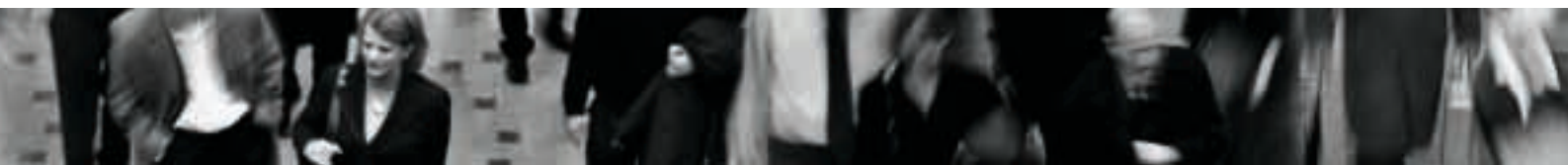


Annual Report 2003



The Bank's annual general meeting will be held at 2.00pm on Tuesday, March 23, 2004, at the Tivoli Concert Hall, Tietgensgade 20, Copenhagen, Denmark.

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BOARD OF DIRECTORS

Alf Duch-Pedersen / Chief Executive of Danisco A/S / Chairman
Jørgen Nue Møller / General Manager / Vice Chairman
Eivind Kolding / Chief Financial Officer of A.P. Møller-Mærsk / Vice Chairman
Poul Christiansen / Master Carpenter
Henning Christophersen / Partner at KREAB, Brussels
Hans Hansen / Farmer
Niels Eilschou Holm / Private Secretary to Her Majesty the Queen of Denmark
Peter Højland / Managing Director of Transmedica A/S
Niels Chr. Nielsen / Professor of Economics, Copenhagen Business School
Sten Scheibye / Chief Executive of Coloplast A/S
Majken Schultz / Professor of Organization, Copenhagen Business School
Claus Vastrup / Professor of Economics, University of Aarhus
Birgit Aagaard-Svendsen / Executive Vice President and CFO of J. Lauritzen A/S
Tove Abildgaard * / Personal Customer Adviser
Helle Brøndum * / Bank Clerk
Bolette Holmgaard * / Bank Clerk
Peter Michaelsen * / Assistant Vice President
Pia Bo Pedersen * / Processing Officer
Verner Usbeck * / Assistant Vice President
Solveig Ørteby * / Bank Clerk

* Elected by the Bank's staff

EXECUTIVE BOARD

Peter Straarup / Chairman of
the Executive Board

Jakob Brogaard / Deputy Chairman of
the Executive Board

EXECUTIVE COMMITTEE

Peter Straarup / Chairman

Jakob Brogaard

Tonny Thierry Andersen

Jørgen Klejnstrup

Sven Lystbæk

Henrik Normann

Per Skovhus

Associate members

Thomas Borgen

Jeppe Christiansen

Søren Kaare-Andersen

Angus MacLennan

Hans Møller-Christensen

Hans E. Mørk

Bengt Svelander

Summary

In many ways, 2003 was a successful year for the Danske Bank Group.

The Group realised a net profit of Dkr9,286m, against Dkr8,242m in 2002. This is the best financial result in the Group's history. Earnings per share rose by 16% as a result of the profit increase and a Dkr5bn share buyback in 2003.

These good results were achieved in spite of the subdued economic activity in Europe, slow capital markets and low interest rates that marked 2003.

The Group intensified its efforts to meet customers' financial needs in 2003. It launched new products, improved administrative processes to the advantage of its customers and strengthened communications. It expanded the range of retail property financing solutions especially, and customers welcomed the new products. In addition to an increase in the number of customers, surveys revealed that customer satisfaction in both Danish and non-Danish units is rising.

To support the increased focus on customers, Danske Bank announced in the autumn that it would make some organisational adjustments to take effect on January 1, 2004. The aim is to strengthen the Danske Bank and BG Bank brands. Each bank will have its own management, credit department and financial reporting.

In the midst of the many positive developments, the Group experienced a regrettable event that caused problems for both customers and the organisation. In the first quarter of 2003, the Group suffered an IT breakdown that halted IT-based services for several days.

The reason for the breakdown was identified and eliminated. However, the Group continued to spend a considerable amount on further improving operational security, and at the end of 2003, the IT platform had a high level of security.

The Group maintained its ongoing commitment to apply resources in the most effective manner and to exploit economies of scale. This objective remains at the core of all administrative processes.



Consequently, Danske Bank International in Luxembourg, Danske Bank Polska and Danske Consensus in Sweden converted their IT systems to the joint IT platform.

The Danske Bank Group maintained its high credit ratings in 2003. Bonds issued by Realkredit Danmark were rated AAA by Standard & Poor's, the international rating agency. The bonds had already been given an Aaa rating by Moody's Investors Service – the highest rating awarded by that agency. Standard & Poor's upgraded Danica Pension from A+ to AA- in the category Insurer Financial Strength.

The total return on Danske Bank shares in 2003 was 22.2%. It consisted of an increase in price of 18.2% and a dividend for 2002 of 4.0%. The share price performance was marginally higher than the rise in the MSCI European Banks index.

The Board of Directors is proposing that the annual general meeting approve a dividend of Dkr6.55 per share, corresponding to a total dividend payment of Dkr4,661m. The dividend equals 50% of the net profit for the year. The dividend is higher than in 2002 because of the sound trend in the return on capital and because the capital requirement for profitable expansion opportunities in the Group's business areas was modest. In 2003, Danske Bank shareholders received a total distribution of Dkr8.5bn, of which dividends accounted for Dkr3.5bn and the buyback of Danske Bank shares for Dkr5.0bn.

On July 1, 2003, Alf Duch-Pedersen, Chief Executive of Danisco A/S, took over the position of Chairman of the Board of Directors of Danske Bank from Poul J. Svanholm, General Manager. Eivind Kolding, Chief Financial Officer of A. P. Møller-Mærsk, was elected Vice Chairman, and Jørgen Nue Møller, General Manager, was re-elected Vice Chairman.

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

Danske Bank enhanced its competitiveness in 2003, and the prospects of economic improvement in its home markets in northern Europe support expectations that 2004 will be another good year for the Group.



Danske Bank Group – financial highlights

CORE EARNINGS AND NET PROFIT FOR THE YEAR (DKr m)	2003	2002	2001	2000	1999
Net interest income from banking activities, etc.	15,617	15,859	16,754	15,529	7,630
Fee and commission income, net	5,964	5,842	5,926	5,981	3,394
Trading income*	3,237	2,968	3,411	2,973	2,443
Other core income	1,127	1,278	1,171	1,122	522
Core insurance earnings	1,004	1,118	1,045	788	832
Total core income	26,949	27,065	28,307	26,393	14,821
Operating expenses and depreciation	14,820	15,489	16,275	16,148	9,215
Core earnings before provisions	12,129	11,576	12,032	10,245	5,606
Provisions for bad and doubtful debts	1,662	1,420	1,752	1,100	447
Core earnings	10,467	10,156	10,280	9,145	5,159
Profit on sale of subsidiaries	-	-	240	83	703
Earnings from investment portfolios	2,569	1,008	870	2,461	459
Merger costs	-	-	-	2,721	-
Adjustment of accounting policies and estimates	-	-	-	265	-
Profit before tax	13,036	11,164	11,390	8,703	6,321
Tax	3,750	2,922	2,677	2,399	1,293
Net profit for the year	9,286	8,242	8,713	6,304	5,028
Portion attributable to minority interests	-	-	-	57	43

BALANCE SHEET AT DECEMBER 31 (DKr bn)

Bank loans and advances	523	479	476	444	308
Mortgage loans	498	469	448	420	73
Bonds and shares	494	433	356	259	147
Due to credit institutions and central banks	300	320	241	213	158
Deposits	484	428	400	367	266
Issued bonds	765	700	673	563	150
Subordinated debt	34	31	32	30	21
Shareholders' equity	60	60	57	51	30
Total assets	1,826	1,752	1,539	1,363	701

RATIOS AND KEY FIGURES

Net profit for the year per share, DKr	13.3	11.5	11.9	8.2	9.4
Net profit for the year as % p.a. of average shareholders' equity	15.2	14.0	16.0	11.5	16.4
Core earnings as % p.a. of average shareholders' equity	17.1	17.2	18.9	16.8	17.0
Cost/core income ratio, %	55.0	57.2	57.5	61.2	62.2
Solvency ratio, %	11.0	10.5	10.3	9.6	11.0
Core (tier 1) capital ratio, %	7.7	7.6	7.3	6.8	7.4
Dividend per share, DKr	6.55	4.75	4.75	4.40	2.50
Share price at December 31, DKr	138.8	117.4	135.1	141.8	80.9
Book value per share, DKr	89.9	84.8	78.0	70.5	57.5
Number of full-time-equivalent staff at December 31:					
Danske Bank and consolidated subsidiaries	16,114	16,969	17,564	18,930	12,397
Non-consolidated subsidiaries (insurance companies)	821	848	957	976	1,128

* Inclusive of net interest income, fees, commissions and securities and foreign exchange income.

For the year 2000, the Danske Bank and RealDanmark groups have been consolidated on a pro forma basis.

Results

Danske Bank Group realised a net profit of Dkr9,286m for 2003, against Dkr8,242m for 2002. The pre-tax profit was Dkr13,036m, compared with Dkr11,164m the year before. Earnings per share increased 16%.

The Group's core earnings totalled Dkr10,467m, thus matching the expectations announced in the report for the first nine months of 2003. Core earnings in the fourth quarter of 2003 were Dkr2,327m, against Dkr2,059m in the fourth quarter of 2002.

Core income remained largely at the level recorded in 2002.

Net interest income amounted to Dkr15,617m, a fall of 2% from the amount booked in 2002. Increasing business volume in Norway, Sweden and the mortgage finance area could not fully compensate for the effect of the decline in money market rates.

Earnings from fees and commissions rose by 2% owing especially to increases in refinancing fees and guarantee commissions.

Income from trading activities showed a sound 9% increase on 2002.

The Dkr151m fall in other core income is due, among other things, to lower profit on the Group's property in 2003 and to the fact that, in 2002, this item was positively affected by a reversal of reserves made against lawsuits.

Core insurance earnings declined to Dkr1,004m, primarily because of an increase in provisions for run-off business (loss-of-earnings-capacity insurance).

Operating expenses and depreciation fell by 4% from the level recorded in 2002. The cost/core income ratio improved to 55.0% from 57.2% in 2002.

Provisions for bad and doubtful debts rose by Dkr242m to Dkr1,662m. Bad and doubtful debts stood at 0.15% of total loans and guarantees and thus remained at a low level compared with the Group's expected average loss.

As stated above, core earnings totalled Dkr10,467m, which was 3% higher than the level recorded in 2002.

Earnings from investment portfolios totalled Dkr2,569m, against Dkr1,008m in 2002. Investment portfolios in the banking business generated earnings of Dkr1,493m. This amount includes a profit of Dkr286m on the partial hedging of an expected decline in income in the banking business as a result of falling interest rates.

Upon the merger with RealDanmark in November 2000, the Bank made a commitment to the Danish Competition Authority to reduce its holding of shares in companies providing the financial infrastructure in Denmark. In the first half of 2003, the Bank recorded a profit of Dkr264m on the sale of shares in PBS Holding A/S. The Bank also sold

shares in PBS International Holding A/S. The latter sale, which did not have any effect on the result for 2003, is subject to an agreement on subsequent adjustment of the purchase price. Consequently, the Bank has now fulfilled all the commitments to the Danish Competition Authority. In 2002, earnings from investment portfolios included a profit of DKr103m on the sale of shares in the Copenhagen Stock Exchange and the Danish VP Securities Services.

Danica Pension recorded a satisfactory return of DKr1,076m on its investments, against a loss of DKr809m in 2002. Consequently, the Group was able to book risk allowances from previous years totalling DKr954m, which contributed to the positive trend in earnings from investment portfolios.

The Group's tax charge for 2003, including tax on loan loss reserves, is calculated to be DKr3,750m, corresponding to a tax rate of 29%.

The return on equity rose from 14.0% in 2002 to 15.2%.

Balance sheet

The total assets of the consolidated Group were DKr1,826bn at the end of 2003, against DKr1,752bn a year earlier. Danica Pension's assets, which are not consolidated in the Group accounts, amounted to DKr188bn, against DKr177bn at the end of 2002.

Loans and advances extended by the banking business increased by DKr44bn to DKr523bn. The increase included a DKr49bn rise in repo transactions, primarily with foreign financial institutions, and a net fall in domestic loans and advances of DKr4bn, the result of a DKr10bn increase in loans

and advances to retail customers and a DKr14bn fall in loans and advances to corporate customers. Modest business investment had an adverse effect on short-term lending in particular. Foreign loans and advances fell by a net amount of DKr1bn, the effect of a DKr8bn increase in the other Nordic countries and a DKr9bn fall in non-Nordic countries. Adjusted for the trend in exchange rates, foreign loans and advances rose by DKr10bn.

Mortgage lending increased by DKr29bn over the year to DKr498bn at the end of 2003.

Bonds and equities amounted to DKr494bn, against DKr433bn at the end of 2002. The increase of DKr61bn since the end of 2002 was due to the rise in holdings of own mortgage bonds issued in December 2003 to refinance mortgage loans at the beginning of 2004.

Deposits totalled DKr484bn at the end of 2003, up DKr56bn on the level recorded at the end of 2002. The increase, excluding repo transactions, totalled DKr25bn and was evenly distributed between Danish and non-Danish units and across various customer segments.

Capital base and solvency

The share capital totalled DKr7,116,758,490 at the end of 2003 after the cancellation of the 20,324,151 shares bought back in the second quarter of 2002.

Shareholders' equity was DKr60bn at the end of the year. The change in equity since the end of 2002 reflects, besides the net profit for the year less dividends and new accounting provisions (see Accounting policies), the buyback of shares.



In 2003, Danske Bank repurchased shares of a total market value of DKr5.0bn, comprising 39,410,097 shares at an average price of 126.9. This reduced the number of shares outstanding from 711,675,849 at the end of 2002 to 672,265,752 at the end of 2003. At the next annual general meeting, the Group will propose that the shares bought back in 2003 be cancelled.

In accordance with the overall financial goal of providing a competitive return to shareholders, the target for the dividend payout ratio has been changed from about 40% to about 50%. The Board of Directors is proposing that the annual general meeting approve a dividend of DKr6.55 per share, corresponding to a total dividend payment of DKr4,661m. The dividend equals 50% of the net profit for the year.

The solvency ratio at the end of 2003 stood at 11.0%, of which 7.7 percentage points derive from the Group's core (tier 1) capital. The share buyback alone reduced the core (tier 1) capital ratio by 0.6 of a percentage point.

In 2003, new legislation allowed the use of hybrid capital. Hybrid capital will rank below supplementary capital and form part of the core capital.

In order to optimise the use of capital, the Group has changed its target for the core (tier 1) capital ratio from 6.5% to about 7.0%, with hybrid capital expected to account for about 0.5%.

Hybrid capital may be raised in foreign currency, and this will help to protect the core (tier 1) capital ratio against exchange rate fluctuations.

CAPITAL AND SOLVENCY (DKr m)	2003	2002
Core capital, less statutory deductions	58,699	58,654
Supplementary capital, less statutory deductions	25,351	22,646
Total capital base, less statutory deductions	84,050	81,300
Total weighted items	766,985	774,150
Solvency ratio, %	11.0	10.5
Core (tier 1) capital ratio, %	7.7	7.6

In the first half of 2004, Danske Bank will repurchase own shares of a total market value of DKr3bn. During 2004, the Board of Directors will consider whether to repurchase additional shares.

Supplementary capital amounted to DKr34bn at the end of 2003, against DKr31bn a year earlier. As part of its ongoing refunding of supplementary capital, Danske Bank raised loans of nominal amounts of €500m, £350m and Nkr500m in 2003 by the issue of notes, and redeemed notes of nominal values of \$500m and DKr100m. Moreover, the Bank converted a loan with a nominal value of £150m to one with a nominal value of Nkr1,770m.

Outlook for 2004

In 2004, macroeconomic conditions affecting the Nordic countries are expected to be more favourable than in 2003. Consequently, the Group expects to expand its activities from the level recorded in 2003. Lower average interest rates in Denmark and Norway are, however, likely to leave net interest income unchanged.

Fee income is expected to rise slightly in 2004 as a result of increased activities.

Trading income is likely to fall in step with the lower activity expected in the fixed-income and foreign exchange markets.

Core insurance earnings should increase as a result of an improved risk result.

Total core income should be at roughly the same level as in 2003.

The Group will continue to focus on tight cost containment in 2004. The decline in headcount in 2003 will help to cut staff expenses in 2004. Furthermore, severance payments will decrease in step with the falling number of staff leaving the Group. Finally, IT operating costs are expected to fall.

New accounting provisions that take effect in 2004 require that the Group capitalise the software it develops and that it distribute certain types of fee income across the applicable periods. The capitalisation of software developed by the Group is expected to add some Dkr150m to the Group's net profit. The distribution of fee income reduces shareholders' equity at the beginning of 2004 by Dkr198m but is not expected to affect the net profit for the year.

Therefore, the Group expects costs to decline further in 2004, although at a slower pace than in 2003. The downward trend in the cost/core income ratio recorded in recent years should thus continue in 2004.

The developments in the loan portfolio are not expected to lower its quality, and the provisioning ratio is therefore expected to remain relatively low.

Against this background, core earnings should be slightly higher in 2004.

As in previous years, earnings from investment portfolios in the banking and insurance businesses will depend on the trends in the financial markets, including the level of securities prices at the end of the year.

The Group expects its tax charge, including the tax on loan loss reserves, to amount to 30% of pre-tax profit.

Danske Bank shares

Danske Bank's overall financial objective is to provide its shareholders with a competitive return.

Shareholder value is created through share price appreciation and dividend payments. Danske Bank continues to focus on maintaining a solid income base, but it also enhances shareholder value by optimising processes, risk management and capital structure.

Danske Bank shares in 2003

At the end of 2003, the price of Danske Bank's shares was Dkr138.8, which corresponds to a market value for the Danske Bank Group of Dkr93.3bn. The share price went up by 18.2% in the course of 2003. In comparison, the MSCI European Banks Index increased by 17.8%, while the Danish KFX Index rose 22.5%.

The average daily trading volume of Danske Bank shares was Dkr261m in 2003, against Dkr233m in 2002. With a total trading volume of Dkr64.9bn in 2003, the Danske Bank share was the most actively traded share on the Copenhagen Stock Exchange.

The chart shows trends in the price and trading volume of Danske Bank shares.

The Danske Bank share is included in more than 25 Danish and international share indices, such as the KFX Index of the 20 most widely traded shares on the Copenhagen Stock Exchange and the international MSCI European Banks and FTSE Eurotop 100 indices.

The net profit per share stood at DKr13.3. At the end of 2003, the book value per share was DKr89.9, yielding a price/book value ratio of 1.5.

Dividend and return to shareholders

The Board of Directors is proposing that the annual general meeting approve a dividend of DKr6.55 per share for 2003, or 5.5% of the share price at the beginning of 2003, corresponding to a total dividend payment of DKr4,661m.

The total return on Danske Bank shares in 2003 was 22.2%. It consisted of an increase in price of 18.2% and a dividend for 2002 of 4.0% of the share price at the beginning of 2003. Over a five-year period, funds invested in Danske Bank shares have given an average annual return of 13.0%, albeit with large fluctuations from year to year.

Share capital and share buybacks

To optimise its capital structure, Danske Bank repurchased shares of a total market value of DKr5.0bn in 2003.

The share buyback raised the Group's earnings per share by 0.3 of a percentage point. In the first half of 2003, the Group bought back shares worth DKr2.0bn, comprising 16,303,664 shares at an average price of 122.7. In the second half of 2003, the Group repurchased shares worth DKr3.0bn, comprising 23,106,433 shares at an average price of 129.8. This reduced the number of shares out-

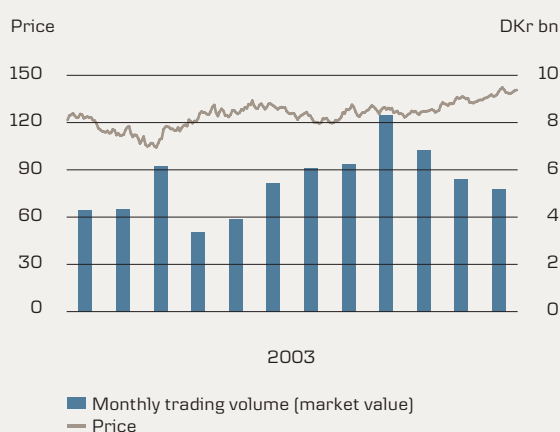
DANSKE BANK SHARES	2003	2002
Total market value at year-end, DKr bn	93.3	83.6
Net profit per share, DKr	13.3	11.5
Dividend per share, DKr	6.55	4.75
Book value per share, DKr	89.9	84.8
Share price at December 31/book value per share	1.5	1.4

standing from 711,675,849 at the end of 2002 to 672,265,752 at the end of 2003. At the next annual general meeting, the Group will propose that the shares bought back in 2003 be cancelled.

Danske Bank's shareholders

At the end of 2003, Danske Bank had about 295,000 shareholders. According to the Danish Securities Trading Act, shareholders must notify a company if their shareholding exceeds 5% of the company's share capital or exceeds higher percentages divisible by 5. Four shareholder groups notified the Bank that they each hold more than 5% of its share capital.

Danske Bank shares





DANSKE BANK SHARES	2003	2002
Average number of shares outstanding	696,374,857	719,314,404
Number of shares outstanding at year-end	672,265,752	711,675,849
Number of issued shares at year-end	711,675,849	732,000,000

- A.P. Møller and Chastine Mc-Kinney Møller Foundation, Copenhagen, holds more than 15%.
- Fonden Realdania, Copenhagen, holds more than 10%.
- Arbejdsmarkedets Tillægspension (ATP), Hillerød, holds more than 5%.
- The Danske Bank Group - including the Danica companies - holds more than 5%.

Danish shareholders, including the shareholders above, hold just over 60% of the shares in Danske Bank.

Since the beginning of the year, the proportion of Danske Bank's share capital held by foreign investors has increased from around one-third to nearly 40%. Most foreign investors are based in the United States or the United Kingdom.

In 2003, information on developments at Danske Bank was communicated to shareholders at the annual general meeting on March 25 and at 13 shareholder meetings in various Danish cities that were attended by more than 10,700 shareholders. Moreover, shareholders received information through the shareholder magazine.

Invitations to annual general meetings are published in the daily newspapers.

The shareholders who attended the 2003 annual general meeting represented 40.7% of the share capital. The Board of Directors was granted authority to represent a limited number of votes by proxy. In accordance with the Bank's practice, these proxy powers were effective only for that particular general meeting.

Organisation and management

The management of the Danske Bank Group strives to fulfil shareholder expectations by combining a competitive return with careful risk and capital management. The Group believes that value creation depends on good relations with all stakeholders. Therefore, it continues its effort to maintain a good relationship with customers, investors, staff, public authorities and society in general.

The Danske Bank Group aims to have a flexible organisational structure in order to create the best possible foundation for managing and developing its business.

