

Interim Report

First half of 2003



Danske Bank Group – financial highlights

| CORE EARNINGS AND NET PROFIT FOR THE PERIOD (DKr m) | First half 2003 | First half 2002 | Index 03/02 | Full year 2002 |
|--|--------------------|--------------------|----------------|-------------------|
| Net interest income from banking activities, etc. | 7,832 | 7,836 | 100 | 15,859 |
| Fee and commission income, net | 3,007 | 2,990 | 101 | 5,842 |
| Trading income | 1,819 | 1,557 | 117 | 2,968 |
| Other core income | 663 | 623 | 106 | 1,278 |
| Core insurance earnings | 551 | 504 | 109 | 1,118 |
| Total core income | 13,872 | 13,510 | 103 | 27,065 |
| Operating expenses and depreciation | 7,494 | 7,504 | 100 | 15,489 |
| Core earnings before provisions | 6,378 | 6,006 | 106 | 11,576 |
| Provisions for bad and doubtful debts | 947 | 640 | 148 | 1,420 |
| Core earnings | 5,431 | 5,366 | 101 | 10,156 |
| Earnings from investment portfolios | 1,282 | 702 | 183 | 1,008 |
| Profit before tax | 6,713 | 6,068 | 111 | 11,164 |
| Tax | 1,910 | 1,734 | 110 | 2,922 |
| Net profit for the period | 4,803 | 4,334 | 111 | 8,242 |
| Attributable to minority interests | - | - | - | - |

BALANCE SHEET HIGHLIGHTS (DKr bn)

| | | | | |
|--|--------------|--------------|------------|--------------|
| Bank loans and advances | 476 | 485 | 98 | 479 |
| Mortgage loans | 484 | 458 | 106 | 469 |
| Bonds and shares | 444 | 324 | 137 | 433 |
| Due to credit institutions and central banks | 291 | 274 | 106 | 320 |
| Deposits | 455 | 412 | 110 | 428 |
| Issued bonds | 697 | 621 | 112 | 700 |
| Subordinated debt | 32 | 31 | 103 | 31 |
| Shareholders' equity | 63 | 60 | 105 | 60 |
| Total assets | 1,722 | 1,566 | 110 | 1,752 |

RATIOS AND KEY FIGURES

| | | | |
|---|--------|--------|--------|
| Net profit for the period per share, DKr | 6.8 | 6.0 | 11.5 |
| Net profit for the period as % p.a. of average shareholders' equity | 15.4 | 14.5 | 14.0 |
| Core earnings as % p.a. of average shareholders' equity | 17.4 | 17.9 | 17.2 |
| Cost/core income ratio, % | 54.0 | 55.5 | 57.2 |
| Solvency ratio, excl. net profit for the period, % | 10.0 | 9.8 | 10.5 |
| Core (tier 1) capital ratio, excl. net profit for the period, % | 7.2 | 7.0 | 7.6 |
| Share price, end of period, DKr | 127.9 | 139.1 | 117.4 |
| Book value per share, DKr | 91.1 | 84.1 | 84.8 |
| Number of full-time employees, end of period: | | | |
| Danske Bank and consolidated subsidiaries | 16,443 | 17,219 | 16,969 |
| Non-consolidated subsidiaries (insurance companies) | 831 | 833 | 848 |

Management's report

Danske Bank Group recorded a net profit of Dkr4,803m for the first half of 2003, against Dkr4,334m for the first half of 2002. The net profit per share increased 13%.

Group core earnings amounted to Dkr2,588m in the second quarter of 2003, against Dkr2,843m in the first quarter of the year. Core earnings for the first half of 2003 totalled Dkr5,431m and thus matched the expectations announced at the publication of the Annual Report for 2002 and the report for the first quarter of 2003.

In the first half of 2003, core income increased by 3%, or Dkr362m, in comparison with the same period the year before. This increase was a result primarily of positive trends in trading income and, to a lesser extent, income from mortgage finance and insurance activities.

Despite falling money market rates, total net interest income remained stable at the level recorded in the first half of 2002, primarily due to increased business volume in Norway and Sweden and growth in mortgage finance activities.

Fee and commission earnings totalled Dkr3,007m and were largely unchanged in comparison with earnings in the first half of 2002. Rising fee income from remortgaging activities compensated for the fall in securities trading fees.

Trading income showed a very positive trend, recording an increase of 17%, or Dkr262m, on the first half of 2002.

Operating expenses and depreciation totalled Dkr7,494m – the same level as in the first half of 2002 despite an increase in severance costs and in performance-based compensation in the trading areas of the Group. Excluding these costs, expenses fell by 6% in comparison with the first six months of 2002. The cost/core income ratio fell from 55.5% in the first half of 2002 to 54.0% in the first half of 2003.

The charge for bad and doubtful debts increased by Dkr307m to Dkr947m, against Dkr640m in the first half of 2002. Bad and doubtful debts stood at 18 basis points p.a. of total loans, advances and guarantees and thus remained at a low level in comparison with the Group's expected average charge of 23 basis points p.a.

As stated above, core earnings totalled Dkr5,431m, which was marginally higher than the level recorded in the first half of 2002.

For the year 2003 as a whole, the Group expects core earnings to remain largely at the level recorded in 2002.

Earnings from investment portfolios were Dkr1,282m, against Dkr702m in the first half of 2002. Investment portfolios in the banking business generated earnings of Dkr1,141m. Earnings include a profit of Dkr286m on the partial hedging of an expected reduction in income in the banking business as a result of falling interest rates.

At 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 in the financial infrastructure in Denmark. In the first half of 2003, the Bank therefore recorded a profit of Dkr264m on the sale of shares in PBS Holding A/S. Furthermore, the Bank sold shares in PBS International Holding A/S. The sale, which is subject to an agreement on subsequent adjustments to the purchase price, did not have any effect on the result. Consequently, the Bank has now fulfilled all the commitments made to the Danish Competition Authority. Similarly, earnings from investment portfolios in the first half of 2002 included a profit of Dkr103m on the sale of shares in the Copenhagen Stock Exchange and the Danish VP Securities Services.

Earnings from investment portfolios at Danica Pension added another Dkr141m to total investment portfolio earnings, against a loss of Dkr680m in the first half of 2002. The satisfactory return on investment allowed the booking of a life insurance risk allowance for the first half of 2003. Consequently, earnings from investment portfolios in the banking business were not reduced by this amount.

The Group's tax charge, including tax on loan loss reserves, is calculated to be Dkr1,910m in the first half of 2003, corresponding to a tax rate of 28.5%.

The return on equity rose from 14.5% in the first half of 2002 to 15.4%.

Balance sheet

The total assets of the consolidated Group were Dkr1,722bn at the end of June 2003, against Dkr1,566bn a year earlier. Danica Pension's assets, which are not consolidated in the Group accounts, amounted to Dkr188bn, against Dkr176bn at the end of June 2002.

Bank loans and advances totalled Dkr476bn, a decline of 2%, or Dkr9bn, compared with the level at the end of June 2002. The overall decline in bank loans and advances was attributable in particular to the negative effect of changes in foreign exchange rates of Dkr15bn. Excluding exchange rate effects, bank loans and advances increased by 1%. Domestic bank loans and advances fell Dkr7bn as a result of a decline in short-term loans to business customers and a preference among customers to take out mortgage loans to repay bank loans. Loans extended to customers in the other Nordic countries increased by Dkr12bn. Repo loans, primarily to foreign financial institutions, decreased by Dkr3bn, and loans to UK customers declined by Dkr1.1bn.

Mortgage lending totalled Dkr484bn, up Dkr26bn on the level recorded at the end of June 2002 and Dkr15bn on the end-2002 level.

Bonds and shares amounted to Dkr444bn, against Dkr324bn at the end of June 2002 and Dkr433bn at the end of 2002. The increase of Dkr120bn compared with the end of June 2002 was due to the rise in holdings of short-term bonds with high rating.

Deposits totalled Dkr455bn at the end of June 2003, up Dkr43bn on the level recorded at the end of June 2002 and Dkr27bn since the beginning of the year. The increase in deposits was evenly distributed on Danish and foreign units as well as customer segments.

Capital and solvency

Share capital totalled Dkr7,116,758,490 at the end of June 2003 after the cancellation of the 20,324,151 shares bought back in the second quarter of 2002.

Shareholders' equity was Dkr63bn at the end of the first half of 2003. The change in Group equity since the end of 2002, reflects, besides the net profit for the period and new accounting provisions, the buyback of shares worth Dkr2.0bn in the first half of 2003. The buyback of 16,303,664 shares was effected at an average price of Dkr122.7. A proposal to cancel the shares will be presented at the next annual general meeting.

Notwithstanding the share buyback completed in the first half of 2003, Danske Bank will repurchase additional shares at a market value of up to Dkr3.0bn in the second half of 2003. The Bank intends to buy back shares according to the book-building method over a 5-day period during the third quarter of 2003 and may subsequently buy shares directly in the market as well.

Further details and the timing of the share buyback will be published in a separate announcement to the stock exchange before the launch of the buyback programme.

The solvency ratio at the end of June 2003, excluding the net profit for the period, stood at 10.0%, of which 7.2 percentage points derive from Group core (tier 1) capital. The share buyback in the first half of 2003 reduced the core (tier 1) capital ratio by 0.2 of a percentage point.

Subordinated debt amounted to Dkr32bn at the end of June 2003. As part of its ongoing refunding of supplementary capital, Danske Bank raised a nominal amount of €500m in June by the issue of 13-year notes, which may be called after 10 years. In the same month, the Bank repaid notes of a nominal value of \$300m.

| CAPITAL AND SOLVENCY, EXCLUDING NET PROFIT FOR THE PERIOD (DKr m) | June 30 2003 | June 30 2002 |
|---|-----------------|-----------------|
| Core capital, less statutory deductions | 56,763 | 53,446 |
| Supplementary capital, less statutory deductions | 22,448 | 22,071 |
| Total capital base, less statutory deductions | 79,211 | 75,517 |
| Total weighted items | 790,316 | 767,593 |
| Solvency ratio, % | 10.0 | 9.8 |
| Core (tier 1) capital ratio, % | 7.2 | 7.0 |

Management

On July 1, 2003, Alf Duch-Pedersen, Chief Executive of Danisco A/S, replaced Poul J. Svanholm, General Manager, as Chairman of the Board of Directors of Danske Bank. Jørgen Nue Møller, General Manager, continues as Vice Chairman. Eivind Kolding, Chief Financial Officer of A.P. Møller, was appointed new Vice Chairman.

Accounting policies, etc.

The Interim Report for 2003 has been prepared in accordance with the Copenhagen Stock Exchange guidelines for issuers of listed securities and the executive order of the Danish Financial Supervisory Authority on bank accounts, etc. The Group has not changed its accounting policies from those followed in the report for the first quarter of 2003.

