

Offering Circular



Jyske Bank A/S

(Incorporated as a public limited company in Denmark)

€125,000,000

Perpetual Capped Fixed/Floating Rate Capital Securities

Issue Price 100%

Application has been made to list the Capital Securities on the Luxembourg Stock Exchange and on the Official Segment of the stock market of Euronext Amsterdam N.V. ("Euronext Amsterdam").

Interest on the Capital Securities is payable in arrear on 5th July 2005 and thereafter shall be payable semi-annually in arrear on the Interest Payment Dates falling on or nearest to 5th January and 5th July in each year. Payments on the Capital Securities will be made without deduction for or on account of taxes of the Kingdom of Denmark to the extent described under "Terms and Conditions of the Capital Securities – Taxation".

The Capital Securities will constitute Hybrid Tier I Capital of the Issuer in accordance with the Danish Financial Business Act (Consolidated Act No. 1268 of 19th December 2003) as amended. **The Capital Securities will constitute unsecured, subordinated debt obligations of the Issuer 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 rank *pari passu* with Hybrid Tier I Capital.** The Capital Securities will at all times rank in priority to holders of any class of share capital of the Issuer, both as regards the right to receive periodic payments and the right to receive repayment of capital on a bankruptcy or liquidation of the Issuer. See "Terms and Conditions of the Capital Securities – Status and Subordination".

The Issuer will have the right to defer the payment of interest on the Capital Securities in the event that the Issuer does not satisfy the capital adequacy requirements of the Danish Financial Business Act. Any interest not paid pursuant to this provision will itself accrue interest. See "Terms and Conditions of the Capital Securities – Interest – Optional Deferral of 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 Issuer has no Available Free Reserves. See "Terms and Conditions of the Capital Securities – Interest – Mandatory Deferral of Interest and Interest Cancellation". In addition, in certain circumstances, the shareholders of the Issuer, by a resolution passed at a general meeting duly convened in accordance with Danish law and the Issuer'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 and any accrued interest on a pro rata basis with all the Issuer's other outstanding Hybrid Tier I Capital instruments and other capital instruments expressed to rank *pari passu* with Hybrid Tier I Capital. See "Terms and Conditions of the Capital Securities – Reduction of Amounts of Principal and Unpaid Interest".

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 Issuer or upon a redemption of the Capital Securities by the Issuer.

The Capital Securities may be redeemed by the Issuer at its option on the Initial Call Date or on any Interest Payment Date thereafter 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 "Terms and Conditions of the Capital Securities – Redemption and Repurchase – Redemption at the option of the Issuer". The Issuer 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 "Terms and Conditions of the Capital Securities – Redemption and Repurchase – Redemption for taxation reasons and Capital Event Redemption".

On the date of issuance, it is anticipated that the Capital Securities will be rated "A3" by Moody's Investors Service ("Moody's") and "A" by Fitch Ratings.

See "Investment Considerations" on page 10 of this Offering Circular for certain matters that should be considered by prospective investors.

The Capital Securities will initially be represented by a temporary global Capital Security (the "Temporary Global Capital Security"), without interest coupons, which will be deposited with a common depository on behalf of Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and Euroclear Bank S.A./N.V. as operator of the Euroclear system ("Euroclear") on or about 5th July 2004. The Temporary Global Capital Security will be exchangeable for interests in a global Capital Security (the "Global Capital Security"), without interest coupons, on or after a date which is expected to be 16th August 2004 upon certification as to non-U.S. beneficial ownership. The Global Capital Security will be exchangeable for definitive Capital Securities in bearer form in the denomination of €1,000 in the circumstances set out in it. See "Summary of Provisions relating to the Capital Securities while in Global Form".

JPMorgan

Rabobank International

ING Financial Markets

Jyske Bank A/S (the "Issuer") having made all reasonable enquiries confirms that this document contains all information with respect to the Issuer, the Issuer and its subsidiaries and affiliates taken as a whole (the "Group") and the €125,000,000 Perpetual Capped Fixed/Floating Rate Capital Securities (the "Capital Securities") which is material in the context of the issue and offering of the Capital Securities, the statements contained in it relating to the Issuer and the Group are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this document with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer, the Group or the Capital Securities the omission of which would, in the context of the issue and offering of the Capital Securities, make any statement in this document misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer accepts responsibility for the information contained in this Offering Circular accordingly.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Managers (as defined in "Subscription and Sale" below) to subscribe or purchase, any of the Capital Securities. The distribution of this Offering Circular and the offering of the Capital Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Capital Securities and distribution of this Offering Circular see "Subscription and Sale" below.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Capital Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and are subject to U.S. tax law requirements. Subject to certain exceptions, Capital Securities may not be offered, sold or delivered within the United States or to U.S. persons.

This Offering Circular constitutes a prospectus for the purposes of the listing and issuing rules of Euronext Amsterdam and has also been prepared for the purposes of the application to list the Capital Securities on the Luxembourg Stock Exchange.

All references in this document to "Danish kroner", "Kr" and "DKK" are to the lawful currency of the Kingdom of Denmark and those to "euro" or "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Union (as amended from time to time).

In connection with this issue, J.P. Morgan Securities Ltd. or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the Capital Securities at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on J.P. Morgan Securities Ltd. or any of its agents to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end 30 days after the Closing Date. Stabilisation transactions conducted on Euronext Amsterdam must be conducted by a member of Euronext Amsterdam and must be conducted in accordance with all applicable rules and regulations, including those of Euronext Amsterdam and article 32 of the "Further regulation on the supervision of the securities trade 2002" (*Nadere regeling gedragstoezicht 2002*).

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Incorporation by Reference

The audited consolidated and non-consolidated accounts of the Issuer which are contained in the Annual Report of the Issuer for the year ended 31st December 2003, the unaudited interim consolidated accounts of the Issuer for the three months ended 31st March 2004 and the Articles of Association of the Issuer are incorporated by reference in this Offering Circular. Copies of those documents are available free of charge at the specified office of each of the Paying Agents as described in "General Information" below.

Summary of the Terms and Conditions of the Capital Securities

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this document and, in particular, "Terms and Conditions of the Capital Securities" below. Words and expressions defined in "Terms and Conditions of the Capital Securities" below shall have the same meanings in this summary.

Issuer:	Jyske Bank A/S
Capital Securities:	€125,000,000 Perpetual Capped Fixed/Floating Rate Capital Securities.
The Offering:	The Capital Securities are being offered by the Managers outside the United States in compliance with Regulation S under the Securities Act.
Closing Date:	5th July 2004.
Maturity:	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 Issuer or upon a redemption of the Capital Securities by the Issuer.
Interest:	<p>Subject to Condition 4(g) ("Optional Deferral of Interest") and Condition 4(h) ("Mandatory Deferral of Interest and Interest Cancellation"), the Capital Securities will bear interest from and including the Closing Date to but excluding 5th July 2005 at the rate of 6% per annum payable in arrear on 5th July 2005, and thereafter at the rate of EUR CMS10 + 0.15% per annum payable semi-annually in arrear on each Interest Payment Date. In no event shall the Rate of Interest exceed 9% per annum.</p> <p>"EUR CMS10" means the 10-year mid swap rate in euro (Annual, 30/360) versus 6 month EURIBOR (Actual/360) which appears on the display designated as "ISDAFIX2" under the heading "EURIBOR BASIS- 11.00 AM FRANKFURT" on the Reuter Monitor Money Rates Service (or such other page or service as may replace it for the purpose of displaying such rates) as at 11:00 am Frankfurt time on the relevant Interest Determination Date.</p>
Interest Payment Dates:	The first Interest Payment Date will be 5th July 2005 and thereafter the Interest Payment Dates will fall on 5th January and 5th July in each year, subject (with the exception of the first Interest Payment Date) to adjustment in accordance with the modified following adjusted business day convention.
Status:	<p>The Capital Securities constitute Hybrid Tier I Capital of the Issuer in accordance with Section 132 of the Danish Financial Business Act.</p> <p>The Capital Securities constitute unsecured, subordinated debt obligations of the Issuer 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 rank pari passu with Hybrid Tier I Capital. The Capital Securities will at all times rank in priority to holders of any class of share capital of the Issuer, both as regards the right to receive periodic payments and the right</p>

to receive repayment of capital on a bankruptcy or liquidation of the Issuer.

Subordination:

In the event of the bankruptcy or liquidation of the Issuer by way of public administration or otherwise, the rights of the Holders 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 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 senior in priority to payments to holders of all classes of share capital of the Issuer, and junior as regards the right of payment to the payment of any present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer and (c) subordinated creditors of the Issuer other than creditors with respect to any securities expressly stated to rank pari passu with or junior to the Capital Securities.

Optional Interest Deferral:

The Issuer will have the right to defer the payment of interest on the Capital Securities in the event that the Issuer does not satisfy the solvency requirements of the Danish Financial Business Act. See "Terms and Conditions of the Capital Securities—Interest—Optional Deferral of Interest".

Mandatory Interest Deferral and Interest Cancellation:

Accrual of interest will cease with effect from the date of approval of the relevant annual audited accounts if the Issuer 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, if there are no Available Free Reserves, to zero. Interest which has accrued in any Interest Period prior to 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, shall be deferred and shall constitute Arrears 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 such accounts will be restricted to the amount accrued from the date 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 Issuer shall give

notice to the Holders of any applicable loss or deferral of interest payment as applicable.

“Available Free Reserves” in respect of any fiscal year means the amount of profits transferred to (and remaining in) reserves in respect of previous fiscal years and the amount of profit transferred to reserves in respect of the relevant fiscal year and any other reserves available for distribution as dividends in respect of the relevant fiscal year, all as disclosed in the Issuer’s most recent audited annual financial accounts, prepared in accordance with Danish law, as reduced by any payments already made out of free reserves since the date of such accounts by reference to free reserves disclosed therein.

Dividend Suspension:

The Issuer shall not declare, pay or make any dividend or other distribution on any class of its share capital nor shall the Issuer redeem, repurchase or otherwise acquire: (i) any of its share capital; (ii) any pari passu ranking Tier I Securities; or (iii) any obligations of the Issuer expressed to rank pari passu with or junior to the Capital Securities, until (subject to reduction or elimination as described in “Terms and Conditions 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) have been paid in full and/or full interest payments are resumed following interest cancellation (in accordance with “Terms and Conditions of the Capital Securities—Mandatory Deferral of Interest and Interest Cancellation”), and have been paid for any two consecutive Interest Periods. Notwithstanding this restriction, the Issuer may take such actions (a) in connection with transactions effected by or for the account of customers of the Issuer in connection with distribution, trading or market making in respect of those; (b) in connection with the satisfaction by the Issuer 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 Issuer or any of its Subsidiaries; or (c) otherwise as required by law.

Reduction of Amounts of Principal and Unpaid Interest:

In certain circumstances, the shareholders of the Issuer, by a resolution passed at a general meeting duly convened in accordance with Danish law and the Issuer’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 and any interest accrued since the commencement of the relevant Interest Period on a pro rata basis with all the Issuer’s other outstanding Hybrid Tier I Capital instruments and other capital instruments expressed to rank pari passu with Hybrid Tier I Capital. See “Terms and Conditions of the Capital Securities Reduction of Amounts of Principal and Unpaid Interest”.

Redemption at the option of the Issuer:

The Capital Securities may be redeemed in whole but not in part by the Issuer at its option on the Initial Call Date or on any Interest Payment Date thereafter at their principal amount together with accrued interest to the date fixed for redemption and any Arrears of Interest together with all

corresponding Additional Interest Amounts (the “Early Redemption Amount”), provided that, in each such case, the Danish Financial Supervisory Authority (Finanstilsynet) (“DFSA”) has given its prior approval to such redemption. See “Terms and Conditions of the Capital Securities – Redemption and Repurchase – Redemption at the option of the Issuer”.

Redemption for tax reasons: The Issuer may (subject to the prior approval of the DFSA), on giving not more than 60 nor less than 30 days’ irrevocable notice to the Trustee and to the Holders, redeem all (but not some only) of the Capital Securities at the Early Redemption Amount at any time, 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 the Kingdom of Denmark 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 30th June 2004 the Issuer satisfies the Trustee immediately prior to the giving of such notice that there is more than an insubstantial risk that: (a) the Issuer 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 Issuer’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 Issuer will not be respected by a taxing authority, which subjects the Issuer to more than a de minimis amount of additional taxes, duties or other governmental charges, or (c) the Issuer would be required to pay Additional Amounts in accordance with “Terms and Conditions of the Capital Securities—Taxation”.

Capital Event Redemption: Subject to the prior approval of the DFSA, the Issuer may, at any time, on giving not more than 60 nor less than 30 days’ irrevocable notice to the Holders and the Trustee, redeem all, but not some only, of the Capital Securities at the Early Redemption Amount.

Taxation: All payments in respect of the Capital Securities and Coupons by the Issuer shall be made without withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Kingdom of Denmark, or any political sub-division of, or any authority in, or of, the Kingdom of Denmark having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will, subject to Condition 4(h), pay such Additional Amounts as may be necessary in order that the net amounts received by the Holders and Couponholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Capital Securities or, as the case may be, Coupons in the absence of the withholding or deduction; except that no Additional Amounts shall be payable in certain situations described under “Terms and Conditions of the Capital Securities—Taxation”.

Events of Default:	For a description of certain events that will permit acceleration of the Capital Securities, see “Terms and Conditions of the Capital Securities—Events of Default”.
Form:	<p>The Capital Securities will be in bearer form in the denomination of €1,000 each with Coupons and one Talon attached on issue.</p> <p>The Capital Securities will be represented initially by the Temporary Global Capital Security without interest coupons which is to be deposited with a common depository on behalf of Euroclear and Clearstream, Luxembourg, on 5th July 2004. Interests in the Temporary Global Capital Security will be exchangeable for interests in the Global Capital Security without interest coupons or talons on or after a date which is expected to be 16th August 2004 upon certification as to non-US beneficial ownership. The Global Capital Security will be exchangeable for definitive Capital Securities in bearer form in the denomination of €1,000 only in the limited circumstances set out therein. See “Summary of Provisions Relating to the Capital Securities while in Global Form”.</p>
Denomination:	€1,000.
Listing:	Luxembourg and Euronext Amsterdam.
Trustee:	J.P. Morgan Corporate Trustee Services Limited.
Governing Law:	The Capital Securities will be governed by, and construed in accordance with, English law, save for the provisions of Conditions 2, 3, 4(g), 4(h), 4(i), 5(b), 5(c), 5(d) and Condition 8.
ISIN:	XS0194983366.
Common Code:	019498336.
Amsterdam Security Code:	45658.
Use of Proceeds:	The net proceeds of the issue of the Capital Securities, expected to amount to approximately €122,500,000, will be used to refinance existing capital and for general corporate purposes.

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

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

Consequently, if the Issuer'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 Issuer does not satisfy the solvency requirements of the Danish Financial Business Act and will not receive interest payments in the absence of sufficient Available Free Reserves.

If the Issuer does not satisfy the solvency requirements of the Danish Financial Business Act, the Issuer 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 Issuer's shareholders under certain circumstances) on the earlier of (i) the date on which the Issuer 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, Redemption for taxation reasons or Capital Event Redemption provisions; or (iii) the bankruptcy or liquidation of the Issuer.

In addition the Issuer 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 Issuer will have no obligation to make such payments of unpaid interest or to pay interest thereon. As of 31st December 2003, the Available Free Reserves of the Issuer amounted to DKK 5,936,372,000.

Outstanding Principal and Unpaid Interest may be reduced by resolution of the Issuer'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 Issuer have been reduced to zero; (ii) the shareholders of the Issuer 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 Issuer be reduced to zero; and (iii) following the resolution referred to in (ii) above, either (a) sufficient share and/or other capital of the Issuer is subscribed or contributed so as to enable the Issuer, 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 Issuer ceases to carry on its

business without a loss for the non-subordinated creditors; the shareholders of the Issuer, by a resolution passed at a general meeting duly convened in accordance with Danish law and the Issuer'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 and any accrued interest on a pro rata basis with all the Issuer's other outstanding Hybrid Tier I Capital instruments and other capital instruments expressed to rank 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 Issuer'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 Issuer may redeem the Capital Securities at any time upon the occurrence of certain tax or capital events.