Corporate governance continued to be a topic of general interest in 2003. An increasing number of demands are being made from various quarters regarding such topics as management work processes, transparency, internal controls, remuneration, and management and board responsibilities. With a view to optimising the organisation and management structure, the management is watching the debate closely and remains committed to implementing relevant improvements on an ongoing basis.

The organisational structure of the Danske Bank Group is based on the code governing Danish financial services institutions. Danske Bank is governed by Danish company law, which stipulates that the general meeting must elect the Board of Directors, approve the annual report and accept or reject the Board's proposal for external auditors.

The Board of Directors appoints the Executive Board and formulates the overall management guidelines.

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

General meeting

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

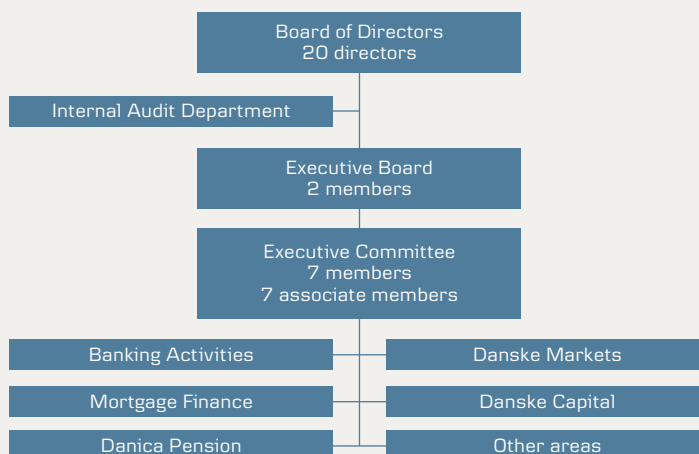
Voting rights at the general meeting may be exercised by any shareholder who has registered and provided proof of a shareholding and who has re-

quested an admission card and voting card not later than five days before the general meeting. Any shareholder is entitled to be represented by proxy. The Articles of Association of the Danske Bank Group are available at www.danskebank.com/ir.

Board of Directors

The Board of Directors is the highest governing authority, and it approves decisions of strategic and fundamental importance. The Board of Directors consists of 13 directors elected by the general meeting and 7 directors elected by the staff. Upon the merger with RealDanmark in 2000, the number of directors was increased, but it has subsequently been reduced. The Board of Directors is of the opinion that ten directors elected by the general meeting should be the targeted number. Directors are elected for a period of four years. However, at least two of the directors who have served on the Board for the longest period since last being elected retire every year. Directors may be elected several times.

However, they must retire no later than on the date of the first annual general meeting after they have reached the age of 70. Under Danish compa-





ny law, the staff elect a number of directors corresponding to half the number of directors elected by the general meeting at the time the election is called. Elections are called every four years, and the next election is scheduled for 2006.

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

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

The directors elected by the general meeting have extensive business expertise, political experience and experience from the civil service and institutions of higher education. No formal procedure applies to the filling of vacant seats.

The Board of Directors has set up a number of committees to monitor specific areas. The formation of these committees implies no change in the powers or responsibilities of the Board of Directors. One such committee is the Credit Committee,

whose members review major exposures before they are submitted to the Board. Another committee is the Audit Committee, which conducts reviews on matters concerning accounting, auditing and security both with and without the participation of the day-to-day management. Moreover, a committee that focuses on the Group's salary and bonus systems has been set up.

In 2003, the Board of Directors decided to dissolve the mortgage finance and pensions committees and to establish a stakeholder committee and a risk committee.

The Stakeholder Committee will closely watch the relationship with important stakeholders, including customers, investors, the staff and public authorities. The purpose of this committee is to increase the focus on the development and maintenance of strong, long-standing relationships based on the Group's objectives and core values.

On the basis of the ongoing reporting of information, the Risk Committee monitors the most important risk factors to make sure that the Group has suitable and adequate risk management systems and policies.

The Board of Directors meets 14 to 16 times a year according to a schedule prepared for each calendar year. Once or twice a year, the Board holds longer meetings to discuss Group strategy.

Directors receive a fixed fee and are not covered by the Group's incentive programmes. The fee is Dkr250,000 a year at present. The Chairman receives a triple fee and the Vice Chairmen a double fee. Board committee membership is compen-



sated by a fee equal to half the fee for board membership. No director may receive total remuneration of more than twice the directors' fee except for the Chairman and Vice Chairmen, who may receive up to four times the directors' fee.

The responsibilities of the Chairman are specified in a separate section of the rules of procedure.

The responsibilities include the evaluation of the Board of Directors and the Executive Board and of the co-operation between the two boards.

Executive Board

The Executive Board consists of Peter Straarup, Chairman, and Jakob Brogaard, Deputy Chairman.

The Chairman and the Vice Chairman sit on a number of boards of subsidiaries and other companies (see section on directorships).

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

External relations

The Danske Bank Group aims to make its business as transparent as possible within the framework set by legislation and competitive market conditions. The goal is to ensure extensive accessibility and disclose relevant information to stakeholders. The management constantly strives to enhance and refine its communications with customers, investors, staff, public authorities and the media.

The management is committed to making the general principles of the Group's operations as clear as possible. Consequently, the Annual Report for

2003 includes more detailed information about the Group's credit portfolio and other matters. Moreover, the Group is devoted to keeping its Investor Relations Web site up-to-date and to extending its scope. The site is an essential tool in communications with investors, creditors and the public in general. The site contains information about specific policies for the Group's informational and communications activities, and users may submit questions, suggestions and ideas. In 2004, the Bank is also launching a new publication, *Danske Perspective*, which offers a survey of the Group.

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

Investor Relations is in charge of coordinating investor activities. The department answers any questions investors may have, and it is in charge of disclosing information that might influence the price of Danske Bank shares immediately after announcement at the Copenhagen Stock Exchange.

For a period of four weeks before planned announcements of financial results, Danske Bank will not make any comments on its general financial results or expectations for the future.



Human resources

The Danske Bank Group's HR strategy centres on the commitment of the staff and on ensuring that both current and prospective staff view the Group as an attractive place to work. Employee satisfaction surveys are conducted to measure employee satisfaction, motivation and loyalty. In the surveys, the staff are asked to assess the performance of their immediate superiors, working relations and working conditions in general.

Competency development

The HR strategy also focuses on competency development in the form of courses and on-the-job training. The Group's course programme is extensive and includes specialist courses as well as courses on personal development and management development.

Employees can choose from more than 80 e-learning modules, which enable them to acquire new knowledge at their own pace, anywhere and any time they want. These modules complement conventional courses. Furthermore, staff members in the branch network attended a number of local workshops in 2003.

In Denmark, 243 employees signed up for the first year of the new academy programme on financial advisory services. The programme is the result of the joint efforts of the Danish financial sector. To this number should be added some 350 employees who attend part-time studies in areas such as business economics, computer science and insurance.

Other forms of external training include professional conferences, theoretical courses and advanced management training at international business schools.

Working environment

In 2003, the Group's working environment organisation devoted much attention to the psychological working environment, robberies and indoor climate. These issues were selected on the basis of an assessment of the workplace environment.

The psychological working environment continues to reflect the busy pace of activity resulting from high efficiency as well as the many robberies that take place. The Group's share of bank robberies declined, however, in 2003. The positive trend is probably the result of specific measures launched to prevent and clear up robberies. For example, the Group has converted selected branches to non-cash branches; introduced time-delay locks on cash tills; and adjusted, extended and improved surveillance and tracing systems. Notwithstanding the large effort and the likely positive effect, the current state of affairs remains unsatisfactory. In 2003, the branch network was the target of 51 robberies and attempted robberies. All incidents took place in Denmark.

The organisation launched an extensive pilot project to examine the effect of health-promoting activities on the health of employees, absence due to illness, and qualitative and quantitative productivity. The Group intends to communicate and implement the positive results of this project throughout the organisation. The aim is to enhance staff commitment and workplace attractiveness.

Recruitment

In 2003, the Group welcomed 280 new employees. At the end of 2003, the number of full-time-equivalent staff totalled 16,900, of which staff at the non-Danish units accounted for 2,650. During the year, nearly 1,150 employees decided to leave the Group. Some 550 of these employees were offered severance packages. Moreover, another

700 have decided to leave the Bank at a later date, and many of them have been offered severance packages. In addition to the compensation payable under the Danish Salaried Employees Act and the collective wage agreement, the severance packages provide supplementary compensation based on the length of employment. The Group believes that it has adjusted the headcount in the Danish branch network to an appropriate level.

Incentive programmes

The Group's incentive programmes for management and staff build on value creation within the Group and include share options, rights to purchase conditional shares, employee shares and cash bonuses.

Incentive payments reflect individual performance and depend on financial results and other measures of value creation.

The existing share-based incentive programme, which includes a share option programme, a conditional share programme, and an employee share programme, was launched in 2001 for an initial period of three years and thus concluded at the end 2003. The Group has decided that the share option programme and the conditional shares programme will run largely unchanged for another year. The 2004 employee share programme is slightly different from that of the preceding years in that it is not based exclusively on core earnings but also depends on other selected parameters, including trends in customer satisfaction and market share.

Share options

This programme covers more than 90 senior managers. The options carry a right to buy Danske Bank shares that can be exercised

between three and seven years after they are allotted provided that the holder is still employed at the Group. The strike price of the options is computed as the average price of Danske Bank shares for 20 stock exchange days after the release of the annual report plus 10%. The options for the 2002 accounting year allotted in 2003 appear in note 7. The total number of options allotted for the 2003 accounting year will be announced at the release of Danske Bank's first-quarter report for 2004.

Rights to purchase conditional shares

A broad group of some 900 senior managers and specialists participate in the conditional share programme. Rights to buy shares under this programme are allotted as a portion of the annual bonus earned. The shares are held at the employee's risk and become available after three years provided that the employee is still working at the Danske Bank Group. The allotment of rights for the 2002 accounting year appears in note 7. For 2003, Dkr46m was expensed under "Staff costs and administrative expenses" to provide for rights to purchase conditional shares.

Employee shares

The employee share programme is based on a model whereby the Group allocates 5% of continuous growth in core earnings to a pool. Subject to a maximum allocation of Dkr100m per annum, shares under the programme are offered to employees at a 50% discount. Given the Group's core earnings of Dkr10,156m for 2002, which determined the allocation to the programme in 2003, Dkr16m was expensed. Together with the provisions of Dkr12m made in 2001, the amount will be allocated to the 2004 employee share programme.

Business areas

CORE EARNINGS BEFORE PROVISIONS (DKr m)	2003	2002	Index 03/02	Share 2003	Share 2002
Banking Activities	8,065	8,155	99	66%	70%
- Banking Activities, Denmark	5,630	5,839	96	46%	50%
- Banking Activities, International	2,435	2,316	105	20%	20%
Mortgage Finance	2,133	2,195	97	18%	19%
Danske Markets	1,172	354	331	10%	3%
Danica Pension	1,004	1,118	90	8%	10%
Danske Capital	283	360	79	2%	3%
Other	-528	-606	87	-4%	-5%
Total Group	12,129	11,576	105	100%	100%

In October 2003, Danske Bank announced that it would implement organisational adjustments to take effect on January 1, 2004. This decision involved the separation of the activities of Banking Activities, Denmark, into a Danske Bank division and a BG Bank division and the integration of Danske Capital as a division of Danske Markets.

This annual report follows the organisational structure in effect in 2003.

Total core earnings before provisions increased by 5% in comparison with 2002 primarily as a result of favourable developments in the activities of Danske Markets and the Group's banking activities in Sweden and of reduced expenses.

Earnings from banking operations in Denmark fell by 4%, reflecting the fact that cost savings could not fully offset the effect of the fall in the average money market rate during the year.

The lower money market rate also reduced the return on capital allocated to Mortgage Finance and Danica Pension. Furthermore, Danica Pension increased provisions for run-off business.

Moreover, low activity in the capital markets caused a decline in the earnings of Danske Capital.

The category Other reflects severance payments of DKr462m, against DKr311m in 2002. This increase was offset by lower cost of capital, including supplementary capital, in 2003. Furthermore, a profit of nearly DKr80m on the currency hedging of earnings at the non-Danish units is included in the category.

Banking Activities

BANKING ACTIVITIES (DKr m)	2003	2002	Change, %
Net interest income	12,841	13,715	-6
Fee income	5,106	5,033	1
Other income	987	1,001	-1
Core income	18,934	19,749	-4
Operating expenses and depreciation	10,869	11,594	-6
Core earnings before provisions	8,065	8,155	-1
Total assets (avg.)	515,586	510,148	1
Risk-weighted items (avg.)	432,182	430,319	0
Allocated capital (avg.)	28,092	27,971	0
Core earnings before provisions as % p.a. of allocated capital	28.7	29.2	
Cost/core income ratio, %	57.4	58.7	

Banking Activities encompasses all the Group's banking business, which is organised in divisions located in each of the countries where Danske Bank operates.

In 2003, Banking Activities accounted for two-thirds of the Group's total core earnings before provisions. Core earnings before provisions

remained largely unchanged from the level recorded in 2002, reflecting a fall in core income of 4% and a reduction of costs of 6%.

Banking Activities, Denmark

BANKING ACTIVITIES, DENMARK (DKr m)	2003	2002	Change, %
Net interest income	9,018	9,792	-8
Fee income	3,913	3,981	-2
Other income	759	797	-5
Core income	13,690	14,570	-6
Operating expenses and depreciation	8,060	8,731	-8
Core earnings before provisions	5,630	5,839	-4
Total assets (avg.)	258,770	263,587	-2
Risk-weighted items (avg.)	218,887	217,360	1
Allocated capital (avg.)	14,228	14,128	1
Core earnings before provisions as % p.a. of allocated capital	39.6	41.3	
Cost/core income ratio, %	58.9	59.9	

Banking Activities, Denmark, encompasses the Group's Danish banking business with retail and business customers. The unit carries on business under a number of brand names, including Danske Bank and BG Bank.



Core earnings before provisions from Banking Activities, Denmark, stood at DKr5,630m, against DKr5,839m in 2002, reflecting a fall of 4%.

The trend in core earnings was attributable to a 6% decline in core income due to falling net interest income triggered by the decrease of around 1 percentage point in short-term money market rates over the year. This entailed a fall in the return on allocated capital and also reduced earnings on the deposit surplus.

Customers' increased use of self-service systems and a decline in the value of assets held in custody accounts triggered a fall in fee income.

The fall in costs of 8% was attributable mainly to falling IT costs and lower headcount.

Total lending remained unchanged at the level recorded at the end of 2002. Healthy sales of new property financing solutions contributed to an increase in lending to retail customers. On the other hand, short-term lending to business customers declined.

The Bank maintained its market share of lending at 28%, while its share of deposits fell from 36% in 2002 to 35% in 2003.

Moreover, securities trading was affected by economic trends. Bond trading volume was slightly higher than in 2002, and sales of unit trust certificates were even better. Equity trading volume was marginally higher than in 2002, particularly as a result of accelerating activity in the second half of 2003.

Retail customers

The Group saw a net increase in the customer base in 2003. Both Danske Bank and BG Bank recorded an inflow of young customers in particular, partly due to sales of new customer packages and successful marketing campaigns. The Bank's market share of lending to retail customers increased during the year as a result of growing market shares in the second half of 2003.

Sales of customer packages recorded a very positive trend. Customer packages consist of products and services targeted to meet the demands of individual customer segments, and they are sold at a favourable price. At Danske Bank, sales of customer packages totalled 176,000, while sales at BG Bank reached some 42,000. More than 13,500 young customers bought the *Danske Ung* package, which features the Maestro card.

Sales of the property financing solutions *Danske Prioritet* and BG Bank's *Bolig Plus* were very satisfactory. The new products are highly flexible and can often replace both transaction accounts and traditional mortgage loans. The Group's share of mortgage financing may decline after the introduction of these new products. However, the Group expects the increasing number of attractive property financing alternatives to have a positive effect on total business volume.

An increasing number of customers are signing up for online services provided by the Bank, and 546,000 are active users of the Bank's self-service systems.



The number of branches was reduced by 24 in 2003, bringing the total number of branches in both banks down to 465. Since the merger in 2000, branch amalgamations have cut the number by 160. The Bank does not intend to carry out new branch mergers or to reduce the headcount in the branch network in 2004.

As a result of a large number of bank robberies, the Group decided to introduce the concept of non-cash branches in 2002. These branches do not offer customers the option of withdrawing cash at a cashier's desk. Non-cash branches totalled 54 at the end of 2003. The number of robberies at the Group's Danish branches was significantly lower than in 2002.

In the autumn of 2003, the Group conducted a survey among 24,000 of its retail and small business customers in the branch network. The survey showed a very positive trend in customer satisfaction. Both banks recorded progress in all categories, and they now register a similar level of customer satisfaction.

Business customers

Generally, the inflow of large business customers was satisfactory, whereas the number of small business customers fell modestly. The market share of lending to business customers declined slightly in 2003.

The finance centres attracted large business customers and affluent retail customers in 2003, and this had a positive effect on earnings. *Bankernes Erhvervskunde Barometer* is an annual

benchmark survey of the Danish commercial banking market. The survey covers businesses with a staff of 10 to 499 that consider one of the banks surveyed to be their principal banker. Danske Bank recorded a modest increase in market share as well as a rise in customer satisfaction and loyalty. The survey showed a marginal decline in BG Bank's share of the market, whereas customer satisfaction and loyalty advanced.

Customers showed considerable interest in streamlining their financing and accounting functions, and this led to a strong demand for cash management solutions and other products.

Markets Online was introduced to customers of Danske Bank and BG Bank in 2003. Markets Online enables business customers to trade securities and currency online and to access updated information and forecasts on foreign exchange, securities, interest rates and macro-economic trends in general.

BG Bank's efforts in the agricultural segment continued to grow, and recently a Web site for agricultural customers was launched.

At the beginning of 2004, an attractive customer package targeting the self-employed was introduced. The package addresses the basic needs of the self-employed as regards both their personal finances and the finances of their business. It also features discounts on lease agreements and mortgage financing. The package is available to customers of both banks and is expected to attract new customers in this segment.



Banking Activities, International

BANKING ACTIVITIES, INTERNATIONAL (DKr m)	2003	2002	Change, %
Net interest income	3,823	3,923	-3
Fee income	1,193	1,052	13
Other income	228	204	12
Core income	5,244	5,179	1
Operating expenses and depreciation	2,809	2,863	-2
Core earnings before provisions	2,435	2,316	5
Total assets (avg.)	256,816	246,561	4
Risk-weighted items (avg.)	213,295	212,959	0
Allocated capital (avg.)	13,864	13,842	0
Core earnings before provisions as % p.a. of allocated capital	17.6	16.7	
Cost/core income ratio, %	53.6	55.3	

Banking Activities, International, encompasses banking activities carried out by divisions outside Denmark. Each division is responsible for the banking activities in its country. Banking Activities, International, conducts business under a number of brand names, including Fokus Bank in Norway and Östgöta Enskilda Bank and Provinsbankerne in Sweden.

Core earnings before provisions from international banking operations were up DKr119m on earnings in 2002 despite less favourable exchange rates in most of the Group's foreign markets. The trend in foreign exchange rates

reduced the earnings of Banking Activities, International, by some DKr140m. When the effect of exchange rate fluctuations is eliminated, international banking activities advanced 11%.

Banking Activities, Norway

BANKING ACTIVITIES, NORWAY (DKr m)	2003	2002	Change, %
Net interest income	1,270	1,393	-9
Fee income	257	272	-6
Other income	66	68	-3
Core income	1,593	1,733	-8
Operating expenses and depreciation	1,083	1,084	0
Core earnings before provisions	510	649	-21
Total assets (avg.)	54,611	52,914	3
Risk-weighted items (avg.)	47,389	44,413	7
Allocated capital (avg.)	3,080	2,887	7
Core earnings before provisions as % p.a. of allocated capital	16.6	22.5	
Cost/core income ratio, %	68.0	62.6	



Core earnings before provisions from Norwegian banking activities declined by DKr139m to DKr510m. When the effect of changes in exchange rates is eliminated, core earnings fell by 10%. Core income grew by 2% and expenses by 10% in local currency.

Expenses increased because additional provisions were made for pension commitments and because expenses for the expansion of the branch network grew.

Lending to retail and business customers increased by 15% and 4%, respectively, from the levels recorded at the end of 2002 and totalled Nkr60bn. Net interest income remained stable in local currency despite a significant fall in the Norwegian money market rate. Fee income rose by 4% in local currency as a result of higher income from payment services.

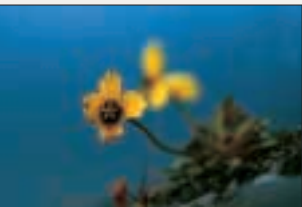
Fokus Bank's market share of both loans and deposits was 4%. Fokus Bank serves 230,000 customers.

The inflow of retail customers increased considerably, particularly in the Østland region and other target areas, as a result of the opening of new branches in recent years, high-quality advisory services, competitive credit terms and targeted marketing campaigns. In 2003, Fokus Bank opened 4 new branches and closed 5 branches, bringing the total number of branches down to 63. Sound growth in sales of customer packages lifted the number of customers who bank exclusively with Fokus Bank.

Sales of equity-based savings products were slow in the first half of 2003 but picked up in the second half. Customers were still uncertain about the future trend in prices on securities, and consequently sales of hedged investment products increased. Fokus Bank strengthened its product-neutral advisory services, and it now offers a range of securities products from the best Norwegian and international suppliers along with its own products.

The inflow of attractive business customers also continued, and Fokus Bank is now the principal banker of 10% of the top 500 Norwegian enterprises.

Surveys of existing and potential business customers showed that Fokus Bank is perceived as a very competent supplier of international solutions. The introduction of Business Online - Fokus Bank's new international office banking system - supported this image. Moreover, the retail banking activities in Norway extended the collaboration with Fokus Markets, the department at Fokus Bank in charge of interest rate and foreign exchange hedging, among other products. Customer surveys show that business customer satisfaction is both high and on the rise.



Banking Activities, Sweden

BANKING ACTIVITIES, SWEDEN (DKr m)	2003	2002	Change, %
Net interest income	1,340	1,275	5
Fee income	320	269	19
Other income	74	59	25
Core income	1,734	1,603	8
Operating expenses and depreciation	1,062	1,282	-17
Core earnings before provisions	672	321	109
Total assets (avg.)	71,401	62,569	14
Risk-weighted items (avg.)	62,173	59,782	4
Allocated capital (avg.)	4,041	3,886	4
Core earnings before provisions as % p.a. of allocated capital	16.6	8.3	
Cost/core income ratio, %	61.2	80.0	

Core earnings before provisions from Swedish banking operations increased by DKr351m to DKr672m. Core income grew by 7% in local currency, while expenses fell by 18%.

The downward trend in costs was due primarily to the completion of adjustments to the customer account system made in 2002 and the first quarter of 2003.

Lending to retail customers increased by 12% from the volume recorded at the end of 2002, and lending to businesses went up by 17%. Total lending amounted to SKr92bn.

Net interest income and fee income rose as a result of growing volume, which was attributable primarily to the inflow of new customers. However, the narrowing of margins following the considerable fall in interest rate levels in 2003 had an adverse effect on net interest income. Equity-based fee income suffered from the low trading volume on the Stockholm Stock Exchange.

The Danske Bank Group's share of the Swedish market advanced to 8% of loans and advances and to 4% of deposits. Danske Bank serves 180,000 customers in Sweden.