The Group's business areas

| CORE EARNINGS BEFORE PROVISIONS (DKr m) | First half 2003 | First half 2002 | Index 03/02 | Full year 2002 | Share First half 2003 | Share First half 2002 |
|--|--------------------|--------------------|----------------|-------------------|-----------------------------|-----------------------------|
| Banking Activities | 4,190 | 4,101 | 102 | 8,155 | 65% | 68% |
| - Banking Activities, Denmark | 2,947 | 2,918 | 101 | 5,839 | 46% | 48% |
| - Banking Activities, International | 1,243 | 1,183 | 105 | 2,316 | 19% | 20% |
| Mortgage Finance | 1,099 | 1,005 | 109 | 2,195 | 17% | 17% |
| Danske Markets | 625 | 470 | 133 | 354 | 10% | 8% |
| Danica Pension | 551 | 504 | 109 | 1,118 | 9% | 8% |
| Danske Capital | 133 | 193 | 69 | 360 | 2% | 3% |
| Other | -220 | -267 | 82 | -606 | -3% | -4% |
| Total Group | 6,378 | 6,006 | 106 | 11,576 | 100% | 100% |

Total core earnings before provisions increased by 6% in comparison with the first half of 2002 primarily as a result of favourable developments in the activities of Danske Markets, Mortgage Finance, and Danica Pension.

Banking Activities, Denmark, maintained the level of earnings attained in the first half of 2002 despite falling money market rates. Banking Activities, International, recorded sound growth despite the unfavourable trend in foreign exchange rates in the Group's principal markets.

As in the preceding periods, earnings at Danske Capital remained negatively affected by the slowdown in capital market activities.

The category Other reflects severance payments of almost DKr350m, against DKr150m in the first half of 2002, and lower cost of, among others, supplementary capital in 2003. Furthermore, a profit of almost DKr80m on the currency hedging of earnings at the foreign units is included in the category.

Banking Activities

| BANKING ACTIVITIES (DKr m) | First half 2003 | First half 2002 | Q2 2003 | Q1 2003 | Q4 2002 | Q3 2002 | Q2 2002 | Full year 2002 |
|---|--------------------|--------------------|------------|------------|------------|------------|------------|-------------------|
| Net interest income | 6,435 | 6,792 | 3,159 | 3,276 | 3,396 | 3,527 | 3,401 | 13,715 |
| Fee income | 2,593 | 2,545 | 1,320 | 1,273 | 1,338 | 1,150 | 1,313 | 5,033 |
| Other income | 573 | 470 | 343 | 230 | 247 | 284 | 236 | 1,001 |
| Core income | 9,601 | 9,807 | 4,822 | 4,779 | 4,981 | 4,961 | 4,950 | 19,749 |
| Operating expenses and depreciation | 5,411 | 5,706 | 2,797 | 2,614 | 3,061 | 2,827 | 2,971 | 11,594 |
| Core earnings before provisions | 4,190 | 4,101 | 2,025 | 2,165 | 1,920 | 2,134 | 1,979 | 8,155 |
| Total assets (avg.) | 520,175 | 512,805 | 517,335 | 523,047 | 513,543 | 501,526 | 516,359 | 510,148 |
| Risk-weighted items (avg.) | 435,393 | 435,391 | 435,406 | 435,380 | 424,942 | 425,718 | 434,701 | 430,319 |
| Allocated capital (avg.) | 28,301 | 28,300 | 28,301 | 28,300 | 27,621 | 27,672 | 28,256 | 27,971 |
| Core earnings before provisions as % p.a. of allocated capital | 29.6 | 29.0 | 28.6 | 30.6 | 27.8 | 30.8 | 28.0 | 29.2 |
| Cost/core income ratio, % | 56.4 | 58.2 | 58.0 | 54.7 | 61.5 | 57.0 | 60.0 | 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 the first half of 2003, Banking Activities accounted for 65% of the Group's core earnings before provisions. Core earnings before provisions remained stable at the level recorded in the first half of 2002, reflecting a fall in core income of 2% and a reduction of costs of 5%.

| BANKING ACTIVITIES, DENMARK (DKr m) | First half 2003 | First half 2002 | Q2 2003 | Q1 2003 | Q4 2002 | Q3 2002 | Q2 2002 | Full year 2002 |
|---|--------------------|--------------------|------------|------------|------------|------------|------------|-------------------|
| Net interest income | 4,490 | 4,883 | 2,218 | 2,272 | 2,422 | 2,487 | 2,439 | 9,792 |
| Fee income | 2,025 | 2,020 | 1,027 | 998 | 1,073 | 888 | 1,049 | 3,981 |
| Other income | 451 | 373 | 265 | 186 | 191 | 233 | 206 | 797 |
| Core income | 6,966 | 7,276 | 3,510 | 3,456 | 3,686 | 3,608 | 3,694 | 14,570 |
| Operating expenses and depreciation | 4,019 | 4,358 | 2,098 | 1,921 | 2,295 | 2,078 | 2,247 | 8,731 |
| Core earnings before provisions | 2,947 | 2,918 | 1,412 | 1,535 | 1,391 | 1,530 | 1,447 | 5,839 |
| Total assets (avg.) | 262,068 | 264,889 | 260,101 | 264,057 | 264,074 | 260,539 | 268,264 | 263,587 |
| Risk-weighted items (avg.) | 218,371 | 220,124 | 220,084 | 216,639 | 215,891 | 213,391 | 217,580 | 217,360 |
| Allocated capital (avg.) | 14,194 | 14,308 | 14,305 | 14,082 | 14,033 | 13,870 | 14,143 | 14,128 |
| Core earnings before provisions as % p.a. of allocated capital | 41.5 | 40.8 | 39.5 | 43.6 | 39.6 | 44.1 | 40.9 | 41.3 |
| Cost/core income ratio, % | 57.7 | 59.9 | 59.8 | 55.6 | 62.3 | 57.6 | 60.8 | 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, also remained stable at the level recorded in the first half of 2002, reflecting a reduction of costs of 8% compared with the level in the first half of 2002.

Core income fell by 4% due to a decline in net interest income triggered by falling short-term money market rates. This led to a fall in the direct return on allocated capital and reduced earnings on the deposit surplus.

The fall in total loans and advances was attributable to a decline in short-term loans to business customers and a preference among customers to take out mortgage loans to repay bank loans.

Fee income from mortgage finance activities compensated for the fall in securities trading fees. Trading in bonds remained stable, while equity trading activities were low, although they started to pick up in the second quarter of 2003.

The customer bases of both Danske Bank and BG Bank showed satisfactory developments in the first half of the year relative to the trend in 2002. Both brands saw a very positive trend in the inflow of young customers as a result of the successful introduction of customer packages among other things. At Danske Bank, sales of customer packages totalled 90,000, while sales at BG Bank reached 19,000. At the end of the first half of 2003, Danske Bank launched a new customer package (*Danske Ung*) targeting customers of the age of 15 to 17. The main feature of this package is the Maestro card. So far, Danske Bank has sold 4,500 packages and considers this volume very satisfying. Sales of housing financing solutions (*Danske Prioritet* and *Bolig Plus*) were also satisfactory.

The finance centres, established in 2002, ensured a sound inflow of large business customers that bolstered earnings. Income was underpinned by customers' increased demand for currency trading.

Expenses fell as a result of the ongoing merger of branches, a declining headcount, and lower IT expenses.

The number of branches was reduced by 21 in the first half of 2003, bringing the total number of branches for both brands down to 468. The conversion of branches to "non-cash" branches continued, and at the end of June, the number of non-cash branches totalled 50. The conversions continue to be a success, and the number of robberies at the Group's branches in Denmark was almost 50% lower in the first six months of 2003 in comparison with the figure recorded for the first half of 2002.

| BANKING ACTIVITIES, INTERNATIONAL (DKr m) | First half 2003 | First half 2002 | Q2 2003 | Q1 2003 | Q4 2002 | Q3 2002 | Q2 2002 | Full year 2002 |
|---|--------------------|--------------------|------------|------------|------------|------------|------------|-------------------|
| Net interest income | 1,945 | 1,909 | 941 | 1,004 | 974 | 1,040 | 962 | 3,923 |
| Fee income | 568 | 525 | 293 | 275 | 265 | 262 | 264 | 1,052 |
| Other income | 122 | 97 | 78 | 44 | 56 | 51 | 30 | 204 |
| Core income | 2,635 | 2,531 | 1,312 | 1,323 | 1,295 | 1,353 | 1,256 | 5,179 |
| Operating expenses and depreciation | 1,392 | 1,348 | 699 | 693 | 766 | 749 | 724 | 2,863 |
| Core earnings before provisions | 1,243 | 1,183 | 613 | 630 | 529 | 604 | 532 | 2,316 |
| Total assets (avg.) | 258,107 | 247,916 | 257,234 | 258,990 | 249,469 | 240,987 | 248,095 | 246,561 |
| Risk-weighted items (avg.) | 217,022 | 215,267 | 215,322 | 218,741 | 209,048 | 212,330 | 217,121 | 212,959 |
| Allocated capital (avg.) | 14,106 | 13,992 | 13,996 | 14,218 | 13,588 | 13,801 | 14,113 | 13,842 |
| Core earnings before provisions as % p.a. of allocated capital | 17.6 | 16.9 | 17.5 | 17.7 | 15.6 | 17.5 | 15.1 | 16.7 |
| Cost/core income ratio, % | 52.8 | 53.3 | 53.3 | 52.4 | 59.2 | 55.4 | 57.6 | 55.3 |

CORE EARNINGS BEFORE PROVISIONS

(DKr m)

| | | | | | | | | |
|-----------------------------------|-------|-------|-----|-----|-----|-----|-----|-------|
| Norway | 256 | 299 | 117 | 139 | 177 | 173 | 128 | 649 |
| Sweden | 307 | 212 | 138 | 169 | 63 | 46 | 75 | 321 |
| UK | 363 | 375 | 197 | 166 | 164 | 230 | 183 | 769 |
| USA | 153 | 136 | 75 | 78 | 54 | 80 | 66 | 270 |
| Other foreign activities | 164 | 161 | 86 | 78 | 71 | 75 | 80 | 307 |
| Banking Activities, International | 1,243 | 1,183 | 613 | 630 | 529 | 604 | 532 | 2,316 |

Banking Activities, International, encompasses banking activities carried out by divisions outside Denmark. Each country organisation 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 banking activities conducted outside Denmark improved, rising 5% relative to the first half of 2002 despite the adverse trend in foreign exchange rates in all the Group's principal markets. The fall in foreign exchange rates cut earnings of Banking Activities, International, by some DKr67m.

Norway

In comparison with the level in the first half of 2002, core earnings from Norwegian banking activities decreased by DKr43m to DKr256m. Disregarding the effect of the depreciation of the Norwegian krone, the decrease in core earnings was DKr16m. In local currency, core income increased 4% and costs 10%.

Lending to retail customers increased by 14% from the volume recorded at the end of the first half of 2002, and lending to businesses went up by 18%. Total lending amounted to Nkr55bn. Despite a significant fall in Norwegian money market rates which cut the direct return on allocated capital and squeezed the interest margin, net interest income rose 3% compared with the income generated in the first half of 2002.

The very low activity level in the capital markets had an adverse effect on fee and trading income.

The first half of 2003 saw the opening of one new branch and the divestiture of three existing branches. Consequently, the number of branches now totals 62.

The inflow of retail customers in the first half of 2003 increased significantly as a result of the opening in recent years of new well-situated branches and the launch of competitive products. Growth in sales of customer packages contributed to an increase in the number of customers who bank exclusively with Fokus Bank. Furthermore, the inflow of attractive business customers continued, and Fokus Bank has positioned itself as an attractive business partner in the field of international solutions for Norwegian customers.

