividends from shares with the exception of dividends from subsidiaries and associated undertakings.

In the profit and loss account, gains and losses on investments are broken down by realised and unrealised gains and losses for all investments taken together.

Realised gains and losses derive from sale of investments with the exception of shares in subsidiaries and associated undertakings. The amount is stated net in the profit and loss account.

Unrealised gains and losses on investments

Unrealised gains and losses from investments, with the exception of shares in subsidiaries and associated undertakings, reflect adjustment of the value to the fair value applicable at the balance sheet date. The amount is stated net in the profit and loss account.

Claims and benefits

Claims and benefits, net of reinsurance, comprise claims and benefits paid during the year, adjusted for the change during the year in outstanding claims provision and net of reinsurance.

Change in life insurance provisions

Change in life insurance provisions, net of reinsurance, comprises the change in gross life insurance provisions net of reinsurance.

Bonus

Change in collective bonus potential comprises the change during the year in the collective bonus potential.

Change in provisions for unit-linked policies

Change in provisions for unit-linked policies comprises the change during the year in the unit-linked provisions.

Operating expenses relating to insurance

Acquisition costs cover costs related to acquiring and renewing the insurance portfolio. Administrative expenses cover the other expenses related to insurance operations accrued over the accounting year.

Investment expenses

Administrative expenses related to investment activities comprise portfolio management fees to investment managers, custody fees, etc.

Tax on pension returns

Tax on pension returns is included in the profit and loss account with the amount calculated on the basis of the tax base for the accounting year and changes in provisions for deferred tax on pension returns.

Transferred investment return

Transferred investment return consists of the return on the assets allocated to shareholders' equity and the return on health and accident insurance.

Technical result of health and accident insurance

The technical result of health and accident insurance is stated in a separate main item in the profit and loss account and is specified in a note.

Premium income, net of reinsurance, is accrued to reflect the amounts relating to the accounting year.

Claims, net of reinsurance, comprise claims paid for the year, adjusted for changes in outstanding claims provision, including gains and losses on outstanding claims provisions for earlier years (run-off result).

The interest included in the transferred investment return is calculated as a proportion of the total return on investments, excluding the return allocated to shareholders' equity. This proportion is calculated according to the ratio of health and accident provisions to total insurance provisions.

Other operating income and expenses

Comprise operating income and expenses not attributable to an insurance portfolio or investments.

Tax

Corporation tax is stated in the profit and loss account at the amount calculated on the basis of the tax base for the accounting year and changes in provisions for deferred tax.

The company and the majority of those of its Danish subsidiaries that have been wholly owned for the full year are taxed jointly with Danske Bank. The calculated Danish tax on the profit for the year is allocated to the jointly-taxed Danish companies in accordance with the full allocation method.

The tax stated in the company's profit and loss account comprises both the company's own tax and its proportionate share of the subsidiaries' tax.

ASSETS

Land and buildings

Land and buildings are recognised at fair value. The fair value is calculated in accordance with the guidelines of the Danish

Financial Supervisory Authority based on a systematic valuation of individual properties and their expected returns.

Building work in progress is stated at expenses incurred plus interest accruing in the building period. If expenses and interest are expected to exceed the fair value at the time of completion, the excess value is written down.

Holdings in subsidiary and associated undertakings

Holdings in subsidiary and associated undertakings are recognised at their proportionate shares of shareholders' equity in accordance with Danica Pension's accounting policies.

Other financial investments

Listed financial investments are stated at their quoted marked price at the balance sheet date.

Unlisted financial investments, including derivatives, are recognised at their estimated fair value at the balance sheet date.

Debtors

Debtors are stated at face value less write-down to cover losses.

Other assets

Furniture, equipment, computer hardware, cars, etc. are included in the balance sheet at cost less depreciation.

LIABILITIES AND EQUITY

Technical provisions

Provisions relate to health and accident insurance and are made in accordance with the premiums written for the following accounting year.

Life insurance provisions

Life insurance provisions are computed for each insurance policy on the basis of a zero-coupon yield curve. The zero-coupon yield curve is estimated on the basis of the Danish swap market without addition of credit spreads. A risk premium of 5 procent is deducted, which means that yields are multiplied by 0.95.

Life insurance provisions are divided into guaranteed benefits, bonus potential of future premiums and bonus potential of paid-up policies.

Guaranteed benefits include obligations to pay guaranteed benefits to policyholders. Guaranteed benefits are calculated as the present value of the current, guaranteed benefits plus the present value of expected future administrative expenses and less the present value of future premiums.