The Group closed 2 branches in 2003, reducing the number of branches to 44.

Banking Activities, UK

BANKING ACTIVITIES, UK (DKr m)	2003	2002	Change, %
Net interest income	673	716	-6
Fee income	301	236	28
Other income	-4	11	-136
Core income	970	963	1
Operating expenses and depreciation	278	194	43
Core earnings before provisions	692	769	-10
Total assets (avg.)	58,299	72,925	-20
Risk-weighted items (avg.)	61,785	66,288	-7
Allocated capital (avg.)	4,016	4,309	-7
Core earnings before provisions as % p.a. of allocated capital	17.2	17.8	
Cost/core income ratio, %	28.7	20.1	

Core earnings before provisions from UK banking activities declined by DKr77m to DKr692m in 2003. When the effect of changes in exchange rates is eliminated, core earnings fell by DKr28m.

Core income grew by 8% in local currency, mainly because of a rise in fee income.

The expansion of business with existing large corporate customers and the inflow of profitable medium-sized customers were the main drivers of the rise in income.

Expenses rose as a result of increased pension commitments and performance-based compensation.

Banking Activities, USA

BANKING ACTIVITIES, USA (DKr m)	2003	2002	Change, %
Net interest income	202	214	-6
Fee income	140	132	6
Other income	7	14	-50
Core income	349	359	-3
Operating expenses and depreciation	92	89	3
Core earnings before provisions	257	270	-5
Total assets (avg.)	46,020	36,424	26
Risk-weighted items (avg.)	17,303	20,231	-14
Allocated capital (avg.)	1,125	1,315	-14
Core earnings before provisions as % p.a. of allocated capital	22.9	20.5	
Cost/core income ratio, %	26.4	24.8	

Core earnings before provisions from US banking activities fell by DKr13m to DKr257m in 2003. When the effect of the dollar depreciation is eliminated, core earnings rose by DKr13m. Core income grew by 6% and expenses by 8% in local currency.

Expenses rose as a result of higher variable transaction costs.

Lending in the United States continues to concentrate on businesses trading in the Bank's principal markets in northern Europe. Credit exposure to other US companies remained low, but the Group expanded its facilities with selected global financial institutions and thus increased earnings.

Other foreign banking activities

Danske Bank also operates in Luxembourg, Finland, Germany and Poland. At these units as a whole, core earnings before provisions amounted to DKr304m, against DKr307m in 2002.



Mortgage Finance

MORTGAGE FINANCE (DKr m)	2003	2002	Change, %
Net interest income	3,226	3,054	6
Fee income	186	175	6
Other income	128	241	-47
Core income	3,540	3,470	2
Operating expenses and depreciation	1,407	1,275	10
Core earnings before provisions	2,133	2,195	-3
Total assets (avg.)	519,491	483,837	7
Risk-weighted items (avg.)	241,963	229,705	5
Allocated capital (avg.)	15,728	14,931	5
Core earnings before provisions as % p.a. of allocated capital	13.6	14.7	
Cost/core income ratio, %	39.7	36.7	

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

In 2003, Mortgage Finance generated core earnings before provisions of DKr2,133m, against DKr2,195m in 2002.

Core income amounted to DKr3,540m in 2003, against DKr3,470m the year before. Net interest income and fee income increased as a result of the growing loan portfolio and strong refinancing activity in the first half of 2003. Falling interest rates, however, put downward pressure on the return on allocated capital and liquid funds. The investment of liquidity in short-term, high-yield bonds at a price above par led to a negative market value adjustment that reduced other core income.

Operating expenses and depreciation went up from DKr1,275m in 2002 to DKr1,407m in 2003. The increase in costs is attributable primarily to expenses for the conversion of Realkredit Danmark's IT systems to Danske Bank's IT plat-

form and for the development of new systems to handle interest-only loans. In the autumn of 2003, the Group decided to restructure the conversion of Realkredit Danmark's systems and to extend the period during which the conversion is to take place. The level of costs was also affected by the strong refinancing activity in the first half of 2003.

During the year, Realkredit Danmark continued to establish a number of joint offices with the Group's finance centres and branches. These offices, which maintain the separate identities of the participating brands, allow more customers to get fast, competent and coordinated advice on all types of financial product.



Core earnings before provisions returned 13.6% on allocated capital in 2003, against 14.7% the year before. The return on capital is satisfactory in view of the rather limited risk associated with the mortgage loan portfolio.

Long- and short-term bond yields fell to historical lows in the first half of 2003. In the second half of the year, however, they increased slightly. At the end of the year, the interest rate on a 30-year fixed-rate loan was 5.4%, and the interest rate on a FlexLån[®] with annual interest reset of the full amount was 2.5%.

This trend induced many customers to opt for fixed-rate loans instead of FlexLån[®] in the first half of 2003 for both refinancing and new loans. In the second half of 2003, FlexLån[®] regained ground, particularly upon the introduction of interest-only loans in the fourth quarter.

For 2003 as a whole, FlexLån[®] accounted for 52% of all Realkredit Danmark's loan disbursements, against 55% the year before. At the end of 2003, FlexLån[®] accounted for 40% of the mortgage loan portfolio, against 34% at the beginning of the year.

On October 1, Realkredit Danmark launched interest-only loans, a new type of mortgage loans for homeowners. An amendment to the Danish Mortgage Credit Act allowed the introduction of this new loan type, which has a 10-year interest-only option exercisable during the term of the loan at the borrower's discretion. So far, Realkredit Danmark's customers have shown considerable interest in interest-only loans. In the last three months of 2003, Realkredit Danmark disbursed loans with an interest-only option worth Dkr20bn; FlexLån[®] accounted for 95% of this amount.

Realkredit Danmark's gross lending totalled Dkr168bn in 2003, against Dkr110bn in 2002.

The Group's market share of total Danish mortgage lending (gross lending) stood at 32.3% in 2003, against 32.4% in 2002. The market share of net new lending rose from 27.7% in 2002 to 28.1%. Net new lending is defined as gross lending less repayment of loans with or without the raising of new loans.

The Group's share of net new lending in the corporate market was 30.7%, against 25.3% in 2002.

In the private market, the Group's share of net new lending stood at 26.2%, against 29.4% the year before. In terms of loan portfolio, the market share was 36.9% at the end of 2003, against 37.9% in 2002. Competition in the private market remains fierce, and sales of new bank-based property loans since mid-2003 add to the downward pressure on Realkredit Danmark's market share.

The loan portfolio grew to Dkr498bn at the end of 2003 from Dkr469bn at the beginning of the year. The private market accounted for 58% of volume growth and 62% of the total volume at the end of the year.

Realkredit Danmark secures its loan portfolio on the borrowers' properties. Furthermore, it hedges much of its credit risk by means of a guarantee against losses issued by Danske Bank.



In May, Standard & Poor's awarded Realkredit Danmark its highest possible rating, AAA, which is also the rating assigned to Danish government bonds. The rating applies to around 86% of the bonds issued by Realkredit Danmark. The bonds had already been given an Aaa rating by Moody's Investors Service - the highest rating awarded by that agency.

Foreign investors continued to increase their Realkredit Danmark bond holdings. At the end of the third quarter, foreign investors held 14% of the bonds issued, against 13% the year before.

The annual auction of bonds to refinance FlexLån® held in December generated a very satisfactory price and oversubscription rate.

The trend in housing prices remained stable in 2003. The turnover in the housing market was slightly higher than in 2002, primarily as a result of a very strong demand for holiday homes. At the end of the year, the Group's real-estate agency business, "home", had 175 offices, against 169 at the beginning of the year.

Danske Markets

DANSKE MARKETS (DKr m)	2003	2002	Change, %
Core income	2,525	2,153	17
Operating expenses and depreciation	1,353	1,799	-25
Core earnings before provisions	1,172	354	231
Total assets (avg.)	646,127	540,557	20
Risk-weighted items (avg.)	63,689	51,148	25
Allocated capital (avg.)	4,140	3,325	25
Core earnings before provisions as % p.a. of allocated capital	28.3	10.6	
Cost/core income ratio, %	53.6	83.6	

Danske Markets is responsible for the Group's foreign-exchange, equity and fixed-income trading and serves corporate clients in connection with their issue of equity and debt. The area is also responsible for the Group's short-term liquidity. It serves the largest corporate and institutional customers as well as the Group's retail banking units. Danske Markets also includes Danske Research and Equity Research, the central units responsible for economic and financial research.

Core earnings before provisions at Danske Markets amounted to a satisfactory DKr1,172m, against DKr354m in 2002. All business units contributed to the increase, and income rose by

17% on 2002. Expenses in 2002 reflected costs of DKr350m incurred in the restructuring of the Group's investment banking activities. Excluding these costs, expenses fell by 7%.

Danske Markets' reporting includes the activities transferred from Danske Securities to Danske Markets on January 1, 2003, primarily equity trading and research in Copenhagen and the Group's corporate finance activities.

The prospects of economic improvement and rising equity prices led to an increase in corporate finance activities throughout the year, albeit from a low level. Danske Markets served as adviser on a number of significant mergers and acquisitions.

The trading volume in the Nordic equity markets increased considerably during the year, and the volume on the Copenhagen Stock Exchange was slightly larger than the volume in 2002. The Group retained its leading position in the Danish equity market after the organisational adjustments.

Danske Markets' business with large corporate customers within the fields of lending and advice on payment services developed favourably, and its shares of the market in Denmark, Norway and Sweden grew.

In 2003, international fixed-income markets in general, and especially the money markets, were characterised by low interest rate levels. The Group's exposure to changes in interest rates, together with higher customer trading activity, added to the positive overall result. The low interest rates prompted many corporate customers to lock in their funding rates for the years ahead. In line with the trend of the preceding years, customers intensified their use of interest rate derivatives, and earnings on this growth market were satisfactory. Danske Markets consolidated its leading position in the three Nordic bond and money markets. In Sweden, Danske Markets carries out its bond and money market activities under the name of Danske Consensus.

Earnings from currency transactions benefited from the fairly large fluctuations in major currencies, Swedish kronor and Norwegian kroner. The fluctuations lifted sales of both conventional products and derivatives, such as options.

Danica Pension

DANICA PENSION (DKr m)	2003	2002	Change, %
Net interest income on allocated assets	310	410	-24
Risk allowance	900	850	6
Unit-linked and health care business, etc.	-22	59	-137
Core insurance income	1,188	1,319	-10
Funding cost, net	-184	-201	-8
Core insurance earnings	1,004	1,118	-10
Allocated capital	6,910	6,311	9
Core earnings as % p.a. of allocated capital	14.5	17.7	

Danica Pension encompasses all the Group's activities in the life insurance and pensions market. The area, marketed under the name of Danica Pension, is run by the Danica Pension Group and Forsikringselskabet Danica and targets both retail and business customers. Products are marketed through a range of distribution channels within the Danske Bank Group, primarily Banking Activities' outlets and Danica Pension's team of insurance agents and advisers.

The Group reported core insurance earnings of DKr1,004m, against DKr1,118m in 2002. The increase in business volume lifted the life insurance risk allowance from DKr850m in 2002 to DKr900m in 2003. However, the increase could not offset the lower return on allocated capital and the increase in provisions for run-off business (loss-of-earnings-capacity insurance).

The total profit before tax was DKr2,264m, against DKr510m in 2002.

As a result of the return on investments, the postponed risk allowances of DKr954m for previous years were booked to Danske Bank's earnings from investment portfolios. The balance in the shadow account thus totals DKr859m, corresponding to the amount determined on January 1, 2002, when the Danish Financial Supervisory Authority introduced the concept of shadow accounts.

A detailed account of Danica Pension's consolidation policy and consolidation in Danske Bank's accounts is available at www.danskebank.com/otherpublications.

The satisfactory trend in premiums continued in 2003. Total gross premiums, including premium income for unit-linked policies, stood at DKr14.8bn, against DKr13.1bn in 2002 - an increase of 13%. Danica Pension continued to record sound growth in company pension schemes, although staff reductions in a number of businesses had a negative effect on premium income. The increase in gross premiums reflects single premiums of around DKr700m received upon the taking over of a number of large company pension schemes.

Gross premiums for unit-linked products were about DKr2.2bn, in line with the level in 2002. Regular premiums showed an increase which may be ascribed to the fact that unit-linked products have become an increasingly popular element of company pension schemes.

Sales of unit-linked policies through Danica Pension's branch in Norway are still in an initial phase and are progressing as planned. Gross premiums amounted to DKr200m, against DKr100m in 2002. The unfavourable investment climate in Sweden continued to have an adverse effect on the



DANICA GROUP (DKr m)	2003	2002
Premiums, net of reinsurance	14,790	13,065
Claims and benefits, net of reinsurance	-11,635	-11,165
Change in life insurance provisions, etc.	-6,945	-8,684
Change in collective bonus potential	-2,663	3,307
Operating expenses relating to insurance	-1,313	-1,298
Return on investments	10,030	5,285
Profit before tax	2,264	510
Tax	-552	67
Net profit for the year	1,712	577

sale of unit-linked policies. Gross premiums stood at DKr400m in 2003 – the same level as in 2002.

Sales of health care policies continued on their strong growth path. The number of health care policies stood at 50,000 at the end of 2003 – an increase of 20% on the figure recorded at year-end 2002. To this figure should be added about 15,000 policies for employees of the Danske Bank Group.

The growth in 2003 was realised with an almost unchanged level of resources. This cut the expense ratio from 9.4% in 2002 to 8.2% in 2003. At the same time, Danica Pension was able to further reduce processing time.

Danica Pension posted a return on investments of customer funds of 6.4%, against 3.2% in 2002. The return on bonds, including derivatives, totalled 5.4%. The return on equities was 16.9%, and the return on real property was 8.6%. Given the market conditions and the Group's chosen risk profile, the return was satisfactory. Unit-linked life insurance customers with a medium-risk profile obtained a return of 11.7%. The return on assets earmarked for the shareholders' equity was 3.7%.

At the end of 2003, investment assets consisted of bonds (79%), equities (12%) and real property (9%). Danica Pension hedged the risk of an addi-

tional fall in interest rates of 2.5 percentage points, partly by purchasing derivatives.

At the end of the year, Danica Pension switched from calculating life insurance provisions on the basis of a calculation rate fixed by the Danish Financial Supervisory Authority to using a zero-coupon yield curve method, which reduced life insurance provisions by DKr1.7bn and increased the collective bonus potential (bonus reserve) by the same amount. The collective bonus potential amounted to DKr7.2bn at the end of 2003, or 5.0% of the life insurance provisions.

A 30% fall in equity prices at the end of the year would have reduced the collective bonus potential by about DKr3.9bn but would not have affected shareholders' equity. Owing to interest rate hedging, a fall of 1.0 percentage point in interest rates would not have reduced the collective bonus potential and would have had only a marginal effect on shareholders' equity.

At the end of the year, the shareholders' equity of the Danica group amounted to DKr13.3bn, and total assets stood at DKr188bn.

In December, Standard & Poor's, the international rating agency, upgraded Danica Pension from A+ to AA- in the category Insurer Financial Strength. The rating in this category reflects Danica Pension's financial strength, market position and ability to meet its obligations towards its customers.

Considering the return on investments in 2003 and modest expectations for future returns, the rate of interest on policyholders' savings has been fixed at 4.5% for 2004, the same rate as in 2003. Danica Pension intends to apply this rate throughout 2004.

Danske Capital

DANSKE CAPITAL (DKr m)	2003	2002	Change, %
Net interest income	2	-20	-
Fee income	718	761	-6
Other income	-35	8	-
Core income	685	749	-9
Operating expenses and depreciation	402	389	3
Core earnings before provisions	283	360	-21
Total assets (avg.)	1,361	2,434	-44
Risk-weighted items (avg.)	1,379	1,104	25
Allocated capital (avg.)	90	72	25
Core earnings before provisions as % p.a. of allocated capital	315.7	501.7	
Cost/core income ratio, %	58.7	51.9	
Assets under management (DKr bn)	370	343	8

Danske Capital manages the funds of retail and institutional clients and the funds of Danica Pension, Firstnordic, Puljeinvest (pooled investment) and Flexinvest. The division also provides advisory services to Danske Invest and BG Invest. Investment management products are sold to retail and business customers through the country organisations and external distributors. Danske Capital serves institutional investors directly.

Core earnings before provisions at Danske Capital amounted to DKr283m, against DKr360m in 2002. Core income declined primarily because of a drop in the average proportion of equities under management from 27% in 2002 to 18% in 2003. Consequently, core income as a percentage of assets under management fell from 0.21% in 2002 to 0.19% in 2003. At the end of 2003, equities accounted for 19% of the assets under management, against 18% at the end of 2002.

Expenses increased by DKr13m, or 3%, on the level recorded in 2002.

BREAKDOWN OF INVESTMENTS (DKr bn)	2003	2002	Share 2003	Share 2002
Equities	70	61	19%	18%
Private equity	8	10	2%	3%
Bonds	284	263	77%	77%
Cash	8	9	2%	2%
Total	370	343	100%	100%

BREAKDOWN OF INVESTMENTS (DKr bn)	2003	2002	Share 2003	Share 2002
Life insurance	160	151	43%	44%
Unit trusts - retail	111	88	30%	26%
Pooled schemes	39	37	11%	11%
Institutions, including unit trusts	60	67	16%	19%
Total	370	343	100%	100%

Generally, Danske Capital achieved sound investment returns in 2003. Danish, Finnish and Baltic equities recorded especially strong returns, whereas the performance of other European and global equities did not fully meet expectations. All major bond segments yielded satisfactory returns.

Total assets under management increased by Dkr27bn to Dkr370bn. New agreements amounted to Dkr9bn.

Danske Capital maintained its position on the Danish retail market with a total market share of net sales of unit trust certificates in Denmark of 40% and a 41% share of the total asset value. The market share of unit trusts catering to institutional clients was 9% at the end of 2003.

Danske Capital recorded an increase in sales of bond products in segments such as credit and high-yield bonds, and at the end of 2003, the total volume of these products amounted to Dkr14.8bn, against Dkr9.6bn at the beginning of the year. Sales of equity-based products were modest. The introduction of Danske Invest's Chinese fund was successful. Total sales reached Dkr535m, and the fund generated a return of 36%.

Furthermore, Danske Capital strengthened its position in other parts of the Nordic region. Danske Capital in Sweden welcomed a significant number of new institutional clients, and revenue totalled Dkr2.2bn. The result achieved by Danske Capital in Finland was also satisfactory, with core earnings of Dkr12m.

Total assets under management by the Danske Bank Group, including the management of custody accounts and private banking funds under Banking Activities, amounted to Dkr535bn at December 31, 2003.

Earnings from investment portfolios

EARNINGS FROM INVESTMENT PORTFOLIOS (DKr m)	2003	2002	Change, %
Fixed-income positions	775	1,389	-44
Shares			
Unlisted	443	769	-42
Listed	364	-426	-
Currency	55	73	-25
Hedging of interest rate risk, Danica Pension	0	157	-100
Expenses	144	145	-1
Earnings from investment portfolios, banking business	1,493	1,817	-18
Share of return on investments, Danica Pension	122	41	198
Risk allowance, Danica Pension	954	-850	-
Earnings from investment portfolios, Danica Pension	1,076	-809	-
Total earnings from investment portfolios	2,569	1,008	155
Total assets (avg.)	82,175	73,360	12
Risk-weighted items, banking business (avg.)	25,357	32,057	-21
Allocated capital, banking business (avg.)	1,648	2,084	-21

Earnings from investment portfolios stem from the Group's own equity, fixed-income and currency positions, including the total portfolio of unlisted shares, which include shares in companies providing the financial infrastructure in Denmark.

The Group's total earnings from investment portfolios amounted to Dkr2,569m in 2003, against Dkr1,008m the year before.

Earnings from investment portfolios generated by the banking business amounted to Dkr1,493m, against Dkr1,817m in 2002.

Fixed-income positions generated earnings of Dkr775m - a decline of Dkr614m on 2002. This fall in earnings was attributable primarily to the general increase in yields in 2003 in contrast to the significant decline in yields in 2002. In 2003, the lower interest rate risk also affected earnings.

Equities generated a total return of Dkr807m, against Dkr343m in 2002. Listed shares produced a gain of Dkr364m, against a loss of Dkr426m in 2002.



INVESTMENT PORTFOLIOS (DKr bn)	2003	2002	Change, %
Danish bonds	74	53	40
Foreign bonds	36	37	-3
Danish equities	1	1	0
Foreign equities	1	2	-50
Holdings in associated undertakings	1	2	-50
Total	113	95	19

Unlisted shares generated a return of DKr443m, against DKr769m in 2002. The sale of shares in PBS Holding A/S produced a gain of DKr264m. The Bank also sold off shares in PBS International Holding A/S. The latter sale, which did not have any effect on the result, is subject to an agreement on subsequent adjustment to the purchase price.

Currency positions produced a gain of DKr55m, against DKr73m in 2002, and this was satisfactory in view of the market trend.

Earnings from investment portfolios in the insurance business were DKr1,076m, against a loss of DKr809m in 2002. The fact that the Group was able to book risk allowances from previous years totalling DKr954m contributed to the positive trend in earnings from investment portfolios.

Risk and capital management

Danske Bank considers the management of risk one of its core competencies and a key factor in providing a stable, high return to shareholders.

Danske Bank spends considerable resources on developing procedures and tools to match best practices in risk management. For several years, the Bank has been preparing for the new capital adequacy rules (Basel II), which are expected to be implemented in 2007. The Bank wants to meet the requirements for using the most advanced methods as soon as the rules are adopted.

Distribution of responsibilities

The Board of Directors lays down the general risk policies and frameworks, including the general principles for the management and monitoring of risk. The Board of Directors also approves the largest credit applications. In addition to reviewing ongoing reports on the utilisation of risk limits, the Board of Directors regularly reviews portfolio analyses on the sectors and industries to which the Bank has the largest overall credit exposures.

The Executive Board has established a Credit Committee which is responsible for laying down operational policies and for the approval of applications for major credit facilities. The Credit Committee consists of the members of the Executive Board and senior staff from Credit & Market Risk.

The management of the individual business area is, within the framework set forth, responsible for the risks the area incurs and for actively managing these risks through its local credit and risk management functions.

Credit & Market Risk is, in addition to being responsible for credit procedures, in charge of monitoring compliance with allocated limits within the individual risk areas and for structuring and monitoring the overall reporting of Group risks.

To make its control and reporting routines as secure as possible, the Group segregates the departments that trade in the financial markets from those responsible for settling and controlling transactions.

The Bank's Asset and Liability Committee (ALCO) consists of the members of the Executive Board and senior staff from selected business areas. Within the framework determined by the Board of Directors, ALCO is responsible for implementing

- the overall balance sheet structure and the policy determining changes in balance sheet items
- the Group's solvency targets and rating strategy
- pricing of intra-group transactions
- general principles for the management and monitoring of market, liquidity and operational risks
- the Group's overall investment strategy.

Group Finance is responsible for the operational management of capital.