The Issuer will have the right, subject to the prior approval of the DFSA, upon the occurrence of an event that would allow the Issuer to redeem the Capital Securities pursuant to Condition 5(c) or a Capital Event, to redeem the Capital Securities at a redemption amount equal to 100% of the original Principal Amount plus any Arrears of Interest and Additional Interest, plus interest in respect of the current Interest Period accrued to, but excluding, the Early Redemption Date (which, for the avoidance of doubt, excludes 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 the 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 Issuer'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 Issuer's shareholders concerning the capital structure of the Issuer.

The Issuer may issue further debt.

The Issuer may issue further debt ranking pari passu with or senior to the Capital Securities. Neither the Capital Securities nor the Trust Deed limits the ability of the Issuer to incur indebtedness.

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

The Capital Securities 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 and Euronext Amsterdam, 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 Managers 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 Issuer 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 Issuer 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 Issuer, among other things, to 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.

Terms and Conditions of the Capital Securities

The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Capital Securities which will be incorporated by reference into the Global Capital Security and endorsed on the Capital Securities in definitive form (if issued).

The issue of the Capital Securities was authorised by a resolution of the Supervisory Board of Directors of the Issuer on 1st June 2004 and was confirmed by an additional resolution of the Supervisory Board of the Issuer on 28th June 2004. The Capital Securities are constituted by a Trust Deed (the "Trust Deed") dated 5th July 2004 between the Issuer and J.P. Morgan Corporate Trustee Services Limited (the "Trustee" which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Capital Securities (the "Holders"). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Capital Securities and the coupons and talons relating to them (the "Coupons" and "Talons", respectively). Copies of the Trust Deed, and of the Agency Agreement (the "Agency Agreement") dated 5th July 2004 relating to the Capital Securities between the Issuer, the Trustee, JPMorgan Chase Bank as agent bank (the "Agent Bank" which expression includes the Agent Bank for the time being) and the initial principal paying agent and paying agents named in it, are available for inspection during usual business hours at the principal office of the Trustee (presently at Trinity Tower, 9 Thomas More Street, London E1W 1YT) and at the specified offices of the principal paying agent for the time being (the "Principal Paying Agent") and the paying agents for the time being (the "Paying Agents", which expression shall include the Principal Paying Agent). The Holders and the holders of the Coupons (whether or not attached to the relevant Capital Securities) (the "Couponholders") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those applicable to them of the Paying Agency Agreement.

1. Form, Denomination and Title

(a) Form and denomination

The Capital Securities are in bearer form in the denomination of €1,000 each with Coupons and one Talon attached on issue.

(b) Title

Title to the Capital Securities, Coupons and Talons passes by delivery. The Holder of any Capital Security, Coupon or Talon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2. Status and Subordination

(a) Status

The Capital Securities (kapitalbeviser) constitute Hybrid Tier I Capital ("Hybrid Tier I Capital" (hybrid kernekapital)) of the Issuer in accordance with Section 132 of the Danish Financial Business Act (Consolidated Act No. 1268 of 19 December 2003) (the "Danish Financial Business Act"), as amended.

The Capital Securities constitute unsecured, subordinated debt obligations of the Issuer 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 rank pari passu with Hybrid Tier I Capital. The Capital Securities will at all times rank in priority to holders of any class of share capital of the Issuer, both as regards the right to receive periodic payments and the right to receive repayment of capital on a bankruptcy or liquidation of the Issuer.

(b) Subordination

In the event of the bankruptcy or liquidation of the Issuer by way of public administration or otherwise, the rights of the Holders 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 and pari passu with other Hybrid Tier I Capital instruments and other capital instruments or obligations expressed to rank pari passu with Hybrid Tier I Capital ("Tier I Securities").

The Capital Securities will rank senior in priority to payments to holders of all classes of share capital of the Issuer, and junior as regards the right of payment to the payment of any present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer and (c) subordinated creditors of the Issuer other than creditors with respect to any securities expressly stated to rank pari passu with or junior to the Capital Securities.

3. Reduction of Amounts of Principal and Unpaid Interest

The Issuer, by a resolution to be passed at a general meeting of its shareholders duly convened in accordance with Danish law and the Issuer's Articles of Association, may, pursuant to Section 132 of the Danish Financial Business Act, 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 (as defined in Condition 4(g) below) thereon (together with all corresponding Additional Interest Amounts (as defined in Condition 4(g) below)) and any interest accrued since the commencement of the relevant Interest Period on a pro rata basis with all of the Issuer's outstanding Hybrid Tier I Capital instruments and other capital instruments expressed to rank pari passu with Hybrid Tier I Capital, upon the occurrence of the following circumstances:

(a) the share capital and reserves of the Issuer have been reduced to zero;

(b) a general meeting of the shareholders of the Issuer has effectively resolved in accordance with Danish law and the Issuer's Articles of Association to reduce to zero the value of each of the outstanding shares constituting the share capital of the Issuer; and

(c) following the resolution referred to in (b) either (i) sufficient share and/or other capital of the Issuer is subscribed or contributed so as to enable the Issuer, following any such reduction of the outstanding principal amount of the Capital Securities and any accrued interest and Arrears of Interest thereon (together with all corresponding Additional Interest Amounts), to comply with the capital adequacy requirements of the Danish Financial Business Act or (ii) the Issuer ceases business without loss to non-subordinated creditors.

The amount of any such reduction shall be subject to the prior approval of the Issuer's elected external auditors and of the Danish Financial Supervisory Authority (or any successor thereto) (the "DFSA") and shall first be effected, pro rata, in respect of any accrued interest, then any Arrears of Interest (together with all corresponding Additional Interest Amounts) relating to the Capital Securities and only when there are no such outstanding amounts will the outstanding 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 all corresponding Additional Interest Amounts) and any accrued interest and Holders will thereafter cease to have any claim in respect of any amounts so reduced and cancelled. The Issuer will give notice of any such reduction and cancellation immediately following the passing of such resolution to the Trustee and the Holders in accordance with Condition 14 and will provide a copy of such notice to the Luxembourg Stock Exchange and any other stock exchange on which the Capital Securities are listed and where the rules of such stock exchange so require. To the extent that part only of the outstanding principal amount of the Capital Securities or Arrears of Interest thereon (and all corresponding Additional Interest Amounts) have been so reduced, interest will continue to accrue in accordance with the terms hereof on the then outstanding principal amount of the Capital Securities and Arrears of Interest (including any Additional Interest Amounts), if any.

4. Interest

(a) Interest Payment Dates

The Capital Securities bear interest from 5th July 2004 and such interest will (subject to Conditions 4(g) and 4(h)) be payable on 5th July 2005 and thereafter on 5th January and 5th July in each year (each an "Interest Payment Date"). If any Interest Payment Date (with the exception of the first Interest Payment Date) would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day. The period beginning on 5th July 2004 and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is called an "Interest Period".

(b) Rate of Interest

The rate of interest for the first Interest Period shall be 6% per annum.

Thereafter, the rate of interest in respect of the Capital Securities (the "Rate of Interest") will be determined by the Agent Bank on the following basis:

(i) On the second business day before the beginning of each Interest Period (the "Interest Determination Date") the Agent Bank will determine the Reference Rate for the relevant Interest Period as at 11.00 a.m. (Frankfurt time) on the Interest Determination Date in question. The Rate of Interest for the relevant Interest Period shall be the aggregate of the relevant Reference Rate plus 0.15 per cent. per annum and provided that if the Rate of Interest for any Interest Period would otherwise be greater than 9 per cent. per annum it will be deemed to be 9 per cent. per annum for such Interest Period.

"Reference Rate" means in respect of any Interest Period, the 10-year mid swap rate in euro (Annual, 30/360) versus 6-month EURIBOR (Actual/360) which appears on the display designated as page "ISDAFIX2" under the heading "EURIBOR BASIS – 11.00 AM FRANKFURT" on the Reuter Monitor Money Rates Service (or such other page or service as may replace it for the purpose of displaying such rates) (the "Relevant Screen Page") as at 11.00 am Frankfurt time on the relevant Interest Determination Date.

(ii) In the event that the Reference Rate does not appear on the Relevant Screen Page, the Agent Bank shall determine the applicable rate based on quotations from five major banks in the Euro-zone interbank market (the "Reference Banks") (to be chosen by the Issuer and the Agent Bank) for the EUR CMS10 (the relevant mid-market ten year annual swap rate 30/360 in euro) commencing two business days following the relevant Interest Determination Date. The highest and the lowest (or, in the event of equality, one of the highest and/or lowest) quotations so determined shall be disregarded by the Agent Bank for the purpose of determining the Reference Rate which shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such provided quotations.

If, for any reason, the Reference Rate is no longer published or if fewer than three quotations are provided to the Agent Bank in accordance with the above paragraph, the Reference Rate shall be determined by the Agent Bank in its sole discretion, acting in good faith and in a commercial and reasonable manner.

"Euro-zone" means the region comprised of member states of the European Union that adopt or have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

(iii) In no event shall the Rate of Interest be more than 9 per cent. per annum.

(iv) In this Condition the expression "business day" means a day on which the TARGET System is operating.

"TARGET System" means the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

(c) Determination of Rate of Interest and calculation of Coupon Amount

The Agent Bank will, as soon as practicable after 11.00 a.m. (Frankfurt time) on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable on the presentation and surrender of each Coupon (the "Coupon Amount") for the relevant Interest Period. The Coupon Amount shall be calculated by applying the Rate of Interest to the principal amount of one Capital Security, multiplying such product by the number of days in the Interest Period concerned divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)) and rounding the resulting figure to the nearest euro 0.01 (euro 0.005 being rounded upwards). The determination of the Rate of Interest and the Coupon Amount by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(d) Publication of Rate of Interest and Coupon Amount

The Agent Bank will cause the Rate of Interest and the Coupon Amount for each Interest Period and the relevant Interest Payment Date to be notified to each of the Paying Agents and any stock exchange on which the Capital Securities are for the time being listed and to be notified to Holders in accordance with Condition 14 as soon as possible after their determination but in no event later than the second business day thereafter. The Coupon Amount and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made (with the consent of the Trustee) by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Capital Securities become due and payable under Condition 8, the accrued interest and the Rate of Interest payable in respect of the Capital Securities shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition but no publication of the Rate of Interest or the Coupon Amount so calculated need be made unless the Trustee requires otherwise.

(e) Determination or calculation by Trustee

If the Agent Bank does not at any time for any reason so determine the Rate of Interest or calculate the Coupon Amount for an Interest Period, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Agent Bank. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in the interest of the Holders in all the circumstances. Any determination by the Trustee under this condition 4(e) shall (in the absence of manifest error) be final and binding upon all parties and the Trustee shall have no liability to the Issuer or to Holders therefor.

(f) Reference Banks and Agent Bank

The Issuer will procure that, so long as any Capital Security is outstanding, there shall at all times be an Agent Bank for the purposes of the Capital Securities. If any such bank (acting through its relevant office) is unable or unwilling to continue to act as the Agent Bank, or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Coupon Amount, the Issuer shall (with the prior written approval of the Trustee) appoint some other leading bank engaged in the Euro-zone interbank market to act as such in its place. The Agent Bank may not resign its duties without a successor having been so appointed.

(g) Optional Deferral of Interest

(i) Subject to Condition 4(h), the Issuer shall pay on each Interest Payment Date, which is not an Optional Interest Payment Date (as defined in sub-paragraph (iv) below), interest accrued on the Capital Securities during the Interest Period to which such Interest Payment Date relates. On

any Optional Interest Payment Date interest shall not be payable as aforesaid and the Issuer shall give notice pursuant to paragraph (iii)(A) below electing not to pay interest. 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 portion of interest deferred pursuant to Condition 4(h) shall, so long as the same remains unpaid, constitute "Arrears of Interest".

Interest will accrue on the amount of any Arrears of Interest at the Rate of Interest applicable to the Capital Securities, in respect of any Interest Period, and such amount of interest (an "Additional Interest Amount") with respect to each amount of Arrears of Interest will become due and payable pursuant to sub-paragraph (ii) below and shall be calculated by the Agent Bank in accordance with Condition 4(b) above. All Additional Interest Amounts accrued up to any specified Interest Payment Date shall be added, for the purposes only of calculating the Additional Interest Amounts accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date.

(ii) Subject to Condition 3, Arrears of Interest (together with all corresponding Additional Interest Amounts) in respect of Capital Securities for the time being outstanding shall become due and payable in full on the earliest of:

(A) the date on which the Issuer next satisfies the capital adequacy requirements of the Danish Financial Business Act;

(B) the date upon which the then outstanding principal amount of the Capital Securities becomes due and payable; or

(C) the bankruptcy or liquidation of the Issuer.

(iii) The Issuer shall, subject as set out below, give notice immediately to the Holders (in accordance with Condition 14) and to the Trustee and the Principal Paying Agent of:

(A) any Interest Payment Date on which, pursuant to the provisions of sub-paragraph (i) above, interest will not be paid; and

(B) any date upon which, pursuant to the provisions of sub-paragraph (ii) above, amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable.

Any notice given by the Issuer pursuant to sub-paragraphs (i) and (iii)(A) above shall apply to each succeeding Optional Interest Payment Date until the next Interest Payment Date to occur on which the Issuer satisfies the capital adequacy requirements of the Danish Financial Business Act. Notwithstanding the requirement to give notice pursuant to sub-paragraph (iii)(A) above, failure to give such notice shall not prejudice the right of the Issuer not to pay interest pursuant to the provisions of sub-paragraph (i) above.

(iv) In these Conditions, "Optional Interest Payment Date" means any Interest Payment Date at which date the Issuer does not satisfy the capital adequacy requirements of the Danish Financial Business Act.

(h) Mandatory Deferral of Interest and Interest Cancellation

Interest will cease to accrue with effect from the date of approval of the relevant annual audited accounts if the Issuer has no Available Free Reserves (as defined below). Accordingly, in the event that the amount of the first Interest Payment following the date of approval of the relevant audited annual accounts of the Issuer will exceed the Available Free Reserves, such payment will be reduced to the amount of such Available Free Reserves, or, if there are no Available Free Reserves, to zero. Interest which has accrued in any applicable Interest Period prior to 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, shall be deferred and shall constitute Arrears of Interest. Where interest has ceased to accrue in respect of any Interest Period 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 will represent a pro rata share of the full amount available for payment, calculated by the Issuer 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 Issuer shall give notice immediately to the Holders (in accordance with Condition 14) and to the Trustee and the Principal Paying Agent of any applicable loss or deferral of interest payment as applicable.

For the purposes of this Condition 4, "Available Free Reserves" in respect of any fiscal year means the amount of profits transferred to (and remaining in) reserves in respect of previous fiscal years and the amount of profit transferred to reserves in respect of the relevant fiscal year and any other reserves available for distribution as dividends in respect of the relevant fiscal year all as disclosed in the Issuer's most recent audited annual financial accounts, prepared in accordance with Danish law, as reduced by any payments already made since the date of such accounts by reference to Available Free Reserves disclosed therein.

(i) Dividend Suspension

The Issuer shall not declare, pay or make any dividend or other distribution on any class of its share capital nor shall the Issuer redeem, repurchase or otherwise acquire: (i) any of its share capital; (ii) any pari passu ranking Tier I Securities; or (iii) any obligations of the Issuer expressed to rank pari passu with or junior to the Capital Securities, until (subject to reduction or elimination as described in Condition 3), as the case may be, either all Arrears of Interest (together with all corresponding Additional Interest Amounts) have been paid in full and/or full interest payments are resumed following interest cancellation (in accordance with Condition 4(h) above) and have been paid for any two consecutive Interest Periods. Notwithstanding the provisions of this Condition 4(i), the Issuer may take such actions (a) in connection with transactions effected by or for the account of customers of the Issuer in connection with distribution, trading or market making in respect of any securities mentioned in this Condition 4(i); (b) in connection with the satisfaction by the Issuer 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 Issuer or any of its Subsidiaries (as defined in §2 of the Danish Companies Act); or (c) otherwise as required by law.

5. Redemption and Purchase

(a) Redemption

The Capital Securities are perpetual securities with no fixed final redemption date and Holders have no rights at any time to call for the redemption of the Capital Securities, except as provided in Condition 8.

(b) Redemption at the option of the Issuer

Subject as provided in Condition 5(h), the Issuer may, on any Interest Payment Date beginning with that falling on, or nearest to, 5th July 2014 ("the Initial Call Date"), on giving not more than 60 nor less than 30 days' irrevocable notice to the Holders (in accordance with Condition 14) and the Trustee, redeem all, but not some only, of the Capital Securities at their principal amount together with interest accrued to the date fixed for redemption and any Arrears of Interest together with all corresponding Additional Interest Amounts (the "Early Redemption Amount").