The bonus potential of future premiums includes the obligation to pay out bonus in relation to premiums agreed on but not yet due. The bonus potential of future premiums is calculated for the portfolio of policies entitled to bonus payments as the difference between the value of guaranteed benefits under paid-up policies and the value of the guaranteed benefits. Guaranteed benefits under paid-up policies include obligations to pay guaranteed benefits if the policy is converted into a paid-up policy. Guaranteed benefits under paid-up policies are calculated as the present value of the guaranteed benefits under paid-up policies plus the present value of expected future expenses for the administration of the policies.

The bonus potential of paid-up policies includes obligations to pay bonus in relation to premiums already due, etc. The bonus potential of paid-up policies is calculated as the value of the policyholders' savings less the guaranteed benefits, the bonus potential of future premiums and the present value of future administrative results. The bonus potential of each insurance policy cannot be negative.

Outstanding claims provisions

Outstanding claims provisions is an estimate of expected payments of benefits as a result of insurance events that have taken place but have not yet been notified at the balance sheet date and benefits due but not yet paid out. As regards claims under health and accident insurance policies where benefits are paid out successively, provisions are calculated as the present value of expected future payments. Total outstanding claims provisions are calculated net of reinsurance.

Collective bonus potential

Obligations to pay bonus in addition to the bonus amounts added to the life insurance provisions are carried under collective bonus potential.

Provisions for bonus and premium discounts on health and accident insurance

Provisions for bonus and premium discounts comprise amounts payable to the policyholders as a result of a favourable trend in claims for this year or previous years.

Equalisation provisions for health and accident insurance

Equalisation provisions comprise provisions for the equalisation of future claims under health and accident policies, which traditionally record the largest fluctuations in annual claims.

Other technical provisions for health and accident insurance

Other technical provisions include provisions for the increasing age of holders of health and accident insurance policies and cover the risk linked to the increasing age of policyholders which is not covered by a similar increase in premiums during the lives of the policies.

Provisions for unit-linked policies, net of reinsurance

The provisions are calculated on the basis of each policy's share of linked unit trusts less an expected future administrative result. For insurance policies with guaranteed benefits, the value of the guaranteed benefits and the value of the guaranteed benefits under paid-up policies are calculated on the basis of the methods reported to the Danish Financial Supervisory Authority.

Deferred tax on pension returns

Deferred tax on pension returns is the tax payable by the life insurance companies as a result of the fact that, according to the Danish Act on tax on pension returns, realised capital gains form part of the tax base with a time lag.

Provisions for tax

Deferred tax resulting from timing differences between the booking of income and charges for tax and for accounting purposes is posted taking into account expected due dates.

Creditors

Liabilities are stated at face value.

RATIOS

The ratios of the group and the company have been prepared in accordance with the Executive Order on the Accounts of Life Insurance Companies.

The return ratios are money-weighted returns. The return for the entire period is measured against the holdings of the assets and liabilities in question at the beginning of the period adjusted for half of the net investments in these holdings. Danica Pension prepares ratios showing both the returns before and after tax on pension returns and the return on customer funds before tax on pension returns.

Accounting policies 2002

General

The consolidated accounts and the annual accounts have been prepared in compliance with the Danish Insurance Business Act and the Executive Order on the Accounts of Life Insurance Companies and Life Insurance Groups issued by the Danish Financial Supervisory Authority.

According to the Executive Order issued by the Danish Financial Supervisory Authority, health and accident insurance is incorporated in the accounts pursuant to the principles of the Executive Order on the Accounts of General Insurance Companies.

On January 1, 2002, Danica Pension II merged with Danica Liv & Pension, Danica Liv I, Danica Pension, Danica Pension IV and Danica B II, with Danica Pension II as the continuing company. In that connection, the company changed its name to Danica Pension. In addition, Danica Liv III merged with Danica B III on January 1, 2002, with Danica Liv III as the continuing company.

Danica Pension is included in the consolidated accounts of Danske Bank A/S, Copenhagen, as a non-consolidated insurance subsidiary.

Change in accounting policies, etc.

The Danish Financial Supervisory Authority's Executive Order on the Accounts of Life Insurance Companies was amended with effect on January 1, 2002. The main changes from the previous Executive Order are that bonds are valued at fair value and that life insurance provisions are broken down by guaranteed benefits, bonus potential of future premiums and bonus potential of paid-up policies, and that these are recognised at fair value. In addition, the item Deferred acquisition costs lapses. Finally, bonus equalisation provisions are renamed collective bonus potential, and provisions for unit-linked policies are recognised in a separate balance sheet item. The accounting policies are changed accordingly.