Risk areas

Danske Bank identifies and manages the following main categories of risk:

- Credit risk reflects the risk of losses because counterparties fail to meet all or part of their obligations towards the Group. Credit risk includes
 - Country risk, which is the risk of losses arising from the economic or political circumstances in a country. Country risks also reflect the risk of nationalisation, expropriation and debt restructurings.
 - Settlement risk, which is the risk arising in connection with the settlement of payments for securities, derivatives and other trades where payments are remitted before it is possible to ascertain that the offsetting payments have been transferred to one of the Bank's accounts.
- Market risk is the risk of losses because the market value of the Group's assets and liabilities will vary with changes in market conditions. Market risk includes
 - Liquidity risk, which is the risk of losses because the Bank's payment obligations cannot be met on time with ordinary liquidity reserves.
- Operational risk comprises
 - Business risk, which is the risk of losses emanating from changes in external circumstances or events that harm the Group's image or operational earnings.
 - Event risk, which is the risk of losses owing to deficient or erroneous internal procedures, human or system errors or external events.

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

RAROC

For a number of years, the Group has used a risk management and reporting system based on risk-adjusted return (RAROC) as a central element in capital and financial management. RAROC is a cornerstone of risk management and the management of business activities at the Danske Bank Group, as the RAROC framework has been incorporated into budget follow-up procedures and is used to determine the pricing of products and individual facilities.

The risk-adjusted return differs from the accounting return insofar as it reflects the average annual loss the Group expects to suffer over a business cycle.

In addition to expected losses, the economic capital that is needed to absorb the variation in actual losses in relation to expected losses (so-called non-expected losses) is calculated. The parameters used in the model are reviewed on an ongoing basis in relation to observed levels in the credit portfolio.

The RAROC concept is also regularly reviewed on the basis of the requirements of the future Basel II rules in order that the Group may be as well prepared as possible for adopting the most advanced methods allowed by the rules.

Economic capital and RAROC at year-end 2003

Economic capital is the capital required in order to cover, with a probability of 99.97%, the maximum losses that might be incurred within the next twelve months.

The Group's credit risk has been reduced in recent years as a result of a relative increase in mortgage loans, which carry a low risk. During the same period, exposures to selected global financial institutions with a high credit rating have risen. Furthermore, the Bank enters into an increasing number of collateral management and netting agreements. The average annual loss the Group expects to suffer over a business cycle has consequently been reduced from 0.23% of total loans, advances and guarantees to 0.19%.

At the end of 2003, economic capital was Dkr33bn. The economic capital requirement was therefore Dkr27bn lower than the available equity capital at the end of 2003.

Year-end economic capital is specified by risk category in the next table. The fall in economic capital is attributable to lower credit risk, primarily as a result of a relative increase in exposures with lower risk, and to a lower market risk. Operational risk was reduced primarily as a result of the restructuring of investment banking activities at the beginning of 2003. The fall in insurance risk is attributable to the return on investments in 2003, which increased the collective bonus potential.

The future Basel II rules govern banking risks only. Draft rules for computation of capital requirements for insurance activities are not available yet. However, the Basel II draft provides that the

ECONOMIC CAPITAL (DKr bn)	2003	2002
Credit risk	17	20
Market risk	2	4
Operational risk	10	11
Insurance risk	4	5
Total	33	40

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

capital requirement for insurance subsidiaries must correspond to the investments made.

Danske Bank's investments in Danica Pension amount to Dkr13bn, and the insurance subsidiary's solvency margin is Dkr7bn.

In 2003, the Group generated a risk-adjusted return of 33% on calculated average economic capital of Dkr37bn, compared with 25% in 2002. The higher return was attributable to lower economic capital and increased earnings in Danske Markets and Investment portfolios in particular.

Credit risk

Danske Bank aims to build long-term relationships with its customers. To do so, the Bank must always be able to offer competitive financial solutions. On the other hand, it must also identify any adverse developments in customers' financial conditions early enough to take the action necessary to head off future losses in a dialogue with

the customer. Consequently, when extending and monitoring credits, the Bank makes detailed assessments of individual customers and their financial positions.

Credit exposures are monitored centrally through the Bank's credit system. Data on the size and utilisation of all types of loans and commitments are registered in the credit system, as is information on the estimated realisation value of any security for exposures after deduction of the estimated cost of realising such value.

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

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

Rating and credit scoring

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

The rating procedure is designed to ensure that the rating assigned to a customer is unbiased.

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

The ability of the rating and credit score systems to grade customers according to risk and to predict defaults is regularly reviewed. At the latest review, the following probability of default (PD) threshold values were determined:

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

Rating categories 1 to 4 correspond largely to the investment-grade level of external rating agencies, whereas rating categories 5 and 6 are sub-investment grade level, although with an acceptable credit risk. Many small business customers are placed at this level. The rating categories 7 to 10 apply to customers placed on a watch list, which means that these customer relationships are



monitored particularly closely. The rating categories 9 and 10 apply to doubtful and non-performing exposures.

Provisions

Customers that show signs of credit weakness are put on a watch list, which corresponds to the four lowest grades on the rating scale. According to current Danish practice, the Group units set aside the necessary provisions for each individual exposure placed on a watch list. The provisions also include provisions on exposures with a probability of default of somewhat below 50%, including exposures where the customer is not in default.

Customer exposures that are placed on a watch list are monitored more closely than other exposures. If relevant, the Bank assigns credit employees who are experienced in handling facilities placed on a watch list to these exposures. The Bank's risk on exposures placed on a watch list is assessed each quarter for the purpose of identifying any need to adjust provisions. Moreover, when exposures are placed on a watch list, the size of credits that can be extended without central approval is reduced. Provisioning is based on an appraisal of risk exposure, including an assessment of the customers' future financial position. Provisions for retail and business customers in Denmark with exposures up to Dkr500,000 are made on a portfolio basis in accordance with historical loss experience.

Management of the credit portfolio

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

Risk mitigation

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

Finally, the Bank participates in the Continuous Linked Settlement co-operation (CLS) aimed at reducing the level of settlement risk.

The environment

Danske Bank takes the protection of the environment into consideration when assessing corporate credits. Before approving a credit, the Bank will normally ask the customer to state in writing that it is ready to comply with any legal and regulatory environmental standards.

Danske Bank has incorporated environmental considerations into its credit procedures to ensure that it takes account of national and international requirements regarding the impact of companies on the environment.

Credit risk at year-end 2003

The table Industry breakdown (I) shows the Group's credit exposure at December 31, 2003, and December 31, 2002, broken down by industry and product.

The table distinguishes between exposures to credit institutions, which appear at the bottom of the table, and exposures to other customers, which are generally classified according to the Global Industry Classification Standard (GICS). Loans and advances corresponds to the item of the same name on the Group balance sheet.

Guarantees, etc. includes guarantees, credit commitments and the like. Credit commitments for a period of less than one year amounted to DKr123bn at December 31, 2003, and DKr111bn at December 31, 2002.

Derivatives are stated at their positive net present value and take any netting agreements into account.

The Group's total exposure rose from DKr1,470bn in 2002 to DKr1,520bn in 2003, or 3%. Exposures to retail customers rose by DKr36bn, half of which relates to mortgage loans in Denmark. Corporate exposures expanded by DKr45bn, primarily because of repo transactions with international financial enterprises, insurance companies and the like. Loans and other exposures to a number of sectors showed a fall as a result of limited investment activity.

INDUSTRY BREAKDOWN (I) (DKr m)	Loans and advances		Guarantees, etc.		Derivatives		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
Retail customers	452,818	417,617	7,060	6,032	85	67	459,963	423,716
Rental housing companies, etc.	113,747	111,037	494	1,410	66	89	114,307	112,536
Government	27,438	25,117	9,803	7,482	1,392	183	38,633	32,782
Financials	213,052	169,665	122,220	128,715	4,592	6,757	339,864	305,137
Energy	2,531	2,713	4,623	4,928	180	199	7,334	7,840
Materials	16,812	17,989	13,779	10,075	376	365	30,967	28,429
Industrials	68,083	78,654	33,428	37,941	797	1,411	102,308	118,006
Consumer discretionary and consumer staples	105,192	104,589	30,157	28,256	827	798	136,176	133,643
Health care	7,149	5,522	4,240	2,673	34	27	11,423	8,222
Information technology	3,102	3,681	2,706	2,552	30	78	5,838	6,311
Telecommunications	2,969	5,552	9,080	10,606	163	154	12,212	16,312
Utilities	7,725	6,210	24,386	10,826	291	313	32,402	17,349
Total	1,020,618	948,346	261,976	251,496	8,833	10,441	1,291,427	1,210,283
Credit institutions	166,117	199,620	46,442	36,993	16,421	22,875	228,980	259,488
Total exposure	1,186,735	1,147,966	308,418	288,489	25,254	33,316	1,520,407	1,469,771

The table shows credit exposures to the individual industries, excluding mortgage loans. The largest individual industries are credit institutions and diversified financials, which mainly include financing companies, consumer finance companies and unit trusts. Disregarding the financial industry, the largest individual industry is real property, which accounted for 3% of the total credit exposure at the end of 2003.

LARGEST INDIVIDUAL INDUSTRIES (DKr m)	Total credit exposure	
	2003	2002
Credit institutions	227,906	259,478
Diversified financials	236,086	212,964
Real property	45,729	50,532
Insurance	27,921	18,423
Food products	24,389	24,181
Machinery	19,462	16,658
Electricity	18,392	13,579
Shipping	16,034	12,511
Business service	12,970	9,603
Paper and forest products	11,751	10,696

The table below shows the geographical breakdown of the Group's credit exposure.

The credit exposure is broken down by country according to the customers' country of residence.

The geographical presentation of the Group's credit exposure has been expanded to include exposures with credit institutions and others as well as derivatives and credit commitments.

The Group's total exposure to non-financial customers in Denmark rose from 74% to 76% in 2003, primarily as a result of an increase in mortgage loans and a fall in exchange rates that reduced foreign currency exposure. Repo transactions with UK and North American financial institutions rose.

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

17450.33	-182.34	-1.11
278.59	-0.87	-0.31
6591.30	+27.60	+0.42
6580.09	-34.93	-0.53
7285.17	-54.05	-0.74
10793.80	-113.70	-1.06

BREAKDOWN OF RATINGS (DKr m)						
Rating category	Financial	Non-financial	2003 Total	Financial	Non-financial	2002 Total
1	94,084	5,267	99,351	104,404	2,075	106,479
2	175,798	46,584	222,382	170,476	39,385	209,861
3	99,173	201,250	300,423	84,634	165,087	249,721
4	114,735	368,491	483,226	123,690	355,025	478,715
5	54,921	111,776	166,697	35,626	107,022	142,648
6	23,913	136,653	160,566	38,590	146,784	185,374
7	4,622	64,070	68,692	3,573	69,528	73,101
8	1,380	14,423	15,803	3,178	16,588	19,766
9	152	2,094	2,246	400	2,556	2,956
10	66	955	1,021	54	1,096	1,150
Total	568,844	951,563	1,520,407	564,625	905,146	1,469,771
Including						
Investment grade	483,790	621,592	1,105,382	483,204	561,572	1,044,776
Sub-investment grade	85,054	329,971	415,025	81,421	343,574	424,995

The table Breakdown of ratings shows the Group's credit exposure at December 31, 2003, broken down by rating category.

The Group's total investment-grade exposures rose by DKr61bn, whereas other exposures were reduced by DKr10bn. Mortgage loans of DKr498bn fall mainly in rating categories 3 to 6 and were the main reason for the increase in non-financial customers. The Group's credit exposure (loans, advances, guarantees and the like less provisions) in rating categories 9 and 10 was reduced from DKr4bn to DKr3bn.

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

The table Industry breakdown (II) shows, at December 31, 2003, the Group's total credit exposure, doubtful exposures (customers with the second-lowest rating), non-performing exposures (customers with the lowest rating) and realised losses and provisions at the end of 2003.

Realised losses for the year are losses written off against the profit and loss account and the use, during the year, of provisions made in prior years. Realised losses fell from DKr2.7bn in 2002 to DKr2.2bn in 2003. Write-offs on exposures covered by portfolio provisions accounted for DKr400m of realised losses in 2003, the same amount as in 2002.

DOUBTFUL AND NON-PERFORMING CREDIT EXPOSURES (DKr m)	Doubtful credit exposure	Non-performing credit exposure	2003 Total	2002 Total
Credit exposure before deduction of provisions	5,402	4,180	9,582	9,706
Provisions made	3,156	3,158	6,314	5,600
Credit exposure after deduction of provisions	2,246	1,021	3,267	4,106
Value of collateral	2,032	803	2,835	3,497
Non-accrual exposures	1,616	2,369	3,985	4,116

The table above shows a more detailed breakdown of doubtful and non-performing credit exposures at December 31, 2003.

The total credit exposure before provisions on doubtful and non-performing exposures amounted to DKr9.6bn, largely unchanged from 2002. Calculated after the deduction of provisions, credit exposure fell from DKr4.1bn in 2002 to DKr3.3bn in 2003. To set off the risk, the Group had received collateral worth a total amount of DKr2.8bn at the end of 2003. The value of the collateral is based on a conservative calculation and does not account for expected dividends at the closing of the exposure and other factors.

The total value of non-accrual exposures was DKr4bn, almost the same as at the end of 2002.

According to long practice, the Bank often makes provisions although a customer has not defaulted on its facility. This provisioning practice means that a fairly large number of provisions are reversed when it later proves that uncertainty about a customer's ability to pay was unfounded.

The table below shows changes in accumulated provisions.

ACCUMULATED PROVISIONS (I) (DKr m)	2003	2002
Beginning of year	13,166	14,082
+ New or increased provisions	4,459	3,560
- Reversed provisions	3,032	2,737
- Used for write-offs	1,577	1,727
+/- Exchange rate adjustments	-331	-67
+/- Other additions or disposals	5	55
Year-end	12,690	13,166
- Portion attributable to correspondent banks, etc.	279	326

Provisions are also used when a loss is finally realised, for instance when a bankruptcy estate is concluded and when it is not realistic to expect that a provision will be reversed.

In accordance with current Danish provisioning regulations, about 50% of the individual provisions are made on exposures with a category 8 rating, which have an average probability of default (PD) of 6.268%.

Provisions for rating category 8 were reduced from DKr7.6bn in 2002 to DKr6.4bn in 2003.

Provisions for rating category 9 were increased from DKr1.8bn in 2002 to DKr3.2bn in 2003. The changes reflect changes in the individual exposures and their classifications.

ACCUMULATED PROVISIONS (II)		
(DKr m)	2003	2002
Rating category	Total provisions	Total provisions
1	-	-
2	-	-
3	-	-
4	-	-
5	-	-
6	-	-
7	-	-
8	6,376	7,566
9	3,156	1,771
10	3,158	3,829
Total provisions	12,690	13,166

The Group's mortgage loans in Denmark amounted to DKr498bn at the end of 2003. The loans are broken down by property category in the table.

Mortgage loans are secured on the borrowers' properties. The credit risk inherent in mortgage loans is very low, as can be seen from average loan-to-value ratios. These ratios have been calculated according to estimated market values of individual mortgages. The estimates reflect, among other things, the actual sales prices of

comparable properties and the general trend in sales prices in the districts in question. The percentage of arrears remained low in 2003.

In 2003, the loan-to-value ratio of the loan portfolio was affected by rising bond prices and strong loan activity with many supplementary loans. Despite this, the loan-to-value ratio was unchanged in 2003, when property values saw only a slight rise. More than 65% of the loan portfolio is secured by mortgages within 40% of the property value, and almost 90% of loans are secured by mortgages within 60% of the property value.

Market risk

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

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

MORTGAGE LOANS (DKr m)	Outstanding debt		Loan-to-value ratio		Percentage of arrears*	
	2003	2002	2003	2002	2003	2002
Private	307,311	290,590	62	62	0.15	0.17
Urban trade	60,809	55,691	51	51	0.29	0.29
Agriculture	25,754	23,319	48	47	0.24	0.52
Residential rental property	103,959	99,598	68	70	0.07	0.10
Total	497,833	469,198	61	61	0.17	0.20

* The percentage of arrears shows the proportion of payments due at the September payment date that remains outstanding after 3½ months.



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

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

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

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

Earnings at the Bank's non-Danish units are generated in local currency and translated into Danish kroner for the presentation of the accounts. To ensure that foreign exchange movements do not affect earnings, the Group constantly assesses the need to hedge the budgeted earnings of its non-Danish units after provisions and

the expected payment of local tax for the accounting year. Foreign exchange hedges are adjusted if the earnings expectations change.

Interest rate risk

Interest rate risk expresses the expected loss on fixed-income positions from a general increase in interest rates of 1 percentage point. Unlike the statement prepared for the Danish Financial Supervisory Authority, the internal calculation includes the interest rate risk in Danica Pension's proprietary investment portfolios.

Floor risk

Floor risk is the interest rate risk on deposits, loans and advances whose interest rates depend on the leading rates of central banks. Floor risk is defined as the effect on net interest income over a 12-month period if interest rates fall by 1 percentage point. Floor risk affects earnings from the Group's banking activities in Denmark primarily, but to some extent also earnings from banking activities in Sweden and Norway.

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



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

Liquidity risk

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

When managing its liquidity, Danske Bank consolidates the balance sheets of banking-related subsidiaries and takes run-off transactions into account. For the large subsidiaries, Realkredit Danmark and Danica Pension, liquidity management does not entail balance sheet consolidation, nor are run-off transactions in these units included. This principle is a consequence of the fact that the positive liquidity generated by Realkredit Danmark and Danica Pension is not fully available to the Bank because of investment regulations and other factors.

Long-term liquidity management covers the Group's subsidiaries because the shareholders' equity of the subsidiaries is considered a long-term investment.

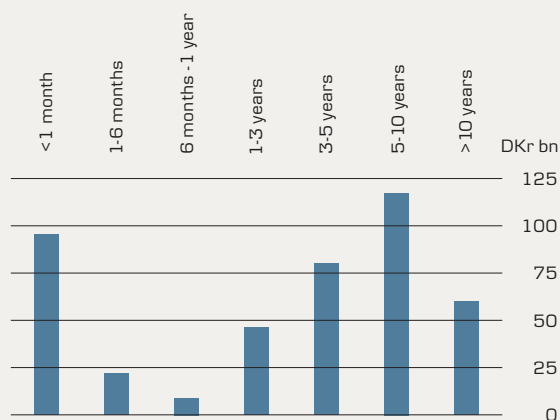
The Bank's liquidity limits define the short-term management of Danish krone and foreign currency liquidity on the basis of a GAP analysis of the

Bank's liquidity. The basis for the analysis is the Bank's registration of known future receipts and payments from transactions already entered into. The estimated effect of expected changes in the government's payments on the Bank's Danish krone liquidity is also incorporated.

The purpose of liquidity limits is to ensure that the Bank always holds a liquidity buffer, both in Danish kroner and in foreign currency. In the short term, the liquidity buffer must be able to absorb the run-off from transactions entered into and expected changes in the Bank's liquidity. The calculation includes committed repo facilities that enable the Bank to convert Danish krone liquidity to foreign currency liquidity.

The Bank's long-term liquidity management is based on a similar GAP analysis (see the chart below, which shows that the Bank's liquidity is positive in all periods). The GAP report is based

Maturities end-2003

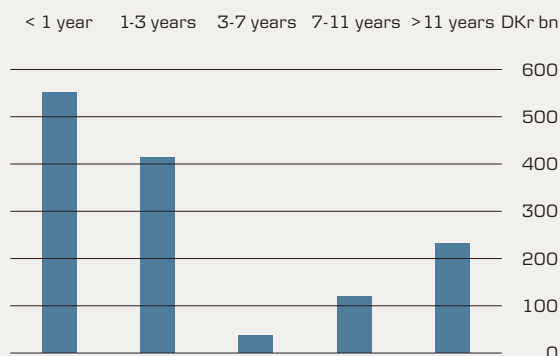


MARKET RISK (DKr m)	End-2003	End-2002
Interest rate risk	1,356	1,053
Listed shares	949	2,396
Unlisted shares	3,367	3,669
Exchange rate indicator 2	72	49

on a breakdown of the Bank's assets, liabilities and off-balance-sheet positions by maturity on the basis of the contractual maturities of the individual instruments. The report takes into account that some balance sheet items in fact have maturities that deviate materially from the contractual maturities.

GAP analyses are part of the Bank's long-term monitoring of its structural refinancing requirement. Consequently, scenarios are examined that take into account additional drawings on the Bank's committed facilities and a deterioration in the liquidity effects of customer deposits and loans.

Interest rate risk by maturity



Market risk at year-end 2003

The table shows the Danske Bank Group's market risk at the end of 2003 calculated according to conventional risk measures.

Danske Bank reduced its holdings of listed shares over the year from DKr2.4bn to DKr900m. The holdings of unlisted shares were reduced as a result of the sale of shares in PBS Holding A/S and PBS International Holding A/S, among other things.

Currency exposure, which is measured in Danish kroner, was limited in 2003. Calculated according to foreign exchange indicator 2 of the Danish Financial Supervisory Authority, the currency risk was DKr72m at the end of the year.

The breakdown of interest rate risk by maturity is calculated at year-end on the basis of a 100bp change in interest rates. Redistributions of maturities have taken place over the year.

At the end of the year, the floor risk for total banking activities was calculated at DKr490m. During the first part of the year, the floor risk was hedged by a short-term fixed-income position. The risk will not be hedged again until warranted by the Bank's market expectations. The result of the hedge, which amounted to DKr286m, is included in the Bank's earnings from investment portfolios.

Value at Risk

In addition to the conventional risk measures, the market risk on the Group's positions is calculated on an ongoing basis by means of Value at Risk.

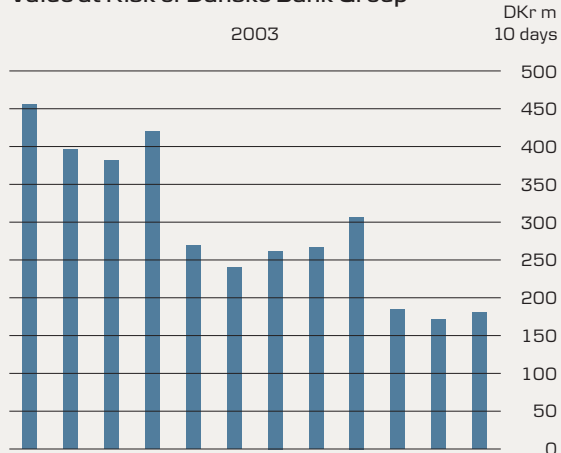
Value at Risk is a statistical risk measure of the maximum potential loss on the Group's holdings in a given period with a certain probability.

The chart shows the total market risk in 2003 calculated as the monthly average levels of Value at Risk for a period of 10 days with a probability of 99%.

The highest Value at Risk in 2003 was Dkr532m and the lowest was Dkr164m.

The average breakdown of Value at Risk was 53% on fixed-income positions and 43% on equity positions, while the currency contribution was insignificant.

Value at Risk of Danske Bank Group



VAR BY RISK CATEGORY (%)	2003	2002
Interest rate risk	53	55
Equity risk	43	41
Currency risk	4	4

Operational risk

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

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

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

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

to errors and the like must be kept to a minimum by putting allocated resources to the best possible use and by employing clear and well-documented procedures and IT systems.

The use of a joint IT platform is cost-effective and enables the application of uniform procedures for control and business management that reduce operational risk. However, a joint IT platform increases the Group's vulnerability to major external factors. To eliminate this vulnerability, the Group's disaster preparedness was upgraded in 2003 by the introduction of instant mirroring of all important data in two geographically separate centres. The Bank's systems can therefore continue to work even if one centre is hit by hardware error, power failure or other problems. In the event of serious operating failure caused by software error, the Group will be able to run critical systems in an availability centre. The Group's intention is to continually extend its systems by implementing automatic mirroring and other measures.