(c) Redemption for taxation reasons

The Issuer may (subject as provided in Condition 5(h)), on giving not more than 60 nor less than 30 days' irrevocable notice to the Holders (in accordance with Condition 14) and to the Trustee, redeem all (but not some only) of the Capital Securities at the Early Redemption Amount (as defined above) at any time, 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 the Kingdom of Denmark 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 30th June 2004, the Issuer satisfies the Trustee immediately prior to the giving of such notice that there is more than an insubstantial risk that: (a) the Issuer 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 Issuer'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 Issuer will not be respected by a taxing authority, which subjects the Issuer to more than a de minimis amount of additional taxes, duties or other governmental charges, or (c) the Issuer would be required to pay Additional Amounts in accordance with Condition 7 (each, a "Tax Event"). Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that any of the eventualities referred to in (a), (b) or (c) above will apply on the occasion of the next payment due in respect of the Capital Securities and cannot be avoided by the Issuer taking reasonable measures available to it, and stating that the Issuer is entitled to effect such redemption and setting out details of the circumstances which demonstrate satisfaction of the conditions precedent set out in (a), (b) or (c) above and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (a), (b) or (c) above in which event it shall be conclusive and binding on the Holders and the Couponholders. Upon the expiry of any notice as is referred to in this paragraph the Issuer shall be bound to redeem the Capital Securities to which the notice refers in accordance with the provisions of this paragraph.

(d) Capital Event Redemption

Subject as provided in Condition 5(h), the Issuer may on giving not more than 60 nor less than 30 days' irrevocable notice to the Holders (in accordance with Condition 14) and the Trustee, redeem all (but not some only) of the Capital Securities at the Early Redemption Amount at any time if the Issuer is advised by the DFSA that the Capital Securities are not eligible for inclusion in the Tier 1 Capital of the Issuer.

Under the laws and regulations currently in effect in the Kingdom of Denmark, the DFSA may not grant an approval for the redemption of Hybrid Tier I Capital securities, which includes the Hybrid Tier I Capital securities of the Issuer, earlier than ten years after the initial issuance of the relevant securities. However, the DFSA may, under special circumstances, authorise 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 Issuer would not be in a position to redeem the Capital Securities within five years of initial issuance and may not (in the absence of any special circumstances) receive approval for such redemption prior to ten years having elapsed from initial issuance. Even after such ten years, granting approval for such redemption shall remain in the discretion of the DFSA.

(e) Notice of redemption

All Capital Securities in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

(f) Purchase

The Issuer and any of its Subsidiaries may (subject as provided in Condition 5(h)) at any time purchase Capital Securities in the open market or otherwise at any price (provided that, if they should be cancelled under Condition 5(g) below, they are purchased together with all

unmatured Coupons and Talons relating to them). Any purchase by tender shall be made available to all Holders alike. The Capital Securities so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of Condition 11(a).

(g) Cancellation

Except in the case of purchase of any Capital Securities as provided in section 132 paragraph 4 of the Danish Financial Business Act, all Capital Securities so redeemed or purchased and any unmaturing Coupons and Talons attached to or surrendered with them will be cancelled and may not be re-issued or resold.

(h) Consent of the Danish Financial Supervisory Authority

The Issuer will not redeem any Capital Securities pursuant to paragraphs (b), (c) or (d) of this Condition 5, nor purchase any Capital Securities pursuant to paragraph (f) of this Condition 5, nor agree to any modification of these terms and conditions (the "Conditions") pursuant to Condition 11 without first consulting with and obtaining the prior consent of the DFSA, except in the case of purchase of any Capital Securities as provided in Section 132 paragraph 4 of the Danish Financial Business Act.

6. Payments

(a) Method of Payment

(i) Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Capital Securities or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by a euro cheque drawn on, or by transfer to a euro account maintained by the payee with, a bank in a city in which banks have access to the TARGET System. Payments of interest due in respect of any Capital Security other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Capital Security.

(ii) Upon the due date for redemption of any Capital Security, any unexchanged Talon relating to such Capital Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon and unmaturing Coupons relating to such Capital Security (whether or not attached) shall also become void and no payment shall be made in respect of them. If any Capital Security is presented for redemption without all unmaturing Coupons and any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(b) Payments subject to fiscal laws

All payments are subject in all cases to any applicable laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged to the Holders or Couponholders in respect of such payments.

(c) Payments on business days

A Capital Security or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a euro account, in a city in which banks have access to the TARGET System). No further interest or other payment will be made as a consequence of the day on which the relevant Capital Security or Coupon may be presented for payment under this paragraph falling after the due date. In this Condition "business day" means a day on which commercial banks and foreign exchange markets are open in the relevant city.

(d) Paying Agents

The initial Paying Agents and their initial specified offices are listed below. The Issuer is entitled at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Principal Paying Agent, (ii) Paying Agents having specified offices in at least two major European cities (approved by the Trustee) (including Luxembourg, so long as the Capital Securities are listed on the Luxembourg Stock Exchange and a city in The Netherlands, so long as the Capital Securities are listed on Euronext Amsterdam) and (iii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any change in the Paying Agents or their specified offices will promptly be given to the Holders in accordance with Condition 14.

7. Taxation

All payments in respect of the Capital Securities and Coupons by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (together, "Taxes") imposed or levied by or on behalf of the Kingdom of Denmark, or any political sub-division of, or any authority in, or of, the Kingdom of Denmark having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will, subject to Condition 4(h), pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts received by the Holders and Couponholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Capital Securities or, as the case may be, Coupons in the absence of the withholding or deduction; except that no Additional Amounts shall be payable in relation to any payment in respect of any Capital Security or Coupon:

(i) to, or to a third party on behalf of, a Holder or Couponholder who is liable to the Taxes in respect of the Capital Security or Coupon by reason of his having some connection with the Kingdom of Denmark other than the mere holding of the Capital Security or Coupon or receipt of principal or interest in respect thereof;

(ii) presented for payment more than 30 days after the Relevant Date except to the extent that a Holder or Couponholder would have been entitled to Additional Amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Payment Date;

(iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 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) presented for payment by or on behalf of a Holder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Capital Security or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders in accordance with Condition 14. Any reference in these Conditions to principal and/or interest shall be deemed to include any Additional Amounts which may be payable under this Condition or any undertaking given in addition to or substitution for it under the Trust Deed.

8. Events of Default

(i) Any one or more of the following events shall constitute an "Event of Default":

(A) Subject to Conditions 3, 4(g) and 4(h) there is a failure to make payment of any principal or interest in respect of the Capital Securities within 7 days of the relevant due date; or

(B) An order is made or an effective resolution is passed for the bankruptcy or liquidation of the Issuer.

(ii) (A) If an Event of Default shall have occurred and be continuing, the Trustee at its discretion may, and if so requested by Holders of at least one-fifth in principal amount of the Capital Securities then outstanding or if so directed by an Extraordinary Resolution shall, institute such proceedings against the Issuer as it may think fit or as directed by an Extraordinary Resolution (other than filing a petition for bankruptcy) to enforce Holders' rights, provided that the Issuer shall not by virtue of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable, except as set forth in (B) below.

(B) If an order is made or an effective resolution is passed for the bankruptcy or liquidation of the Issuer, then all the Capital Securities shall become immediately due and payable at the request of the Trustee or any Holder thereof at their then outstanding principal amount together with interest accrued to such date (and any Arrears of Interest and all corresponding Additional Interest Amounts).

9. Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 within a period of ten years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(a)(ii) or any Talon which would be void pursuant to Condition 6(a)(ii).

10. Replacement of Capital Securities, Coupons and Talons

If any Capital Security, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Paying Agent in Luxembourg, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Capital Securities, Coupons or Talons must be surrendered before replacements will be issued.

11. Meetings of Holders, Modification, Waiver and Substitution

(a) Meetings of Holders

The Trust Deed contains provisions for convening meetings of Holders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Holders holding not less than 10 per cent in principal amount of the Capital Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Capital Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Holders whatever the principal amount of the Capital Securities held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the dates on which interest is payable in respect of the Capital Securities, (ii) (subject to Conditions 3, 4(g) and (h)) to reduce or cancel the principal amount of, or interest on or to vary the method of calculating the rate of interest on, the Capital Securities, (iii) to change the currency of payment of the Capital Securities or the Coupons, (iv) to modify the provisions concerning the quorum required at any meeting of Holders or the majority required to pass an Extraordinary Resolution, in which case

the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Capital Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Holders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

(b) Modification and Waiver

The Trustee may agree, without the consent of the Holders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Holders. Any such modification, authorisation or waiver shall be binding on the Holders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Holders as soon as practicable.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Holders or the Couponholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Capital Securities. In the case of such a substitution the Trustee may agree, without the consent of the Holders or Couponholders, to a change of the law governing the Capital Securities, the Coupons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Holders. In the event of a substitution pursuant to this Condition, notice will be given to Holders in accordance with Condition 14 and, to the extent required by the listing rules of the Luxembourg Stock Exchange, supplementary listing particulars will be produced by the Issuer.

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Holders as a class and shall not have regard to the consequences of such exercise for individual Holders or Couponholders and the Trustee shall not be entitled to require, nor shall any Holder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders or Couponholders.

12. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Capital Security to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the Coupon sheet in which that Talon was included on issue matures.

13. Further Issues

The Issuer may from time to time without the consent of the Holders or Couponholders create and issue further securities either having the same terms and conditions as the Capital Securities in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Capital Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Capital Securities include (unless the context requires otherwise) any other securities issued pursuant to this

Condition and forming a single series with the Capital Securities. Any further securities forming a single series with the outstanding securities of any series (including the Capital Securities) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Holders and the holders of securities of other series where the Trustee so decides.

14. Notices

Notices to Holders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the Financial Times) and (i) (so long as the Capital Securities are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require) in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort) and (ii) (so long as the Capital Securities are listed on Euronext Amsterdam) in a leading newspaper having general circulation in the Netherlands (which is expected to be Het Financieele Dagblad) and, so long as the rules of Euronext Amsterdam so require, in the Euronext Daily Official List (Officiële Prijscourant) and (iii) if in the opinion of the Trustee such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Holders in accordance with this Condition.

15. Enforcement

Subject to Condition 8, at any time after the Capital Securities become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Capital Securities and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Holders holding at least one-fifth in principal amount of the Capital Securities outstanding, and (b) it shall have been indemnified to its satisfaction. No Holder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

16. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

17. Additional Obligations

For so long as the Capital Securities are listed on Euronext Amsterdam, the Issuer will comply with the provisions set forth in Article 2.1.20 of Schedule B of the Listing and Issuing Rules (Fondsenreglement) of Euronext Amsterdam, as amended from time to time.

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Capital Securities under the Contracts (Rights of Third Parties) Act 1999.

19. Governing Law

(a) Governing Law

The Trust Deed, the Capital Securities, the Coupons and the Talons are governed by and shall be construed in accordance with English law save for the provisions of Condition 2, Condition 3, Condition 4(g), Condition 4(h), Condition 4(i), Condition 5(b), Condition 5(c), Condition 5(d) and Condition 8 which are governed by, and will be construed in accordance with, the laws of

the Kingdom of Denmark.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Capital Securities, the Coupons and the Talons and accordingly any legal action or proceedings arising out of or in connection with the Capital Securities, the Coupons and the Talons ("Proceedings") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and waives any objection to Proceedings in such courts.

The Issuer has irrevocably appointed the manager for the time being of its London branch at Jutland House, 10-12 Alie Street, London E1 8DE, presently Mr. Nicholas J. Young, as its agent in England to receive service of process in any Proceedings in England based on any of the Capital Securities, Coupons or Talons.

Use of Proceeds

The net proceeds of the issue of the Capital Securities, expected to amount to approximately €122,500,000, will be used to refinance existing capital and for general corporate purposes.

Summary of Provisions relating to the Capital Securities while in Global Form

The Temporary Global Capital Security and the Global Capital Security contain provisions which apply to the Capital Securities while they are in global form, some of which modify the effect of the terms and conditions of the Capital Securities set out in this document. The following is a summary of certain of those provisions:

1. Exchange

The Temporary Global Capital Security is exchangeable in whole or in part for interests in the Global Capital Security on or after a date which is expected to be 16th August 2004 upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Capital Security.

The Global Capital Security is exchangeable in whole but not in part (free of charge to the holder) for the Definitive Capital Securities described below (i) if the Global Capital Security is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so (in which case the Issuer will give notice of such occurrence to the Trustee and the holders in accordance with Condition 14 as soon as it becomes aware thereof) or (ii) if the Issuer would suffer a material disadvantage in respect of the Capital Securities as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction referred to in Condition 7 which would not be suffered were the Capital Securities in definitive form and a certificate to such effect signed by two Directors of the Issuer is delivered to the Trustee for display to Holders. Thereupon (in the case of (i) above) the holder may give notice to the Trustee and (in the case of (ii) above) the Issuer may give notice pursuant to Condition 14 to the Trustee and the Holders, of its intention to exchange the Global Capital Security for Definitive Capital Securities on or after the Exchange Date specified in the notice.

On or after the Exchange Date (as defined below) the holder of the Global Capital Security may surrender the Global Capital Security to or to the order of the Principal Paying Agent. In exchange for the Global Capital Security the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Capital Securities (having attached to them all Coupons in respect of interest which has not already been paid on the Global Capital Security), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Trust Deed. On exchange of the Global Capital Security, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Capital Securities.

“Exchange Date” means a day falling not less than 60 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (i) above, in the cities in which the relevant clearing system is located.

2. Payments

No payment will be made on the Temporary Global Capital Security unless exchange for an interest in the Permanent Global Capital Security is improperly withheld or refused. Payments of principal and interest in respect of Capital Securities represented by the Global Capital Security will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Capital Securities, surrender of the Global Capital Security to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Holders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Global Capital Security, which endorsement will be prima facie evidence that such payment has been made in respect of the Capital Securities. Condition 6(d)(iii) and Condition 7(iv) will apply to the Definitive Capital Securities only.

3. Notices

So long as the Capital Securities are represented by the Global Capital Security and the Global Capital Security is held on behalf of a clearing system, notices to Holders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions except that (i) so long as the Capital Securities are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort) and (ii) so long as the Capital Securities are listed on Euronext Amsterdam, in a leading newspaper having general circulation in The Netherlands (which is expected to be Het Financieele Dagblad) and, so long as the rules of Euronext Amsterdam so require, in the Euronext Daily Official List (Officiële Prijscourant).

4. Prescription

Claims against the Issuer in respect of principal and interest on the Capital Securities while the Capital Securities are represented by the Global Capital Security will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

5. Meetings

The holder of the Global Capital Security will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Holders and, at any such meeting, as having one vote in respect of each €1,000 in principal amount of Capital Securities for which the Global Capital Security may be exchanged.

6. Purchase and Cancellation

Cancellation of any Capital Security required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the Global Capital Security.

7. Reduction of Amounts of Principal and Interest

Reduction of the principal amount of any Capital Security required by the Conditions to be reduced will be effected by reduction in the principal amount of the Global Capital Security. Any Arrears of Interest and the reduction of any Arrears of Interest will be effected by annotation by the Principal Paying Agent of the Global Capital Security

8. Trustee's Powers

In considering the interests of Holders while the Global Bond is held on behalf of a clearing system the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Bond and may consider such interests as if such accountholders were the holder of the Global Bond.

Description of Jyske Bank A/S and the Group

Introduction

The Jyske Bank Group (the "Group") is Denmark's third largest banking group (measured by total assets), with total assets of DKK 116.4 bn at the end of 2003. In Danish retail banking, Jyske Bank (the "Bank") has a market share of approximately 6%. Jyske Bank's registered and head office is situated in Silkeborg in the middle part of the Jutland peninsula of Denmark. The Bank has 119 branches throughout Denmark. As at 31st December, 2003, the Group had a total of 3,547 full-time employees.

The Bank was established as a public limited company on 7th July 1967 under the Danish Companies Act and Bank Act with CVR 17616617, following the merger of four banks based in the towns of Kjellerup and Silkeborg in the central part of Jutland. These banks trace their roots back to the mid-1850's. Three other local banks subsequently merged with Jyske Bank: Banken for Brædstrup og Omegn in 1968, Samsø Bank in 1970 and Odder Landbobank in 1971.

With the takeover of Finansbanken in 1981, the Bank achieved nationwide retail branch coverage. It expanded further by merging with Vendelbobanken (based in the Northern part of Jutland) in 1983 and with Holstebro Bank (based in the western part of Jutland) in 1989.