Fokus Bank's share of both loans and deposits was around 4%.

Expenses increased, because Nkr27m was added to provisions for pension commitments and because expenses for the expansion of the branch network grew.

Sweden

Compared with the first half of 2002, core earnings from Swedish banking activities increased by Dkr95m to Dkr307m. This constitutes an increase of Dkr100m when the effect of changes in exchange rates is eliminated. Core income grew by 6% in local currency, while expenses fell by 9%.

Lending to retail customers increased by 15% from the volume recorded at the end of the first half of 2002, and lending to businesses went up by 16%. Total lending amounted to SKr83bn. Net interest income and fee income rose as a result of growing lending and deposit volumes, attributable primarily to the inflow of new customers through the branch network. The low turnover in equities had an adverse effect on trading income.

The Swedish market shares were almost 8% of loans and 3% of deposits.

The downward trend in costs was due primarily to completion of adjustments to the customer account system made in 2002 and in the first quarter of 2003. The number of branches totalled 46.

The UK

Core earnings from UK banking activities declined by Dkr12m on earnings in the first half of 2002 to Dkr363m. This constitutes a slight increase in core earnings of Dkr11m when the effect of the pound's depreciation is eliminated.

An increase in revenue of 15% in local currency was attributable primarily to fee income. Expenses rose as a result of increased provisions for pension commitments and performance-based compensation.

The USA

Core earnings from US banking activities increased by Dkr17m on earnings in the first half of 2002 to Dkr153m. This constitutes an increase of Dkr29m when the effect of changes in exchange rates is eliminated.

Lending in the USA continues to concentrate on businesses trading in the Bank's principal markets in northern Europe.

Credit exposure to US companies was maintained at a low level. But the Group is expanding its facilities with selected global financial institutions, and this increased earnings in the first half of 2003.

Expenses rose as a result of higher variable transaction costs.

Other foreign activities

Danske Bank also operates in Luxembourg, Finland, Germany and Poland. Core earnings before provisions at these units as a whole remained largely unchanged in comparison with 2002.

The conversion of the Polish IT systems to the IT platform of Danske Bank was completed at the end of the first half of 2003. Moreover, parts of the IT systems at the Bank's subsidiary in Luxembourg were converted to Danske Bank's IT platform, and the remainder will follow in October 2003.

Mortgage Finance

| MORTGAGE FINANCE (DKr m) | First half 2003 | First half 2002 | Q2 2003 | Q1 2003 | Q4 2002 | Q3 2002 | Q2 2002 | Full year 2002 |
|---|--------------------|--------------------|------------|------------|------------|------------|------------|-------------------|
| Net interest income | 1,587 | 1,424 | 783 | 804 | 847 | 783 | 730 | 3,054 |
| Fee income | 111 | 87 | 41 | 70 | 47 | 41 | 28 | 175 |
| Other income | 91 | 133 | 16 | 75 | 52 | 56 | 65 | 241 |
| Core income | 1,789 | 1,644 | 840 | 949 | 946 | 880 | 823 | 3,470 |
| Operating expenses and depreciation | 690 | 639 | 360 | 330 | 349 | 287 | 337 | 1,275 |
| Core earnings before provisions | 1,099 | 1,005 | 480 | 619 | 597 | 593 | 486 | 2,195 |
| Total assets (avg.) | 509,640 | 478,787 | 514,058 | 505,173 | 493,242 | 484,367 | 475,067 | 483,837 |
| Risk-weighted items (avg.) | 237,520 | 226,834 | 239,535 | 235,483 | 234,173 | 230,885 | 228,897 | 229,705 |
| Allocated capital (avg.) | 15,439 | 14,744 | 15,570 | 15,306 | 15,221 | 15,008 | 14,878 | 14,931 |
| Core earnings before provisions as % p.a. of allocated capital | 14.2 | 13.6 | 12.3 | 16.2 | 15.7 | 15.8 | 13.1 | 14.7 |
| Cost/core income ratio, % | 38.6 | 38.9 | 42.9 | 34.8 | 36.9 | 32.6 | 40.9 | 36.7 |

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

In the first half of 2003, Mortgage Finance generated core earnings before provisions of DKr1,099m, against DKr1,005m in the same period of the year before. The development in margin income and fees was underpinned by the growing loan portfolio and strong re-mortgaging activity in the first half of 2003.

Operating expenses and depreciation totalled DKr690m for the first half of 2003, against DKr639m the year before. The increase in expenses is attributable partly to expenses relating to the development of new systems in connection with the conversion to Danske Bank's IT platform, and partly to the strong lending activity in 2003.

During the first half of 2003, the mortgage credit market recorded unusually high refinancing activity, and total gross lending amounted to DKr290bn, against DKr189bn in the second half of 2002. The high refinancing activity was triggered by the fall in interest rates during the first six months of 2003.

Realkredit Danmark's market share of gross lending was 30.4% in the second quarter of 2003, against 30.0% in the first quarter. Its market share of net new lending was 28.0% in the second quarter of 2003, against 26.7% in the first quarter. Net new lending is defined as gross lending less repayment of loans with or without the raising of new loans.

In the first half of 2003, Realkredit Danmark's loan portfolio grew by DKr15bn to DKr484bn. Loans to homeowners accounted for 63% of volume growth.

In June, a new law on mortgage lending and mortgage bonds was adopted. The law, which takes effect on October 1, 2003, allows mortgage credit institutions to offer homeowners loans with interest-only payments for up to ten years, which may be distributed over the lifetime of the loan. Realkredit Danmark has begun training its customer advisers and will offer the new loan type to customers in the autumn of 2003. The expansion of the product range entails that the final conversion of the mortgage credit systems to Danske Bank's IT platform will be postponed until 2004.

In May 2003, Standard & Poor's awarded Realkredit Danmark its highest rating, AAA, which is also the rating assigned to Danish government bonds. The rating applies to around 80% of the bonds issued by Realkredit Danmark. The bonds have also been given an Aaa rating by Moody's Investors Service - the highest rating awarded by the agency.

Danske Markets

| DANSKE MARKETS (DKr m) | First half 2003 | First half 2002 | Q2 2003 | Q1 2003 | Q4 2002 | Q3 2002 | Q2 2002 | Full year 2002 |
|---|--------------------|--------------------|------------|------------|------------|------------|------------|-------------------|
| Core income | 1,367 | 1,172 | 675 | 692 | 417 | 564 | 681 | 2,153 |
| Operating expenses and depreciation | 742 | 702 | 408 | 334 | 707 | 390 | 371 | 1,799 |
| Core earnings before provisions | 625 | 470 | 267 | 358 | -290 | 174 | 310 | 354 |
| Total assets (avg.) | 645,203 | 485,620 | 661,027 | 629,203 | 671,753 | 517,443 | 511,703 | 540,557 |
| Risk-weighted items (avg.) | 74,586 | 47,571 | 79,987 | 69,125 | 56,222 | 53,110 | 49,094 | 51,148 |
| Allocated capital (avg.) | 4,848 | 3,092 | 5,199 | 4,493 | 3,654 | 3,452 | 3,191 | 3,325 |
| Core earnings before provisions as % p.a. of allocated capital | 25.8 | 30.4 | 20.5 | 31.9 | -31.7 | 20.2 | 38.9 | 10.6 |
| Cost/core income ratio, % | 54.3 | 59.9 | 60.4 | 48.3 | 169.5 | 69.1 | 54.5 | 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 and the Group's retail banking units. Danske Markets also includes Danske Research and Equity Research, the central units responsible for economic and financial research.

The revenue of all business areas at Danske Markets increased in the first half of 2003. Total core earnings amounted to DKr625m. Despite lower revenue in the second quarter of 2003 than in first quarter, earnings for the first half of 2003 were satisfactory.

The rise in performance-based compensation fully accounts for the DKr40m increase in expenses.

During the first half of the year, the international fixed-income markets in general saw a fall in yields, which, together with increased customer activity, lifted earnings considerably. In line with the trend of the preceding years, customers intensified their use of interest rate derivatives, and earnings on these products were satisfactory. Danske Market consolidated its leading position in the three Nordic bond markets.

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

After a drop in equity prices at the beginning of the year, the market turned around and trading volume on the equity markets rose. Consequently, earnings from equity trading developed favourably in the first half of 2003 and generated a profit. In the Group's opinion, the restructuring of equity trading activities launched in the fourth quarter of 2002 and completed during the first half of 2003 was satisfactory.

Danica Pension

| DANICA PENSION (DKr m) | First half 2003 | First half 2002 | Q2 2003 | Q1 2003 | Q4 2002 | Q3 2002 | Q2 2002 | Full year 2002 |
|---|--------------------|--------------------|------------|------------|------------|------------|------------|-------------------|
| Net interest income on allocated assets | 151 | 200 | 68 | 83 | 97 | 113 | 101 | 410 |
| Risk allowance | 448 | 383 | 231 | 217 | 257 | 210 | 174 | 850 |
| Unit-linked and health care business, etc. | 41 | 22 | 24 | 17 | 25 | 12 | 29 | 59 |
| Core insurance income | 640 | 605 | 323 | 317 | 379 | 335 | 304 | 1,319 |
| Funding cost, net | -89 | -101 | -41 | -48 | -48 | -52 | -53 | -201 |
| Core insurance earnings | 551 | 504 | 282 | 269 | 331 | 283 | 251 | 1,118 |
| Allocated capital | 6,639 | 6,218 | 6,721 | 6,556 | 6,519 | 6,285 | 6,231 | 6,311 |
| Core earnings as % p.a. of allocated capital | 16.6 | 16.2 | 16.8 | 16.4 | 20.3 | 18.0 | 16.1 | 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, management advisers and pension advisers.

The Group reported core earnings from insurance activities of DKr640m and a satisfactory trend in insurance business in the first half of 2003.

The life insurance risk allowance was DKr448m, against DKr383m in the first half of 2002. The increase stems from a rise in the volume of business and an improved result for health and accident insurance.

Gross premiums (including unit-linked business) rose 18% from DKr6.1bn in the same period last year to DKr7.2bn. The traditional insurance business developed satisfactorily, particularly sales of company pension schemes, although there was a rise in cancellations owing to staff reductions in a number of businesses in the first half of 2003.

The return on Danica Pension's investments of customer funds was 4.8%, against a negative 0.8% in the first half of 2002. Investment assets stood at DKr155bn and consisted of bonds (83%), shares (8%) and real property (9%).

Owing to the positive trend in the second quarter of 2003, in particular on the equity markets, it was possible to book the life insurance risk allowance for the period. Risk allowances for 2002 and earlier were not included, since a final decision on the booking of outstanding allowances will not be taken until after the end of the accounting year. Any inclusion of risk allowances from earlier periods will be booked under earnings from investment portfolios.

Danica Pension posted earnings of DKr41m from its unit-linked and health care businesses, against DKr22m in the first half of 2002. Gross premiums for Danica Link in Denmark amounted to DKr0.9bn in the first half of 2003, on a par with the same period last year. Sales of unit-linked policies in Norway are still in an initial phase. On the Swedish market, gross premiums were lower than in the first half of 2002 owing to a fall in single premiums, and sales continued to be affected by the unfavourable investment climate. Sales of health care policies were satisfactory, showing an increase in the number of policyholders of 16% since the end of 2002.