In 2004, the Group will continue to focus on steadily increasing operational reliability to ensure that it avoids IT breakdowns of the magnitude experienced in March 2003.

Danske Bank's calculation of economic capital covers two types of operational risk.

Business risk represents the uncertainty of net income that is caused by external factors and cannot be ascribed directly to credit or market risk. The new capital adequacy rules are not expected

to include explicit capital requirements for this type of operational risk.

The other type of operational risk, event risk, is risk that can be attributed to specific, single events, such as bank robberies. The Bank calculates its exposure to such events using data covering at least a ten-year period and applies a number of other internal controls, including audit controls.

The Group has taken out insurance on the basis of these historical loss data and other factors to cover any major operational losses. No payouts were received under these policies in 2003.

Insurance risk

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

The most important factor in assessing the Group's insurance risk is market risk and especially the relation between investment assets and life insurance commitments. The Group continually monitors these risks and has set limits for maximum market and interest rate risks. The target for equity risk is that the collective bonus potential must be able to withstand a fall in equity prices of 30% at all times.

Insurance obligations are hedged by bonds and derivatives. Danica Pension is hedged against additional falls in interest rates of 2.5 percentage points, corresponding to a 50% fall in long yields. Danica Pension is also partly hedged against increases in interest rates.

As part of its ongoing monitoring of insurance risk, the Group monitors Danica Pension in relation to the so-called red and yellow card reporting of the Danish Financial Supervisory Authority. This reporting concerns risk disclosure regarding capital and the equity, interest rate, exchange rate and property sensitivity in specific scenarios. The Danica Pension group continued to fulfil the reporting requirements. This means that Danica Pension can withstand a negative market trend, including the simultaneous occurrence of a fall in equity prices of 30%, a change in interest rates of 1 percentage point and a 12% fall in property values.

Capital management

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

In future, Danske Bank's capital management will pursue the following general objectives:

- Core (tier 1) capital ratio (including hybrid capital) of about 7.0%
- Payout ratio of about 50%

The target for the core (tier 1) capital ratio has been changed from 6.5% in 2002 to about 7.0%, with hybrid capital expected to account for about 0.5 of a percentage point.

The target for the dividend payout ratio has been changed from about 40% to about 50%.

The legal basis for the introduction of hybrid capital was adopted in 2003. Danske Bank expects to issue hybrid capital in the first half of 2004, after the expected tax rules have been introduced.

Hybrid capital ranks below supplementary capital and is part of core capital.

The possibility of including hybrid capital in core capital enables the Group to optimise the use of its capital base and thus the return on equity. In addition, it becomes possible to hedge the solvency-related foreign currency risks of the Group's international units with core capital, among other things. Until now this risk has been covered solely by supplementary capital. At the end of 2003, risk-weighted assets in foreign currency accounted for 41% of the total risk-weighted assets of the Danske Bank Group.



TOTAL DISTRIBUTION (DKr m)	2003	2002	2001	2000	Total
Dividends	4,661	3,477	3,477	3,382	14,997
Share buybacks	5,000	3,000	-	4,999	12,999
Total	9,661	6,477	3,477	8,381	27,996
Net profit for the year	9,286	8,242	8,713	6,304	32,545
Total as % of the net profit for the year	104%	79%	40%	133%	86%

The Group plans to replace conventional supplementary capital with hybrid capital and thus will not increase the subordinated capital.

SUPPLEMENTARY CAPITAL BY CURRENCY (DKr m)	End-2003	End-2002
DKK	75	175
USD	8,341	13,456
GBP	5,819	3,990
NOK	2,007	-
EUR	16,750	12,992
JPY	557	597
Total	33,549	31,210

Allocation and distribution

Another important element in capital management is a target stipulating that each business area must generate a return that, as a minimum, corresponds to the Group's cost of equity capital and that capital is, to the widest possible extent, allocated to those areas that achieve the highest return relative to their risk profiles.

Taking into account the Group's overall aim to maintain a cautious risk profile, excess capital will be distributed to the shareholders through either dividends or share buybacks.

Against that background, for 2003 Danske Bank is distributing DKr9,661m in the form of dividends and share buybacks. The distribution should be seen in light of the Bank's good earnings and its risk profile, which is currently considered satisfactory.



RATINGS FOR DANSKE BANK GROUP	Moody's	Standard & Poor's	FITCH IBCA
Short-term	P-1	A-1+	F1+
Long-term	Aa2	AA-	AA-
Bonds issued by Realkredit Danmark	Aaa	AAA	-
Danica Pension (Insurer Financial Strength)	-	AA-	-

Ratings

Danske Bank's risk profile is assessed on an ongoing basis by international rating agencies. The Danske Bank Group maintained its external ratings in 2003. Realkredit Danmark's bonds were awarded an AAA rating by the international rating agency Standard & Poor's, which also upgraded Danica Pension to AA-. The ratings are based on the Group's ability to maintain the level of its earnings and the low level of loss provisions despite persistently low interest rates and slack economic growth, among other things.

The external ratings are important for the Group's funding costs. Good ratings make it easier and cheaper to raise capital and obtain liquidity on the capital markets.

The ratings of the Danske Bank Group are determined by a number of factors which the rating agencies consider important in their ongoing analyses. Factors of particular importance are the Group's credit quality and the resultant low level of loss provisions. The Group's strong market position, its earnings level and cost efficiency are also considered important. Finally, the Group's capital base is of course of material importance in the determination of ratings.

Signatures

The Board of Directors and the Executive Board have today reviewed and approved the Annual Report of Danske Bank A/S for the financial year 2003.

The Annual Report has been presented in accordance with Danish statutory provisions and the Copenhagen Stock Exchange guidelines for the presentation of accounts by listed companies.

In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's assets and liabilities, shareholders' equity, financial position, net profit and cash flows.

The Annual Report will be submitted to the general meeting for approval.

Copenhagen, February 5, 2004

EXECUTIVE BOARD

Peter Straarup
Chairman

Jakob Brogaard
Deputy Chairman

BOARD OF DIRECTORS

Alf Duch-Pedersen
Chairman

Jørgen Nue Møller
Vice Chairman

Eivind Kolding
Vice Chairman

Poul Christiansen

Henning Christophersen

Hans Hansen

Niels Eilschou Holm

Peter Højland

Niels Chr. Nielsen

Sten Scheibye

Majken Schultz

Claus Vastrup

Birgit Aagaard-Svendsen

Tove Abildgaard

Helle Brøndum

Bolette Holmgaard

Peter Michaelsen

Pia Bo Pedersen

Verner Usbeck

Solveig Ørteby

Audit reports

Internal audit

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

Basis of opinion

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

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

Our audit has not resulted in any qualification.

Opinion

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

Copenhagen, February 5, 2004

Jens Peter Thomassen
Group Chief Auditor

Erik Fosgrau
Deputy Group Chief Auditor

External audit

To the shareholders of Danske Bank A/S

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

Basis of opinion

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

Our audit has not resulted in any qualification.

Opinion

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

Copenhagen, February 5, 2004

Grant Thornton
Statsautoriseret Revisionsaktieselskab

KPMG C.Jespersen
Statsautoriseret Revisionsinteressentskab

Svend Ørjan Jensen
State Authorised Public Accountants

Erik Stener Jørgensen

Arne Sivertsen

Birger Kjerri Hansen
State Authorised Public Accountants

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Accounting policies

General

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

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

Unlisted securities

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

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

Intangible assets

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

Leasehold improvements

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

Effects of the changes

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

Principles of consolidation

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

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

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

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

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

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

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

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

Translation of foreign currency

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

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

Income recognition

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

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

Loans and advances, guarantees, and amounts due from credit institutions and central banks

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

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

The value adjustment of fixed-rate loans and amounts due to the Bank is incorporated in the profit and loss

account under "Securities and foreign exchange income".

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

Repo and reverse repo transactions

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

Lease assets

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

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

Securities (current investments)

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

Unlisted securities are recognised at their estimated fair value.

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

Holdings in associated undertakings

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

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

Holdings in subsidiary undertakings

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

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

Intangible assets

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

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

Tangible assets

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

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

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

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

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

Own shares

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

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

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

Derivatives

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

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

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

Tax

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

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

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

Issued bonds

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

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

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

Deferred tax

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

Pension commitments

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

Dividend

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

Share-based incentive programmes

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

The Group's obligations are secured by its holding of own shares, which are valued at their fair value. Value

adjustment of own shares is also included in earnings from investment portfolios.

Off-balance-sheet items

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

Cash flow statement

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

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

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

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

Intra-group trading

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

Segmental reporting

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

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

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

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

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

Differences between these accounting policies and Danish accounting standards

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

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

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

Implementation of the International Financial Reporting Standards (IFRS)

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

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

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

Profit and loss account for Danske Bank Group

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

Balance sheet for Danske Bank Group

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

Profit and loss account for Danske Bank

Note	(DKr m)	2003	2002
2	Interest income	33,948	37,343
3	Interest expense	19,716	23,843
	Net interest income	14,232	13,500
	Dividends from shares	218	196
4	Fee and commission income	6,691	6,351
	Fees and commissions paid	1,214	1,053
	Net interest and fee income	19,927	18,994
5	Securities and foreign exchange income	-439	165
6	Other operating income	909	871
7-9	Staff costs and administrative expenses	11,420	11,547
10, 19	Amortisation, depreciation and write-downs	439	508
	Other operating expenses	10	27
	Provisions for bad and doubtful debts	1,430	1,312
11	Income from associated and subsidiary undertakings	5,938	4,528
	Profit before tax	13,036	11,164
12	Tax	3,750	2,922
	Net profit for the year	9,286	8,242
PROPOSAL FOR ALLOCATION OF PROFITS			
	Net profit for the year	9,286	8,242
	Brought forward from prior years	-	-
	Total amount to be allocated	9,286	8,242
	Dividends	4,661	3,477
	Transferred to reserve according to the equity method	3,852	-
	Transferred to equity	773	4,765
	Total allocation	9,286	8,242

Balance sheet for Danske Bank

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

Capital

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

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

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

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

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

Cash flow statement for Danske Bank Group

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

Credit risk

LOANS, ADVANCES AND GUARANTEES BY SECTOR AND INDUSTRY	DANSKE BANK GROUP				DANSKE BANK			
	2003		2002*		2003		2002*	
	(DKr m)	(%)	(DKr m)	(%)	(DKr m)	(%)	(DKr m)	(%)
Public sector	20,896	1.9	18,126	1.8	18,282	3.0	15,958	2.7
Corporate sector:								
Agriculture, hunting and forestry	34,976	3.2	34,539	3.3	6,908	1.1	8,871	1.5
Fisheries	1,641	0.1	1,954	0.2	713	0.1	845	0.1
Manufacturing industries, extraction of raw materials, utilities	85,831	7.8	88,428	8.6	67,267	10.8	76,799	12.8
Building and construction	12,837	1.2	12,054	1.2	10,814	1.8	10,441	1.7
Trade, hotels and restaurants	52,349	4.7	52,971	5.1	38,174	6.1	40,237	6.7
Transport, mail and telephone	28,778	2.6	31,003	3.0	21,091	3.4	25,141	4.2
Credit, finance and insurance	201,423	18.3	161,909	15.7	298,271	47.9	262,803	43.8
Property administration, purchase and sale, and business services	190,130	17.3	196,657	19.0	49,374	7.9	61,103	10.2
Other	12,683	1.2	12,770	1.2	5,551	0.9	6,537	1.1
Total corporate sector	620,648	56.4	592,285	57.3	498,163	80.0	492,777	82.1
Retail customers	459,039	41.7	423,292	40.9	105,829	17.0	91,013	15.2
Total	1,100,583	100.0	1,033,703	100.0	622,274	100.0	599,748	100.0
Accumulated provisions								
Provisions at December 31 against loans, advances and guarantees	12,397		12,819		10,514		10,469	
Provisions at December 31 against amounts due from credit institutions and other items involving a credit risk	293		347		284		338	
Total accumulated provisions	12,690		13,166		10,798		10,807	
Accumulated provisions at December 31 for loans, advances and guarantees as a percentage of loans, advances and guarantees	1.1		1.2		1.7		1.7	
Non-accrual loans and advances to customers and non-accrual amounts due from credit institutions at December 31	3,985		4,116		3,375		3,118	
* Comparative figures for 2002 have been restated.								
SUBORDINATED CLAIMS (DKr m)								
Subsidiary undertakings								
Credit institutions	-		-		700		700	
Bonds	-		-		959		1,137	
Other undertakings								
Loans and advances	297		200		297		200	
Bonds	183		309		183		309	

Liquidity risk

LOANS AND DEPOSITS, ETC., BY TIME TO MATURITY (DKr m)	DANSKE BANK GROUP		DANSKE BANK	
	2003	2002	2003	2002
Due from credit institutions and deposits with central banks				
On demand	15,253	19,663	16,267	21,070
3 months and below	138,307	139,869	149,342	175,182
3 months to 1 year	2,012	23,281	12,081	31,298
1 year to 5 years	4,793	11,469	23,488	16,237
Over 5 years	5,752	5,338	9,559	5,868
Total	166,117	199,620	210,737	249,655
Loans and advances*				
On demand	16,104	28,179	15,353	30,370
3 months and below	222,020	167,891	199,716	149,004
3 months to 1 year	104,509	99,143	76,784	74,609
1 year to 5 years	172,192	171,285	76,094	79,973
Over 5 years	505,793	481,848	74,481	70,431
Total	1,020,618	948,346	442,428	404,387
Due to credit institutions and central banks				
On demand	25,732	45,999	36,165	53,953
3 months and below	253,652	244,622	260,884	253,259
3 months to 1 year	18,516	27,432	19,187	27,435
1 year to 5 years	1,309	1,178	1,308	1,143
Over 5 years	671	342	671	347
Total	299,880	319,573	318,215	336,137
Deposits				
On demand	212,944	214,516	187,535	186,742
3 months and below	220,608	170,518	217,515	165,459
3 months to 1 year	11,293	4,667	10,655	4,470
1 year to 5 years	10,878	12,649	10,867	12,592
Over 5 years	28,161	25,590	28,028	25,449
Total	483,884	427,940	454,600	394,712
Issued bonds, etc.				
3 months and below	197,770	179,806	94,992	87,642
3 months to 1 year	116,304	86,347	43,232	30,953
1 year to 5 years	255,682	199,937	17,945	6,216
Over 5 years	195,591	233,655	1,232	626
Total	765,347	699,745	157,401	125,437

* Comparative figures have been restated

Market risk

(DKr m)	DANSKE BANK GROUP		DANSKE BANK	
	2003	2002	2003	2002
Outstanding amounts in foreign currency				
Total assets in foreign currency	702,614	663,766	629,889	596,040
Total liabilities and equity in foreign currency	784,761	712,126	711,232	644,596
Exchange rate indicator 1	4,891	2,614	4,845	2,197
Exchange rate indicator 1 as percentage of core capital less statutory deductions	8.33	4.46	8.17	3.70
Indicator 1 represents the sum of the Group's long currency positions or short currency positions, whichever is larger.				
Exchange rate indicator 2	73.89	49.23	62.65	42.57
Exchange rate indicator 2 as percentage of core capital less statutory deductions	0.13	0.08	0.11	0.07
Indicator 2 is a more accurate measure of the Group's exchange rate risk than indicator 1 because indicator 2 takes into account the volatility and covariance of the currencies. Thus, indicator 2 represents, with a 99% probability, the maximum amount that the Group risks losing in the course of the following 10 days, provided that the currency position remains unchanged.				
Interest rate risk				
Interest rate risk broken down by currency:				
DKK	2,318	1,329	2,134	1,333
EUR	-858	-732	-850	-739
USD	-159	159	-160	157
SEK	126	29	125	29
Other	82	142	71	137
Total	1,509	927	1,320	917

The Danske Bank Group's total interest rate sensitivity - as measured in accordance with the guidelines laid down by the Danish Financial Supervisory Authority - was DKr1,509m at the end of 2003, or 2.6% of the Group's core capital less statutory deductions. Interest rate sensitivity represents the interest rate risk on short-term and long-term fixed-rate krone and foreign currency assets and liabilities, including mortgages.

In 2002, the Danske Bank Group's interest rate sensitivity was DKr927m, or 1.6% of the Group's core capital less statutory deductions.

Market risk

DERIVATIVES								
Broken down by remaining life								
Danske Bank Group (DKr m)	3 months and below		3 months to 1 year		1 year to 5 years		Over 5 years	
	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value
Currency contracts								
Forwards/futures bought	688,382	-4,621	286,959	4,573	20,838	1,136	1,250	130
Forwards/futures sold	972,218	713	370,795	-8,176	23,573	-1,270	585	-87
Swaps	13,889	2	51,103	-121	225,661	-47	126,054	-293
Options bought	26,226	919	13,727	1,263	1,119	160	-	-
Options written	18,669	-1,194	11,893	-1,461	601	-495	-	-
Interest rate contracts								
Forwards/futures bought	228,436	557	27,512	80	24,160	10	-	-
Forwards/futures sold	239,092	-698	196,406	-150	137,201	-91	-	-
FRAs bought	823,259	-732	880,017	-889	154,615	-47	-	-
FRAs sold	856,752	750	1,062,636	965	232,844	73	-	-
Swaps	646,204	-4	738,824	54	1,538,761	-426	666,959	1,550
Options bought	35,422	121	28,704	185	105,487	1,154	24,751	529
Options written	26,258	-95	22,564	-163	84,955	-938	23,718	-404
Equity contracts								
Forwards/futures bought	27	19	1	-	-	-	-	-
Forwards/futures sold	40	-30	1	-1	8	-20	-	-
Options bought	88	28	5	8	-	-	-	-
Options written	160	-78	1	-2	15	-29	-	-
Other contracts								
Credit derivatives	-	-	-	-	342	-4	-	-
Total								
Danske Bank Group (DKr m)	Total 2003		Total 2002		Total 2003		Total 2002	
	Notional amount	Net market value	Notional amount	Net market value	Market value		Market value	
					Positive	Negative	Positive	Negative
Currency contracts								
Forwards/futures bought	997,429	1,218	1,092,680	18,298	19,539	18,321	36,953	18,655
Forwards/futures sold	1,367,171	-8,820	847,227	-24,199	21,526	30,346	19,203	43,402
Swaps	416,707	-459	275,717	-48	1,069	1,528	1,368	1,416
Options bought	41,072	2,342	30,389	1,730	2,342	-	1,730	-
Options written	31,163	-3,150	31,587	-1,846	-	3,150	-	1,846
Interest rate contracts								
Forwards/futures bought	280,108	647	133,050	473	716	69	477	4
Forwards/futures sold	572,699	-939	86,983	-468	71	1,010	38	506
FRAs bought	1,857,891	-1,668	731,768	-2,121	54	1,722	-	2,121
FRAs sold	2,152,232	1,788	727,515	2,339	1,961	173	2,339	-
Swaps	3,590,748	1,174	3,215,572	-3,581	46,010	44,836	49,480	53,061
Options bought	194,364	1,989	96,349	866	1,989	-	866	-
Options written	157,495	-1,600	92,775	-927	-	1,600	-	927
Equity contracts								
Forwards/futures bought	28	19	890	473	19	-	477	4
Forwards/futures sold	49	-51	912	-465	1	52	16	481
Options bought	93	36	23,803	290	36	-	290	-
Options written	176	-109	31,844	-272	-	109	-	272
Other contracts								
Credit derivatives	342	-4	1,274	-23	-	4	-	23
Total		-7,587		-9,481	95,333	102,920	113,237	122,718

Market risk

DERIVATIVES								
Broken down by remaining life (cont'd)								
Danske Bank (DKr m)	3 months and below		3 months to 1 year		1 year to 5 years		Over 5 years	
	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value
Currency contracts								
Forwards/futures bought	701,252	-4,551	294,410	4,889	22,839	1,075	1,252	129
Forwards/futures sold	984,815	550	378,245	-8,126	25,574	-1,211	587	-86
Swaps	15,408	2	58,579	-121	253,380	-50	139,833	-294
Options bought	25,909	874	13,611	1,201	1,007	152	-	-
Options written	18,382	-1,150	11,777	-1,408	489	-476	-	-
Interest rate contracts								
Forwards/futures bought	227,894	557	27,512	80	24,160	10	-	-
Forwards/futures sold	239,090	-699	196,407	-150	137,201	-91	-	-
FRAs bought	822,817	-732	880,017	-888	154,615	-47	-	-
FRAs sold	856,309	749	1,062,636	965	232,844	73	-	-
Swaps	716,758	-7	820,989	75	1,717,459	-124	744,699	1,823
Options bought	35,553	121	28,167	184	103,335	1,138	23,932	509
Options written	26,127	-95	22,027	-163	82,657	-913	22,899	-383
Equity contracts								
Forwards/futures bought	25	19	1	-	-	-	-	-
Forwards/futures sold	39	-30	1	-1	8	-20	-	-
Options bought	88	28	5	8	-	-	-	-
Options written	161	-78	1	-2	15	-29	-	-
Other contracts								
Credit derivatives	-	-	-	-	342	-4	-	-

Danske Bank (DKr m)	Total 2003		Total 2002		Total 2003		Total 2002	
	Notional amount	Net market value	Notional amount	Net market value	Market value		Market value	
					Positive	Negative	Positive	Negative
Currency contracts								
Forwards/futures bought	1,019,753	1,542	1,085,343	18,146	19,982	18,439	37,158	19,012
Forwards/futures sold	1,389,221	-8,873	841,845	-23,701	21,481	30,354	19,233	42,934
Swaps	467,200	-463	278,033	-164	1,052	1,515	1,252	1,416
Options bought	40,527	2,227	30,174	1,684	2,226	-	1,684	-
Options written	30,648	-3,034	31,372	-2,009	-	3,034	-	2,009
Interest rate contracts								
Forwards/futures bought	279,566	647	44,278	82	716	69	87	5
Forwards/futures sold	572,698	-940	25,120	-335	70	1,010	38	373
FRAs bought	1,857,449	-1,667	730,579	-2,120	54	1,721	-	2,120
FRAs sold	2,151,789	1,787	723,852	2,337	1,960	173	2,337	-
Swaps	3,999,905	1,767	3,228,644	-2,333	46,215	44,448	49,696	52,029
Options bought	190,987	1,952	95,224	862	1,952	-	862	-
Options written	153,710	-1,554	91,608	-917	-	1,554	-	917
Equity contracts								
Forward/futures bought	26	19	713	473	19	-	477	4
Forward/futures sold	48	-51	735	-465	1	52	15	480
Options bought	93	36	23,797	289	36	-	289	-
Options written	177	-109	31,840	-271	-	109	-	271
Other contracts								
Credit derivatives	342	-4	1,273	-23	-	4	-	23
Total		-6,718		-8,465	95,764	102,482	113,128	121,593