The Danish Banking Sector

The Danish banking sector is highly consolidated. The two major financial conglomerates are the two pan-Scandinavian banks, Danske Bank and Nordea. Combined they hold approximately 70% of total loans and deposits and thus, qualify as the market leaders. Including the mortgage sector together they hold approximately 60% of the Danish retail market split between approximately 35% to Danske Bank and approximately 25% to Nordea. Danske Bank is the largest financial conglomerate in Denmark; however, Nordea is the largest in Scandinavia with Danske Bank as the second largest. The next tier of Danish banks comprises Jyske Bank and Sydbank both with single digit market shares of lending and deposits (6% and 4% respectively of the Danish retail market). They both have regional origins but have built national presence. The rest of the market is highly fragmented comprising many small and medium sized banks with strong local franchises and niche-strategies.

The Danish financial sector is exposed to cross-border consolidation especially within Scandinavia. Both Danske Bank and Nordea have created their position as a result of cross-border consolidation. Outside of Denmark Danske Bank operates in both Norway and Sweden. In Sweden, Danske Bank has acquired the regional commercial bank Östgöta Enskilda Bank, and in Norway, Fokus Bank. Danske Bank has kept the local brands and thus, has implemented a multi-brand strategy.

In 2000 Unidanmark merged with Nordic Baltic Holding (Nordea) and was renamed Nordea Bank Danmark A/S. In addition to Unidanmark, Nordea also comprises the former MeritaNordbanken Group (merger between Merita Bank Plc., Finland and Nordbanken AB, Sweden) and Christiania Bank og Kreditkasse, Norway. Nordea has renamed its local entities and is competing under a single-brand strategy.

Foreign competition in the Danish banking market is mainly originated by Swedish banks' acquisitions. Swedish based Skandinaviske Enskilda Banken AB (SEB) competes through Codan Bank, SEB Asset Management and through its Internet bank. FöreningsSparbanken (Swedbank) is present in the Danish market through FIH, specialising in asset financing. Svenska Handelsbanken competes mainly through Midtbank, which is a regional commercial bank, headquartered in the middle of Jutland. In addition to the dominance of the Swedish banks, German banks also offer competition. They have adopted niche strategies in corporate banking, real estate finance, and trading activities.

Despite the dominance of the two market leaders the competition is fierce and effective. The fragmented part of the industry, comprising national and small local banks, adds to rivalry. In

addition the entrance of foreign competitors trying to capture market shares intensifies competition. The result has been decreasing lending margins during recent years.

The mortgage market is dominated by Nykredit Realkredit A/S (including Totalkredit) and Realkredit Danmark A/S (part of the Danske Bank Group). They hold approximately 70% of the mortgage-finance market. The next tier of the market encompasses Nordea Kredit, BRF Kredit, and DLR Kredit.

In the past, mortgage credit was mainly offered by independent mortgage credit institutions. At present mortgage credit financing is integrated into the major banking groups. The only remaining major independent mortgage lending institution is Nykredit, which holds a dominant market position. In 2003 Nykredit strengthened its market position by acquiring Totalkredit. Prior to the merger, Totalkredit was the second-largest independent Danish mortgage lending institution. Totalkredit distributes its products through the branch network of the 106 former bank-owners, who will continue to provide residential mortgage loans after Nykredit's acquisition.

The Jyske Bank Group

The mission statement of the Jyske Bank Group (the "Group") is to provide customer service and to distribute products that meet customer needs concerning cash flows and risks related to assets and liabilities. The strategy of the Group is to remain focused on its core business, which comprises commercial banking, trading based on customer transactions, international private banking and asset management. The Group has made a deliberate choice not to enter non-life insurance activities or to offer real estate agent services.

Mortgage and life insurance products are offered on the basis of sourcing collaborations supporting the Group with a complete product range. Sourcing products from third parties enhances the Group's ability to fulfil customer needs and to streamline its own production. Jyske Bank has formalised agreements with Pensionsforsikringselskabet (PFA) concerning the supply of life insurance products and with Nykredit, Totalkredit and DLR Kredit concerning the supply of mortgage products. The business portfolio of the Group reflects its focused strategy.

Jyske Bank A/S is the parent company in the Group. The Group comprises a number of subsidiaries in Denmark, Jyske Finans (financial leasing and asset financing, in particular car finance), and Nordisk Factoring (invoice discounting and administration), Silkeborg Datacentral, and JN Data (IT processing and services) among others. In addition the Group comprises subsidiaries in Europe, mainly to support international activities and private banking, Jyske Bank (Schweiz), Jyske Bank (Gibraltar) Ltd., and Jyske Bank Polska Sp.z o.o (Poland). The Group also operates private banking branches in London, Hamburg, Cannes (France) and Fuengirola (Spain).

Totalkredit was founded in 1990 on the basis of the former mortgage institution, Provinsbankernes Reallånefond. In 2000 Totalkredit was incorporated and the Bank converted its interest to a shareholding in the mortgage credit institution. In November 2003 the shareholding banks of Totalkredit accepted an offer from Nykredit to dispose of Totalkredit. Totalkredit was owned by 106 banks with Jyske Bank and Sydbank as the largest shareholders. At the time of the offer Jyske Bank held 20.46% of the shares in Totalkredit. In November 2003 Jyske Bank sold 55% of its shareholding in Totalkredit to Nykredit. At the same time Jyske Bank sold call options on its remaining 45% shareholding to Nykredit. Nykredit has the option to call further 23% of Jyske Bank's shareholdings in October 2004 and the remaining 22% shareholdings in 2006.

With effect from 1st October 2003 Totalkredit was no longer pro rata consolidated into the consolidated accounts of the Jyske Bank Group. At year-end 2003 the pro rata deconsolidation resulted in a reduction of total advances of approximately DKK 34 bn.

Jyske Bank owns 20.46% of PRAS (Pengeinstitutternes Realkreditselskab A/S). In accordance with a shareholder agreement this proportion of shareholding is fixed. PRAS is pro rata consolidated into the consolidated accounts of the Jyske Bank Group. PRAS owns 3.15% of the

shares in Nykredit Holding A/S. Consequently, 0.6% of Nykredit Holding's result will accrue to the Group with effect from 2003.

In 2002, Jyske Bank and Nykredit formed JN Data A/S pursuant to a strategic co-operation agreement. It was formed by merging parts of Nykredit's and Jyske Bank's IT operations. JN Data A/S offers IT support to the two joint venture partners as well as to potential third party customers. Until July 2003 JN Data was equally owned by Nykredit and Jyske Bank. However, on 1st July 2003 Jyske Bank increased its holdings to 51%. Consequently, JN Data is consolidated in the consolidated accounts of the Group.

For a complete list of Jyske Bank's consolidated subsidiaries and pro rata consolidated undertakings as at 31st December 2003, please see "The Jyske Bank Group".

Core business areas

The Jyske Bank Group operates mainly under a single brand, the "Jyske" brand. The corporate portfolio comprises the following major business lines:

Jyske Bank Retail

Jyske Markets (Trading and brokerage)

Jyske Private Banking and Jyske Asset Management

Jyske Finans (Leasing activities)

Jyske Bank Retail

Jyske Bank's retail banking activities are directed towards Danish individuals, families, small- and medium-sized enterprises and institutional customers such as municipals.

The vision of Jyske Bank Retail is to be Denmark's most customer-oriented bank. This is accomplished by providing the highest level of personal financial advice and taking a genuine interest in customers. The strategy is to position Jyske Bank as a visible and distinct alternative to more traditional providers of financial services, with regard to distribution channels, products, branch layout and communication forms. This strategic approach is branded »Jyske Differences« (»Jyske Forskelle«).

Retail banking is based on a multi-channel distribution system. The main channels are a nationwide retail franchise network and two Internet banks for retail customers providing a broad range of transaction possibilities.

Jyske Bank values its retail franchise network, based on service, financial advice and personal contact, as the cornerstone of its distribution strategy. The retail franchise is national in scope and comprises 119 branches. Jyske Bank is in the process of radically redesigning its branch network according to the Jyske Differences concept. At year-end 2003, 95 branches had been remodelled according to the Jyske Differences concept. The plan is to finish the redesign of the branch network in 2005. The branch redesign and the Jyske Differences concept are designed to offer customers the highest standard of service, delivered according to the Jyske Differences concept, and to enhance the interaction between customers and Jyske Bank's advisers.

Jyske Netbank is Jyske Bank's Internet-based home banking system for private individuals and families. It encourages retail customers to perform various banking transactions via the Internet. Jyske Netbank is based on a browser solution, which enables the customer to log-on from a variety of computer systems and from different locations. A special code system exists for maximum security.

In addition Jyske Bank offers corporates and institutional customers an Internet bank solution branded as Jyske Netbank Erhverv enabling customers to undertake transactions via the Internet. Jyske Netbank Erhverv is included in the agreement entered into by Jyske Bank and the Agency for Financial Management and Administrative Affairs under the Danish Ministry of Finance for the handling of Danish government transactions.

Jyske Markets

Jyske Markets is the brokerage and trading division of the Group, and is considered a core activity of the Group. It includes a minor proportion of position-taking in order to support customer driven trading. Jyske Markets' activities include trading in foreign currency, Danish and foreign bonds as well as equity and commodity markets around the world. Jyske Bank is an active member of the Copenhagen Stock Exchange and of the Stockholm Stock Exchange and executes trades on many other exchanges around the world.

The vision of Jyske Markets is to be an effective and efficient marketplace, reacting to customer needs with higher precision and speed than its competitors. The mission statement is to meet customer needs for service, advice, analyses and trading within a defined range of products. Jyske Markets aims to be market leader in selected niche areas.

Jyske Bank favours decentralised customer service. Institutional customers and certain corporate customers, however, are best serviced directly through Jyske Markets. Regional service centres and the franchise network service retail customers (private individuals, small and medium-sized enterprises and institutional customers) with respect to advice, financial risk management services and trading. Jyske Markets offers support to the regional centres and to the franchise network as well as handles the trading flow from such customers. Jyske Markets is also the main sourcing area for Jyske Asset Management and Jyske Private Banking.

Jyske Markets is present in all financial time zones and thus, provides 24 hour services and trading in international markets. This provides Jyske Markets with real time access to information material to the assessment of price fluctuations across financial markets.

Jyske Private Banking and Jyske Asset Management

Jyske Private Banking provides asset management services to international private investors. A personal account manager services investors on an individual basis. Jyske Private Banking offers investors a wide range of products, which may be used as building blocks in individual portfolio constructions. The product range comprises a range of international investment opportunities and asset management products – customised to meet the needs of each client. In this way, Jyske Private Banking is able to consider and fulfil the financial needs and requirements of individual investors regardless of the complexity required. The product range includes deposit accounts in various currencies, individual securities and capital-guaranteed saving products. Jyske Private Banking has branches in London, Copenhagen, Zurich, Gibraltar, Warsaw (Poland), Hamburg, Fuengirola (Spain) and Cannes (France) and services more than 35,000 international customers.

The vision of Jyske Private Banking is to be recognised among customers and stakeholders as the most attractive private banking partner in the market. The mission statement is to build lasting customer relationships, to offer investment services and to grant low-risk credit facilities to affluent international private individuals.

Jyske Private Banking has been strengthening its activities in France and in Poland. In January 2004 Jyske Bank opened a branch office in Cannes, France. In May 2004 Jyske Bank opened a private banking branch in Warsaw, Poland. The latter is an incorporated entity wholly owned by Jyske Bank.

Funds under management by Jyske Bank totalled DKK 6.8 bn as at 31st December 2003. Jyske Bank is the custodian bank for the mutual fund group, Jyske Invest which sells certificates to investors in Denmark. At 31st December 2003, funds under management by Jyske Invest totalled DKK 26.7 bn compared with DKK 19.9 bn as at 31st December 2002.

Jyske Finans

Jyske Finans is the Group's leasing and asset financing entity. The vision of Jyske Finans is to be the preferred partner for suppliers of durable capital goods and equipment either as financier or as administrator. The major areas are administration, leasing and loans for automobiles, leisure boats and business equipment for selected industries.

Jyske Finans markets its services under three registered trademarks, one for each line of business:

Car finance

Leisure boat finance

Business equipment finance.

Jyske Finans has outlets in Copenhagen, Silkeborg, Aalborg and Kolding. It is the largest car financing company in Denmark and it has agreements with all leading car dealers in Denmark. Business equipment finance is active with lease and asset finance in different industries such as, the transportation industry (haulage mainly), the wood-manufacturing industry, iron industry, plastic industry, graphic industry, contractors' equipment, farm equipment, IT-equipment as well as non-residential buildings.

Improving credit and capital management

Since mid-2001 Jyske Bank has invested in developing new risk management tools primarily for credit rating, credit risk measurement and capital allocation for credit risk. Jyske Bank's market risk management approaches are well established and support capital allocation. The project has also included capital allocation to other risk categories such as operational risk, business risk and liquidity risk. Capital management has been improved by implementing the principles of Risk-Adjusted Return on Capital (RAROC). The purpose is to strengthen the internal risk management and capital decision processes. However, management also expect the new methodologies to prepare Jyske Bank to comply with the forthcoming Basel II requirements at an advanced level in major risk areas such as credit and market risk.

RAROC model

RAROC is the primary financial performance measure. It is a risk-adjusted performance measurement and management method for measuring risk-adjusted financial performance. Market risk, credit risk, liquidity risk, and operational risk have different determinants and therefore, require different methodologies for measurement. However, their risk can be quantified in one common dimension, which is economic capital. Consequently, RAROC is applied to provide a consistent view of profitability across banking activities, which may differ in risk profiles and risk types. Implementing it has strengthened the Group's risk management discipline by explicitly charging the cost of risk linked to different activities.

Economic capital

Economic capital is the minimum capital required to support the current level of risk-taking looking one year ahead in time. It is based on a combination of statistical distributions and other models. Jyske Bank attributes economic capital to different risk types such as credit-, market-, operational-, business- and liquidity risk. At present economic capital is exclusively an internal measurement of capital requirements.

Other risks, such as strategic risk and reputation risk are not quantified and are therefore not explicitly included in the calculation of economic capital. However, these risks are considered when determining the required capital level of the Jyske Bank Group.

Guarding against all future potential losses by allocating capital may not be financially optimal. Jyske Bank has stipulated that economic capital should cover at least 99.97% of potential losses, measured over a one-year horizon. It is based on the assumption that the current risk level and risk characteristics remain constant over the coming 12 months. The modelling of risk to capital, for other risk categories than credit and market risk, is based on international benchmarks.

As at 31st December 2003 the initial estimates indicate an economic capital of DKK 5.9bn, of which credit risk amounts to 57%, market risk to 20% and other risks to 23%. The calculation

of economic capital does not include diversification effects between risk categories. Including such diversification effects indicates a reduction in economic capital by approximately 20%.

Model uncertainty

Risk quantification and economic capital calculations for credit risk and market risk are based on statistical modelling. Management believe that they are cautious and conservative in applying models and assumptions to the risk and capital modelling. Nonetheless, statistical modelling involves various degrees of uncertainty, depending on the assumptions underpinning them. Furthermore, the accuracy of statistical modelling is highly dependent on the quality of the data. Improving data quality may require a multi-year approach.

Influence on risk and capital policies

The Group must comply with the current regulatory regime. Therefore, the most important risk policies are stipulated according to the current regulatory regime. This means that the new credit risk framework has not affected the Group's policy for calculating losses and provisions for 2003 as presented in this document. At present the Group stipulates its capital structure policy on the basis of the current regulatory risk-weighted asset ratios and not on the internal definition of economic capital.

Credit Risk

Credit risk is the risk of a loss caused by obligor or counterparty default. Jyske Bank manages credit risk both at the transaction level and at the portfolio level.

Many of Jyske Bank's business activities involve credit risk. In the normal course of business credit risk arises when Jyske Bank relies on another party to honour obligations which have financial value to Jyske Bank. Ordinary credit risk arises on the loan portfolio, credit lines and guarantees. Market-related counterparty risk comprises risk on derivative instruments. To reduce market-related counterparty risk Jyske Bank has, to the widest possible extent, negotiated netting rights. For each non-financial counterparty, the maximum market-related risk exposure is contractually agreed, as are notification and stop-loss clauses. Ordinary and market-related credit risk is aggregated and subject to the same credit policies and procedures.