Comparative figures in the profit and loss account and the balance sheet are restated as a result of both the mergers and the transition to assessing assets at fair value. In accordance with the transition rules in the Executive Order of the Danish Financial Supervisory Authority, the comparative figures for life insurance provisions are not broken down by guaranteed benefits, bonus potential of future premiums and bonus potential of paid-off policies. Nor are the comparative figures for life insurance provisions and the collective bonus potential restated as a result of the changed parameters for interest, expenses and risk that are used in the fair value accounts. Comparative figures in the list of ratios and key figures are restated, taking into account the merger, but not the consequences of the new Executive Order on the Accounts of Life Insurance Companies.

The following adjustments have been made:

> After provisions for tax on pension returns, increases in the value of bonds relating to the life insurance business are used fully for revaluation of the collective bonus potential.
>
> The transition to fair value in Danica Pension entails a DKr1.2bn reduction in the life insurance provisions, which is used fully to increase the collective bonus potential.
>
> The transition to fair value at Danica Liv III entails an increase in the life insurance provisions resulting in a corresponding reduction in the shareholders' equity of Danica Liv III. In the parent company, Danica Pension, shares in subsidiary undertakings are written down by DKr0.1bn, and the collective bonus potential is reduced by the same amount.
>
> The transition to fair value in Danica Fondförsäkring entails a DKr34m increase in the value of subsidiaries, which is used fully to increase the collective bonus potential.

The effect of these adjustments on the net profit and shareholders' equity is nil.

In addition, the change in accounting policies results in a DKr30m increase in shareholders' equity from January 1, 2002. The increase consists of:

	(DKr m)
After provisions for tax on pension returns, increases in the value of bonds relating to health and accident insurance are divided between the shareholders' equity and the collective bonus potential in accordance with the reported policy for profit distribution. The portion attributable to shareholders' equity amounts to	16
The transition to fair value at Danica Pension I results in a reduction in provisions for unit-linked insurance of DKr19m The tax on that amount is DKr5m, which means that the shareholders' equity of Danica Pension I is increased by DKr14m. In the parent company, Danica Pension, shares in subsidiary companies are revalued by DKr14m, and the shareholders' equity is increased by	14
Total	30

Total assets, liabilities and equity rose by DKr5,327m from the beginning of 2002 as a result of changed accounting policies

A new policy for profit distribution for Danica Pension was adopted in 2002. This step was taken in response to a notice from the Danish Financial Supervisory Authority in October 2001 on the interpretation of the contribution principle. The profit is now based on the return for the year on assets allocated to shareholders' equity, the profit of Danica Pension I and a risk allowance determined by insurance provisions plus a share of the risk, cost, health and accident result. To the extent that the Executive Order on the Contribution Principle does not permit the company to include a full risk allowance, inclusion may be made over the following years if justified by the realised result. In these cases, a shadow account is established.

In connection with the transition to a new consolidation policy in the beginning of 2002, a one-off adjustment was made between shareholders' equity and the collective bonus potential. The collective bonus potential was reduced by DKr1,903m. The tax on that amount was DKr533m, which means that the shareholders' equity was increased by DKr1,370m. The adjustment was included in the merger accounts.

Principles of consolidation

The annual accounts for the companies included in the consolidated accounts are prepared in accordance with the accounting policies of Danica Pension.

The annual accounts of the parent company and the subsidiaries are consolidated line by line in the consolidated accounts. Subsidiaries are companies in which Danica Pension has a controlling interest. The portion of the net profit and shareholders' equity of the subsidiaries attributable to minority interests appears in the consolidated profit and loss account and balance sheet.

In the consolidated accounts, intra-group income, expenses, accounts and dividends are eliminated, and investments in subsidiaries are set off against the share of the companies' shareholders' equity. In accordance with the Executive Order of the Danish Financial Supervisory Authority, gains and losses resulting from intra-group transactions in connection with the formation of companies, capital increases, transfers of policy portfolios, etc. are not reversed because such transactions are made on market terms.

Companies that are not subsidiaries but in which the Danica Pension Group holds shares and exerts a significant influence are associated companies. Associated companies are included in the consolidated accounts and in the parent company's accounts with that portion of the net profit and the shareholders' equity that corresponds to the Group's and Danica Pension's shares of the capital. The portion of the net profit and the shareholders' equity is calculated on the basis of the most recent annual accounts or interim accounts.