Market risk

DERIVATIVES								
Danske Bank Group (DKr m)	2003		2002		2003		2002	
	Average market value		Average market value		Market value of non-guaranteed contracts		Market value of non-guaranteed contracts	
	Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative
Currency contracts								
Forwards/futures bought	19,745	18,148	23,717	19,051	19,539	18,321	36,954	18,655
Forwards/futures sold	21,382	30,431	18,549	25,754	21,526	30,347	19,203	43,401
Swaps	1,212	1,465	919	1,254	1,069	1,528	1,368	1,416
Options bought	2,296	-	1,136	-	2,343	-	1,730	-
Options written	-	2,996	-	1,178	-	3,150	-	1,846
Interest rate contracts								
Forwards/futures bought	710	68	298	35	-	-	477	5
Forwards/futures sold	70	1,000	46	273	-	-	39	505
FRAs bought	53	1,713	52	2,667	54	1,722	-	2,121
FRAs sold	1,951	172	2,742	53	1,961	76	2,339	-
Swaps	46,619	46,501	40,315	42,527	46,010	44,835	49,480	53,061
Options bought	1,979	-	775	-	1,963	-	866	-
Options written	-	1,591	-	742	-	1,565	-	927
Equity contracts								
Forwards/futures bought	454	7	673	8	-	-	477	-
Forwards/futures sold	14	543	19	733	-	-	-	477
Options bought	167	-	276	-	8	-	134	-
Options written	-	261	-	288	-	39	-	114
Credit derivatives	-	14	-	19	-	4	-	23
Total market value	96,652	104,910	89,517	94,582	94,473	101,587	113,067	122,551
Total after netting					25,254		33,316	

Danske Bank (DKr m)	2003		2002		2003		2002	
	Average market value		Average market value		Market value of non-guaranteed contracts		Market value of non-guaranteed contracts	
	Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative
Currency contracts								
Forwards/futures bought	28,427	18,633	23,815	19,228	19,982	18,439	37,158	19,012
Forwards/futures sold	20,256	36,462	18,495	25,492	21,481	30,354	19,233	42,934
Swaps	1,146	1,458	861	2,667	1,052	1,515	1,252	1,416
Options bought	1,946	-	1,114	-	2,226	-	1,684	-
Options written	-	2,509	-	1,260	-	3,034	-	2,009
Interest rate contracts								
Forwards/futures bought	713	69	44	4	-	-	87	5
Forwards/futures sold	70	1,005	21	187	-	-	38	373
FRAs bought	53	1,911	52	2,665	54	1,721	-	2,120
FRAs sold	2,138	172	2,740	53	1,960	76	2,337	-
Swaps	47,717	47,998	40,481	42,312	46,215	44,448	49,699	52,690
Options bought	1,400	-	770	-	1,927	-	862	-
Options written	-	1,229	-	736	-	1,519	-	917
Equity contracts								
Forwards/futures bought	667	4	667	5	-	-	477	-
Forwards/futures sold	11	722	11	722	-	-	-	477
Options bought	156	-	156	-	8	-	134	-
Options written	-	210	-	210	-	39	-	114
Credit derivatives	-	18	-	18	-	4	-	23
Total market value	104,700	112,400	89,227	95,559	94,905	101,149	112,961	122,090
Total after netting					25,566		33,972	

Market risk

UNSETTLED SPOT TRANSACTIONS

Danske Bank Group (DKr m)	Notional amount	Market value		Total 2003 Net market value
		Positive	Negative	
Foreign exchange contracts bought	48,015	15	19	-4
Foreign exchange contracts sold	28,465	15	53	-38
Interest rate contracts bought	110,946	72	58	14
Interest rate contracts sold	56,776	61	17	44
Equity contracts bought	1,312	15	12	3
Equity contracts sold	9,183	12	23	-11
Total	254,697	190	182	8
Total 2002		230	336	-106

Danske Bank (DKr m)	Notional amount	Market value		Total 2003 Net market value
		Positive	Negative	
Foreign exchange contracts bought	47,949	12	16	-4
Foreign exchange contracts sold	28,446	11	54	-43
Interest rate contracts bought	110,466	72	58	14
Interest rate contracts sold	56,326	61	16	45
Equity contracts bought	707	14	12	2
Equity contracts sold	703	12	16	-4
Total	244,597	182	172	10
Total 2002		226	328	-102

POSITIVE MARKET VALUE, AFTER NETTING (DKr m)	DANSKE BANK GROUP		DANSKE BANK	
	2003	2002	2003	2002
Counterparty with risk weighting of 0%	1,211	448	1,211	446
Counterparty with risk weighting of 20%	16,732	24,849	17,838	25,596
Counterparty with risk weighting of 100%	7,311	8,019	6,517	7,930
Total	25,254	33,316	25,566	33,972

Notes to the profit and loss account

Note

1	Segments 2003							Earnings from Core investment earnings	Trading income from portfolios etc.	Total *	
	(DKr m)	Banking Activities	Mortgage Finance	Danske Markets	Danica Pension	Danske Capital	Other				
	Net interest income	12,841	3,226	-	-	2	-452	15,617	920	3,728	20,265
	Dividends from shares	154	-	-	-	1	-	155	75	5	235
	Fee and commission income	5,106	186	-	-	718	-46	5,964	-24	112	6,052
	Net interest and fee income	18,101	3,412	-	-	721	-498	21,736	971	3,845	26,552
	Trading income/Securities and foreign exchange income	648	18	2,525	-	-37	83	3,237	88	-4,038	-713
	Other operating income	185	110	-	-	1	676	972	265	-	1,237
	Expenses, depreciation and amortisation	10,856	1,407	1,353	-	402	778	14,796	144	-	14,940
	Other operating expenses	13	-	-	-	-	11	24	-	-	24
	Insurance activities/Income from associated and subsidiary undertakings	-	-	-	1,004	-	-	1,004	1,389	193	2,586
	Provisions for bad and doubtful debts	-	-	-	-	-	-	1,662	-	-	1,662
	Profit before tax	8,065	2,133	1,172	1,004	283	-528	10,467	2,569	-	13,036
	Total assets (avg.)	515,586	519,491	646,127	-	1,361	5,339	1,687,904	82,175	-	1,770,079
	Risk-weighted items (avg.)	432,182	241,963	63,689	-	1,379	4,875	744,088	25,357	-	769,445
	Allocated capital (avg.)	28,092	15,728	4,140	6,910	90	317	55,276	1,648	-	56,924
	Number of full-time-equivalent staff at December 31	10,511	1,002	525	821	201	3,840	16,900	35	-	16,935
	Segments 2002										
	(DKr m)	Banking Activities	Mortgage Finance	Danske Markets	Danica Pension	Danske Capital	Other	Core investment earnings	Earnings from trading income portfolios etc.	Total *	
	Net interest income	13,715	3,054	-	-	-20	-890	15,859	881	2,283	19,023
	Dividends from shares	145	-	-	-	1	-	146	73	8	227
	Fee and commission income	5,033	175	-	-	761	-128	5,841	-26	240	6,055
	Net interest and fee income	18,893	3,229	-	-	742	-1,018	21,846	928	2,531	25,305
	Trading income/Securities and foreign exchange income	683	141	2,153	-	6	-5	2,978	433	-2,736	675
	Other operating income	173	100	-	-	1	849	1,123	103	4	1,230
	Expenses, depreciation and amortisation	11,579	1,275	1,799	-	389	413	15,455	145	-	15,600
	Other operating expenses	15	-	-	-	-	19	34	-	-	34
	Insurance activities/Income from associated and subsidiary undertakings	-	-	-	1,118	-	-	1,118	-311	201	1,008
	Provisions for bad and doubtful debts	-	-	-	-	-	-	1,420	-	-	1,420
	Profit before tax	8,155	2,195	354	1,118	360	-606	10,156	1,008	-	11,164
	Total assets (avg.)	510,148	483,837	540,557	-	2,434	5,031	1,542,007	73,360	-	1,615,367
	Risk-weighted items (avg.)	430,319	229,705	51,148	-	1,104	5,031	717,307	32,057	-	749,364
	Allocated capital (avg.)	27,971	14,931	3,325	6,311	72	327	52,937	2,084	-	55,021
	Number of full-time-equivalent staff at December 31	10,995	1,053	588	848	210	4,079	17,773	44	-	17,817

* The accounting format of the Danish Financial Supervisory Authority.

Notes to the profit and loss account

Note

1 (cont'd)	Geographical segments		Core earnings before provisions		Total assets		Total staff		
	(DKr m)	Gross income		Core earnings before provisions		Total assets		Total staff	
		2003	2002	2003	2002	2003	2002	2003	2002
Denmark	64,637	65,593	12,695	12,924	1,601,443	1,527,578	14,267	15,072	
Finland	404	555	82	-17	11,495	13,442	50	65	
Germany	299	285	113	109	7,769	5,514	36	38	
Luxembourg	1,136	1,117	119	149	29,874	31,639	106	106	
Norway	4,912	6,818	546	538	72,603	80,352	1,041	1,040	
Poland	106	85	15	27	1,977	1,276	50	47	
Sweden	5,628	6,760	701	84	197,633	139,412	1,123	1,185	
UK	4,387	4,838	906	1,011	145,739	121,292	194	193	
USA	1,685	1,939	335	321	109,096	94,255	68	71	
Eliminations	-7,693	-8,111	-3,383	-3,570	-351,495	-263,207	-	-	
Total	75,501	79,879	12,129	11,576	1,826,134	1,751,553	16,935	17,817	

Geographical segmentation is based on the location where the individual transactions are recorded. The figures for Denmark include funding costs related to investments in foreign activities.

Total gross income comprises interest income, dividends, fee and commission income, securities and foreign exchange income (net), and other operating income.

Notes to the profit and loss account

Note	(DKr m)	DANSKE BANK GROUP		DANSKE BANK	
		2003	2002	2003	2002
2	Interest income				
	Repo transactions with central banks	246	107	207	63
	Central banks	2,073	2,512	1,879	2,211
	Repo transactions with credit institutions	1,926	3,248	1,921	3,374
	Credit institutions	1,321	1,314	1,607	914
	Mortgage loans	27,230	26,698	-	-
	Repo loans	1,538	2,311	1,538	2,309
	Loans and advances	20,960	24,043	16,659	19,142
	Bonds	15,261	13,276	13,447	12,211
	Derivatives				
	Currency contracts	-2,575	-2,720	-2,482	-2,426
	Interest rate contracts	-1,023	-611	-890	-500
	Total derivatives	-3,598	-3,331	-3,372	-2,926
	Other interest income	271	179	62	45
	Total	67,228	70,357	33,948	37,343
3	Interest expense				
	Repo transactions with central banks	45	181	45	35
	Central banks	1,962	2,044	1,960	2,043
	Repo transactions with credit institutions	1,681	3,216	1,735	3,469
	Credit institutions	3,759	2,936	3,967	3,283
	Repo deposits	328	1,296	328	1,293
	Deposits	8,967	11,408	7,383	8,772
	Mortgage bonds issued	25,618	24,968	-	-
	Other bonds issued	2,848	3,534	2,700	3,327
	Subordinated debt	1,610	1,630	1,578	1,580
	Other interest expense	145	121	20	41
	Total	46,963	51,334	19,716	23,843
4	Fee and commission income				
	Guarantee commissions	513	439	708	647
	Securities and custody commissions	2,503	2,738	2,462	2,447
	Payment services	1,424	1,416	1,382	1,361
	Remortgaging and loan fees	1,819	1,381	1,187	915
	Other commissions	1,255	1,416	952	981
	Total	7,514	7,390	6,691	6,351

Notes to the profit and loss account

Note	(DKr m)	DANSKE BANK GROUP		DANSKE BANK	
		2003	2002	2003	2002
5	Securities and foreign exchange income				
	Bonds	-2,411	2,727	-2,126	2,688
	Shares	2,147	-2,943	2,093	-3,184
	Fixed-rate loans and advances	-249	157	-245	127
	Foreign exchange	39	-322	-47	-385
	Derivatives				
	Currency contracts	88	-133	89	-122
	Interest rate contracts	969	-2,140	1,093	-2,242
	Equity contracts	-568	393	-568	347
	Total derivatives	489	-1,880	614	-2,017
	Adjustment for pooled schemes	-728	2,936	-728	2,936
	Total	-713	675	-439	165
	Securities and foreign exchange income after adjustment for pooled schemes				
	Bonds	-2,290	2,072	-2,006	2,033
	Shares	591	-285	537	-526
	Fixed-rate loans and advances	-249	157	-245	127
	Foreign exchange	746	611	660	548
	Derivatives	489	-1,880	615	-2,017
	Total	-713	675	-439	165
6	Other operating income				
	Net operating income from property	388	445	303	300
	Profit on sale of associated undertakings, etc.	292	121	283	103
	Other operating income	557	664	323	468
	Total	1,237	1,230	909	871

Notes to the profit and loss account

Note	(DKr m)	DANSKE BANK GROUP		DANSKE BANK	
		2003	2002	2003	2002
7	Staff costs and administrative expenses				
	Salaries and remuneration of Executive Board and Board of Directors				
	Executive Board				
	Salary	8	10	8	10
	Bonus	3	2	3	2
	An amount of DKr7m was paid in 2003 (DKr20m in 2002) to strengthen the capital base of the pension fund which covers the Group's pension commitments to current and former members of the Executive Board of Danske Bank A/S and their dependents.				
	Board of Directors				
	Remuneration of the Board of Directors	6	6	6	6
	Remuneration for committee work	3	3	3	3
	Other remuneration	-	-	-	-
	Total	20	21	20	21
	The remuneration of the members of the Executive Board and the Board of Directors is calculated as the total remuneration of the individual members and directors for the period in office.				
	The number of members of the Board of Directors was reduced in both 2003 and 2002.				
	Agreements about compensation for a fixed term on termination of directorships have been concluded with a number of members of the Board of Directors.				
	Executive Board service contracts:				
	Pensions:				
	Members of the Executive Board may retire with a life pension at the end of the accounting year in which they attain the age of 60 and are expected to retire, at the latest, by the end of the accounting year in which they attain the age of 62. The pension benefit constitutes 50% of their remuneration on retirement. The Bank's pension commitment is paid into the pension fund which covers Danske Bank A/S's pension commitments to current and former members of the Executive Board and their dependents.				
	Termination:				
	Termination of the service contracts of the members of the Executive Board is subject to 12 months' notice by either party. In case of termination by the Bank, Peter Straarup is entitled to life pension. In case of termination by the Bank, Jakob Brogaard is entitled to 24 months' salary.				
	Staff costs				
	Salaries and remuneration of Board of Directors and Executive Board	20	21	20	21
	Salaries	7,608	7,592	6,528	6,190
	Pension costs	832	876	691	767
	Financial services employer tax, etc.	813	824	696	672
	Total	9,273	9,313	7,935	7,650
	Other administrative expenses, gross	5,512	5,944	3,819	4,145
	Expenses for administrative services from non-consolidated subsidiaries included in Other administrative expenses	-334	-248	-334	-248
	Other administrative expenses, net	5,178	5,696	3,485	3,897
	Total staff costs and administrative expenses	14,451	15,009	11,420	11,547

Notes to the profit and loss account

Note

7

(cont'd)

Equity-based incentive programme

Share options

	Number				Strike price	Market value (DKr m)	
	Executive Board	Senior staff	Other employees	Total		At issue	End of 2003
Allotted in 2001, beg.	83,335	625,565	29,525	738,425	152.89	25.5	9.4
Cancelled/added	-	-156,605	41,290	-115,315	-	-	-
Allotted in 2001, end	83,335	468,960	70,815	623,110	152.89	21.5	7.9
Allotted in 2002, beg.	112,667	1,233,466	34,667	1,380,800	140.84	47.6	27.7
Cancelled/added	-	-219,533	47,200	-172,333	-	-	-
Allotted in 2002, end	112,667	1,013,933	81,867	1,208,467	140.84	41.7	24.3
Allotted in 2003	138,600	1,313,400	12,800	1,464,800	118.50	29.5	46.7
Cancelled/added	-	-66,800	12,000	-54,800	-	-	-
Allotted in 2003, end	138,600	1,246,600	24,800	1,410,000	118.50	28.4	44.9
Specification of share options allotted to the Executive Board							
Allotted in 2001, end							
Peter Straarup	57,145			57,145	152.89	2.0	0.7
Jakob Brogaard	26,190			26,190	152.89	0.9	0.3
Allotted in 2002, end							
Peter Straarup	66,667			66,667	140.84	2.3	1.3
Jakob Brogaard	46,000			46,000	140.84	1.6	0.9
Allotted in 2003, end							
Peter Straarup	81,600			81,600	118.50	1.6	2.6
Jakob Brogaard	57,000			57,000	118.50	1.1	1.8

Market value is calculated according to a dividend-adjusted Black & Scholes formula on the basis of the following assumption on December 31, 2003: Share price 138.78. Dividend payout ratio 3.4%. Rate of interest 3.0%-3.7%. Volatility 23.5%. Average time to expiry 2.25-4.25 years.

The lifetime of share options is seven years from allotment, consisting of a vesting period of three years and an exercise period of four years.

Purchase rights to conditional shares

Allotted in 2002, beg.	7,969	72,961	276,582	357,512		45.8	49.6
Cancelled/added	-	-10,821	-3,533	-14,354		-	-
Allotted in 2002, end	7,969	62,140	273,049	343,158		43.9	47.6
Allotted in 2003	9,706	78,122	314,254	402,082		43.3	55.8
Cancelled/added	-	-3,917	-352	-4,269		-	-
Allotted in 2003, end	9,706	74,205	313,902	397,813		42.9	55.2
Specification of purchase rights allotted to the Executive Board							
Allotted in 2002, end							
Peter Straarup	5,247			5,247		0.7	0.7
Jakob Brogaard	2,722			2,722		0.3	0.4
Allotted in 2003, end							
Peter Straarup	6,377			6,377		0.7	0.9
Jakob Brogaard	3,329			3,329		0.4	0.5

Conditional shares, which constitute part of the bonus set for the year, are available three years after allotment subject to continuous employment.

The total number of Danske Bank shares (exclusive of options and rights to buy conditional shares) held by the Board of Directors and the Executive Board at the end of 2003 was 36,453 (84,804 in 2002).

Notes to the profit and loss account

Note	(DKr m)	DANSKE BANK GROUP		DANSKE BANK	
		2003	2002	2003	2002
8	Audit fees				
	Total fees to the accounting firms elected by the annual general meeting which perform the statutory audit	11	14	7	7
	Fees for non-audit services included in preceding item	2	3	1	2
	In addition to these fees, considerable costs were incurred in operating the Bank's internal audit department.				
9	Number of employees				
	Average number of employees for the accounting year, full-time-equivalent:				
	Consolidated companies	16,391	17,156	14,099	14,698
	Non-consolidated companies	833	849	-	-
	Total	17,224	18,005	14,099	14,698
10	Amortisation, depreciation and write-downs				
	Intangible assets	12	-	12	-
	Tangible assets	477	591	427	508
	Total	489	591	439	508
11	Income from associated and subsidiary undertakings				
	Income from associated undertakings	319	500	295	453
	Income before tax from subsidiary undertakings	2,267	508	5,643	4,075
	Total	2,586	1,008	5,938	4,528
12	Tax (minus denotes a credit)				
	Estimated tax charge on the profit for the year	3,649	2,538	3,649	2,538
	Deferred tax	245	508	245	508
	Tax on provisions	66	81	66	81
	Adjustment of prior-year tax charge	-210	-205	-210	-205
	Total	3,750	2,922	3,750	2,922
	Effective tax rate	%	%	%	%
	The tax rate of the Danske Bank Group	30.0	30.0	30.0	30.0
	Non-taxable income and non-deductible expenses	-1.0	-3.4	-1.0	-3.4
	Difference in tax rate of foreign units from Danish tax rate	0.9	1.3	0.9	1.3
	Adjustment of prior-year tax charge	-1.6	-2.1	-1.6	-2.1
	Tax on provisions	0.5	0.7	0.5	0.7
	Other	-	-0.3	-	-0.3
	Effective tax rate	28.8	26.2	28.8	26.2
	Breakdown of tax liability				
		Danske Bank	Consolidated subsidiaries	Non-consolidated subsidiaries	Total
	Calculated tax on profit for the year	2,501	741	407	3,649
	Deferred tax	-16	100	161	245
	Tax on provisions	63	3	-	66
	Adjustment of prior-year tax charge	-161	-31	-18	-210
	Total	2,387	813	550	3,750

Notes to the balance sheet

Note	(DKr m)	DANSKE BANK GROUP		DANSKE BANK	
		2003	2002	2003	2002
13	Due from credit institutions and deposits with central banks				
	Repo transactions with central banks	10,878	4,621	9,759	3,840
	Other deposits with central banks	64,070	77,825	64,076	60,386
	Repo transactions with credit institutions	51,666	79,096	52,111	109,430
	Other amounts due from credit institutions	39,503	38,078	84,791	75,999
	Total	166,117	199,620	210,737	249,655
14	Loans and advances				
	Mortgage loans	497,563	468,953	-	-
	Repo loans	126,293	77,461	126,293	77,461
	Leases	20,818	19,737	15,037	14,213
	Other loans and advances through foreign units	200,494	205,982	120,994	133,647
	Other loans and advances	175,450	176,213	180,104	179,066
	Total	1,020,618	948,346	442,428	404,387
15	Loans to management				
	Loans, loan commitments, pledges, sureties and guarantees for				
	Executive Board	3	3	-	-
	Board of Directors	43	58	28	28
16	Bonds				
	Own bonds	180,120	118,708	888	2,373
	Other listed bonds	279,074	275,876	329,003	258,486
	Other bonds	22,689	28,096	20,608	27,596
	Total	481,883	422,680	350,499	288,455
17	Shares, etc.				
	Current investments				
	Listed shares	10,046	8,230	9,946	8,199
	Other shares and holdings	1,534	1,342	1,213	1,058
	Total current investments	11,580	9,572	11,159	9,257
	Fixed investments				
	Listed shares	-	-	-	-
	Other shares and holdings	-	-	-	-
	Total fixed investments	-	-	-	-
	Total shares, etc.	11,580	9,572	11,159	9,257
	Difference between the cost of financial assets valued at market value and their higher market value at the time of reporting	1,511	2,620	694	1,965
	The market value of listed shares is written down by DKr1m. In 2002, the write-down was DKr3m.				
	Difference between the cost of financial assets not valued at market value and their higher market value at the time of reporting	-	305	-	204
	At the end of 2003, the Group had deposited securities worth DKr105,373m with Danish and international clearing centres, etc., as security. In 2002, the corresponding amount was DKr86,758m.				