Enhancement of credit risk management

The Group is in the process of establishing a model-based methodology as a support tool to assess credit quality across different customer categories. These models are based on a long period of historical data covering an entire business cycle. This technique provides an estimate of expected and unexpected losses of the current credit portfolio looking one year ahead in time. It is based on the risk characteristics of the current loan portfolio and thus, does not account for future growth or future changes in risk characteristics of the credit portfolio (stable portfolio assumption).

Credit Rating

Ratings are part of the credit quality assessment of each obligor. The credit risk management process includes an assessment of the likelihood of default. Jyske Bank assesses all credit risks both on- and off-balance sheet exposures.

Based on the likelihood of default credit commitments are divided into 14 different rating classes. Each class comprises a span of default probabilities. Consequently, each internal rating corresponds to a statistical probability of a commitment defaulting within a 12-month horizon. The rating class, comprising the range of lowest default probabilities, is class number 1 and the one spanning the highest default probabilities is class number 14. Exposures are measured as exposure at default (EAD). Rating categories 1-5 equates roughly 'Investment Grade' ratings with the International Rating Agencies.

EAD represents the expected size of the commitment when default occurs. Not all commitments may be fully utilised at default; others may include unauthorised overdraft. Such

commitments include drawing rights and other variable credit commitments with an authorised maximum. For derivative contracts, exposure at default represents Jyske Bank's costs of replacing a derivative contract with a positive present value.

The following table presents the distribution by rating class and segment of the credit portfolio by year-end 2003.

Distribution by rating class and segment

Segment**	Rating class														
	Total	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	%*														
Corporate	100.0	8.5	4.0	13.0	13.6	10.9	11.6	8.9	6.1	5.8	5.2	4.3	2.5	2.6	3.0
Retail.....	100.0	–	7.0	12.3	17.3	20.3	13.0	9.2	6.9	4.0	3.6	2.0	1.5	0.8	2.1
Total.....	100.0	6.3	4.7	12.8	14.5	13.3	12.0	9.0	6.3	5.4	4.8	3.7	2.2	2.2	2.8

* The credit portfolio is stated as exposure at default, EAD. This concept is material to the calculation of credit risk, but should not be mistaken for advances and guarantees as set out in the Balance Sheet of the Bank and the Group.

** The table is exclusive of commitments with banks and sovereign entities which typically have rating scores of 1 or 2. The model prevents retail customers from being assigned a credit rating of 1.

Source: Jyske Bank's annual report 2003

The following table divides the credit portfolio into industry segments. The exposures are measured as EAD. The distribution on the basis of EAD is new and thus, the distributions are not comparable to previous year's distributions, which were based on advances and guarantees. Loan loss reserves for each segment as percentage of total loan loss reserves are represented in the right hand column of the table.

Credit Exposure by Industry and Sector for the Bank

% of exposure at default	Total rating classes %	Rating classes 1-5 %	Rating classes 6-10 %	Rating classes 11-14 %	Percentage of loan loss reserves
Sovereigns	2	3	0	0	0
Public authorities	1	2	0	0	0
Banks	13	24	0	0	0
Agriculture, forestry, etc	6	6	7	5	8
Fishing industry.....	1	0	1	2	2
Manufacturing, mining, etc	12	11	12	19	15
Construction industry	3	1	5	6	5
Commerce and hotels.....	12	6	22	28	21
Transportation industry	3	3	3	10	3
Finance and insurance	12	15	7	1	1
Property administration and service.....	13	8	16	12	23
Other industries or sectors	2	1	2	2	3
Private individuals	20	20	25	15	19
Total	100	100	100	100	100

Source: Jyske Bank's annual report 2003

Diversification of credit risk

Jyske Bank provides approximately 132,000 customers with advances, credits and guarantees or unauthorised overdrafts. Approximately 71% of Jyske Bank's advances are to Danish customers. Approximately 2% are to customers outside the EU and the OECD.

In addition, Jyske Bank has granted credit lines to a number of international and Danish financial institutions, less than 1% of which are utilised by financial institutions outside zone A.

The Commercial Banks and Savings Banks Consolidated Act (from 1st January 2004, The Danish Financial Business Act) limits the size of any individual credit commitment to a maximum of 25% of the Group's solvency capital. In addition, the sum of all individual commitments which exceed 10% of the Group's solvency capital, is limited to 800% of the Group's solvency capital. At 31st December 2003, the Group had 5 commitments in excess of 10% which totalled 63% of the Group's solvency capital. The corresponding figures in 2002 were 6 commitments and 76%, respectively.

The following table presents the geographical distribution of Jyske Bank's credit portfolio measured as advances, guarantees and unauthorised overdrafts. Zone A-countries encompasses EU-countries, OECD-countries and a few other countries.

Credit exposure by Country or region*

	Customers	Banks	Sovereigns and etc.	Total
	%			
Denmark (zone A)	85	15	98	71
EU (zone A)	10	65	0	21
Other European countries (Zone A)	1	13	0	3
USA and Canada (zone A)	2	6	2	2
Other countries in zone A	0	1	0	1
Latin America	0	0	0	0
Rest of the world	2	0	0	2
Total	100	100	100	100

* Calculated for Jyske Bank A/S

Source: Jyske Bank's annual report 2003

Credit Risk Policies

To ensure that credit losses are kept at an acceptable level compared to the size of the Bank's solvency capital and the general market situation, Jyske Bank has established policies and procedures for managing credit risk. Credit risk policies are designed to prevent concentrations in the loan portfolio of industry and single customer exposures, the latter including groups of related borrowers.

The creditworthiness of borrowers is based on the borrowers' debt servicing and coverage ability, defined as the amount of earnings available to pay interest and principal when due. In addition, credit procedures establish that credits are adequately covered by collateral. Facility agreements stipulate that Jyske Bank's claims rank at least pari passu with those of other financial creditors.

Credit Risk Management

Jyske Bank's credit organisation is decentralised and credit policies are formulated so as to support a proper and reliable credit assessment procedure in a decentralised environment.

Jyske Bank has implemented a structured approach that establishes credit risk limits for the amount which each credit officer is authorised to approve. The size of a customer's total commitment determines at which level in the organisation a commitment may be granted. The Supervisory Board has delegated the highest credit authority to the Executive Board. Further quantitative limits for granting commitments are allocated to credit officers and account managers throughout the organisation. The size of credit-granting authority delegated to each credit officer is based on an assessment of his or her qualifications.

On receipt of a loan or credit application, the account manager refers the application to a credit officer holding sufficient granting authority. Based on the application, the credit officer decides whether the facility is an acceptable credit risk. The responsibility for monitoring credit commitments is placed with the individual account manager who is familiar with the borrower's financial situation.

A central Credit Risk Control Group ensures that the policies and procedures are complied with. In addition, the Credit Risk Control Group examines whether the loan-loss provisions are adequate. The Credit Risk Control Group is independent of the business line responsibilities.

The internal auditors of the Group carry out independent audits to obtain a high level of assurance that principles and procedures are adhered to continuously. The internal auditors also monitor that segregation of duties is observed. Furthermore, the internal auditors regularly monitor the work of the Credit Risk Control Group.

Provision Policy

Jyske Bank's provision policy is to accumulate sufficient provisions taking into account the cyclical behaviour of credit losses. Jyske Bank's provision policy comprises two types of provision, specific loan-loss provisions and statistical loan-loss provisions related to expected losses less than DKK 30,000.

Specific provisions relate to individual customers' ability to service the facilities granted. The account managers conduct regular account-by-account assessment of the credit risk portfolio within their responsibility and set aside specific provisions when doubtful accounts are identified. In addition, the central risk management department performs a central assessment of additional requirements for loan-loss provisions in order to meet the general target for loan-loss provisions.

Loans to private individuals and small businesses consist of a large number of relatively small homogeneous balances, for which statistical loan-loss provisions related to losses less than DKK 30,000 are established based on a statistical analysis of historical ratios of write-offs to balances outstanding.

Provisions are segmented by probability of default and compensation rate. 'A provisions' are defined as provisions for claims whose default probability is significant, and whose compensation rate is uncertain. 'B provisions' are defined as provisions for claims, on which default is unavoidable and on which the compensation rate is low or of insignificant value.

Development of Provisions during 2003

During recent years the Danish economy has experienced low growth. Since the beginning of 2001, Jyske Bank expected the effects of lower growth to be noticeable in credit quality although this effect has not been significant.

The effect on the credit quality of private customers has been limited as interest-rate cuts and the possibility of mortgage refinancing to some extent has neutralised the negative effects of the economic slowdown.

Total provisions decreased from DKK 2,058m in 2002 to DKK 2,036m in 2003 representing a decrease of DKK 22m (compared to an increase of DKK 137m during 2002). These provisions constitute 2.46% of total advances and guarantees, compared with 1.84% in 2002. The increase is caused by the pro rata deconsolidation of Totalkredit. The trend in Jyske Bank's provision is unchanged. Total provisions are estimated to be 6.17 times non-performing loans for 2003, compared to 5.95 times in 2002.

Loan loss reserves and non-performing loans

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
	(millions of DKK)										
Loan loss reserves*	1,699	1,292	1,248	1,336	1,477	1,572	1,718	1,842	1,921	2,058	2,036
Non-performing credits*	1,527	864	606	434	337	318	322	271	388	346	330
	111%	150%	206%	308%	439%	494%	533%	679%	495%	595%	617%

* At year-end

Traditionally, a prolonged period of stagnation has resulted in the risk of increased losses and provisions within the banking sector. The Bank's total provisions reflect these expectations as well as the long-term credit risk posed by cyclical movements in the economy.

The management believes that the Bank makes prudent and adequate provisions to cover all current risks.

Losses and Provisions

The following table shows the movements in the Group's provisions for the last five years:

	As at 31st December				
	2003	2002	2001	2000	1999
	(millions of DKK)				
Opening provisions.....	2,058	1,921	1,842	1,719*	1,572
Translation loss/gain	(1)	(1)	1	0	4
Additions	1,018	1,005	970	850	730
Reductions	(701)	(605)	(666)	(508)	(435)
Write-offs (from provisions)	(338)	(262)	(226)	(219)	(153)
Provisions at year-end.....	2,036	2,058	1,921	1,842	1,718*
– of which are A-provisions	1,815	1,802	1,658	1,677	1,557
– of which are B-provisions	221	256	263	165	161
Recoveries	56	89	113	90	98

*Opening 2000 provisions deviate from closing 1999 provisions due to acquisitions in 2000

Source: Jyske Bank's annual report 2003

Non-performing credits

As at 31st December 2003, non-performing credits totalled DKK 330m corresponding to 0.4% of Group advances and guarantees, compared to DKK 346m and 0.3% in 2002. Non-performing credits are influenced by the pro rata deconsolidation of Totalcredit. The trend in Jyske Bank's non-performing loans is unchanged.

The following table shows total non-performing credits measured both in absolute values and as percentage of total Group advances and guarantees as at 31st December. In addition, provisions for non-performing credits, equalling the full actual risk of loss, are included.

	Non-performing Credits As at 31st December				
	2003	2002	2001	2000	1999
Non-performing (millions of DKK) ...	330	346	388	271	322
As % of advances and guarantees ..	0.4	0.3	0.4	0.3	0.5
Provisions (risk of loss) for non-performing credits (millions of DKK)	234	251	225	172	232

Market risk

Market risk arises from the Group's exposure to open positions in financial markets such as interest rate positions, currency positions, equity positions and commodity positions. Open positions comprise markable positions, OTC positions and customer related positions net of hedging positions.

Risk management of the banking book

In assessing, managing and controlling market risk, the Group adopts a fully integrated approach comprising both the banking book and the trading book. This is fundamental to evaluating the level of risk published by the Group.

Policies and procedures for market risk management

The Group has developed comprehensive policies and procedures for market risk management. The policies relate to the identification and measurement of the various types of market risk. The policies explicitly lay down limits for the overall market risk exposure that the Group is willing to assume. Comprehensive measurement methods are defined and utilised in the definition and control of market risk.

The Group has implemented a three-level approach to establish limits to the amount of market risk that the Group is willing to assume. The first level reflects the Group's overall market risk limits. These overall limits are defined by the Supervisory Board and delegated to the Chief Executive Officer (the "CEO").

The second level reflects the CEO's delegation of risk limits to the managers of Jyske Markets (the trading area) and Group Treasury. Jyske Markets and Group Treasury are the only business units authorised to undertake activities involving market risk. The third level reflects the delegation of limits by the above business unit managers to desk level employees in the trading area and the treasury.

The Group measures risk using advanced risk management software, which covers all the major financial products traded. The risk management database is comprehensive and it enables the Group to generate detailed risk reports.

Controls are established to ensure that each position and transaction undertaken complies with the risk management policy. The Risk Control Group (independent from position-taking) monitors all risk positions on a daily basis against authorised quantitative limits. Positions that exceed authorised limits are promptly reported to the Executive Board. Should positions exceed the total risk acceptable to the Group, the Risk Control Group must immediately adhere to pre-specified procedures, which include reporting to the Supervisory Board and to the Internal Audit.

Market risk management organisation

The Group has centralised market risk management. Group Treasury is in charge of the day-to-day management of the balance sheet in accordance with principles and targets laid down by the Asset and Liability Management Committee ("ALCO"). The positions of Jyske Markets and Group Treasury are reported to the ALCO each month followed by a monthly committee meeting. The ALCO is headed by the CEO and includes members from the Executive Board, Group Treasury and Jyske Markets among others.

The Risk Control Group is independent of position-taking. The Risk Control Group is in charge of defining risk measurement methodologies and of constructing and updating databases to support company-wide risk measurement based on both regulatory requirements and more comprehensive internal risk measures. In addition, the Risk Control Group is in charge of company-wide monitoring of positions and has specific procedures for reporting directly to the Executive Board and to the Supervisory Board if positions exceed pre-authorised limits. The internal auditors of the Group carry out independent audits to obtain a high level of assurance

that principles and procedures are adhered to continuously. The internal auditors also monitor that segregation of duties is observed.

Calculation of market risk

The Group does not believe that one specific risk measurement method is sufficient to capture all aspects of market risk. Consequently, the calculation of market risk and internal limit-settings involve different measures across products.

Currency risk

Currency risk is calculated in accordance with the standards on Capital Adequacy set out by the Danish Financial Supervisory Authority ("DFSA"). The standards comprise two principles for measuring currency exposures.

The regulatory standards are defined as currency exposure indicator 1 and 2. Indicator 1 is calculated as the sum of the numerically higher value of either long (asset) or short (liability) positions in each currency translated into Danish kroner.

Indicator 2 is based on a statistical methodology comparable to a parametric value-at-risk calculation. The historically derived parameters for the model are calculated by the Danish authorities and distributed to each bank. Consequently, the same parameters are utilised throughout the Danish banking sector. The model is based on a 99% confidence level over a 10-day holding period. For internal use, indicator 2 is generated each morning, based on the previous day's positions. Exposures in respect of indicator 1 and 2 are reported to the authorities on a quarterly basis.

The calculation of internal intra-day currency exposure is based on indicator 1, adjusted for currencies with high volatility and low liquidity, which are given a higher weighting than in the regulatory model.

Interest rate risk

Interest-rate risk is calculated using duration measures. Duration risk is defined as the sensitivity to a one-percentage point parallel shift in interest rates. This is defined as interest rate risk indicator 1. The Group calculates duration on the basis of the entire portfolio of interest-related instruments, comprising both trading book and banking book. This exposure is reported to the authorities on a quarterly basis.

For internal interest-rate risk management purposes, the Group has made comprehensive adjustments to the basic duration measure, adding risk on positions exposed to non-parallel shifts in yield curves and on several components of basis risk defined as imperfectly-matching cash flows. This includes offsetting long and short positions in different currencies and if situated in different maturity grid points. Interest rate volatility is also taken into consideration. This measure is defined as interest rate risk indicator 2.

Because of the Group's exposure to Danish mortgage bonds, very comprehensive risk management models have been developed taking into account the embedded prepayment options. Danish mortgage bonds are to a large extent issued with an embedded call option for the borrowers of the underlying loans to prepay their loans at par. This option distorts risk measures such as the duration measure as a solid and reliable risk measure of the interest-rate risk on Danish mortgage bond portfolios unless they are option-adjusted. The risk management framework includes measurement and limits on positions of Option Adjusted Spreads.

Stock market risk

Equity risk is defined as stock-market risk A and stock-market risk B. Stock-market risk A is calculated as the total loss generated by a 10% change in equity prices. Stock-market risk B is calculated on a non-parallel basis so that both short and long positions, irrespective of any hedging, are subject to a 10% adverse price change. For authorisation purposes, risk on

treasury stocks and certain unlisted equities is not included in stock market risk A and B. Such positions are managed under special authorisation.