Goodwill on acquisition of companies is expensed at the time of acquisition with the difference between the acquisition price and the share of the acquired company's shareholders' equity calculated in accordance with Danica Pension's accounting policies.

Companies acquired are included in the consolidated accounts as from the acquisition date. Sold companies are included in the consolidated accounts until the time of the sale. Comparative figures are not restated on the sale or acquisition of companies.

Intra-group trading

The company is a member of the Danske Bank Group, which consists of a number of independent legal entities. Intra-group transactions and services are settled on market terms or on a cost-reimbursement basis. Except for insignificant transactions, all transactions are based on contracts between the entities.

Translation of foreign currency

The annual accounts of foreign subsidiaries, associated undertakings and branches, and assets and liabilities in foreign currency are translated into Danish kroner at the exchange rates applicable at the balance sheet date. Income and expenses in foreign currency are translated into Danish kroner using the exchange rates prevailing at the time of booking. All value adjustments and gains and losses on sales attributable to differences in exchange rates at the time of translation into Danish kroner are recorded under the item Exchange rate adjustments.

PROFIT AND LOSS ACCOUNT

Premiums, life

Regular premiums and single premiums are recorded in the profit and loss account when they fall due.

Income from subsidiary undertakings

Income from subsidiary undertakings includes the company's share of the pre-tax profit of the subsidiaries and realised gains and losses on sales during the year.

Income from associated undertakings

Income from associated undertakings includes the company's share of the net profit of the associated undertakings and realised gains and losses on sales during the year.

Income from land and buildings

Income from land and buildings comprises the profit on operating land and buildings after deduction of property management expenses and addition of a calculated market rent on buildings used for the company's own operations.

Interest and dividends, etc.

This item comprises yield and similar interest on bonds, other securities, loans, deposits and amounts due. In addition, the item includes dividends from shares with the exception of dividends from subsidiaries and associated undertakings.

Gains and losses on investments

In the profit and loss account, gains and losses on investments are broken down by realised and unrealised gains and losses for all investments taken together.

Realised gains and losses derive from sale of investments with the exception of shares in subsidiaries and associated undertakings. The amount is stated net in the profit and loss account.

Unrealised gains and losses from investments, with the exception of shares in subsidiaries and associated undertakings, reflect adjustment to the fair value applicable at the balance sheet date. The amount is stated net in the profit and loss account.

Insurance benefits, life

Claims and benefits, net of reinsurance, comprise claims and benefits paid during the year, adjusted for the change during the year in outstanding claims provision net of reinsurance.

Change in life insurance provisions

Change in life insurance provisions, net of reinsurance, comprises the change in gross life insurance provisions net of reinsurance.

Operating expenses relating to insurance, life

Acquisition costs cover costs related to acquiring and renewing the insurance portfolio.

Tax on pension returns

Tax on pension returns is included in the profit and loss account with the amount calculated on the basis of the tax base for the accounting year and changes in provisions for deferred tax on pension returns.

Transferred investment return

That share of the total result of investment business after exchange rate adjustments and tax on pension returns that does not affect the technical result of life insurance or health and accident insurance is calculated – without inclusion of provisions and return on investments regarding unit-linked policies – on the basis of the share attributable to shareholders' equity of the sum of the shareholders' equity and insurance provisions net of reinsurance.

Technical result for health and accident insurance

The technical result of health and accident insurance is stated in a separate main item in the profit and loss account and is specified in a note.

Premium income, net of reinsurance, is accrued to reflect the amounts relating to the accounting year.

Claims, net of reinsurance, comprise claims paid for the year, adjusted for changes in outstanding claims provision, including gains and losses on outstanding claims provisions for earlier years (run-off result).

The technical interest included in the transferred investment return is calculated as a proportion of the total return on investments that may be transferred to provisions. This proportion is calculated according to the ratio of health and accident provisions to total insurance provisions.

Extraordinary income and expenses

This item comprises income and expenses that are extraordinary for the company.

Tax

Corporation tax is stated in the profit and loss account at the amount calculated on the basis of the tax base for the accounting year and changes in provisions for deferred tax.

The company and the majority of those of its Danish subsidiaries that have been wholly owned for the full year are taxed jointly with Danske Bank. The calculated Danish tax on the profit for the year is allocated to the jointly-taxed Danish companies in accordance with the full allocation method.

The tax stated in the company's profit and loss account comprises both the company's own tax and its proportionate share of the subsidiaries' tax.