Notes to the balance sheet

Note	(DKr m)	Subsidiary undertakings	Associated undertakings
18	Financial fixed assets		
	Danske Bank Group, 2003		
	Cost, beginning of year	6,160	1,292
	Additions	-	103
	Disposals	13	166
	Cost, end of year	6,147	1,229
	Revaluations and write-downs, beginning of year	5,444	381
	Profit/loss	1,716	319
	Dividends	-	481
	Reversal of revaluation and write-downs	-	-25
	Revaluations and write-downs end of year	7,160	194
	Holdings in parent companies	-	-
	Book value, end of 2003	13,307	1,423
	Portion attributable to credit institutions	-	240
	Book value, end of 2002	11,604	1,673
	Portion attributable to credit institutions	-	237
	Danske Bank, 2003		
	Cost, beginning of year	40,378	826
	Exchange rate adjustments	-860	-
	Additions	172	109
	Disposals	898	160
	Cost, end of year	38,792	775
	Revaluations and write-downs, beginning of year	4,155	447
	Exchange rate adjustments	202	-
	Profit/loss	4,278	295
	Dividends	222	462
	Other changes in capital	72	-
	Reversal of revaluation and write-downs	-346	-19
	Revaluations and write-downs, end of year	8,831	261
	Book value, end of 2003	47,623	1,036
	Portion attributable to credit institutions	32,962	240
	Book value, end of 2002	44,533	1,273
	Portion attributable to credit institutions	31,362	237

Forsikringselskabet Danica, Skadeforsikringsaktieselskab af 1999, is the parent company of Danica Pension. Danica Pension is a life insurance company and the parent company of a life insurance group. The group has an obligation to certain policyholders to restrict transfers to equity if the percentage by which the solvency margin exceeds the statutory solvency requirement is higher than the percentage maintained by Statsanstalten for Livsforsikring (now Danica Pension) prior to the privatisation of this company in 1990. In addition, it is the intention not to distribute dividends for a period of at least 25 years from 1990. Paid-up share capital may, however, be distributed, and interest thereon may be distributed after 2000.

Notes to the balance sheet

Note	Intangible assets (DKr m)	DANSKE BANK GROUP		DANSKE BANK	
		Software	Software	Software	Software
19	Cost, beginning of year	-	-	-	-
	Additions	76	76	76	76
	Cost, end of year	76	76	76	76
	Amortisation and write-downs, beginning of year	-	-	-	-
	Amortisation during the year	12	12	12	12
	Amortisation and write-downs, end of year	-	-	-	-
	Book value, end of 2003	64	64	64	64
	Book value, end of 2002	-	-	-	-
20	Tangible assets (DKr m)	Land and buildings	Machinery, equipment	Land and buildings	Machinery, equipment
	Cost, beginning of year	7,347	2,194	5,700	1,846
	Additions during the year	85	213	58	175
	Disposals during the year	492	208	289	177
	Exchange rate adjustments	-10	-34	-2	-5
	Cost, end of year	6,930	2,165	5,467	1,839
	Revaluation, beginning of year	452	-	385	-
	Exchange rate adjustments	-9	-	-	-
	Reversal of revaluations during the year	95	-	90	-
	Revaluations, end of year	348	-	295	-
	Depreciation and write-downs, beginning of year	1,900	1,858	1,457	1,595
	Depreciation during the year	56	199	41	176
	Write-downs during the year	8	-	-	-
	Reversal of depreciation and write-downs	167	187	119	161
	Exchange rate adjustments	-	-26	-	-4
	Depreciation and write-downs, end of year	1,797	1,844	1,379	1,606
	Book value, end of 2003	5,481	321	4,383	233
	Book value, end of 2002	5,899	336	4,628	251
	Property temporarily taken over, end of 2003 (mortgage finance)	82	-	-	-
	Property temporarily taken over, end of 2002 (mortgage finance)	34	-	-	-
	Latest public property value assessment (non-assessed properties included at cost)	6,456	-	5,273	-
	Full write-off upon purchase of machinery and equipment, etc., in 2003	-	214	-	210
	Total amount fully written off at the time of acquisition in 2002	-	279	-	250

Notes to the balance sheet

Note	(DKr m)	DANSKE BANK GROUP		DANSKE BANK	
		2003	2002	2003	2002
21	Own shares taken up at market value				
	Number of shares (in thousands)	7,104	6,235	7,104	6,235
	Nominal holding of shares	71	62	71	62
	Book value	986	732	986	732
	Portion attributable to pooled schemes	400	418	400	418
	Percentage of share capital at December 31	1.0	0.9	1.0	0.9
	Own shares recognised at nil				
	Shares acquired with the object of reducing the share capital are written down to nil against shareholders' equity.				
	Number of shares (in thousands)	39,410	20,324	39,410	20,324
	Nominal holding of shares	394	203	394	203
	Cost	5,000	3,000	5,000	3,000
	Percentage of share capital at December 31	5.5	2.8	5.5	2.8
22	Other assets				
	Positive market value of derivatives	95,523	113,467	95,946	113,354
	Interest and commissions due	12,692	13,009	8,718	7,633
	Deferred tax	709	903	88	129
	Other assets	4,049	5,131	2,898	3,196
	Total	112,973	132,510	107,650	124,312
23	Due to credit institutions and central banks				
	Repo transactions with central banks	8,813	833	8,813	833
	Due to central banks	69,654	81,291	69,212	81,291
	Repo transactions with credit institutions	51,292	82,446	54,993	81,559
	Due to credit institutions	170,121	155,003	185,197	172,454
	Total	299,880	319,573	318,215	336,137
24	Deposits				
	On demand	212,854	214,755	187,535	186,742
	At notice	7,479	7,447	6,247	5,287
	Time deposits	165,726	139,797	162,992	136,845
	Repo deposits	48,552	17,034	48,552	16,931
	Special deposits	49,273	48,907	49,274	48,907
	Total	483,884	427,940	454,600	394,712
25	Issued bonds				
	Mortgage bonds	603,120	567,912	-	-
	Other bonds	162,227	131,833	157,401	125,437
	Total	765,347	699,745	157,401	125,437
26	Other liabilities				
	Negative market value of derivatives	103,102	123,054	102,654	121,922
	Repurchase obligation, reverse repo transactions	39,890	39,399	39,178	39,399
	Accrued interest and commissions	17,291	18,303	2,591	2,700
	Dividends from the share capital for the year	4,403	3,380	4,403	3,380
	Other liabilities	16,627	26,473	14,346	24,344
	Total	181,313	210,609	163,172	191,745
27	Provisions for obligations				
	Reserves in early series subject to a reimbursement obligation	707	832	-	-
	Pensions and similar obligations	319	285	135	101
	Legal cases pending	80	103	74	87
	Other provisions for obligations	-	304	-	170
	Total	1,106	1,524	209	358

Notes to the balance sheet

Note

28

Subordinated debt

Subordinated debt consists of liabilities in the form of subordinated loan capital and other capital instruments which, in case of the Bank's voluntary or compulsory winding-up, will not be repaid until after the claims of ordinary creditors have been met.

The capital base ("liable capital"), as calculated in accordance with sections 21a and 22 of the Danish Banking Act, includes subordinated debt.

Subordinated debt issued by Danske Bank A/S

Denomination	Millions	Rate of interest	Issued	Maturity	Redemption price	2003 (DKr m)	2002 (DKr m)
Redeemed loans							5,351
USD	200	7.250	21.06.1995	2005	100	1,192	1,416
JPY	10,000	6.300	14.09.1992	2007	100	557	597
DKK	75	6.000	30.09.1999	2007	100	75	75
GBP	125	var.	22.07.1996	2007	100	1,323	1,425
GBP	75	var.	22.10.1996	2007	100	793	855
EUR	150	var.	24.11.1999	2007	100	1,117	1,114
USD	300	6.375	17.06.1998	2008	100	1,787	2,125
USD	300	var.	04.04.1997	2009	100	1,787	2,125
USD	500	7.400	11.06.1997	2010	100	2,979	3,541
EUR	700	5.750	26.03.2001	2011	100	5,211	5,197
EUR	400	5.875	26.03.2002	2015	100	2,978	2,970
EUR	500	5.125	12.11.2002	2012	100	3,722	3,711
EUR	500	4.250	20.06.2003	2016	100	3,722	-
NOK	1,770	var.	12.09.2003	2014	100	1,565	-
GBP	350	5.375	29.09.2003	2021	100	3,703	-
NOK	500	var.	22.12.2003	2014	100	442	-
Total value of capital instruments constituting supplementary capital issued by Danske Bank						32,953	30,502

Capital instruments issued by subsidiaries included in the Group's capital base

USD	100	var.	03.03.1997	Perpetual	100	596	708
Total value of capital instruments constituting supplementary capital issued by subsidiaries						596	708

Total subordinated debt issued by the Danske Bank Group

						33,549	31,210
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Subordinated debt included in the capital base of the Danske Bank Group

Subordinated debt included in the capital base of Danske Bank

The cost of repaying and issuing subordinated debt amounted to DKr11 m in 2003.

In 2002, the corresponding amount was DKr18m.

32,558

32,166

29,552

29,086

Notes to the balance sheet

Note	(DKr m)	DANSKE BANK GROUP		DANSKE BANK	
		2003	2002	2003	2002
29	Genuine sale and repurchase transactions as well as genuine purchase and resale transactions (repo and reverse repo transactions)				
	Amounts attributable to genuine purchase and resale transactions in the following asset items:				
	Amounts due from credit institutions and deposits with central banks	62,544	83,717	61,870	113,270
	Loans and advances	126,293	77,461	126,293	77,461
	Amounts attributable to genuine sale and repurchase transactions in the following liability items:				
	Amounts due to credit institutions and central banks	60,105	83,279	63,806	82,392
	Deposits	48,552	17,034	48,552	16,931
	Assets sold in the course of genuine sale and repurchase transactions:				
	Bonds	108,762	101,127	112,346	99,328
	Unsettled genuine purchase and resale transactions	28,936	26,022	28,936	24,674
	Unsettled genuine sale and repurchase transactions	31,631	8,551	29,904	8,221
30	Amounts outstanding between Danske Bank's subsidiary and associated undertakings and credit institutions, etc.				
		Subsidiary undertakings		Associated undertakings	
	Due from credit institutions and deposits with central banks	49,560	73,993	20	21
	Loans and advances	7,745	10,001	811	515
	Bonds	91,936	33,112	-	-
	Total assets	149,241	117,106	831	536
	Due to credit institutions	20,728	19,339	17	8
	Deposits	884	1,265	441	437
	Issued bonds *	60,243	73,305	-	-
	Total liabilities	81,855	93,909	458	445

* This amount represents funds from Danske Corporation resulting from the sale of commercial paper notes in the US market.

Notes to the balance sheet

Note

31 Market value adjustment

The Danske Bank Group continuously monitors the hedging of the interest rate risk on the Group's portfolio of fixed-rate assets and its fixed-rate liabilities. Derivatives are used separately for each currency as hedges to eliminate part or all of the interest rate risk on the assets and liabilities.

Under Danish accounting regulations applying to banks and savings banks, the Group's loans and advances must be valued at cost or lower. Revaluation to market value in excess of cost is consequently not allowed. For some of these loans and advances, the interest rate risk has been hedged by derivatives (swaps), and, in accordance with the accounting regulations, no value adjustment of these instruments has been made. Consequently, the Group did not expense DKr2,193m in 2003 and DKr1,804m in 2002. With effect from January 1, 2003, unlisted bonds are valued at market value, and the instruments hedging the interest rate risk on these bonds are therefore value adjusted.

The interest rate risk on the long-term fixed-rate liabilities is hedged by swap derivatives (fixed-rate liabilities are not value-adjusted under Danish accounting regulations). Market value adjustment of these derivatives employed for hedging purposes is not allowed. Consequently, the Group did not book DKr1,555m in the profit and loss account in 2003 and DKr2,918m in 2002.

(DKr m)	2003				2002		
	Purchase price	Book value	Market value	Nominal/Notional amount	Book value	Market value	Nominal/Notional amount
Danske Bank Group							
Assets							
Loans and advances	74,188	74,188	76,381	74,188	53,509	55,293	53,419
Bonds	-	-	-	-	18,398	18,418	17,594
Total	74,188	74,188	76,381	74,188	71,907	73,711	71,013
Derivatives hedging interest rate risks							
Swaps			2,193	78,359		1,804	70,856
Liabilities							
Deposits	-	24,203	24,882	24,203	1,206	1,341	1,206
Issued bonds, etc.	-	9,463	9,612	9,463	5,538	5,970	5,538
Subordinated debt	-	25,901	26,628	25,901	21,024	23,376	21,024
Total	-	59,567	61,122	59,567	27,768	30,687	27,768
Derivatives hedging interest rate risks							
Swaps			1,555	62,493		2,918	27,769
Fixed-rate loans granted by the mortgage finance business are funded through the issue of mortgage bonds, which are not value-adjusted. In accordance with a ruling made by the Danish Financial Supervisory Authority, fixed-rate mortgage loans are not value adjusted either. Therefore, the fixed-rate assets and liabilities listed above do not include fixed-rate mortgage loans and mortgage bonds issued.							
Danske Bank							
Assets							
Loans and advances	62,056	62,056	63,302	62,056	47,077	48,427	47,077
Bonds	-	-	-	-	18,398	18,417	17,594
Total	62,056	62,056	63,302	62,056	65,475	66,844	64,671
Derivatives hedging interest rate risks							
Swaps			1,246	67,506		1,369	65,264
Liabilities							
Deposits	-	24,203	24,882	24,203	1,206	1,341	1,206
Issued bonds, etc.	-	4,661	4,792	4,661	3,647	4,055	3,647
Subordinated debt	-	25,901	26,628	25,901	21,024	23,375	21,024
Total	-	54,765	56,302	54,765	25,877	28,771	25,877
Derivatives hedging interest rate risks							
Swaps			1,537	57,605		2,894	25,878

Notes to off-balance-sheet items

Note	(DKr m)	DANSKE BANK GROUP		DANSKE BANK	
		2003	2002	2003	2002
32	Guarantees, etc.				
	Financial guarantees	21,564	21,745	64,326	61,907
	Other guarantees	58,348	61,920	115,467	131,762
	Acceptances and endorsements, etc.	53	1,692	53	1,692
	Total	79,965	85,357	179,846	195,361
33	Other commitments				
	Irrevocable loan commitments	105,051	91,722	97,590	86,867
	Other commitments	975	4,046	860	1,177
	Total	106,026	95,768	98,450	88,044

34 **Contingent liabilities**

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

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

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

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

In addition to the deferred tax provided for on the balance sheet, the Bank is liable for deferred tax of DKr236m payable for shares in subsidiary undertakings held for less than three years. In 2002, the corresponding amount was DKr192m.

Notes to off-balance-sheet items

Note

Pension commitments

The Group's pension commitments consist mainly of defined contribution plans, under which the Group pays contributions to insurance companies and other institutions. Such payments are expensed when they are made.

Some pension commitments are taken over by company pension funds. According to international accounting standards, these commitments are defined benefit plans. The commitments under these plans are calculated on the basis of an actuarial assessment in accordance with the guidelines of local regulatory authorities. Any negative difference (coverage) between the assets and the pension commitments of the individual pension fund is expensed.

Company pension funds (DKr m)	DANSKE BANK GROUP		DANSKE BANK	
	2003	2002	2003	2002
Fair value of assets	2,337	2,339	1,099	1,012
Pension commitments	2,087	1,990	1,066	954
Coverage	250	350	33	58

	2003	2002	2003	2002
Fixed-income assets at December 31	92%	94%	83%	82%

Other defined benefit plans in a non-Danish subsidiary are not covered. The net value of the pension commitments, based on actuarial calculations and included on the balance sheet of December 31, 2003, was DKr168m (DKr178m in 2002).

The actuarial assessment is based on the following weighted average rates:

	Denmark		Norway		Sweden	
	2003	2002	2003	2002	2003	2002
Discount rate*	5.4%	6.3%	6.0%	6.0%	4.5%	4.5%
Rate of salary and pension increases	2.5%	2.5%	3.0%	3.0%	2.9%	3.4%

* The rate applicable in Denmark and Sweden is the tax-adjusted discount rate.

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Related parties

The Danske Bank Group's related parties are the Group's Executive Board, Board of Directors, associated undertakings and the non-consolidated subsidiary Forsikringselskabet Danica, Skadeforsikringsaktieselskab af 1999.

No unusual transactions took place with related parties in 2003. Intra-group restructurings were effected at market price.

Salaries, remuneration, etc., to the Executive Board and the Board of Directors are shown in note 7. Loans, etc., to the Executive Board and the Board of Directors are shown in note 15. The overview of Group holdings and undertakings shows the Group's total outstandings with associated undertakings.

The Danske Bank Group handles IT operations and development, portfolio management, securities trading and property administration for Forsikringselskabet Danica, Skadeforsikringsaktieselskab af 1999.

Notes to the cash flow statement

		DANSKE BANK GROUP	
Note	(DKr m)	2003	2002
36	Adjustment for non-cash items in the profit and loss account, depreciation and provisions for bad and doubtful debts		
	Accruals, net	-396	80
	Amortisation and write-downs	12	-
	Depreciation and write-downs	263	316
	Provisions for bad and doubtful debts	1,662	1,420
	Result from associated and subsidiary undertakings	-2,034	-1,076
	Tax, net	374	81
	Other adjustments	-1,098	-764
	Total	-1,217	57
37	Cash and cash equivalents		
	Cash and cash equivalents, beginning of year		
	Cash in hand and demand deposits	8,972	4,350
	Due from credit institutions	77,823	48,471
	Securities	407,619	347,513
	Total	494,414	400,334
	Cash and cash equivalents, end of year		
	Cash in hand and demand deposits	4,346	8,972
	Due from credit institutions	64,070	77,823
	Securities	440,066	407,619
	Total	508,482	494,414

Profit and loss account excluding pooled schemes

(DKr m)	DANSKE BANK GROUP		DANSKE BANK	
	2003	2002	2003	2002
Interest income	66,120	69,228	32,840	36,214
Interest expense	45,711	50,069	18,464	22,578
Net interest income	20,409	19,159	14,376	13,636
Dividends from shares	91	91	74	60
Fee and commission income	7,514	7,390	6,691	6,351
Fees and commissions paid	1,462	1,335	1,214	1,053
Net interest and fee income	26,552	25,305	19,927	18,994
Securities and foreign exchange income	-713	675	-439	165
Other operating income	1,237	1,230	909	871
Staff costs and administrative expenses	14,451	15,009	11,420	11,547
Amortisation, depreciation and write-downs	489	591	439	508
Other operating expenses	24	34	10	27
Provisions for bad and doubtful debts	1,662	1,420	1,430	1,312
Income from associated and subsidiary undertakings	2,586	1,008	5,938	4,528
Profit before tax	13,036	11,164	13,036	11,164
Tax	3,750	2,922	3,750	2,922
Net profit for the year	9,286	8,242	9,286	8,242
Notes				
Interest income				
Due from credit institutions and deposits with central banks	5,566	7,181	5,614	6,562
Loans and advances	49,728	53,051	18,197	21,451
Bonds	14,154	12,147	12,339	11,081
Total derivatives	-3,599	-3,331	-3,372	-2,926
Other	272	180	62	46
Total	66,121	69,228	32,840	36,214
Interest expense				
Interest on deposits				
Securities and foreign exchange income	8,042	11,437	6,458	8,799
Bonds	-2,290	2,073	-2,006	2,034
Shares	591	-286	537	-527
Fixed-rate loans and advances	-249	157	-245	127
Foreign exchange	746	611	660	548
Derivatives	489	-1,880	615	-2,017
Total	-713	675	-439	165

Balance sheet excluding pooled schemes

(DKr m)	DANSKE BANK GROUP		DANSKE BANK	
	2003	2002	2003	2002
ASSETS				
Cash in hand and demand deposits with central banks	9,949	17,565	9,407	11,380
Due from credit institutions and deposits with central banks	166,117	199,620	210,737	249,655
Loans and advances	1,020,618	948,346	442,428	404,387
Bonds	460,807	401,043	329,423	266,818
Shares, etc.	3,043	3,164	2,622	2,849
Holdings in associated undertakings, etc.	1,423	1,673	1,036	1,273
Holdings in subsidiary undertakings	13,307	11,604	47,623	44,533
Intangible assets	64	-	64	-
Tangible assets	5,884	6,269	4,616	4,879
Own shares	587	314	587	314
Other assets	112,672	132,007	107,349	123,809
Prepayments	1,349	982	1,300	879
Total assets	1,795,820	1,722,587	1,157,192	1,110,776
LIABILITIES AND EQUITY				
Due to credit institutions and central banks	299,880	319,573	318,215	336,137
Deposits *	453,646	398,975	424,362	365,747
Issued bonds	765,347	699,745	157,401	125,437
Other liabilities, etc.	181,237	210,608	163,096	191,744
Deferred income	595	624	505	532
Provisions for obligations	1,106	1,524	209	358
Subordinated debt	33,549	31,210	32,953	30,502
Minority interests	9	9	-	-
Shareholders' equity	60,451	60,319	60,451	60,319
Total liabilities and equity	1,795,820	1,722,587	1,157,192	1,110,776
OFF-BALANCE-SHEET ITEMS				
Guarantees, etc.	79,965	85,357	179,846	195,361
Other commitments	106,026	95,768	98,450	88,044
Total off-balance-sheet items	185,991	181,125	278,296	283,405
* Portion attributable to cash deposits from pooled pension fund deposits	812	1,178	812	1,178

Pooled schemes

DANSKE BANK						
(DKr m)	Pension fund deposits		Child savings		Total	Total
	2003	2002	2003	2002	2003	2002
PROFIT AND LOSS ACCOUNT						
Interest income						
Cash deposits	9	14	-	-	9	14
Index-linked bonds	218	190	6	2	224	192
Other bonds	864	928	20	10	884	938
Total	1,091	1,132	26	12	1,117	1,144
Dividends from shares, etc.						
	141	134	3	1	144	135
Total	141	134	3	1	144	135
Securities and foreign exchange income						
Index-linked bonds	37	154	1	2	38	156
Other bonds, etc.	-155	493	-4	5	-159	498
Shares, etc.	1,520	-2,628	36	-29	1,556	-2,657
Foreign exchange	-691	-923	-16	-10	-707	-933
Total	711	-2,904	17	-32	728	-2,936
Fees and commissions paid						
	281	304	7	3	288	307
Profit for the year	1,662	-1,942	39	-22	1,701	-1,964
BALANCE SHEET						
Assets						
Cash deposits	793	1,150	19	28	812	1,178
Index-linked bonds	4,174	3,997	99	97	4,273	4,094
Other bonds, etc.	16,415	17,128	388	415	16,803	17,543
Own shares	391	408	9	10	400	418
Other shares, etc.	8,340	6,256	197	152	8,537	6,408
Unit trust holdings	301	503	-	-	301	503
Total assets	30,414	29,442	712	702	31,126	30,144
Liabilities						
Total deposits	30,338	29,441	712	702	31,050	30,143
Other liabilities	76	1	-	-	76	1
Total liabilities	30,414	29,442	712	702	31,126	30,144
Average deposits	28,618	31,070	687	721	29,305	31,791