Other risk measures

In addition to product-specific risk measurements and limit setting, the Group also measures risk associated with non-linear derivatives such as options. The major areas covered are currency, stock, and interest-rate risk options. Risk measures and limit setting include option-related characteristics such as delta, gamma, and vega. Such measures are also applied to structured products such as Danish mortgage bonds.

Value-at-Risk

The Group applies the Value-at-Risk ("VaR") methodology as a tool for measuring and monitoring market risk. VaR is included in the control of market risk both in definition, delegation, and control of risk limits. The model is a parametric VaR and is based on an enhanced Risk Metrics model.

The VaR approach is especially modified to model the embedded prepayment option of the Danish mortgage bonds. VaR is calculated on a 99% confidence level as well as on the basis of a daily holding period defined as Daily Earnings at Risk (DEaR). Risk limits and capital allocation are based on 99% DEaR.

A 99% DEaR indicates a 1% probability that VaR be exceeded over a one-day period in normal markets. Suitable VaR calculations are carried out at group portfolio level as well as for the different risk categories such as interest-rate, currency and equity risk and at the above business-specific levels.

Back testing

To evaluate the accuracy of the VaR model, the Group conducts daily back testing of the VaR against actual daily revenue on market-risk related positions. Back testing is carried out and reported for the 99% DEaR measure.

A 99% DEaR means that the Group would on average expect to incur daily losses in excess of VaR 2.5 times during a year. During 2003, there was 1 day on which the actual result of market risk taking exceeded the VaR of Group Treasury. This does not differ significantly from the 99% confidence level. The VaR model does not estimate the potential size of such an extraordinary loss. It requires stress tests.

Scenario based stress testing

As an integrated part of the ALCO reporting, scenario based stress testing of positions is performed each month. This includes scenario-based stress tests of market risk positions held by Group Treasury. Stress testing does not directly influence the calculation of minimum required economic capital.

Economic capital for market risk

The economic capital calculation for market risk is based on the Value-at-Risk framework. The risk level is normalised from the 99% confidence-level DEaR to a 99.97% confidence-level and to a horizon of one year.

Market Risks 1999 – 2003

% of quarter-end shareholders' funds	Average	Maximum	Minimum	Year-end 2003*
Currency risk				
Indicator 2.....	0.5	0.8	0.1	0.1
Interest rate exposure				
Interest rate risk indicator 1.....	0.9	2.8	(3.4)	1.6
Interest rate risk indicator 2.....	3.9	7.5	1.9	3.0
Share portfolio risk				
Stock market risk A.....	0.8	1.2	0.0	0.0
Value at risk (DEaR**)	0.4	1.0	0.2	0.2

*Percentage of year-end shareholders' funds.

**DEaR (99% confidence level)

Source: Jyske Bank's annual report 2003

Market risks 2002 and 2003

	2003 Year-end	2002 Year-end
	millions of DKK	
Currency risk		
Currency indicator 2.....	7	29
Interest rate exposure		
Interest rate indicator 1 total exposure.....	123	42
Interest rate risk indicator 1 domestic exposure.....	113	44
Interest rate risk indicator 1 foreign exposure.....	10	(2)
Stock market risk		
Stock market risk A.....	3.9	46.8
Value-at-risk (DEaR*)		
DEaR 99% total market risk portfolio**.....	18	15
DEaR 99% interest rate risk.....	12	11

* Value-at-risk is calculated at the 99% confidence level and over a 1 day holding period.

**Interest rate risk, currency risk and stock market risk

Liquidity Risk

Jyske Bank's liquidity policy is to maintain a level of liquid assets sufficient for normal operating purposes with sufficient cash to meet contingencies. The Group's goal is to ensure the availability of sufficient liquidity to meet all financial commitments. The Supervisory Board has established liquidity policies that include guidelines and limits for cash management, funding diversification and asset liquidity. Each day all liquidity positions are monitored against authorised quantitative limits by the independent Risk Control Group. Liquidity positions that exceed authorised limits are promptly reported to the Executive Board.

Operational Risk

Operational risk is inherent in all the Group's processes. It is defined as the potential loss arising from operational failures by people, processes and systems. It can arise from different sources such as failure to take appropriate actions, inappropriate behaviour of employees, IT-systems breakdown, business interruption, breach of policies, legal risk, failure of compliance etc.

The Group's approach to operational risk management is company-wide in scope. It is managed through a system of comprehensive policies and controls designed to provide a sound process environment. The overall aim is to minimise operational loss-potential of the Group. At the organisational level operational risk is minimised by segregation of duties. The internal auditors

of the Group carry out independent audits to obtain a high level of assurance that principles and procedures are adhered to continuously. The internal auditors also monitor that segregation of duties is observed.

Internal Audit

In compliance with the Danish Financial Supervisory Authority's Executive Order No. 1183 of 15th December 2003 on Auditing Financial Undertakings and Financial Groups the Jyske Bank Group has an internal audit function.

The internal audit function carries out audits in accordance with generally accepted auditing practise and in accordance with an audit agreement between the external auditors and the chief internal auditor.

The internal audit function prepares and maintains audit book comments to be used by the board of directors. The audit book comments provides an account of the audit executed during the year and an account of the audit executed on the annual financial statements. The audit book comments are presented at all board meetings.

The chief internal auditor makes a report on the annual financial statements, the consolidated financial statements and the annual financial statements of subsidiaries registered in Denmark.

Jyske Bank's plan for Basel II compliance

Based on the criteria of the Basel II proposal (which eventually will become CAD III requirements after the EU legislative process has been completed), Jyske Bank aims to meet the Basel II requirements at an advanced level in major areas such as credit- and market risk. For example, the goal is to meet the requirements of the concept defined as Internal Rating Based (IRB) on credit risk.

Operational risk is an important risk to manage. However, management believes that the current state of advanced statistical risk modelling of operational risk is not sufficiently developed to justify the significant investments required by these new models.

Jyske Bank's plan for IAS compliance

With effect from 2005 companies listed on an official stock exchange within the European Union must comply with new International Accounting Standards (IAS/IFRS) when elaborating consolidated accounts. Jyske Bank has initiated projects, which will facilitate Jyske Bank to comply with these standards by 2005.

Management Discussions and Analysis of 2003 Financial Results

For the year ended 31st December 2003 pre-tax profit amounted to DKK 1,809m compared to DKK 1,083m in 2002. The result was influenced by the following key factors:

- Core earnings increased by 21% to DKK 1,120m
- Profit on treasury positions net of funding costs totalled DKK 156m
- Profit from the sale of Totalkredit of DKK 533m

Gross earnings on core activities

Gross earnings on core activities comprises net interest- and non-interest income excluding the result from treasury positions. Gross earnings on core activities increased by 8% to DKK 4,222m in 2003 compared with DKK 3,922m in 2002. Net of the effect of JN Data gross earnings on customer-related transactions increased by 5%.

Core earnings

Core earnings totalled DKK 1,120m compared with DKK 926m in 2002, an increase of 21%.

The result was influenced by the following key factors:

- Reduction in the level of capital expenditures directly written off against profit
- Decreasing growth rate in operational expenses
- Low level of loan losses and loan loss provisions

In construing the results it is important to notice the following:

- The pro rata deconsolidation of Totalkredit, resulted in a reduction in total advances of DKK 34bn in the consolidated accounts
- Consolidation of JN Data into the consolidated accounts
- Core earnings are presented net of the proceeds from the sale of Totalkredit

Net interest income of core activities amounted to DKK 2,588m. This represents a decline compared with 2002. In the trading book however, net interest income is inversely related to mark-to-market revaluations, which increased considerably.

Net fee and commission income reported under core earnings increased by 22.5% to DKK 931m compared with DKK 760m in 2002. Earnings were positively affected by an increase in customer-driven mortgage refinancing and by an increase in the volume of securities and currency transactions.

Expenses including capital expenditures immediately written off against profit amounted to DKK 2,696m. Expenses increased by 1%, which is net of the effect of JN Data. The main drivers in the development of expenses have been a reduced growth-rate in operating expenses and a lower level of capital expenditures immediately written off against profits. During 2003 capital expenditures of DKK 77m relating to premises, redesign of branches and development projects were immediately written off against profit, compared with DKK 302m in 2002.

Jyske Bank has initiated measures to control the growth in operational expenses such that the development in operational expenses will be in line with the development in revenue. These measures were initiated during 2002.

In the second quarter of 2003, an expense of DKK 40m was charged to the Profit and Loss Account in connection with the Bank's employee share scheme, relating to the annual result for 2002. For the financial year 2003, the Supervisory Board has decided to allocate a full portion of employee shares under the scheme, and in the accounts for 2003 an additional amount of DKK 60m has been charged to the Profit and Loss Account relating to the employee share scheme.

Treasury Positions

The Group's treasury portfolio comprises shares, bonds, financial instruments, capital holdings of non-consolidated companies, and risk positions from customer transactions and is defined as all market positions not held for trading. Group Treasury manages the Group's market risk positions.

In 2003 the return on the Group's market positions totalled DKK 156m. This result is reported net of funding costs. Jyske Bank takes a long-term view when evaluating the performance of its treasury positions. Performance is measured in absolute terms on the basis of RAROC principles. Performance may show some volatility, but the management considers the long-term result to be satisfactory.

Earnings on Core Activities and Treasury Positions for 2003

	Core activities	Return on treasury positions	Profit from sale of Totalkredit	*Total
	(Millions of DKK)			
Net interest income.....	2,588	133	3	2,724
Dividend on shares	81	3	0	84
Net fee and commission income	931	(7)	0	924
Net interest and fee income	3,600	129	3	3,732
Revaluations	332	358	5	695
Other operating income	290	0	525	815
Gross earnings	4,222	487	533	5,242
Operating expenses and depreciation	2,696	15	0	2,711
Losses and provisions on bad debts	(404)	4	0	(400)
Revaluation of capital interest	(2)	(320)	0	(322)
Profit/loss on ordinary activities before tax ..	1,120	156	533	1,809

* Summary subject to the official regulatory guidelines of the Danish Supervisory Authority

Source: Jyske Bank's annual report 2003

Net profit for the year 2003

Consolidated pre-tax profits amounted to DKK 1,809m, corresponding to a return on opening shareholders' funds of 26.3%. The return on average shareholders' funds was 24.6%. The pre-tax result per share was DKK 49.22 compared with DKK 29.32 in 2002.

After tax provision of DKK 525m, the net profit for the year was DKK 1,284m. Subsequently the book value of the Jyske Bank share was DKK 218 per share.

Balance Sheet

As at 31st December 2003 consolidated total assets amounted to DKK 116bn. At year-end 2003 the deconsolidation of Totalkredit resulted in a reduction in total advances of DKK 34bn. Total group lending amounted to DKK 64bn and Group deposits increased to DKK 64bn.

Totalkredit

In November 2003 Jyske Bank sold 55% of its 20.46% shareholding in Totalkredit to Nykredit. At the same time Jyske Bank sold call options on its remaining 45% shareholding to Nykredit corresponding to 9.2% of the nominal share capital of Totalkredit. Nykredit has the option to call a further 23% of Jyske Bank's shareholdings in October 2004 and the remaining 22% of shareholdings in 2006.

Shareholders and Share Capital

In 2003, the Bank's nominal share capital decreased by DKK 30m to DKK 720m. The decrease in share capital was caused by cancellation of treasury stocks totalling DKK 30m in nominal amount. The following table presents a breakdown of the movement in common stocks during 2003.

Movements in Common Stocks during 2003

	Nominal amounts in DKK
Balance at the beginning of year 2003	750,000,000
Cancellation of treasury stocks	30,000,000
Balance at year-end 2003	720,000,000

At 31st December 2003, Jyske Bank's share capital consisted of 36,000,000 shares with a nominal value of DKK 20 each comprising one class of shares. Jyske Bank's shares are quoted on the Copenhagen Stock Exchange. Each share carries one vote; however, the maximum number of votes per shareholder is limited to 2000. At year-end 2003, Jyske Bank had 218,843 shareholders, up 10,574 compared to 2002. Shareholders, holding less than 1,000 shares, owned approximately 43% of the total share capital.

At Board meetings on 16th December 2003 and on 17th February 2004 the Supervisory Board resolved to propose to the Annual General Meeting of shareholders to reduce the nominal share capital. Each proposal included a nominal reduction of DKK 20m totalling a reduction of nominal DKK 40m.

At the Annual General Meeting of shareholders held on 9th March 2004 the two proposals to reduce the nominal capital by a total DKK 40m were adopted, reducing the nominal share capital from DKK 720m to DKK 680m. The market value of nominal DKK 20m was deducted from shareholders funds in 2003. The market value of the remaining nominal DKK 20m, equal to DKK 328m, was deducted from shareholders funds at 29th February 2004. The cancellation required an extraordinary general meeting, which has held on 22nd March 2004. At this meeting, the resolution to cancel the nominal DKK 40m was finally adopted. In addition the cancellation is subject to a statutory period of notice from 6th April 2004 to 6th July 2004, as well as to the final approval of the Supervisory Board.

The Bank's Articles of Association allows the Supervisory Board to increase the Bank's share capital by up to DKK 50m in respect of employee shares.

In 2003 the Supervisory Board established two funds, Jyske Bank Employee Fund and Jyske Bank Non-Profit Fund – each with a paid-in capital of DKK 10m. The objectives of the Jyske Bank Employee Fund are partly to financially support current and former Jyske Bank employees. The objectives of the Jyske Bank Non-Profit Fund are partly to be a non-profit fund to further the development of trade and industry.

The purpose of both funds is to assist in maintaining Jyske Bank's status as an independent bank, headquartered in Silkeborg and with its registered office in Silkeborg, as set out in the Articles of Association. A motion to financially strengthen the funds in the future was presented and adopted at the Annual General Meeting on 9th March 2004.

Major Shareholders

In February 2002 Jyske Bank agreed to issue a nominal amount of DKK 70.5m shares to Nykredit in a private placement. The private placement is part of a strategic co-operation agreement.

In connection with the private placement of the shares and under the terms of the strategic co-operation agreement, Jyske Bank and Nykredit have agreed that Nykredit will exercise its voting rights in respect of the shares in accordance with the instructions of the Jyske Bank Supervisory

Board. In addition, if Jyske Bank is the subject of a takeover bid which is not immediately rejected by the Jyske Bank Supervisory Board, Nykredit shall be free to vote against the takeover. Any decision by Nykredit to vote in favour of the takeover must be approved by Jyske Bank's Supervisory Board.

At 31st December 2003 PFA, Copenhagen; Nykredit, Copenhagen; and Fidelity, Boston each held in excess of 5% of the share capital. On 5th February 2004 Fidelity, Boston, announced that it had reduced its holding to less than 5% of the total share capital of Jyske Bank, and on 11th June 2004 PFA, Copenhagen announced that it had reduced its holding to less than 5% of the total share capital of Jyske Bank.

Capital Structure Policy

Jyske Bank seeks to manage its capital structure actively taking into account future uncertainties and risks as well as growth opportunities. In recent years, buy-backs of equities have been the primary tool for capital management whereas dividend payments have not been utilised.

It is Jyske Bank's long-term capital policy to have a solvency ratio of approximately 10% and a tier 1 capital ratio of at least 7%. Jyske Bank bases its calculation of the above capital structure ratios on the regulatory framework, however, with a different definition of the tier 1 capital base for interim periods. The difference in definition for interim periods is based on the treatment of accumulated year-to-date interim retained earnings. However, at year-end the tier 1 capital base is coinciding with the regulatory definition.

According to the Danish regulatory requirements interim retained earnings must not be included in the calculation of the tier 1 capital base, whereas interim losses must be deducted. Jyske Bank believes that the regulatory approach creates a jump-effect in the tier 1 capital base at year-end and thus, in the capital ratios at year-end, which is not appropriate for its capital structure decisions.

For the purpose of calculating the interim capital structure ratios, Jyske Bank adds its accumulated year-to-date interim retained earnings to, and subtracts its interim year-to-date losses from, the tier 1 capital base. Consequently, on an interim basis there may be a difference between the capital ratios calculated for the capital structure policy and the ratios calculated for regulatory reporting. Both sets of ratios are included in the quarterly reporting.

Consequently at year-end the above capital structure ratios are calculated in accordance with the Danish regulatory requirements, whereas on an interim basis, there may be a difference between the regulatory calculation and Jyske Bank's calculations of the tier 1 capital base for such capital structure ratios.