ASSETS

Land and buildings

Land and buildings are recognised at fair value. The fair value is calculated in accordance with the guidelines of the Danish Financial Supervisory Authority based on a systematic valuation of individual properties and their expected returns.

Building work in progress is stated at expenses incurred plus interest accruing in the building period. If expenses and interest are expected to exceed the fair value at the time of completion, the excess value is written down.

Holdings in subsidiary and associated undertakings

Holdings in subsidiary and associated undertakings are recognised at their proportionate shares of shareholders' equity in accordance with Danica Pension's accounting policies.

Other financial investments

Other listed financial investments are stated at their quoted marked price at the balance sheet date.

Financial investments under unit-linked policies

Listed financial investments are stated at their quoted marked price at the balance sheet date.

Unlisted financial investments, including derivatives, are recognised at their estimated fair value at the balance sheet date.

Furniture, equipment, etc.

Furniture, equipment, computer hardware, cars, etc. are included in the balance sheet at cost less depreciation.

Debtors

Debtors are stated at face value less write-down to cover losses.

LIABILITIES AND EQUITY

Unearned premiums provisions

Provisions relate to health and accident insurance and are made in accordance with the premiums written for the following accounting year.

Life insurance provisions

Life insurance provisions are computed for each insurance policy on the basis of the method reported to the Danish Financial Supervisory Authority. Life insurance provisions are divided into guaranteed benefits, bonus potential of future premiums and bonus potential of paid-up policies.

Guaranteed benefits

Guaranteed benefits include obligations to pay guaranteed benefits to policyholders. Guaranteed benefits are calculated as the present value of the current, guaranteed benefits plus the present value of expected future administrative expenses and less the present value of future premiums.

Bonus potential of future premiums

The bonus potential of future premiums includes the obligation to pay out bonus in relation to premiums agreed on but not yet due. The bonus potential of future premiums is calculated for the portfolio of policies entitled to bonus payments as the difference between the value of guaranteed benefits under paid-up policies and the value of the guaranteed benefits.

Guaranteed benefits under paid-up policies include obligations to pay guaranteed benefits if the policy is converted into a paid-up policy. Guaranteed benefits under paid-up policies are calculated as the present value of the guaranteed benefits under paid-up policies plus the present value of expected future expenses for the administration of the policies.

Bonus potential of paid-up policies

The bonus potential of paid-up policies includes obligations to pay bonus in relation to premiums already due, etc. The bonus potential of paid-up policies is calculated as the value of the policyholders' savings less the guaranteed benefits, the bonus potential of future premiums and the present value of future administrative results. The bonus potential of each insurance policy cannot be negative.

Outstanding claims provisions

Outstanding claims provisions is an estimate of expected payments of benefits as a result of insurance events that have taken place but have not yet been notified at the balance sheet date and benefits due but not yet paid out. As regards claims under health and accident insurance policies where benefits are paid out successively, provisions are calculated as the present value of expected future payments. Total outstanding claims provisions are calculated net of reinsurance.

Collective bonus potential

Obligations to pay bonus in addition to the bonus amounts added to the life insurance provisions are carried under collective bonus potential.

Provisions for bonus and premium discounts

Provisions for bonus and premium discounts comprise amounts payable to the policyholders as a result of a favourable trend in claims.

Other technical provisions

Other technical provisions include provisions for the increasing age of holders of health and accident insurance policies and cover the risk linked to the increasing age of policyholders which is not covered by a similar increase in premiums during the lives of the policies.

Equalisation provisions

Equalisation provisions comprise provisions for the equalisation of future claims under health and accident policies, which traditionally record the largest fluctuations in annual claims.

Provisions for unit-linked policies

The provisions are calculated on the basis of each policy's share of linked unit trusts less an expected future administrative result. For insurance policies with guaranteed benefits, the value of the guaranteed benefits and the value of the guaranteed benefits under paid-up policies are calculated on the basis of the methods reported to the Danish Financial Supervisory Authority.

Deferred tax on pension returns

Deferred tax on pension returns is the tax payable by the life insurance companies as a result of the fact that, according to the Danish Act on tax on pension returns, realised capital gains form part of the tax base with a time lag.

Provisions for tax

Deferred tax resulting from timing differences between the booking of income and charges for tax and for accounting purposes is posted taking into account expected due dates.

Creditors

Liabilities are stated at face value.

THE DANISH FINANCIAL SUPERVISORY AUTHORITY'S EXPLANATORY NOTES TO RATIOS

The explanatory notes to ratios appear in Appendix 5 of the Executive Order on the Accounts of Life Insurance Companies.

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