Highlights in foreign currency

DANSKE BANK GROUP	USD		EUR	
(Millions)	2003	2002	2003	2002
PROFIT AND LOSS ACCOUNT				
Net interest income from banking activities, etc.	2,621	2,239	2,098	2,130
Fee and commission income, net	1,001	825	801	785
Trading income	543	418	435	408
Other core income	190	180	151	172
Core insurance earnings	169	159	135	150
Total core income	4,524	3,821	3,620	3,645
Operating expenses and depreciation	2,488	2,187	1,991	2,086
Core earnings before provisions	2,036	1,634	1,629	1,559
Provisions for bad and doubtful debts	279	201	223	191
Core earnings	1,757	1,433	1,406	1,368
Earnings from investment portfolios	431	143	345	136
Profit before tax	2,188	1,576	1,751	1,504
Tax	629	412	504	394
Net profit for the year	1,559	1,164	1,247	1,110
Portion attributable to minority interests	-	-	-	-
BALANCE SHEET (Billions)				
Assets				
Due from credit institutions, etc.	29.5	30.7	23.6	29.3
Bank loans and advances	87.8	67.6	70.3	64.5
Mortgage loans	83.5	66.2	66.8	63.2
Bonds and shares	82.8	61.0	66.3	58.2
Other assets	22.9	21.7	18.3	20.7
Total assets	306.5	247.2	245.3	235.9
Liabilities and equity				
Due to credit institutions	50.4	45.1	40.3	43.0
Deposits	81.2	60.4	65.0	57.6
Other liabilities	30.7	30.0	24.6	28.7
Issued bonds, etc.	128.5	98.8	102.8	94.3
Subordinated debt	5.6	4.4	4.5	4.2
Shareholders' equity	10.2	8.5	8.1	8.1
Total liabilities and equity	306.5	247.2	245.3	235.9
OFF-BALANCE-SHEET ITEMS				
Guarantees, etc.	13.4	12.1	10.7	11.5
Other commitments	17.8	13.5	14.3	12.9
Total off-balance-sheet items	31.2	25.6	25.0	24.4
Year-end exchange rates	5.9576	7.0822	7.4446	7.4243

Group holdings and undertakings

		Share capital December 31 (thousands)	Net profit for the year (DKr m)	Shareholders' equity December 31 (DKr m)	Share capital held by the Group (%)
Danske Bank A/S, Copenhagen	DKK	7,116,758	9,286	60,451	
CONSOLIDATED SUBSIDIARIES					
Realkredit Danmark A/S, Copenhagen	DKK	625,000	1,918	27,237	100
home a/s, Copenhagen	DKK	15,000	-	-	100
Danske Bank International S.A., Luxembourg	EUR	90,625	86	1,068	100
Firstnordic Fund Management Company S.A., Luxembourg	EUR	125	-	-	100
DDB Fokus Invest AS, Trondheim	NOK	1,300,000	279	4,330	100
Fokus Bank ASA, Trondheim	NOK	1,499,467	-	-	100
Fokus Kreditt AS, Oslo	NOK	1,300,000	-	-	100
Firstnordic Fondene AS, Trondheim	NOK	6,000	-	-	100
Fokus Eiendomsmegling AS, Skien	NOK	1,000	-	-	100
DDB Invest AB, Linköping	SEK	100,000	55	346	100
Firstnordic Fonder AB, Stockholm	SEK	1,000	-	-	100
Byggnads AB Slaget in the process of being wound up, Stockholm	SEK	100	-	-	100
Östgöta Enskilda BFH AB, Linköping	SEK	100	-	-	100
BK Fri AB, Stockholm	SEK	100	-	-	100
Danske Securities AB, Stockholm	SEK	300,000	-	-	100
Bokredit i Sverige AB, Stockholm	SEK	43,000	-	-	100
Danske Bank Polska S.A., Warsaw	PLN	42,225	18	335	97
Danske Markets Inc., Delaware	USD	2,000	11	25	100
Nordania Finans A/S, Birkerød	DKK	5,700	56	276	100
HandelsFinans A/S, Copenhagen	DKK	110,000	59	249	100
Danske Corporation, Delaware, U.S.A.	USD	4	-	1	100
Danske Private Equity A/S, Copenhagen	DKK	5,000	6	52	100
Danske Capital Finland Oy, Helsinki	EUR	1,000	9	26	100
Firstnordic Rahastoyhtiö Oy, Tampere	EUR	350	-	-	100
KHB VI A/S, Copenhagen	DKK	111,700	5	189	100
DDB-Ejendomsselskab af 1. januar 1990 A/S, Copenhagen	DKK	35,700	30	61	100
BG Investeringsselskab af 10/10 1991 ApS, Copenhagen	DKK	300	-	14	100
Medicon Valley Capital II K/S, Copenhagen	DKK	8,220	-4	4	99
Ejendomsaktieselskabet Virum-Vang, Copenhagen	DKK	2,000	3	76	100
Ejendomsaktieselskabet Tårnbæk Vang, Copenhagen	DKK	1,000	-	-	100
A/S Forma Ejendomsselskab, Copenhagen	DKK	1,000	-	-	100
Ejendomsselskabet SJ af 1/7 1990 A/S, Copenhagen	DKK	10,300	-	-	100
Ejendomsselskabet Aros A/S, Århus	DKK	10,000	1	28	100
DB I A/S, Copenhagen	DKK	500	-	1	100
DB II A/S, Copenhagen	DKK	500	-	1	100
DB III A/S, Copenhagen	DKK	500	-	1	100
DB IV A/S, Copenhagen	DKK	500	-	1	100
DDB VI A/S, Copenhagen	DKK	500	-	2	100
			11,818	94,774	
Danske Bank's shares of profit from and equity in subsidiaries included above			2,564	34,323	
Adjustments to Group holdings and undertakings			32	-	
Total, Danske Bank Group			9,286	60,451	
NON-CONSOLIDATED SUBSIDIARIES					
Insurance companies					
Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999, Copenhagen	DKK	1,000,000	1,712	13,307	100
Danica Pension, Livsforsikringsaktieselskab, Copenhagen					
The company has 7 subsidiaries					
Other companies*					
A/S Conair in the process of being wound up, Copenhagen	DKK	20,000	-2	8	52
Omegadane SARL, Paris	EUR	8	1	-	100

Amount owed by the consolidated Group to non-consolidated subsidiaries: DKr544m. Amount owed to the consolidated Group by non-consolidated subsidiaries: DKr15m. Commitments carried under off-balance-sheet items: DKr75m.

* Acquired in the process of preventing losses. Total book value: DKr100,000.

Group holdings and undertakings

ASSOCIATED UNDERTAKINGS		Share capital December 31 (thousands)	Net profit for the year* (DKr m)	Shareholders' equity December 31* (DKr m)	Capital held by the consolidated Group (%)
DMdata a/s, Copenhagen	DKK	50,000	101	251	50.0
Ejendomsaktieselskabet af 22. juni 1966, Copenhagen	DKK	500	1	8	50.0
Investeringselskabet af 23. marts 2001 A/S	DKK	10,500	384	548	48.7
Multidata Holding A/S, Ballerup	DKK	20,091	-	-	43.7
Meglerhuset Nylander AS, Trondheim	NOK	620	-2	6	40.0
Nordenfjeldske Livsforsikring AS, Trondheim	NOK	30,000	21	37	39.0
GrønlandsBANKEN, Aktieselskab, Nuuk	DKK	180,000	74	531	36.5
Medicon Valley Capital Denmark K/S, Copenhagen	DKK	134,645	-13	59	36.5
Luxembourg International Consulting S.A., Luxembourg	EUR	372	-	-	33.3
MVC Holding Ab, Gothenburg	SEK	100	-	-	33.3
Medicon Valley Capital Management AB, Sweden	DKK	472	1	5	32.6
LR Kredit A/S, Copenhagen	DKK	150,000	165	3,386	31.1
Aktieselskabet Reinholdt W. Jorck, Copenhagen	DKK	81,000	46	451	28.0
Dankort A/S, Ballerup	DKK	40,183	2	62	25.9
PBS Holding A/S, Ballerup	DKK	100,457	311	278	25.9
PBS International Holding A/S, Ballerup	DKK	20,091	-	-	25.9
gatetrade.net A/S, Copenhagen	DKK	20,004	-31	45	25.0
Realkreditnettet A/S, Copenhagen	DKK	11,000	-23	19	25.0
DADES A/S, Lyngby-Taarbæk	DKK	505,150	224	2,543	24.1
Danmarks Transport Center A/S, Vejle	DKK	200,000	8	141	20.0

Amount owed by the consolidated Group to associated undertakings: DKr364m. Amount owed to the consolidated Group by associated undertakings: DKr789m.

OTHER COMPANIES IN WHICH THE GROUP HOLDS MORE THAN 10% OF THE SHARE CAPITAL

Horsens Grundfinansiering A/S, Horsens	DKK	8,150	-	12	38.8
Danske Venture Partners Seed K/S, Copenhagen	DKK	177,545	-24	98	18.1
Dansk Kapitalanlæg Aktieselskab, Copenhagen	DKK	422,000	12	1,516	18.1
P-DD 2002 A/S (Dansk Droge), Copenhagen	DKK	86,350	-5	168	17.7
Nordic Equity Partners II, Jersey	DKK	17,750	-12	106	16.9
Denerco Oil A/S, Hørsholm	DKK	153,000	117	526	15.0
Dansk Erhvervs Investering A/S, Copenhagen	DKK	330,000	-161	931	14.8
Bella Center A/S, Copenhagen	DKK	129,884	53	307	14.0
Copenhagen Stock Exchange A/S, Copenhagen	DKK	40,000	63	297	13.9
VP Securities Services A/S, Taastrup	DKK	40,000	33	235	13.9
Trøndelag Vekst, Trondheim	NOK	66,000	-11	88	13.7
P-LR 1999 A/S (Løgstør Rør), Copenhagen	DKK	56,800	-5	20	13.5
P-LP 1999 A/S (Louis Poulsen), Copenhagen	DKK	260,000	41	352	13.5
P-N 2001 A/S, (Vest-Wood), Copenhagen	DKK	143,623	124	261	13.4
P-M 2000 A/S (Sound Holding), Copenhagen	DKK	330,263	-15	197	13.4
P-N 2000 A/S (Novadan), Copenhagen	DKK	40,622	3	47	13.3
Viking Ship Finance Ltd., Zurich	CHF	30,000	3	68	12.0

Amount owed by the consolidated Group to other companies: DKr95m. Amount owed to the consolidated Group by other companies: DKr42m. In addition, the Group holds at least 10% of the share capital of 31 companies, in which its shareholding is valued at less than DKr1m.

* According to the latest annual accounts of the company.

Highlights for Danske Bank Group

PROFIT AND LOSS ACCOUNT (DKr m)	2003	2002	2001	2000	1999
Net interest income	20,265	19,023	18,606	10,719	9,738
Net interest and fee income	26,552	25,305	25,289	15,748	13,664
Securities and foreign exchange income	-713	675	1,563	1,785	255
Other operating income	1,237	1,230	1,260	1,062	1,206
Operating expenses and depreciation	14,964	15,634	16,416	12,599	9,257
Provisions for bad and doubtful debts	1,662	1,420	1,752	454	489
Income from associated and subsidiary undertakings	2,586	1,008	1,446	1,114	942
Profit before tax	13,036	11,164	11,390	6,656	6,321
Tax	3,750	2,922	2,677	1,940	1,293
Net profit for the year	9,286	8,242	8,713	4,716	5,028

BALANCE SHEET (DKr bn)

Loans and advances	1,021	948	924	864	381
Bonds and shares	494	433	356	259	147
Due to credit institutions and central banks	300	320	241	213	158
Deposits	484	428	400	367	266
Issued bonds	765	700	673	563	150
Subordinated debt	34	31	32	30	21
Shareholders' equity	60	60	57	51	31
Total assets	1,826	1,752	1,539	1,363	701

RATIOS

1.	Solvency ratio, %	11.0	10.5	10.3	9.6	11.0
2.	Core (tier 1) capital ratio, %	7.7	7.6	7.3	6.8	7.4
3.	Return on equity before tax, %	21.6	19.0	21.1	16.4	20.7
4.	Return on equity after tax, %	15.4	14.0	16.1	11.6	16.4
5.	Income/cost ratio, DKr	1.78	1.65	1.63	1.51	1.65
6.	Interest rate risk, %	2.6	1.6	3.3	3.3	3.8
7.	Foreign exchange position, %	8.3	4.5	2.8	2.8	4.9
8.	Foreign exchange risk, %	0.1	0.1	0.1	0.1	0.1
9.	Excess cover relative to statutory liquidity requirements, %	193.7	192.1	159.4	102.9	125.5
10.	Total amount of large exposures, %	154.8	140.9	109.5	70.5	255.0
11.	Provisioning ratio	1.1	1.2	1.3	1.5	2.3
12.	Write-off and provisioning ratio	0.2	0.1	0.2	0.1	0.1
13.	Annual growth in loans and advances, %	7.6	2.6	6.9	126.9	25.7
14.	Gearing of loans and advances	16.9	15.7	16.2	17.0	12.5

The ratios are defined in the executive order on bank accounts issued by the Danish Financial Supervisory Authority.

Highlights for Danske Bank

PROFIT AND LOSS ACCOUNT (DKr m)	2003	2002	2001	2000	1999
Net interest income	14,232	13,500	13,370	8,512	7,927
Net interest and fee income	19,927	18,994	19,305	13,228	11,630
Securities and foreign exchange income	-439	165	1,188	1,592	122
Other operating income	909	871	891	862	972
Operating expenses and depreciation	11,869	12,082	12,860	10,990	8,115
Provisions for bad and doubtful debts	1,430	1,312	1,507	379	311
Income from associated and subsidiary undertakings	5,938	4,528	4,373	2,348	1,980
Profit before tax	13,036	11,164	11,390	6,661	6,278
Tax	3,750	2,922	2,677	1,940	1,293
Net profit for the year	9,286	8,242	8,713	4,721	4,985

BALANCE SHEET (DKr bn)	2003	2002	2001	2000	1999
Loans and advances	442	404	411	294	238
Bonds and shares	363	298	248	134	135
Due to credit institutions and central banks	318	336	270	177	166
Deposits	455	395	374	258	242
Issued bonds	157	125	128	83	65
Subordinated debt	33	31	31	22	20
Shareholders' equity	60	60	57	51	30
Total assets	1,188	1,140	974	699	597

RATIOS

1.	Solvency ratio, %	15.8	15.0	14.3	14.6	12.1
2.	Core (tier 1) capital ratio, %	11.1	10.9	10.2	11.2	8.2
3.	Return on equity before tax, %	21.6	19.0	21.1	16.4	20.7
4.	Return on equity after tax, %	15.4	14.0	16.1	11.6	16.4
5.	Income/cost ratio, DKr	1.98	1.83	1.79	1.59	1.758
6.	Interest rate risk, %	2.2	1.5	2.9	1.8	3.6
7.	Foreign exchange position, %	8.2	3.7	2.7	4.8	5.0
8.	Foreign exchange risk, %	0.1	0.1	0.1	0.1	0.1
9.	Loans and advances, plus provisions in relation to deposits, %	99.5	104.9	112.8	117.4	101.9
10.	Excess cover relative to the statutory liquidity requirements, %	215.2	182.1	157.6	83.6	122.0
11.	Total amount of large exposures, %	149.6	140.0	107.7	70.5	268.1
12.	Share of amounts due on which interest rates have been reduced, %	0.5	0.5	0.4	0.4	0.4
13.	Provisioning ratio	1.7	1.7	1.8	2.1	2.3
14.	Write-off and provisioning ratio	0.2	0.2	0.2	0.2	0.1
15.	Annual growth in loans and advances, %	9.4	-1.7	39.7	23.6	11.9
16.	Gearing of loans and advances	7.3	6.7	7.2	5.8	7.8
17.	Earnings per share amount of DKr100	128.6	112.6	116.9	73.3	94.2
18.	Book value per share amount of DKr100	849	824	780	671	575
19.	Dividend per share amount of DKr100	66	48	48	45	25
20.	Share price at December 31/earnings per share	10.8	10.4	11.6	19.4	8.6
21.	Share price at December 31/book value per share	1.63	1.43	1.73	2.12	1.41

The ratios are defined in the executive order on bank accounts issued by the Danish Financial Supervisory Authority.

Directorships held by members of the Board of Directors

At the Bank's annual general meeting on March 25, 2003, Alf Duch-Pedersen, Chief Executive of Danisco A/S, and Henning Christophersen, Partner at KREAB, Brussels, were re-elected to the Board of Directors, and Claus Vastrup, Professor of Economics, Ph.D., was elected to the Board of Directors. Bent M. Hansen, General Manager, did not stand for re-election. The Board of Directors re-elected Poul J. Svanholm, General Manager, as Chairman and Jørgen Nue Møller, General Manager, and Mr Duch-Pedersen as Vice Chairmen.

In May, Mr Svanholm announced that he would resign from his responsibilities at Danske Bank after his 70th birthday on June 7. Mr Svanholm resigned on July 1. The Board of Directors subsequently elected Mr Duch-Pedersen Chairman and Eivind Kolding, CFO of A. P. Møller-Mærsk, Vice Chairman, and re-elected Mr Nue Møller Vice Chairman.

Under section 33(3) of the Danish Banking Act, the annual reports of listed financial institutions must contain information about the directorships in Danish companies (with the exception of wholly-owned subsidiaries) held by directors and members of the Executive Board.

The following pages also state other major offices held by the members of the Board of Directors.

Under section 30(2) of the Danish Financial Business Act (Consolidated Act No. 660 of August 7, 2002), annual reports must also contain information about some of the directorships in Danish companies which members of the Executive Board held during the accounting year.

At the time of going to press, the following directorships were on record:

Alf Duch-Pedersen
Chief Executive of Danisco A/S

Born on August 15, 1946.
Joined the Board on March 23, 1999. Most recently re-elected in 2003.

Director of:
Dansk Industri
Group4Falck A/S (Vice Chairman)

Jørgen Nue Møller
General Manager

Born on June 30, 1944.
Joined the Board on November 30, 2000.

Director of:
Carl Bro as (Vice Chairman)
Fonden Realdania (Chairman)
Nordisk Byggedag (Vice Chairman)

Eivind Kolding
Chief Financial Officer of A.P. Møller-Mærsk

Born on November 16, 1959.
Joined the Board on March 27, 2001.

Director of:
Danmarks Skibskreditfond (Vice Chairman)
The Maersk Company Limited, London

Poul Christiansen
Master Carpenter

Born on April 2, 1937.
Joined the Board on November 30, 2000.

Director of:
A/S Hindsgavl (Vice Chairman)
Kuben A/S
Fonden Realdania (Vice Chairman)

Henning Christophersen
Partner at KREAB, Brussels

Born on November 8, 1939.
Joined the Board on March 26, 1996. Most recently re-elected in 2003.

Director of:
Scania Danmark A/S
Rockwoolfonden
Ørestadsselskabet I/S (Chairman)
The Energy Charter Treaty Conference, Brussels
(Chairman)
The European Institute for Public Administration,
Maastricht (Chairman)

Hans Hansen
Farmer
Dan-Corn Holding ApS
Aldumgaard ApS

Born on May 16, 1953.
Joined the Board on November 30, 2000.

Director of:
Agriholding A/S
Agriinvest Holding A/S
Danish Crown AmbA
Innovations- og Driftsselskabet for
Forskerpark Foulum A/S

Niels Eilschou Holm
Private Secretary to Her Majesty the Queen of Denmark

Born on July 28, 1937.
Joined the Board on March 24, 1987. Most recently re-elected in 2000.

Director of:
Aktieselskabet Kjøbenhavns Sommer-Tivoli (Chairman)

Peter Højland
Managing Director of Transmedica A/S

Born on July 9, 1950.
Joined the Board on November 30, 2000.

Director of:
Amrop-Hever A/S (Chairman)
Danisco A/S
Knud Wexøe A/S
Muusmann A/S Research & Consulting
Nordicom A/S
PARKEN Sport & Entertainment A/S
Transmedica Holding A/S (Chairman)
Bikuben fondene (Chairman)
Center for Ledelse (Vice Chairman)

Niels Chr. Nielsen
Professor of Economics
Copenhagen Business School

Born on January 14, 1942.
Joined the Board on April 5, 1990. Most recently re-elected in 2001.

Director of:
COWI Rådgivende Ingeniører AS
Grundfos A/S
Grundfos Finance A/S
Grundfos Management A/S
Otto Mønsted Aktieselskab
Poul Due Jensen's Fond
Oticon Fonden, William Demants og Hustru Ida Emilies
Fond

Sten Scheibye
Chief Executive of Coloplast A/S

Born on October 3, 1951.

Joined the Board on March 31, 1998. Most recently re-elected in 2002.

Director of:
Novo Nordisk A/S
Dansk Industri
Plastindustrien i Danmark

Majken Schultz
Professor of Organization
Copenhagen Business School

Born on October 28, 1958.

Joined the Board on November 30, 2000.

Director of:
Carl Bro as
Fonden Realdania
Reputation Institute, New York

Claus Vastrup
Professor of Economics
University of Aarhus

Born on March 24, 1942.

Appointed by the Minister of Economic Affairs from January 1, 1995,
to December 31, 2002. Elected by the annual general meeting in 2003.

Birgit Aagaard-Svendsen
Executive Vice President and CFO of J. Lauritzen A/S

Born on February 29, 1956.

Joined the Board on March 28, 1995.

Most recently re-elected in 2002.

Director of:
Columbus IT Partner A/S
Danmarks Radio

Tove Abildgaard
Personal Customer Adviser
Danske Bank A/S

Born on May 19, 1949.

Joined the Board on March 19, 2002.

Director of:
Danske Kreds

Helle Brøndum
Bank Clerk
Danske Bank A/S

Born on September 26, 1952.

Joined the Board on March 19, 2002.

Director of:
Danske Kreds

Bolette Holmgaard
Bank Clerk
Danske Bank A/S

Born on August 12, 1954.

Joined the Board on March 19, 2002.

Peter Michaelsen
Assistant Vice President
Danske Bank A/S

Born on November 11, 1941.

Joined the Board on June 28, 1990. Most recently re-elected in 2002.

Director of:
Danske Kreds (Chairman)
Bank//Pension (Vice Chairman)

Directorships held by members of the Executive Board

Pia Bo Pedersen
Processing Officer
Danske Bank A/S

Born on July 25, 1967.
Joined the Board on March 19, 2002.

Director of:
Danske Kreds

Verner Usbeck
Assistant Vice President
Danske Bank A/S

Born on February 11, 1950.
Joined the Board on June 28, 1990. Most recently re-elected in 2002.

Director of:
Danske Kreds
Danske Funktionærers Boligselskab S.m.b.A.
(Vice Chairman)

Solveig Ørteby
Bank Clerk
Danske Bank A/S

Born on March 28, 1965.
Joined the Board on November 30, 2000. Most recently re-elected in 2002.

Director of:
Danske Kreds (Vice Chairman)

Peter Straarup
Chairman of the Executive Board

Born on July 19, 1951.
Joined the Executive Board on September 1, 1986.

Director of:
Forsikringsselskabet Danica,
Skadeforsikringsaktieselskab af 1999 (Chairman)
Danica Liv III, Livsforsikringsaktieselskab (Chairman)
Danica Pension I, Livsforsikringsaktieselskab (Chairman)
Danica Pension, Livsforsikringsaktieselskab (Chairman)
Danske Securities AB, Sweden (Chairman)
until July 1, 2003
DDB Invest AB, Sweden (Chairman)
Fokus Bank ASA, Norway (Vice Chairman)

Jakob Brogaard
Deputy Chairman of the Executive Board

Born on June 30, 1947.
Joined the Executive Board on January 1, 1996.

Director of:
Realkredit Danmark A/S (Chairman)
Forsikringsselskabet Danica,
Skadeforsikringsaktieselskab af 1999*
Danica Liv III, Livsforsikringsaktieselskab*
Danica Pension I, Livsforsikringsaktieselskab*
Danica Pension, Livsforsikringsaktieselskab*
DDB Invest AB, Sweden (Vice Chairman)
LR Realkredit A/S (Vice Chairman)
GrønlandsBANKEN, Aktieselskab (Chairman)

* since October 21, 2003

This Annual Report is available at
www.danskebank.com

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