Current capital structure decision

Taking into account the current macroeconomic situation, Jyske Bank will aim at exceeding its long-term targets.

The Jyske Bank Group Solvency Ratio

Year-end	2003	2002	2001	2000	1999
Solvency ratio (%)	12.4	11.3	11.4	11.0	10.5
Core capital ratio (%)	10.2	8.2	7.9	8.0	8.2
Total risk-weighted items (billions of DKK)	75.8*	84.2*	79.8	74.2	62.1

* The decrease in 2003 as compared with 2002 was caused by the pro rata deconsolidation of Totalkredit in 2003.

The solvency ratio of the Group is calculated in accordance with the requirements of Danish banking legislation and regulations promulgated thereunder. As at 31st December 2003, the statutory minimum solvency ratio requirement (tier 1 plus tier 2) was 8%. At 31st December 2003 the solvency ratio of the Group was 12.4% of which core capital constituted 10.2%.

Litigation

The Bank is a party to legal disputes arising from its normal business activity. The Bank estimates the risk involved in each individual case, and makes any necessary provisions.

Recent developments

The Group's financial results for the first quarter of 2004 exceeded budgetary expectations. The development in the Group's deposits and advances may indicate the beginning of a moderate improvement in the Danish economy. Below are the highlights from the first-quarter 2004 results:

- pre-tax earnings totalled DKK 501m (DKK 277m for the first quarter of 2003);
- profit before tax on core activities amounted to DKK 335m (earnings net of the result from treasury positions);
- earnings on treasury positions amounted to DKK 156m net of funding expenses;
- the pre-tax earnings yield an annualised return on opening shareholders' funds of 25.6%.

Capital

At 31st March 2004, authorised capital totalled 86m shares, of which 36m shares (of DKK 20 each) had been issued and fully paid. After the possible cancellation of nominal DKK 40m share capital (as described under "Movements in Common Stocks during 2003" above), the corresponding figures would be authorised capital of 84m shares and 34m in issued and fully paid share capital. The cancellation was finally adopted at the extraordinary general meeting on 22nd March 2004 but awaits confirmation from the authorities and final Supervisory Board approval before completion.

Movements in Common Stocks during 2004

	Nominal amounts in DKK
Balance at the beginning of year 2004	720,000,000
Reduction of nominal DKK 40m as adopted by the Annual General Meeting on 9th March 2004 (awaits confirmation from the authorities and final Supervisory Board approval)	(40,000,000)
New balance	680,000,000

At the Board Meeting held on 27th April 2004, the Supervisory Board decided that an extraordinary general meeting be held on 31st August 2004, with a proposal to further reduce the nominal share capital by DKK 20m, from DKK 680m to DKK 660m. The proposal is based on the cancellation of treasury stocks. As a result of the proposal the Available Free Reserves under shareholders' funds was reduced by DKK 321m as at 27th April 2004. The proposed cancellation will be subject to an additional extraordinary general meeting, to a statutory period of notice, and to final approval by the Supervisory Board. After the reduction, the issued and fully-paid share capital of Jyske Bank would amount to 33m shares. The market value of the nominal DKK 20m share capital was not deducted from shareholders' funds as at 31st March 2004, but an amount of DKK 312m (market value of treasury stocks) was deducted before calculating the following regulatory asset ratios.

Solvency

As at 31st March 2004, the Group's total regulatory capital base was DKK 8.8bn. The regulatory solvency ratio was 11.3%, and the core capital ratio was 9.1%. For the solvency calculation the core capital base was reduced by a total of DKK 955m of which DKK 643m related to the nominal DKK 40m of proposed capital reduction and DKK 312 to treasury stocks

held as at 31st March 2004. Consequently, none of the above proposals for capital reductions will have a material impact on future regulatory asset ratios. Including the 2004 first-quarter result, the solvency ratio was 11.7% and the core capital ratio was 9.6%.

Acquisition of Private Banking Activities

As mentioned in the message to the Copenhagen Stock Exchange, dated 17th May 2004, Jyske Bank has agreed to acquire 60% of the shares in the Dutch asset management firm, Berben's Effectenkantoor B.V., situated in Echt, Holland. The possible acquisition of the controlling interest is part of Jyske Bank's plan to strengthen its private banking position in Europe. Berben's Effectenkantoor provides asset management to affluent customers in Holland and Belgium. Assets under management total approximately DKK 9bn.

The actual transfer of title to the shares is awaiting the approval of the relevant authorities and is expected to be duly effected within a few months. Assuming receipt of the above approval, Berben's Effectenkantoor will be consolidated into the accounts of Jyske Bank as from 1st January 2004.

The Jyske Bank Group

The following table sets out details of the companies in the Group as at 31st December 2003:

		Shareholders'		Ownership
		Share capital	Funds	
(DKK 1,000)				
Jyske Bank A/S	DKK	720,000	7,843,448	–
Consolidated subsidiaries*:				
Jyske Bank (Gibraltar) Ltd.....	GBP	26,500	1,018,943	100%
Jyske Bank (Gibraltar) Nominees Ltd.....	GBP	0	2	100%
Jyske Bank (Gibraltar) Management Ltd.	GBP	0	1	100%
Jyske Bank (Gibraltar) Secretaries Ltd.	GBP	0	1	100%
Trendsetter, S.L., Spain	EUR	936	12,383	100%
Jyske Bank Nominees Ltd., London	GBP	0	1	100%
Jyske Bank (Schweiz).....	CHF	60,000	811,578	100%
Jyske Polska sp.z o.o, Poland	PLN	1,200	1,383	100%
Jyske Finans A/S	DKK	55,000	580,127	100%
Bil og SejlerFinans A/S.....	DKK	20,500	73,702	100%
Nordisk Factoring A/S, Søllerød	DKK	12,000	33,993	100%
Factoringselskabet af 27/10 1993 A/S, Søllerød	DKK	500	333	100%
Gl. Skovridergaard A/S	DKK	15,500	25,198	100%
Sundbyvesterhus A/S.....	DKK	518	35,009	100%
Silkeborg Datacentral A/S	DKK	5,080	73,828	100%
Jyske Bank Data A/S	DKK	30,000	32,282	100%
Investeringselskabet af 20.12.2000 A/S	DKK	700	24,703	100%
JN Data A/S.....	DKK	30,000	60,964	51%
Pro rata consolidated undertakings**:				
PRAS A/S, Copenhagen	DKK	577,000	–	20%
Associated undertakings**:				
Wessel & Vett Holding A/S, Copenhagen	DKK	244,297	313,065	49%
A/S Th. Wessel & Vett, Magasin du Nord, Copenhagen	DKK	301,086	1,153,100	28%
Biovision A/S, Hørsholm	DKK	1,200	2,379	35%
Østjysk Innovation A/S, Århus	DKK	18,570	19,944	27%
Capitalis A/S, Horsens	DKK	22,000	19,381	23%
Investeringselskabet af 06/10 1998 A/S	DKK	750	1,332	27%
SIF Fodbold Support A/S	DKK	2,816	2,536	38%
Other significant holdings**:				
Skand-Roll Holding A/S, Kjellerup	DKK	1,100	3,732	45%
Other undertakings in which the Group holds in excess of 10% of the share capital**:				
Toyota Financial Services Danmark A/S, Gladsaxe	DKK	96,000	93,185	20%
DLR Kredit A/S, Copenhagen	DKK	300,000	2,781,400	11%

The registered offices of the companies are in Silkeborg, unless otherwise stated.

* As at 1st April 2004 Ejendomsselskabet af 22 marts 2004, København was consolidated into the consolidated accounts of the Group. This incorporated entity is 100% owned by Jyske Bank. As at 1st April 2004 it had share capital of DKK 100m and shareholders' funds of DKK 509m. The company owns property in a prime location at Kgs. Nytorv, Copenhagen, which has been let.

**Account figures according to the published accounts as at 31st December 2003.

Management

Supervisory Board of Jyske Bank A/S

The following table sets out the current members of the Supervisory Board of Jyske Bank and their principal positions outside the Bank:

Name	Principal Positions outside the Bank	
	Company	Position
Sven Buhrkall (Chairman)	–	Member of the Danish Parliament
	Hytør A/S, Esbjerg	Chairman
	Danske Speditører, Børsen, 1217 København K	Chairman
	Nordisk Speditør Forbund, 10462 Stockholm	Chairman
	Fonden for H.K. Samuelson Shipping og International Spedition	Chairman
	Institut for Transportstudier, 6330 Padborg	Chairman
Tage Lorentzen (Deputy Chairman)	HTS, Børsen, 1217 København K	Boardmember
	None	–
Leif Krabbe (Boardmember)	None	–
Kurt Brusgaard (Boardmember)	Ray & Berndtson A/S, København	Boardmember & CEO
	DV8 A/S, København	Boardmember & CEO
Niels Erik Carstens (Boardmember)	Frejlev Byggeselskab A/S, Nørresundby	Boardmember & CEO
	Henning Olsen Holding A/S, Nørresundby	Boardmember
	H.O. Maskinudlejning A/S, Nørresundby	Boardmember
	Thomas Christensen Aalborg A/S, Nørresundby	Boardmember
Erik Rask Petersen (Boardmember)	None	–
Lars Aarup Jensen (Employee Representative)	None	–
Lilian Isaksen (Employee Representative)	None	–
Haggai Kunisch (Employee Representative)	None	–

Executive Board of Jyske Bank A/S

The Danish Financial Business Act section 80 limits members of the Executive Board from holding other board or leading positions in companies other than the financial company.

It is the Bank's policy that a member of the Executive Board of Jyske Bank is represented in the Supervisory Board of the subsidiaries of the Bank. The following table sets out the current members of the Executive Board of Jyske Bank and their principal positions outside the Bank and its subsidiaries:

Name	Related Principal Positions outside the Bank	
	Company	Position
Anders Dam (Managing Director and Chief Executive Officer)	DLR Kredit A/S	Boardmember
	Totalkredit A/S	Boardmember
	PRAS A/S	Deputy Chairman
	Jyske Banks Almennyttige Fond Jyske Banks Almennyttige Fonds Holdingselskab A/S	Chairman
Leif F. Larsen	PBS Holding A/S	Deputy Chairman
	PBS A/S	Deputy Chairman
	PBS International Holding A/S	Deputy Chairman
	PBS International A/S	Deputy Chairman
	Multidata Holding A/S	Deputy Chairman
	Multidata A/S	Deputy Chairman
	Jyske Banks Medarbejderfond Jyske Banks Medarbejderfonds Holdingselskab A/S	Chairman
Per Munkholm Poulsen	Bankpension	Chairman
Visti Nielsen	None	

The business address for the Supervisory and Executive Board is Vestergade 8-16, DK-8600 Silkeborg, Denmark.

Capitalisation and Indebtedness of Jyske Bank A/S and the Group

The following table sets out the capitalisation and indebtedness of Jyske Bank A/S and the Group as at 31st December 2003:

	The Group			Jyske Bank A/S		
	(in millions of DKK)	(in millions of euro ⁽²⁾)	Adjusted ⁽¹⁾ (in millions of euro ⁽²⁾)	(in millions of DKK)	(in millions of euro ⁽²⁾)	Adjusted ⁽¹⁾ (in millions of euro ⁽²⁾)
Debt to credit institutions.....	12,281	1,650	1,650	16,915	2,272	2,272
Deposits.....	56,305	7,563	7,563	51,189	6,876	6,876
Bonds issued etc.	396	53	53	396	53	53
Total short-term debt	68,982	9,266	9,266	68,500	9,201	9,201
Debt to credit institutions.....	576	77	77	576	77	77
Deposits.....	7,510	1,009	1,009	7,386	992	992
Bonds issued etc.	7,668	1,030	1,030	7,668	1,030	1,030
Total long-term debt	15,754	2,116	2,116	15,630	2,099	2,099
Subordinated debt constituting Supplementary Capital	1,809	243	243	1,809	243	243
The Capital Securities.....	–	–	125	–	–	125
Total long-term debt and subordinated capital	17,563	2,359	2,484	17,439	2,342	2,467
Share capital ⁽³⁾	720	97	97	720	97	97
Share premium at issue	0	–	–	0	–	–
Reserves for own shares.....	8	1	1	8	1	1
Restricted reserves relating to subsidiaries	–	–	–	1,091	147	147
Revaluation reserves at year-end.....	110	15	15	88	12	12
Profit brought forward	7,005	941	941	5,936	797	797
Total equity capital	7,843	1,054	1,054	7,843	1,054	1,054
Total long-term debt, subordinated- and equity capital	25,406	3,413	3,538	25,282	3,396	3,521

(1) As adjusted for the issuance of €125,000,000 Perpetual Capped Fixed/Floating Rate Capital Securities.

(2) DKK 744.46 = €100 at 31st December 2003.

(3) At 31st March 2004, authorised share capital totalled 86,000,000 shares of which 36,000,000 shares (of DKK 20 each) had been issued and were fully paid.

At Board meetings on 16th December 2003 and on 17th February 2004 the Supervisory Board resolved to propose to the Annual General Meeting of shareholders to reduce the nominal share capital. Each proposal included a nominal reduction of DKK 20m totalling a reduction of nominal DKK 40m.

At the Annual General Meeting of shareholders held on 9th March 2004 the two proposals to reduce the nominal capital by a total DKK 40m were adopted, reducing the nominal share capital from DKK 720m to DKK 680m. The market value of nominal DKK 20m was deducted from shareholders funds in 2003. The market value of the remaining nominal DKK 20m, equal to DKK 328m, was deducted from shareholders funds at 29th February 2004. The cancellation required an extraordinary general meeting, which was held on 22nd March 2004. At this meeting, the resolution to cancel the nominal DKK 40m was finally adopted. In addition the cancellation is subject to a statutory period of notice from 6th April 2004 to 6th July 2004, as well as to the final approval of the Supervisory Board.

At the General Meeting of shareholders, held on 9th March 2004, the Supervisory Board proposed that Jyske Bank does not pay out any dividend for 2003 as has been the case in previous years.

At the Board Meeting held on 27th April 2004, the Supervisory Board decided that an extraordinary general meeting be held on 31st August 2004, with a proposal to further reduce the nominal share capital by DKK 20m, from DKK 680m to DKK 660m. The proposal is based on the cancellation of treasury stocks. As a result of the proposal the Available Free Reserves under shareholders' funds was reduced by DKK 321m as at 27th April 2004. The proposed cancellation will be subject to an additional extraordinary general meeting, to a statutory period of notice, and to final approval by the Supervisory Board. After the reduction, the issued and fully-paid share capital of Jyske Bank would amount to 33m shares. The market value of the nominal DKK 20m share capital was not deducted from shareholders' funds as at 31st March 2004, but an amount of DKK 312m (market value of treasury stocks) was deducted before calculating the regulatory asset ratios.

(4) All of the indebtedness of the Group outstanding as at 31st December 2003 was unguaranteed and unsecured. As at 31st December 2003, the Group had granted DKK 17,083m (€2,295m) of guarantees to customers and third parties and had other contingent liabilities of DKK 2,321m (€312m).

(5) Other than as detailed above there has been no material change in the capitalisation, indebtedness, guarantees or contingent liabilities of Jyske Bank or the Group since 31st December 2003.

Financial Statements of Jyske Bank A/S and the Group

The balance sheets, profit and loss accounts and key indicators set out below have been extracted from the audited 2003 Annual Report and from the unaudited interim consolidated accounts of Jyske Bank for the three months ended 31st March 2004 without material adjustments.