At the end of June 2003, the collective bonus potential was DKr4.3bn, or 2.9% of life insurance provisions based on a calculation rate of 3.56%. A 30% fall in share prices would reduce the collective bonus potential by about DKr3bn, whereas a fall of 1.0 percentage point in interest rates would not affect the collective bonus potential because the risk is hedged.

Shareholders' equity amounted to DKr12.2bn at the end of June 2003.

Danske Capital

| DANSKE CAPITAL (DKr m) | First half 2003 | First half 2002 | Q2 2003 | Q1 2003 | Q4 2002 | Q3 2002 | Q2 2002 | Full year 2002 |
|---|--------------------|--------------------|------------|------------|------------|------------|------------|-------------------|
| Net interest income | 0 | -18 | -1 | 1 | 4 | -6 | -13 | -20 |
| Fee income | 346 | 400 | 191 | 155 | 174 | 187 | 179 | 761 |
| Other income | -17 | 10 | -20 | 3 | -1 | -1 | 13 | 8 |
| Core income | 329 | 392 | 170 | 159 | 177 | 180 | 179 | 749 |
| Operating expenses and depreciation | 196 | 199 | 108 | 88 | 111 | 79 | 102 | 389 |
| Core earnings before provisions | 133 | 193 | 62 | 71 | 66 | 101 | 77 | 360 |
| Total assets (avg.) | 1,159 | 3,605 | 746 | 1,577 | 585 | 1,980 | 4,607 | 2,434 |
| Risk-weighted items (avg.) | 1,291 | 1,035 | 1,409 | 1,172 | 1,146 | 1,198 | 1,035 | 1,104 |
| Allocated capital (avg.) | 84 | 67 | 92 | 76 | 74 | 78 | 67 | 72 |
| Core earnings before provisions as % p.a. of allocated capital | 317.0 | 573.8 | 270.8 | 372.8 | 354.4 | 518.7 | 457.8 | 501.7 |
| Cost/core income ratio, % | 59.6 | 50.8 | 63.5 | 55.3 | 62.7 | 43.9 | 57.0 | 51.9 |
| Assets under management (DKr bn) | 365 | 356 | 365 | 348 | 343 | 345 | 356 | 343 |

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 amounted to DKr133m, against DKr193m in the first half of 2002.

The decline in revenue of 16% was attributable to falling earnings margins on total assets under management from 0.22% in 2002 to 0.19% in 2003. The downward trend in margins was triggered primarily by changes in the composition of assets under management. At the end of June 2003, 16% of the assets were invested in equities and 84% were invested in bonds or held in cash. At the end of June 2002, the corresponding figures were 29% and 71%. The dramatic decline in equity investments reflects the falling equity prices in recent years, which, despite a certain stabilisation of the equity markets in the second quarter of 2003, led to a decrease in the market value of equity portfolios compared with the value in the first half of 2002 and thus to falling interest in equity-related products in general.

Expenses fell by 2% in comparison with expenses incurred in the first half of 2002. They include one-off expenses incurred in the second quarter of 2003 following the decision not to establish Danske Private Equity's Danske Life Science fund.

New agreements in the first half of 2003 amounted to DKr9bn and were established primarily in connection with the sale of Danske Invest and BG Invest products in Denmark. The Group's share of the market thus amounted to 26.1%. In terms of total asset value, its market share stood at 31.7% at the end of June 2003. In the Danish retail market, the Group retained its strong position with a 41.7% share of net sales and a 41.5% share of the total asset value. The market share of unit trust products for institutional clients was 11.9% at the end of June 2003, which is somewhat lower than at the end of 2002 primarily as a result of the decline in index-linked agreements.

The upward trend in sales of credit bond products continued during the first six months of 2003, and the volume of these products totalled DKr13.8bn at the end of June 2003, against DKr9.6bn at the beginning of the year.

Earnings from investment portfolios

| EARNINGS FROM INVESTMENT PORTFOLIOS (DKr m) | First half 2003 | First half 2002 | Q2 2003 | Q1 2003 | Q4 2002 | Q3 2002 | Q2 2002 | Full year 2002 |
|---|-----------------|-----------------|---------|---------|---------|---------|---------|----------------|
| Fixed-income positions | 490 | 800 | 175 | 315 | 153 | 436 | 637 | 1,389 |
| Shares | | | | | | | | |
| Unlisted | 375 | 446 | 367 | 8 | 300 | 23 | 460 | 769 |
| Listed | 317 | -19 | 262 | 55 | 70 | -477 | -100 | -426 |
| Currency | 41 | 69 | 8 | 33 | 6 | -2 | 72 | 73 |
| Hedging of interest-rate risk, Danica Pension | 0 | 157 | 0 | 0 | 0 | 0 | 157 | 157 |
| Expenses | 82 | 71 | 41 | 41 | 44 | 30 | 39 | 145 |
| Earnings from investment portfolios, banking business | 1,141 | 1,382 | 771 | 370 | 485 | -50 | 1,187 | 1,817 |
| Share of return on investments, Danica Pension | 141 | -297 | 65 | 76 | 72 | 266 | -197 | 41 |
| Risk allowance, Danica Pension | 0 | -383 | 217 | -217 | -256 | -211 | -383 | -850 |
| Earnings from investment portfolios, Danica Pension | 141 | -680 | 282 | -141 | -184 | 55 | -580 | -809 |
| Total earnings from investment portfolios | 1,282 | 702 | 1,053 | 229 | 301 | 5 | 607 | 1,008 |
| Total assets (avg.) | 129,261 | 159,755 | 143,231 | 115,136 | 113,276 | 132,964 | 142,593 | 141,287 |
| Risk-weighted items, banking business (avg.) | 25,685 | 34,161 | 25,516 | 25,856 | 29,021 | 30,954 | 34,462 | 32,057 |
| Allocated capital, banking business (avg.) | 1,670 | 2,220 | 1,659 | 1,681 | 1,886 | 2,012 | 2,240 | 2,084 |

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 of the financial infrastructure in Denmark.

The Group's total earnings from investment portfolios were a satisfactory Dkr1,282m, against Dkr702m for the first half of 2002.

Earnings from investment portfolios in the banking business totalled Dkr1,141m, against Dkr1,382m for the first half of 2002.

Fixed-income positions generated earnings of Dkr490m in the first half 2003, against Dkr800m in the same period last year. This amount includes a profit of Dkr286m on the partial hedging of an expected reduction in income in the banking business as a result of falling interest rates. The result was also affected by the lower interest rate risk throughout the first half of 2003.

Equities generated a total return of Dkr692m, against Dkr427m in the first half of 2002. Unlisted shares includes a profit of Dkr264m on the sale of PBS Holding A/S. Similarly, earnings from investment portfolios in the first half of 2002 included a profit of Dkr103m on the sale of shares in the Copenhagen Stock Exchange and the Danish VP Securities Services. The return on unlisted shares also includes write-downs in the amount of Dkr149m. The return on listed shares was satisfactory considering the chosen risk profile.

Finally, the Group's currency positions produced a gain of Dkr41m, against a profit of Dkr69m in the same period last year.

Earnings from investment portfolios in the insurance business were Dkr141m, against a negative Dkr680m in the first half of 2002. The increase reflects the fact that at the end of the first half of 2003 there was no need to make provisions for risk allowances for 2003.

The Group's overall sensitivity to a 1-percentage-point change in interest rates was about Dkr1.1bn at the end of the first half of 2003, or Dkr100m lower than a year earlier.

The effect of a 10% change in equity prices on earnings from the Group's portfolio of listed shares would be about Dkr50m, against some Dkr200m at the end of the first half of 2002.

Outlook for 2003

Group core earnings increased marginally in the first half of 2003 in comparison with the first half of 2002. Global economic growth is expected to remain low during the rest of the year, and interest rates in general are likely to be lower than in 2002, putting downward pressure on Group interest income. Consequently, the Group has no basis for adjusting its expectations of the result for 2003 and continues to expect core earnings to remain largely at the level recorded in 2002.

Earnings from investment portfolios in the banking and insurance businesses will depend heavily 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 29% of pre-tax profit.

Copenhagen, August 21, 2003

Danske Bank A/S
Holmens Kanal 2-12
DK-1092 København K
CVR-nr. 61 12 62 28
www.danskebank.com

Danske Bank Group

| CORE EARNINGS AND NET PROFIT FOR THE PERIOD (DKr m) | Q2 2003 | Q1 2003 | Q4 2002 | Q3 2002 | Q2 2002 | Full year 2002 |
|---|--------------|--------------|--------------|--------------|--------------|-------------------|
| Net interest income from banking activities, etc. | 3,809 | 4,023 | 4,015 | 4,008 | 3,865 | 15,859 |
| Fee and commission income, net | 1,522 | 1,485 | 1,498 | 1,354 | 1,482 | 5,842 |
| Trading income | 846 | 973 | 641 | 770 | 917 | 2,968 |
| Other core income | 413 | 250 | 249 | 406 | 250 | 1,278 |
| Core insurance earnings | 282 | 269 | 331 | 283 | 251 | 1,118 |
| Total core income | 6,872 | 7,000 | 6,734 | 6,821 | 6,765 | 27,065 |
| Operating expenses and depreciation | 3,815 | 3,679 | 4,260 | 3,725 | 3,821 | 15,489 |
| Core earnings before provisions | 3,057 | 3,321 | 2,474 | 3,096 | 2,944 | 11,576 |
| Provisions for bad and doubtful debts | 469 | 478 | 415 | 365 | 254 | 1,420 |
| Core earnings | 2,588 | 2,843 | 2,059 | 2,731 | 2,690 | 10,156 |
| Earnings from investment portfolios | 1,053 | 229 | 301 | 5 | 607 | 1,008 |
| Profit before tax | 3,641 | 3,072 | 2,360 | 2,736 | 3,297 | 11,164 |
| Tax | 1,097 | 813 | 532 | 656 | 899 | 2,922 |
| Net profit for the period | 2,544 | 2,259 | 1,828 | 2,080 | 2,398 | 8,242 |
| Attributable to minority interests | - | - | - | - | - | - |

BALANCE SHEET HIGHLIGHTS (DKr bn)

| | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Bank loans and advances | 476 | 470 | 479 | 473 | 485 | 479 |
| Mortgage loans | 484 | 478 | 469 | 466 | 458 | 469 |
| Bonds and shares | 444 | 438 | 433 | 346 | 324 | 433 |
| Due to credit institutions and central banks | 291 | 349 | 320 | 290 | 274 | 320 |
| Deposits | 455 | 458 | 428 | 419 | 412 | 428 |
| Issued bonds | 697 | 688 | 700 | 633 | 621 | 700 |
| Subordinated debt | 32 | 30 | 31 | 30 | 31 | 31 |
| Shareholders' equity | 63 | 63 | 60 | 62 | 60 | 60 |
| Total assets | 1,722 | 1,764 | 1,752 | 1,612 | 1,566 | 1,752 |

Profit and loss account for the six months ended June 30

| Note | (DKr m) | DANSKE BANK GROUP | | DANSKE BANK | |
|------|--|-------------------|--------|-------------|--------|
| | | 2003 | 2002 | 2003 | 2002 |
| 2, 9 | Interest income | 35,317 | 35,042 | 17,912 | 18,271 |
| 3 | Interest expense | 25,370 | 25,587 | 10,939 | 11,441 |
| | Net interest income | 9,947 | 9,455 | 6,973 | 6,830 |
| 9 | Dividends from shares, etc. | 171 | 170 | 155 | 141 |
| 4, 9 | Fee and commission income | 3,692 | 3,820 | 3,316 | 3,261 |
| | Fees and commissions paid | 654 | 697 | 550 | 559 |
| | Net interest and fee income | 13,156 | 12,748 | 9,894 | 9,673 |
| 5, 9 | Securities and foreign exchange income | 227 | 580 | 215 | 470 |
| 9 | Other operating income | 824 | 617 | 641 | 453 |
| 6 | Staff costs and administrative expenses | 7,343 | 7,290 | 5,868 | 5,665 |
| | Amortisation and depreciation | 226 | 277 | 193 | 238 |
| | Other operating expenses | 8 | 8 | 7 | 2 |
| | Provisions for bad and doubtful debts | 947 | 640 | 812 | 611 |
| 7 | Income from associated and subsidiary undertakings | 1,030 | 338 | 2,843 | 1,988 |
| | Profit before tax | 6,713 | 6,068 | 6,713 | 6,068 |
| 8 | Tax | 1,910 | 1,734 | 1,910 | 1,734 |
| | Net profit for the period | 4,803 | 4,334 | 4,803 | 4,334 |
| | Attributable to minority interests | - | - | - | - |

Balance sheet at June 30

| Note | [DKr m] | DANSKE BANK GROUP | | DANSKE BANK | |
|--------|--|-------------------|------------------|------------------|------------------|
| | | 2003 | 2002 | 2003 | 2002 |
| | ASSETS | | | | |
| | Cash in hand and demand deposits with central banks | 11,189 | 10,228 | 9,180 | 7,721 |
| 10 | Due from credit institutions and deposits with central banks | 167,499 | 165,837 | 214,912 | 182,171 |
| 11, 12 | Loans and advances | 960,123 | 943,037 | 403,044 | 416,792 |
| | Bonds | 432,083 | 311,685 | 400,073 | 295,346 |
| | Shares, etc. | 9,798 | 12,051 | 9,453 | 11,284 |
| | Holdings in associated undertakings, etc. | 1,315 | 1,637 | 934 | 1,207 |
| | Holdings in subsidiary undertakings | 12,277 | 10,970 | 46,194 | 43,213 |
| | Intangible assets | 41 | - | 41 | - |
| | Tangible assets | 6,113 | 6,342 | 4,758 | 4,870 |
| 13 | Own shares | 957 | 956 | 957 | 956 |
| | Other assets | 119,418 | 101,781 | 115,656 | 102,341 |
| | Prepayments | 985 | 993 | 860 | 936 |
| | Total assets | 1,721,798 | 1,565,517 | 1,206,062 | 1,066,837 |
| | LIABILITIES AND EQUITY | | | | |
| | Due to credit institutions and central banks | 291,278 | 273,853 | 349,842 | 296,330 |
| 14 | Deposits | 455,119 | 411,869 | 424,430 | 380,726 |
| 15 | Issued bonds | 696,908 | 621,123 | 167,405 | 141,501 |
| | Other liabilities | 181,599 | 166,138 | 169,290 | 157,683 |
| | Deferred income | 622 | 587 | 516 | 521 |
| 16 | Provisions for obligations | 1,303 | 1,486 | 269 | 369 |
| 17 | Subordinated debt | 31,588 | 30,611 | 30,938 | 29,866 |
| | Minority interests | 9 | 9 | - | - |
| | Shareholders' equity | 63,372 | 59,841 | 63,372 | 59,841 |
| | Total liabilities and equity | 1,721,798 | 1,565,517 | 1,206,062 | 1,066,837 |
| | OFF-BALANCE-SHEET ITEMS | | | | |
| 18 | Guarantees, etc. | 82,729 | 76,207 | 209,421 | 187,597 |
| 19 | Other commitments | 101,668 | 90,021 | 91,193 | 84,804 |
| | Total off-balance-sheet items | 184,397 | 166,228 | 300,614 | 272,401 |

Capital

| MOVEMENTS IN THE CAPITAL OF DANSKE BANK IN THE FIRST HALF OF 2003 (DKr m) | Beginning of period | Capital reduction | Other additions | Other disposals | End of period |
|---|------------------------|----------------------|--------------------|--------------------|------------------|
| Share capital | 7,320 | -203 | - | - | 7,117 |
| Share premium account | - | - | - | - | - |
| Reserve for own shares | 732 | - | 225 | - | 957 |
| Revaluation reserve | 38 | - | - | - | 38 |
| Profit brought forward | 52,229 | 203 | 4,828 | -2,000 | 55,260 |
| Total shareholders' equity | 60,319 | - | 5,053 | -2,000 | 63,372 |

The share capital is made up of 711,675,849 shares of DKr10, totalling DKr7,117m. All shares carry the same rights. Consequently, there is only one class of shares. The average number of shares outstanding was 706,961,360 in the first half of 2003, against 727,079,565 in the first half of 2002. At the end of the first half of 2003, the number of shares outstanding stood at 695,372,185.

| MOVEMENTS IN SHAREHOLDERS' EQUITY AND MINORITY INTERESTS (DKr m) | DANSKE BANK GROUP | |
|---|-------------------|---------------|
| | 2003 | 2002 |
| Shareholders' equity at January 1 | 60,319 | 57,091 |
| One-off adjustment regarding insurance activities | - | 1,407 |
| Adjustment of accounting policies | 250 | - |
| Reduction of own shares | -2,000 | -3,000 |
| Net profit for the period | 4,803 | 4,334 |
| Other | - | 9 |
| Shareholders' equity at June 30 | 63,372 | 59,841 |
| Minority interests at January 1 | 9 | 10 |
| Foreign exchange value adjustments | - | -1 |
| Minority interests at June 30 | 9 | 9 |

| CAPITAL BASE AND SOLVENCY RATIO (excluding net profit for the period) (DKr m) | DANSKE BANK GROUP | | DANSKE BANK | |
|---|-------------------|----------------|----------------|----------------|
| | 2003 | 2002 | 2003 | 2002 |
| Core capital, less statutory deductions | 56,763 | 53,446 | 57,446 | 54,292 |
| Eligible subordinated debt and revaluation reserve | 29,741 | 28,799 | 29,313 | 28,255 |
| Statutory deduction for insurance subsidiaries | -6,896 | -6,292 | -6,889 | -6,285 |
| Other statutory deductions | -397 | -436 | -397 | -436 |
| Supplementary capital, less statutory deductions | 22,448 | 22,071 | 22,027 | 21,534 |
| Total capital base, less statutory deductions | 79,211 | 75,517 | 79,473 | 75,826 |
| Weighted items | | | | |
| not included in trading portfolio | 712,427 | 694,152 | 481,413 | 476,816 |
| with market risk included in trading portfolio | 77,889 | 73,441 | 79,119 | 72,276 |
| Total weighted items | 790,316 | 767,593 | 560,532 | 549,092 |
| Core (tier 1) capital ratio, % | 7.18 | 6.96 | 10.25 | 9.89 |
| Solvency ratio, % | 10.02 | 9.84 | 14.18 | 13.81 |
| Statutory minimum solvency requirement, % | 8.00 | 8.00 | 8.00 | 8.00 |

The solvency ratio is calculated in accordance with the rules on capital adequacy for banks and certain credit institutions. The rules stipulate that the Group's insurance subsidiaries are not to be consolidated into the Group accounts. Hence, the solvency margin of these companies is deducted from the Group's capital base before the capital base is included in the calculation of its solvency ratio. The consequent reduction in the solvency ratio was 0.8 percentage points at June 30, 2003, and 0.8 percentage points at the end of 2002.

Notes to the profit and loss account

CORE EARNINGS AND EARNINGS FROM INVESTMENT PORTFOLIOS OF THE DANSKE BANK GROUP AND THE STATUTORY PRESENTATION OF ACCOUNTS

| | | First half 2003 | | | | |
|------|---|-----------------|----------------|-------------------------------------|-------|---------|
| Note | [DKr m] | Core earnings | Trading income | Earnings from investment portfolios | Other | Total * |
| 1 | Net interest income | 7,832 | 1,439 | 765 | -89 | 9,947 |
| | Dividends from shares, etc. | 104 | - | 67 | - | 171 |
| | Fee and commission income | 3,007 | 44 | -13 | - | 3,038 |
| | Net interest and fee income | 10,943 | 1,483 | 819 | -89 | 13,156 |
| | Trading income/Securities and foreign exchange income | 1,819 | -1,483 | -109 | - | 227 |
| | Other operating income | 559 | - | 265 | - | 824 |
| | Expenses | 7,486 | - | 83 | - | 7,569 |
| | Other operating expenses | 8 | - | - | - | 8 |
| | Provisions for bad and doubtful debts | 947 | - | - | - | 947 |
| | Insurance activities/Income from associated and subsidiary undertakings | 551 | - | 390 | 89 | 1,030 |
| | Profit before tax | 5,431 | - | 1,282 | - | 6,713 |

| | | First half 2002 | | | | |
|--|---|-----------------|----------------|-------------------------------------|-------|---------|
| | [DKr m] | Core earnings | Trading income | Earnings from investment portfolios | Other | Total * |
| | Net interest income | 7,836 | 1,147 | 573 | -101 | 9,455 |
| | Dividends from shares, etc. | 109 | - | 61 | - | 170 |
| | Fee and commission income | 2,990 | 151 | -18 | - | 3,123 |
| | Net interest and fee income | 10,935 | 1,298 | 616 | -101 | 12,748 |
| | Trading income/Securities and foreign exchange income | 1,557 | -1,298 | 321 | - | 580 |
| | Other operating income | 514 | - | 103 | - | 617 |
| | Expenses | 7,496 | - | 71 | - | 7,567 |
| | Other operating expenses | 8 | - | - | - | 8 |
| | Provisions for bad and doubtful debts | 640 | - | - | - | 640 |
| | Insurance activities/Income from associated and subsidiary undertakings | 504 | - | -267 | 101 | 338 |
| | Profit before tax | 5,366 | - | 702 | - | 6,068 |

*) The statutory accounting format of the Danish Financial Supervisory Authority.