Balance Sheets at 31st December 2003 and 2002

	Jyske Bank Group		Jyske Bank A/S	
	2003	2002	2003	2002
	(thousands of DKK)			
Assets				
Cash in hand and balances at call with central banks	833,523	707,545	769,742	647,975
Balances with credit institutions and central banks	12,815,019	12,053,926	26,852,313	23,283,912
Advances*	63,760,559	95,301,590	46,398,841	45,022,002
Bonds	18,246,840	21,714,702	18,082,822	19,919,955
Shares, etc	3,887,572	3,070,299	3,626,773	3,054,187
Holdings in associated undertakings, etc	12,318	364,340	255,246	810,858
Holdings in subsidiaries	0	0	2,668,137	2,476,806
Intangible assets.....	21,047	0	2,686	0
Tangible assets	1,647,102	1,521,605	1,406,279	1,378,303
Treasury stocks	8,547	16,661	8,547	10,679
Other assets	14,994,861	18,305,692	14,909,271	18,134,392
Accrued income and deferred expenses	198,026	113,099	149,848	104,517
Total assets*	116,425,414	153,169,459	115,130,505	114,843,586
LIABILITIES				
Balances due to credit institutions and central banks	12,856,703	15,640,362	17,491,330	20,172,862
Deposits	63,815,595	58,962,688	58,574,424	54,061,934
Issued bonds*	8,063,943	43,361,563	8,063,943	7,701,041
Other liabilities	21,536,618	25,027,030	21,013,718	23,539,796
Accrued expenses and deferred income	127,237	91,502	34,594	596
Provisions for liabilities	342,960	828,449	300,010	777,967
Subordinated debt*	1,809,038	2,599,851	1,809,038	1,931,376
Minority shareholders.....	29,872	0		
Shareholders' funds				
Share capital	720,000	750,000	720,000	750,000
Share premium at issue	0	225,796	0	225,796
Reserves for treasury stocks	8,547	16,661	8,547	10,679
Other reserves	0	0	1,090,585	935,385
Revaluation reserves.....	110,266	111,879	87,944	92,130
Retained profit from previous years	5,720,930	5,042,539	4,805,293**	4,274,279
Carried forward	1,283,705	511,139	1,131,079**	369,745
Total shareholders' funds	7,843,448	6,658,014	7,843,448	6,658,014
Total liabilities*	116,425,414	153,169,459	115,130,505	114,843,586
OFF-BALANCE SHEET ITEMS				
Guarantees, etc	17,083,142	14,848,823	28,545,577	28,016,242
Other liabilities.....	2,320,711	2,398,503	2,320,711	2,392,848
Total off-balance sheet items	19,403,853	17,247,326	30,866,288	30,409,090

* Pro rata deconsolidation of Totalkredit

** Available Free Reserves totalled DKK 5,936,372 thousand as at 31st December 2003.

Profit and Loss Account for the years ended 31st December 2003 and 2002

	Jyske Bank Group		Jyske Bank A/S	
	2003	2002	2003	2002
	(thousands of DKK)			
Interest income	5,511,482	6,573,169	3,981,595	4,484,900
Interest expenses	(2,787,636)	(3,747,658)	(1,794,807)	(2,242,629)
Net interest income	2,723,846	2,825,511	2,186,788	2,242,271
Dividend on shares	84,394	64,336	84,089	64,101
Fees and commission received	1,113,722	966,335	892,964	775,371
Fees and commission paid	(189,668)	(207,904)	(83,142)	(76,309)
Net interest and fee income	3,732,294	3,648,278	3,080,699	3,005,434
Revaluations	694,970	386,003	644,599	332,720
Other operating income	814,814	202,766	648,659	120,510
Employee and administration expenses	(2,552,417)	(2,458,981)	(2,197,164)	(2,155,692)
Amortisation, depreciation and write-downs of intangible and tangible assets	(138,850)	(150,363)	(84,856)	(129,163)
Other ordinary expenses	(19,696)	11,041	(15,769)	11,068
Loan losses and loan loss provisions	(399,882)	(407,757)	(361,422)	(367,575)
Revaluation of holdings in associated undertakings and subsidiaries	(322,329)	(147,971)	93,854	265,714
Profit/loss on ordinary activities before tax	1,808,904	1,083,016	1,808,600	1,083,016
Tax	(524,974)	(571,877)	(524,895)	(571,877)
Net profit for the year	1,283,930	511,139	1,283,705	511,139
Of which:				
Minority shareholders	225	0		
Jyske Bank	1,283,705	511,139		
Distribution				
Net profit for the year			1,283,705	511,139
Carried forward from previous years			0	0
Total amount available for distribution			1,283,705	511,139
Dividends			0	0
Carried forward to retained earnings			1,283,705	511,139
Total distribution			1,283,705	511,139

Summary Unaudited Balance Sheet of the Jyske Bank Group at 31st March 2004 and 2003

	Jyske Bank Group	
	2004	2003
	(millions of DKK)	
Advances	65,437*	89,811*
Deposits	68,514	61,297
Issued bonds	8,107*	42,062*
Total assets	115,353*	148,742*
Shareholders' funds.....	7,857	7,052
Supplementary capital.....	1,809	2,261

* The decrease from 31st March 2003 to 31st March 2004 is caused by the pro rata deconsolidation of Totalkredit.

Summary Unaudited Profit and Loss Account of the Jyske Bank Group for the three months ended 31st March 2004 and 2003

	Jyske Bank Group	
	2004	2003
	(millions of DKK)	
Net Interest income	652	705
Dividend on shares	11	9
Net fee income	267	213
Net interest and fee income	930	927
Revaluations	241	103
Other operating income	89	50
Operating expenses and depreciation	687	608
Loan losses and loan loss provisions	72	67
Revaluation of holdings in associated undertakings and subsidiaries	0	(128)
Profit/loss on ordinary activities before tax	501	277
Tax	159	102
Net profit for the year	342	175

Key Indicators

	2003	2002	2001	2000	1999
Jyske Bank shares					
Face value: DKK 20					
Core earnings	30.48	25.07	25.39	22.07	14.68
Profit/loss on ordinary activities before tax	49.22	29.32	24.11	31.86	29.58
Net profit for the year	34.93	13.84	16.77	27.51	20.83
Dividend	0	0	0	0	3.20
Dividend %	0	0	0	0	16.00
Price at year-end	312	192	177	161	149
Book value	218	178	170	157	131
Price/book value	1.43	1.08	1.04	1.03	1.14
Price/earnings	8.9	13.8	10.5	5.9	7.2
The Jyske Bank Group					
Solvency ratio	12.4	11.3	11.4	11.0	10.5
Core capital ratio (Tier 1)	10.2	8.2	7.9	8.0	8.2
Pre-tax profit/loss on ordinary activities as % of average shareholders' funds	24.6	16.9	14.7	22.2	24.3
Net profit for the year as % of average shareholders' funds	17.4	8.0	10.3	19.2	17.1
Income on every krone of expenditure	1.58	1.36	1.33	1.51	1.56
Interest indicator one as % of regulatory core capital	1.7	1.0	2.8	0.7	2.3
Currency exposure indicator two as % of regulatory core capital	0.1	0.4	0.6	0.6	0.8
Loan loss provisions as % of total loans, guarantees and loan loss provisions	2.5	1.8	1.9	2.0	2.7
Loan losses and loan loss provisions for the year as % of total loans, guarantees and provisions	0.5	0.4	0.3	0.4	0.4
Number of full-time employees at year-end	3,547	3,359	3,418	3,190	3,013

Source: Jyske Bank's annual report 2003.

Auditor's Report on the 2003 Financial Statements of Jyske Bank A/S and the Group

INTERNAL AUDIT

We have audited the Annual Report of Jyske Bank A/S for 2003.

The Annual Report is the responsibility of the Bank's Management. Our responsibility is to express an opinion on the Annual Report based on our audit.

Basis of opinion

We conducted our audit on the basis of the Statutory Order from the Danish Financial Supervisory Authority on Auditing Financial Enterprises and Financial Groups and in accordance with Danish Auditing Standards. Based on materiality and risk we have evaluated the business procedures, the accounting policies used and the significant estimates made and verified the basis for amounts and disclosures 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 give a true and fair view of the Group's and the Bank's financial position at 31 December 2003 and of the results of their operations.

Silkeborg, 17 February 2004

Internal Audit

HENNING SØRENSEN

DORTHE LILLERIS

EXTERNAL AUDIT

To the shareholders of Jyske Bank A/S

We have audited the Annual Report of Jyske Bank A/S for the financial year 2003.

The Annual Report is the responsibility of the Bank's Management. Our responsibility is to express an opinion on the Annual Report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain high level of assurance that the Annual Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Report. An audit also includes assessing the accounting policies used and significant estimates made by the Management, as well as evaluating the overall presentation 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 give a true and fair view of the Group's and the Bank's financial position at 31 December 2003 and of the results of their operations as well as the consolidated cash flows for the financial year 2003 in accordance with the accounting requirements of Danish legislation.

Silkeborg, 17 February 2004

DELOITTE
State-Authorised Firm of Accountants
HANS TRÆRUP HENRIK A. LAURSEN
State-Authorised Public Accountants

ERNST & YOUNG
State-Authorised Firm of Accountants
MOGENS LUNDIN HENRIK BARNER CHRISTIANSEN
State-Authorised Public Accountants

Taxation

Persons considering the purchase, ownership or disposition of the Capital Securities should consult their own tax advisers concerning the tax consequences in the light of their particular situations. No representations with respect to the tax consequences of any particular Holder are made hereby.

Danish Taxation

Under existing Danish tax laws all payments in respect of the Capital Securities will be made without deduction for, or on account of, withholding taxes except in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to in Act No. 221 of 31st March, 2004. This will not have any impact on Holders who are not in a relationship whereby they control, or are controlled by, the Issuer.

Under present Danish law concerning the issue of Capital Securities in DKK, private investors domiciled or deemed to be domiciled in the Kingdom of Denmark are (save for certain exceptions) not liable to pay tax on any capital gains realised from the sale of Capital Securities which are issued at a nominal interest rate which complies with the requirements for minimum interest (mindsterenten) according to clause 14 of the Danish Act on Capital Gains (Kursgevinstloven). If Capital Securities are issued in euro or in any other currency than DKK private investors domiciled in the Kingdom of Denmark are (save for certain exceptions) liable to pay tax on capital gains realised from the sale of the Capital Securities.

Under present Danish law, persons who are engaged in financial trade, and companies, trusts and similar enterprises domiciled or deemed to be domiciled in the Kingdom of Denmark for tax purposes are liable to pay tax on capital gains realised from the redemption or sale of Capital Securities and on the payments of interest under Capital Securities irrespective of the currency of the Capital Securities.

Netherlands Taxation

General

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of Capital Securities. This summary does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold, and to dispose of the Capital Securities. Each prospective holder of Capital Securities should consult a professional adviser with respect to the tax consequences of an investment in the Capital Securities. The discussion of certain Netherlands taxes set forth below is included for general information purposes only.

Except as otherwise indicated, this summary only addresses the Netherlands tax legislation, as in effect and in force at the date hereof, as interpreted in published case law, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

This summary does not address the Netherlands tax consequences of a holder of Capital Securities who holds a substantial interest (aanmerkelijk belang) in the Issuer, within meaning of Section 4.3 of the Income Tax 2001. Generally speaking, a holder of Capital Securities holds a substantial interest in the Issuer if such holder, alone or together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer.

For the purpose of the principle Netherlands tax consequences described herein, it is assumed that the Issuer is neither a resident nor deemed to be a resident of the Netherlands for Netherlands tax purposes.

Dutch income tax and corporate income tax

Dutch resident individuals

As a general rule, individuals who are resident or deemed to be resident in the Netherlands for Dutch tax purposes ("Dutch resident individual") will be taxed annually on a deemed income of 4% of their net investment assets at an income tax rate of 30%. The net investment assets for the year are the average of the investment assets less the attributable liabilities at the beginning and at the end of the relevant year. The value of the Capital Securities is included in the calculation of the net investment assets. A tax-free allowance for the first EUR 19,252 (EUR 38,504 for partners (statutorily defined term)) of the net investment assets may be available. Actual benefits derived from the Capital Securities and any capital gains realised upon the disposal of Capital Securities are not as such subject to Dutch income tax.

However, if the shares are attributable to an enterprise from which a Dutch resident individual derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth of such enterprise without being a shareholder, any benefit derived or deemed to be derived from the Capital Securities, including any capital gains realised upon the disposal thereof, are generally subject to income tax at a progressive rate with a maximum of 52%. Benefits derived from the Capital Securities where a Dutch resident individual carries out activities that exceed regular portfolio asset management are subject to the same progressive rate.

Dutch resident entities

Any benefit derived or deemed to be derived from the Capital Securities held by entities, resident in the Netherlands for Dutch tax purposes ("Dutch resident entities"), including any capital gains realised upon the disposal thereof, is generally subject to corporate income tax at a rate of 34.5%.

A Dutch qualifying pension fund is not subject to corporate income tax with respect to any benefits derived from the Capital Securities, unless these benefits can be considered to have been derived from certain activities that will be designated by a decree that has yet to be published. A qualifying Dutch resident investment fund ("fiscale beleggingsinstelling") is subject to corporate income tax at a special rate of 0%.

Gift and Inheritance Taxes for Netherlands resident holders of Capital Securities

Generally, gift and inheritance taxes will be due in the Netherlands in respect of the acquisition of the Capital Securities by way of a gift by, or on the death of, a holder of Capital Securities who is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

An individual with Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of gift and inheritance tax, if he or she has been resident in the Netherlands during the ten years preceding the gift or his death. An individual of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax only if he or she has been residing in the Netherlands at any time during the twelve months preceding the time of the gift.

Other taxes

No Dutch capital tax, transfer tax or stamp duty or any other similar documentary tax or duty will be payable in the Netherlands in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Capital Securities.

European Union Savings Tax

The EU has adopted a Directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required from a date not earlier than 1st January 2005 to provide to the tax authorities of other Member States

details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise.

Subscription and Sale

J.P. Morgan Securities Ltd. Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and ING Belgium SA/NV (the "Managers") have pursuant to a Subscription Agreement dated 30th June 2004 jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Capital Securities at 100% of their principal amount less a selling concession of 1.5% of such principal amount. The Issuer has agreed to pay to the Managers a combined management and underwriting commission of 0.5% of such principal amount. In addition, the Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Capital Securities. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

United States

The Capital Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Capital Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Capital Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Subscription Agreement) within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Capital Securities during the distribution compliance 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.

In addition, until 40 days after the commencement of the offering, an offer or sale of Capital Securities within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented, warranted and agreed that:

1. it has not offered or sold and, prior to the expiry of a period of six months from the issue date of the Capital Securities, will not offer or sell any Capital Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995
2. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Capital Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and
3. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Capital Securities in, from or otherwise involving the United Kingdom.

Kingdom Of Denmark

Each Manager has represented and agreed that it has not offered or sold, and will not offer, sell or deliver any Capital Securities directly or indirectly in the Kingdom of Denmark by way of public offer, other than in compliance with Consolidated Danish Act No. 1269 of 19th December 2003 as amended on Trading in Securities etc. and Executive Orders issued thereunder.

General

Each Manager acknowledges that no representation is made by the Issuer or any of the Managers that any action has been or will be taken in any jurisdiction that would permit a public distribution of the Offering Circular or an other material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Each Manager will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes the Offering Circular or any such other material, in all cases at its own expense.

General Information

1. The Capital Securities have been accepted for clearance through the Clearstream, Luxembourg and Euroclear systems with a Common Code of 019498336. The International Securities Identification Number for the Capital Securities is XS0194983366. The Amsterdam Security Code for the Capital Securities is 45658.
2. In connection with the application to list the Capital Securities on the Luxembourg Stock Exchange a legal notice relating to the issue of the Capital Securities and copies of the constitutional documents of the Issuer will be deposited with the Registre de Commerce et des Sociétés à Luxembourg where such documents may be examined and copies obtained.
3. The Issuer has obtained all necessary consents, approvals and authorisations in the Kingdom of Denmark in connection with the issue and performance of the Capital Securities. The issue of the Capital Securities was authorised by resolution of the Supervisory Board of Directors of the Issuer passed on 1st June 2004 and was confirmed by an additional resolution of the Supervisory Board on 28th June 2004.
4. There has been no significant change in the financial or trading position of the Issuer or of the Group since 31st March 2004 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31st December 2003.
5. Neither the Issuer nor any of its subsidiaries is involved in any litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Capital Securities nor so far as the Issuer is aware is any such litigation or arbitration pending or threatened.
6. The Capital Securities and Coupons will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code".
7. Copies of the latest annual report and consolidated and non-consolidated accounts of the Issuer, the latest interim consolidated accounts of the Issuer and the Articles of Association of the Issuer may be obtained free of charge, and copies of the Trust Deed and Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Capital Securities is outstanding. Though the Issuer publishes both consolidated and non-consolidated accounts, the non-consolidated accounts do not provide significant additional information as compared to the consolidated accounts. The Issuer publishes unaudited interim consolidated accounts on a quarterly basis.
8. In conformity with article 14.1 of the Listing Procedure Rules (Reglement Procedure Beursnotering) of Euronext Amsterdam N.V., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) in its capacity of Sponsor has not carried out a due diligence examination with regard to the Offering Circular pursuant to the Listing Procedure Rules.

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