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 | 146 | 48 | 119 | 33 |
| | Central banks | 1,020 | 567 | 884 | 483 |
| | Repo transactions with credit institutions | 1,347 | 1,430 | 1,343 | 1,496 |
| | Credit institutions | 796 | 1,182 | 712 | 1,019 |
| | Mortgage loans | 14,211 | 13,771 | - | - |
| | Repo loans and advances | 842 | 1,050 | 841 | 1,049 |
| | Loans and advances | 11,071 | 12,092 | 8,751 | 9,710 |
| | Bonds | 7,844 | 6,261 | 7,202 | 5,696 |
| | Derivatives | | | | |
| | Currency contracts | -1,605 | -1,148 | -1,476 | -1,027 |
| | Interest rate contracts | -472 | -286 | -464 | -208 |
| | Total derivatives | -2,077 | -1,434 | -1,940 | -1,235 |
| | Other interest income | 117 | 75 | - | 20 |
| | Total | 35,317 | 35,042 | 17,912 | 18,271 |
| 3 | Interest expense | | | | |
| | Repo transactions with central banks | 16 | 28 | 16 | 28 |
| | Central banks | 1,083 | 950 | 1,083 | 921 |
| | Repo transactions with credit institutions | 1,533 | 1,535 | 1,578 | 1,601 |
| | Credit institutions | 1,611 | 1,308 | 1,620 | 1,522 |
| | Repo deposits | 333 | 514 | 332 | 513 |
| | Deposits | 5,129 | 5,536 | 4,149 | 4,317 |
| | Mortgage bonds issued | 13,340 | 13,009 | - | - |
| | Other bonds issued | 1,470 | 1,819 | 1,402 | 1,718 |
| | Subordinated debt | 765 | 817 | 747 | 788 |
| | Other interest expense | 90 | 71 | 12 | 33 |
| | Total | 25,370 | 25,587 | 10,939 | 11,441 |
| 4 | Fee and commission income | | | | |
| | Guarantee commissions | 214 | 203 | 342 | 307 |
| | Securities and custody commissions | 1,274 | 1,530 | 1,246 | 1,341 |
| | Payment services | 709 | 700 | 687 | 672 |
| | Remortgaging and loan fees | 930 | 709 | 601 | 447 |
| | Other commissions | 565 | 678 | 440 | 494 |
| | Total | 3,692 | 3,820 | 3,316 | 3,261 |

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 | 747 | 217 | 681 | 191 |
| | Shares | 856 | -1,426 | 839 | -1,415 |
| | Fixed rate loans and advances | 25 | 85 | 36 | 77 |
| | Foreign exchange | 97 | -441 | 67 | -473 |
| | Derivatives | | | | |
| | Currency contracts | -55 | -5 | -56 | -1 |
| | Interest rate contracts | -302 | -126 | -211 | -153 |
| | Equity contracts | -723 | 332 | -723 | 291 |
| | Other contracts | -10 | -26 | -10 | -17 |
| | Total derivatives | -1,090 | 175 | -1,000 | 120 |
| | Adjustment for pooled schemes | -408 | 1,970 | -408 | 1,970 |
| | Total | 227 | 580 | 215 | 470 |
| | Securities and foreign exchange income After adjustment for pooled schemes, securities and foreign exchange income totals: | | | | |
| | Bonds | 547 | 277 | 481 | 251 |
| | Shares | 266 | -177 | 249 | -166 |
| | Fixed-rate loans and advances | 25 | 86 | 36 | 78 |
| | Foreign exchange | 480 | 218 | 450 | 186 |
| | Derivatives | -1,091 | 176 | -1,001 | 121 |
| | Total | 227 | 580 | 215 | 470 |
| 6 | Staff costs and administrative expenses | | | | |
| | Salaries and remuneration of Board of Directors and Executive Board | | | | |
| | Executive Board | 4 | 6 | 4 | 6 |
| | Board of Directors | 5 | 5 | 5 | 5 |
| | Total | 9 | 11 | 9 | 11 |
| | Staff costs | | | | |
| | Salaries | 4,050 | 3,685 | 3,513 | 3,033 |
| | Pension costs | 407 | 390 | 333 | 341 |
| | Financial services employer tax, etc. | 423 | 426 | 363 | 357 |
| | Total | 4,880 | 4,501 | 4,209 | 3,731 |
| | Other administrative expenses, gross | 2,599 | 2,891 | 1,795 | 2,036 |
| | Consideration for administrative services from non- consolidated subsidiaries | -145 | -113 | -145 | -113 |
| | Other administrative expenses, net | 2,454 | 2,778 | 1,650 | 1,923 |
| | Total staff costs and administrative expenses | 7,343 | 7,290 | 5,868 | 5,665 |

Notes to the profit and loss account

Note

6 (continued)

Equity-based incentive programme

Share options

| | Number | | | | Strike price | Market value (DKr m) | |
|------------------------|-----------------|--------------|-----------------|-----------|--------------|----------------------|------------|
| | Executive Board | Senior staff | Other employees | Total | | At issue | 30 June 03 |
| Allotted in 2001, beg. | 83,335 | 625,565 | 29,525 | 738,425 | 152.89 | 25.5 | 8.8 |
| Cancelled/added | 0 | -114,460 | 59,860 | -54,600 | - | - | - |
| Allotted in 2001, end | 83,335 | 511,105 | 89,385 | 683,825 | 152.89 | 23.6 | 8.2 |
| Allotted in 2002, beg. | 112,667 | 1,233,466 | 34,667 | 1,380,800 | 140.84 | 47.6 | 24.6 |
| Cancelled/added | 0 | -147,200 | 63,200 | -84,000 | - | - | - |
| Allotted in 2002, end | 112,667 | 1,086,266 | 97,867 | 1,296,800 | 140.84 | 44.7 | 23.1 |
| Allotted in 2003, beg. | 138,600 | 1,313,400 | 12,800 | 1,464,800 | 118.50 | 29.5 | 39.8 |
| Cancelled/added | 0 | 0 | 0 | 0 | - | - | - |
| Allotted in 2003, end | 138,600 | 1,313,400 | 12,800 | 1,464,800 | 118.50 | 29.5 | 39.8 |

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 | 1.2 |
| Jakob Brogaard | 46,000 | | | 46,000 | 140.84 | 1.6 | 0.8 |
| Allotted in 2003, end | | | | | | | |
| Peter Straarup | 81,600 | | | 81,600 | 118.50 | 1.6 | 2.2 |
| Jakob Brogaard | 57,000 | | | 57,000 | 118.50 | 1.1 | 1.5 |

Market value is calculated according to a dividend-adjusted Black & Scholes formula on the basis of the following assumptions on June 30, 2003: Share price 127.86. Dividend 3.7%. Interest rate 2.7-3.2%. Volatility 27.0%. Average time to expiry 2.75-4.75 years.

The lifetime of the share options is seven years from allotment, consisting of a vesting period of three years and an exercise period of four years. The option programme is a three-year revolving programme.

Purchase rights to conditional shares

| | | | | | | | |
|------------------------|-------|--------|---------|---------|--|------|------|
| Allotted in 2002, beg. | 7,969 | 72,961 | 276,582 | 357,512 | | 46.5 | 45.7 |
| Cancelled/added | 0 | -6,539 | -2,064 | -8,603 | | - | - |
| Allotted in 2002, end | 7,969 | 66,422 | 274,518 | 348,909 | | 45.8 | 44.6 |
| Allotted in 2003, beg. | 9,706 | 78,122 | 314,254 | 402,082 | | 47.6 | 51.4 |
| Cancelled/added | 0 | 0 | 0 | 0 | | - | - |
| Allotted in 2003, end | 9,706 | 78,122 | 314,254 | 402,082 | | 47.6 | 51.4 |

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 | 0.3 |
| Allotted in 2003, end | | | | | | | |
| Peter Straarup | 6,377 | | | 6,377 | | 0.8 | 0.8 |
| Jakob Brogaard | 3,329 | | | 3,329 | | 0.4 | 0.4 |

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

The number of Danske Bank shares (exclusive of options and rights to buy conditional shares) held by the Board of Directors and the Executive Board was 85,051 at June 30, 2003 (84,804 at the end of 2002).

Notes to the profit and loss account

| Note | (DKr m) | DANSKE BANK GROUP | | DANSKE BANK | | | | | |
|------|---|-------------------|-------------|---------------|--------------|--------------|-----------|---------------------|--------|
| | | 2003 | 2002 | 2003 | 2002 | | | | |
| 7 | Income from associated and subsidiary undertakings | | | | | | | | |
| | Income from associated undertakings, etc. | 250 | 413 | 237 | 398 | | | | |
| | Income before tax from subsidiary undertakings | 780 | -75 | 2,606 | 1,590 | | | | |
| | Total | 1,030 | 338 | 2,843 | 1,988 | | | | |
| 8 | Tax (minus denotes income) | | | | | | | | |
| | The current tax rate of the Danske Bank Group | 30.0 | 30.0 | 30.0 | 30.0 | | | | |
| | Non-liable income and non-deductible expenses, etc. | 0.5 | -1.7 | 0.5 | -1.7 | | | | |
| | Adjustment of prior-year tax charges | -2.6 | - | -2.6 | - | | | | |
| | Tax on provisions | 0.6 | 0.7 | 0.6 | 0.7 | | | | |
| | Effective tax rate | 28.5 | 29.0 | 28.5 | 29.0 | | | | |
| 9 | Geographical segments | | | | | | | | |
| | | Gross income | | Core earnings | | Total assets | | Number of employees | |
| | (DKr m) | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| | Denmark | 34,330 | 33,103 | 6,723 | 6,438 | 1,631,367 | 1,347,894 | 13,760 | 14,333 |
| | Finland | 220 | 275 | 39 | 15 | 11,021 | 14,629 | 54 | 115 |
| | Germany | 145 | 140 | 55 | 54 | 6,536 | 6,181 | 38 | 36 |
| | Hong Kong | - | - | - | - | 23 | 27 | - | - |
| | Luxembourg | 462 | 603 | 78 | 88 | 38,851 | 32,373 | 102 | 117 |
| | Norway | 2,823 | 3,088 | 275 | 280 | 73,880 | 81,368 | 1,048 | 1,112 |
| | Poland | 43 | 40 | 7 | 14 | 1,458 | 895 | 52 | 42 |
| | Singapore | - | - | - | - | - | - | - | - |
| | Sweden | 2,788 | 3,003 | 335 | 149 | 184,545 | 133,434 | 1,124 | 1,190 |
| | United Kingdom | 2,332 | 2,384 | 507 | 476 | 111,528 | 112,689 | 197 | 202 |
| | United States | 829 | 1,601 | 185 | 152 | 121,603 | 179,291 | 68 | 72 |
| | Eliminations | -3,741 | -4,008 | -1,826 | -1,660 | -459,014 | -343,264 | - | - |

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

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

Notes to the balance sheet

| Note | (DKr m) | DANSKE BANK GROUP | | DANSKE BANK | |
|------|--|-------------------|----------------|----------------|----------------|
| | | 2003 | 2002 | 2003 | 2002 |
| 10 | Due from credit institutions and deposits with central banks | | | | |
| | Repo transactions with central banks | 11,206 | 1,692 | 9,536 | 967 |
| | Other deposits with central banks | 46,775 | 49,772 | 46,775 | 28,923 |
| | Repo transactions with credit institutions | 61,175 | 70,896 | 61,187 | 75,288 |
| | Other amounts due from credit institutions | 48,343 | 43,477 | 97,414 | 76,993 |
| | Total | 167,499 | 165,837 | 214,912 | 182,171 |
| 11 | Loans and advances | | | | |
| | Mortgage loans | 484,536 | 458,567 | - | - |
| | Repo loans and advances | 78,276 | 81,340 | 78,200 | 81,340 |
| | Leases | 20,922 | 18,432 | 14,555 | 13,685 |
| | Other loans and advances through foreign units | 211,642 | 209,123 | 133,609 | 140,906 |
| | Other loans and advances | 164,747 | 175,575 | 176,680 | 180,861 |
| | Total | 960,123 | 943,037 | 403,044 | 416,792 |
| 12 | Accumulated provisions | | | | |
| | Provisions against loans, advances and guarantees at June 30 | 12,410 | 13,586 | 10,388 | 10,959 |
| | Provisions at June 30 against amounts due from credit institutions and other items involving a credit risk | 314 | 353 | 311 | 344 |
| | Total | 12,724 | 13,939 | 10,699 | 11,303 |
| | Accumulated provisions against loans, advances and guarantees as a percentage of loans, advances and guarantees at June 30 | 1.19 | 1.32 | 1.70 | 1.78 |
| | Non-accrual loans and advances to customers and non-accrual amounts due from credit institutions at June 30 | 3,983 | 3,697 | 3,304 | 2,904 |
| 13 | Own shares taken up at market value | | | | |
| | Number of own shares (in thousands) | 7,560 | 6,904 | 7,560 | 6,904 |
| | Nominal holding of own shares | 76 | 69 | 76 | 69 |
| | Book value | 957 | 956 | 957 | 956 |
| | Of which pooled schemes | 372 | 596 | 372 | 596 |
| | Percentage of share capital at June 30 | 1.0 | 0.9 | 1.0 | 0.9 |
| | Own shares recognised at nil | | | | |
| | Own shares acquired with the object of reducing the share capital are written down to nil against shareholders' equity | | | | |
| | Number of own shares (in thousands) | 16,304 | 20,324 | 16,304 | 20,324 |
| | Nominal holding of own shares | 163 | 203 | 163 | 203 |
| | Cost | 2,000 | 3,000 | 2,000 | 3,000 |
| | Percentage of share capital at June 30 | 2.3 | 2.8 | 2.3 | 2.8 |
| 14 | Deposits | | | | |
| | On demand | 214,521 | 197,872 | 187,335 | 171,957 |
| | At notice | 7,026 | 7,455 | 6,262 | 4,894 |
| | Time deposits | 159,635 | 123,988 | 156,920 | 121,321 |
| | Repo deposits | 26,393 | 32,491 | 26,369 | 32,491 |
| | Special deposits | 47,544 | 50,063 | 47,544 | 50,063 |
| | Total | 455,119 | 411,869 | 424,430 | 380,726 |
| 15 | Issued bonds | | | | |
| | Mortgage bonds | 525,142 | 473,089 | - | - |
| | Other bonds | 171,766 | 148,034 | 167,405 | 141,501 |
| | Total | 696,908 | 621,123 | 167,405 | 141,501 |
| 16 | Provisions for obligations | | | | |
| | Reserves in early series subject to a reimbursement obligation | 777 | 898 | - | - |
| | Pensions and similar obligations | 277 | 240 | 101 | 67 |
| | Cases pending | 90 | 193 | 72 | 188 |
| | Other provisions for obligations | 159 | 155 | 96 | 114 |
| | Total | 1,303 | 1,486 | 269 | 369 |

Notes to the balance sheet

Note

17

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 21 a 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 | | | | | | | 4,602 |
| USD | 200 | 6.55 | 23/9 1993 | 2003 | 100 | 1,300 | 1,490 |
| USD | 200 | 7.25 | 21/6 1995 | 2005 | 100 | 1,300 | 1,490 |
| DKK | 100 | 8.93 | 5/12 1993 | 2006 | 100 | 100 | 100 |
| JPY | 10,000 | 6.30 | 14/9 1992 | 2007 | 100 | 541 | 629 |
| DKK | 75 | 6.00 | 30/9 1999 | 2007 | 100 | 75 | 75 |
| GBP | 125 | floating | 22/7 1996 | 2007 | 100 | 1,340 | 1,429 |
| GBP | 75 | floating | 22/10 1996 | 2007 | 100 | 804 | 858 |
| EUR | 150 | floating | 24/11 1999 | 2007 | 100 | 1,114 | 1,114 |
| USD | 300 | 6.375 | 17/6 1998 | 2008 | 100 | 1,951 | 2,234 |
| USD | 300 | floating | 4/4 1997 | 2009 | 100 | 1,951 | 2,234 |
| USD | 500 | 7.40 | 11/6 1997 | 2010 | 100 | 3,251 | 3,724 |
| EUR | 700 | 5.75 | 26/3 2001 | 2011 | 100 | 5,201 | 5,201 |
| GBP | 150 | floating | 25/5 2001 | 2014 | 100 | 1,608 | 1,714 |
| EUR | 400 | 5.875 | 26/3 2002 | 2015 | 100 | 2,972 | 2,972 |
| EUR | 500 | 5.125 | 12/11 2002 | 2012 | 100 | 3,715 | - |
| EUR | 500 | 4.250 | 20/6 2003 | 2016 | 100 | 3,715 | - |
| Danske Bank A/S | | | | | | 30,938 | 29,866 |

Subordinated debt issued by subsidiaries

| | | | | | | | |
|--------------|-----|----------|----------|-----------|-----|-----|-----|
| USD | 100 | floating | 3/3 1997 | Perpetual | 100 | 650 | 745 |
| Subsidiaries | | | | | | 650 | 745 |

Total subordinated debt of the Danske Bank Group

31,588 30,611

The capital base includes subordinated debt in the following amounts:

| | | |
|-------------------|--------|--------|
| Danske Bank Group | 29,703 | 28,748 |
| Danske Bank | 29,275 | 28,205 |

The cost of repaying and issuing subordinated debt amounts to DKr7m in 2003. In 2002, the corresponding amount was DKr6m.

Notes to off-balance-sheet items

| Note | (DKr m) | DANSKE BANK GROUP | | DANSKE BANK | |
|------|------------------------------------|-------------------|---------------|----------------|----------------|
| | | 2003 | 2002 | 2003 | 2002 |
| 18 | Guarantees, etc. | | | | |
| | Financial guarantees | 22,257 | 19,359 | 65,065 | 58,601 |
| | Other guarantees | 59,310 | 55,317 | 143,194 | 127,465 |
| | Acceptances and endorsements, etc. | 1,162 | 1,531 | 1,162 | 1,531 |
| | Total | 82,729 | 76,207 | 209,421 | 187,597 |
| 19 | Other commitments | | | | |
| | Irrevocable loan commitments | 97,996 | 85,547 | 90,244 | 83,626 |
| | Other commitments | 3,672 | 4,474 | 949 | 1,178 |
| | Total | 101,668 | 90,021 | 91,193 | 84,804 |

20 **Contingent liabilities**

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

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

The Group's pension commitments are covered by ongoing payments made to insurance companies, pension funds, etc. In a few cases, however, the Group may, following an actuarial calculation, be ordered to make further payments. Certain foreign pension commitments are not covered outside the Group, but provisions are made on the basis of an actuarial calculation.

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

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

Collateral

The Group has deposited securities worth DKr1 15,222m with Danmarks Nationalbank and domestic and international clearing centres, etc., as collateral.

Related parties

Danske Bank has no related parties with a significant influence on the Group. Apart from intra-group restructurings effected at market prices, no unusual transactions took place with associated or subsidiary undertakings in 2003.

The Danske Bank Group handles IT operations and development, portfolio management and property administration for Forsikringselskabet Danica, Skadeforsikringsaktieselskab af 1999. Danske Bank also handles a substantial portion of that company's securities trading.

Notes to the balance sheet

Note

21 Market value adjustment

The Danske Bank Group continuously monitors the hedging of the interest rate risk on the Group's portfolio of fixed-rate assets and liabilities. The portfolio of assets and the liabilities are hedged in full or in part by means of derivatives so that, for each currency, the interest rate risk on the hedged portfolio of assets and the liabilities corresponds to the interest rate risk, for each currency, on the derivatives employed for hedging them.

Under Danish accounting regulations applying to banks and savings banks, part of the Group's fixed-rate assets (loans and advances as well as unlisted bonds) must be valued at cost or lower. Revaluation to a market value in excess of cost is consequently not allowed. For some of these assets, the interest rate risk has been hedged by derivatives (swaps), and in accordance with the accounting regulations, no value adjustment of these instruments has been made. Consequently, the Group did not expense Dkr2,375m in 2003 and Dkr577m in 2002.

The interest rate risk on the fixed-rate liabilities, which are not value adjusted under Danish accounting regulations, is hedged by derivatives (swaps) in respect of long-term liabilities. Market value adjustment of these derivatives employed for hedging purposes is not allowed. Consequently, the Group did not book income of Dkr2,080m in 2003 and Dkr1,756m in 2002.

| (DKr m) | 2003 | | | | 2002 | | |
|--|----------------|------------|--------------|------------------------|------------|--------------|------------------------|
| Danske Bank Group | Purchase price | Book value | Market value | Nominal/notional value | Book value | Market value | Nominal/notional value |
| Assets | | | | | | | |
| Loans and advances | 63,630 | 63,630 | 65,961 | 63,561 | 53,811 | 54,380 | 53,721 |
| Bonds | 14,327 | 14,327 | 14,371 | 14,326 | 16,592 | 16,600 | 17,035 |
| Total | 77,957 | 77,957 | 80,332 | 77,887 | 70,403 | 70,980 | 70,756 |
| Derivatives hedging interest rate risks | | | | | | | |
| Swaps | | | 2,375 | 76,459 | | 577 | 68,810 |
| Liabilities | | | | | | | |
| Deposits | | 6,357 | 6,738 | 6,357 | 1,961 | 2,100 | 1,961 |
| Issued bonds, etc. | | 9,568 | 10,052 | 9,568 | 6,819 | 7,171 | 6,819 |
| Subordinated debt | | 20,281 | 21,497 | 20,281 | 17,788 | 19,053 | 17,788 |
| Total | - | 36,206 | 38,287 | 36,206 | 26,568 | 28,324 | 26,568 |
| Derivatives hedging interest rate risks | | | | | | | |
| Swaps | | | 2,080 | 36,201 | | 1,756 | 26,637 |

Fixed-rate loans granted by the mortgage finance company are funded through the issue of mortgage bonds, which are not value adjusted. In accordance with a ruling given by the Danish Financial Supervisory Authority, fixed-rate mortgage loans are not value adjusted either. Therefore, the fixed-rate assets and liabilities listed above do not include fixed-rate mortgage loans and mortgage bonds issued.

| Danske Bank | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|
| Assets | | | | | | | |
| Loans and advances | 57,104 | 57,104 | 59,055 | 57,104 | 40,567 | 41,049 | 40,567 |
| Bonds | 14,327 | 14,327 | 14,371 | 14,326 | 16,592 | 16,600 | 17,035 |
| Total | 71,431 | 71,431 | 73,426 | 71,430 | 57,159 | 57,649 | 57,602 |
| Derivatives hedging interest rate risks | | | | | | | |
| Swaps | | | 1,995 | 70,853 | | 489 | 56,423 |
| Liabilities | | | | | | | |
| Deposits | | 6,357 | 6,738 | 6,357 | 1,961 | 2,100 | 1,961 |
| Issued bonds, etc. | | 7,677 | 8,137 | 7,677 | 5,011 | 5,367 | 5,011 |
| Subordinated debt | | 20,281 | 21,497 | 20,281 | 17,788 | 19,053 | 17,788 |
| Total | - | 34,315 | 36,372 | 34,315 | 24,760 | 26,520 | 24,760 |
| Derivatives hedging interest rate risks | | | | | | | |
| Swaps | | | 2,056 | 34,310 | | 1,760 | 24,759 |

Highlights for Danske Bank Group

| PROFIT AND LOSS ACCOUNT (DKr m) | First half 2003 | First half 2002 | First half 2001 | First half 2000 | First half 1999 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Net interest income | 9,947 | 9,455 | 8,957 | 5,117 | 4,589 |
| Net interest and fee income | 13,156 | 12,748 | 12,533 | 7,631 | 6,498 |
| Securities and foreign exchange income | 227 | 580 | 1,027 | 509 | -119 |
| Other operating income | 824 | 617 | 705 | 273 | 180 |
| Operating expenses and depreciation | 7,577 | 7,575 | 8,299 | 4,862 | 4,108 |
| Provisions for bad and doubtful debts | 947 | 640 | 665 | 156 | 138 |
| Income from associated and subsidiary undertakings | 1,030 | 338 | 814 | 485 | 600 |
| Profit before tax | 6,713 | 6,068 | 6,115 | 3,880 | 2,913 |
| Tax | 1,910 | 1,734 | 1,760 | 1,160 | 819 |
| Net profit for the period | 4,803 | 4,334 | 4,355 | 2,720 | 2,094 |

BALANCE SHEET (DKr bn)

| | | | | | |
|--|--------------|--------------|--------------|------------|------------|
| Loans and advances | 960 | 943 | 913 | 412 | 370 |
| Bonds and shares | 442 | 324 | 254 | 142 | 147 |
| Due to credit institutions and central banks | 291 | 274 | 256 | 147 | 155 |
| Deposits | 455 | 412 | 394 | 275 | 246 |
| Issued bonds | 697 | 621 | 555 | 167 | 134 |
| Subordinated debt | 32 | 31 | 34 | 22 | 21 |
| Shareholders' equity | 63 | 60 | 56 | 33 | 27 |
| Total assets | 1,722 | 1,566 | 1,420 | 755 | 678 |

RATIOS

| | | | | | |
|---|-------|-------|-------|-------|-------|
| 1. Solvency ratio, % | 10.0 | 9.8 | 9.5 | 10.3 | 9.6 |
| 2. Core (tier 1) capital ratio, % | 7.2 | 7.0 | 6.4 | 6.9 | 6.3 |
| 3. Half year return on equity before tax, % | 10.9 | 10.4 | 11.4 | 12.2 | 9.8 |
| 4. Half year return on equity after tax, % | 7.8 | 7.4 | 8.1 | 8.6 | 7.1 |
| 5. Income/cost ratio, DKr | 1.79 | 1.74 | 1.68 | 1.77 | 1.69 |
| 6. Interest rate risk, % | 2.1 | 1.9 | 4.1 | 3.1 | 4.3 |
| 7. Foreign exchange position, % | 6.0 | 7.2 | 4.0 | 6.3 | 6.2 |
| 8. Foreign exchange risk, % | 0.1 | 0.3 | 0.1 | 0.1 | 0.2 |
| 9. Excess cover relative to the statutory liquidity requirements, % | 135.9 | 132.6 | 97.6 | 120.7 | 108.9 |
| 10. Total amount of large exposures, % | 129.9 | 143.9 | 137.9 | 263.2 | 357.0 |
| 11. Provisioning ratio | 1.2 | 1.3 | 1.4 | 2.2 | 2.3 |
| 12. Write-off and provisioning ratio for the half year | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 |
| 13. Growth in loans and advances for the half year, % | 1.2 | 2.1 | 5.6 | 8.2 | 22.0 |
| 14. Gearing of loans and advances | 15.2 | 15.8 | 16.2 | 12.5 | 12.8 |

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) | First half 2003 | First half 2002 | First half 2001 | First half 2000 | First half 1999 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Net interest income | 6,973 | 6,830 | 6,423 | 4,034 | 3,923 |
| Net interest and fee income | 9,894 | 9,673 | 9,694 | 6,404 | 5,748 |
| Securities and foreign exchange income | 215 | 470 | 864 | 378 | -96 |
| Other operating income | 641 | 453 | 541 | 152 | 115 |
| Operating expenses and depreciation | 6,068 | 5,905 | 6,703 | 4,089 | 3,777 |
| Provisions for bad and doubtful debts | 812 | 611 | 799 | 99 | 90 |
| Income from associated and subsidiary undertakings | 2,843 | 1,988 | 2,517 | 1,132 | 1,012 |
| Profit before tax | 6,713 | 6,068 | 6,114 | 3,878 | 2,912 |
| Tax | 1,910 | 1,734 | 1,760 | 1,160 | 819 |
| Net profit for the period | 4,803 | 4,334 | 4,354 | 2,718 | 2,093 |

BALANCE SHEET (DKr bn)

| | | | | | |
|--|-------|-------|-----|-----|-----|
| Loans and advances | 403 | 417 | 416 | 271 | 235 |
| Bonds and shares | 410 | 307 | 235 | 131 | 133 |
| Due to credit institutions and central banks | 350 | 296 | 273 | 152 | 158 |
| Deposits | 424 | 381 | 368 | 251 | 222 |
| Issued bonds | 167 | 142 | 100 | 80 | 49 |
| Subordinated debt | 31 | 30 | 33 | 21 | 20 |
| Shareholders' equity | 63 | 60 | 56 | 33 | 27 |
| Total assets | 1,206 | 1,067 | 944 | 644 | 567 |

RATIOS

| | | | | | | |
|-----|--|-------|-------|-------|-------|-------|
| 1. | Solvency ratio, % | 14.2 | 13.8 | 12.8 | 11.4 | 10.7 |
| 2. | Core (tier 1) capital ratio, % | 10.2 | 9.9 | 8.6 | 7.7 | 7.1 |
| 3. | Half year return on equity before tax, % | 10.9 | 10.4 | 11.4 | 12.2 | 9.8 |
| 4. | Half year return on equity after tax, % | 7.8 | 7.4 | 8.1 | 8.6 | 7.1 |
| 5. | Income/cost ratio, DKr | 1.98 | 1.93 | 1.82 | 1.93 | 1.75 |
| 6. | Interest rate risk, % | 2.0 | 1.8 | 3.4 | 2.9 | 3.7 |
| 7. | Foreign exchange position, % | 3.9 | 7.1 | 4.1 | 6.4 | 6.2 |
| 8. | Foreign exchange risk, % | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 |
| 9. | Loans and advances, plus provisions in relation to deposits, % | 97.3 | 112.2 | 115.8 | 111.2 | 109.6 |
| 10. | Excess cover relative to the statutory liquidity requirements, % | 176.3 | 173.2 | 144.5 | 119.7 | 106.3 |
| 11. | Total amount of large exposures, % | 118.3 | 142.3 | 136.9 | 266.4 | 358.3 |
| 12. | Provisioning ratio | 1.7 | 1.8 | 2.0 | 2.2 | 2.4 |
| 13. | Write-off and provisioning ratio for the half year | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 |
| 14. | Growth in loans and advances for the half year, % | -0.3 | 1.3 | 41.2 | 13.9 | 10.3 |
| 15. | Gearing of loans and advances | 6.4 | 7.0 | 7.4 | 8.2 | 8.1 |
| 16. | Half year earnings before tax per share amount of DKr100 | 93.0 | 82.9 | 82.0 | 73.3 | 55.0 |
| 17. | Half year earnings after tax per share amount of DKr100 | 66.5 | 59.2 | 58.4 | 51.4 | 39.5 |
| 18. | Book value per share amount of DKr100 | 890 | 817 | 768 | 623 | 546 |
| 19. | Share price at June 30/book value per share | 1.44 | 1.70 | 2.06 | 1.48 | 1.43 |

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

Group holdings and undertakings

| | | Share capital June 30, 2003 [thousands] | Share capital held by the Group [%] |
|--|-----|---|---|
| Danske Bank A/S, Copenhagen | DKK | 7,320,000 | |
| CONSOLIDATED SUBSIDIARIES | | | |
| Realkredit Danmark A/S, Copenhagen | DKK | 625,000 | 100 |
| home a/s, Copenhagen | DKK | 15,000 | 100 |
| Danske Bank International S.A., Luxembourg | EUR | 90,625 | 100 |
| Firstnordic Fund Management Company S.A., Luxembourg | EUR | 125 | 100 |
| DDB Fokus Invest AS, Trondheim | NOK | 1,300,000 | 100 |
| Fokus Bank ASA, Trondheim | NOK | 1,499,467 | 100 |
| Fokus Kreditt AS, Oslo | NOK | 800,000 | 100 |
| Roby ANS, Stavanger | NOK | 23,400 | 100 |
| Fokus Kredittforsikring AS, Trondheim | NOK | 20,900 | 100 |
| Firstnordic Fondene AS, Trondheim | NOK | 6,000 | 100 |
| Fokus Eiendomsmegling AS, Skien | NOK | 1,000 | 100 |
| Skåresletta Eiendom AS, Trondheim | NOK | 50 | 100 |
| Danske Securities ASA, Oslo | NOK | 30,000 | 100 |
| DDB Invest AB, Linköping | SEK | 100,000 | 100 |
| Bokredit i Sverige AB, Stockholm | SEK | 43,000 | 100 |
| Östgöta Enskilda Fastigheter AB, Linköping | SEK | 10,000 | 100 |
| Firstnordic Fonder AB, Stockholm | SEK | 1,000 | 100 |
| Byggnads AB Slaget, Stockholm | SEK | 100 | 100 |
| Östgöta Enskilda BFH AB, Linköping | SEK | 100 | 100 |
| BK Fri AB, Stockholm | SEK | 100 | 100 |
| Danske Bank Polska S.A., Warsaw | PLN | 42,225 | 97 |
| Danske Securities AB, Stockholm | SEK | 300,000 | 100 |
| Danske Markets (US) Inc., Delaware | USD | 2,000 | 100 |
| Nordania Finans A/S, Birkerød | DKK | 5,700 | 100 |
| HandelsFinans A/S, Copenhagen | DKK | 110,000 | 100 |
| Danske Corporation, Delaware, U.S.A. | USD | 4 | 100 |
| Danske Private Equity A/S, Copenhagen | DKK | 5,000 | 100 |
| Danske Capital Finland Oy, Helsinki | EUR | 1,000 | 100 |
| Firstnordic Rahastoyhtiö Oy, Tampere | EUR | 350 | 100 |
| Danske Finance, Asia, Ltd. in the process of being wound up, Hong Kong | HKD | 1,000 | 100 |
| KHB VI A/S, Copenhagen | DKK | 111,700 | 100 |
| DDB-Ejendomsselskab af 1. januar 1990 A/S, Copenhagen | DKK | 35,700 | 100 |
| BG Dublin A/S, Copenhagen | DKK | 500 | 100 |
| BG Investeringselskab af 10/10 1991 ApS, Copenhagen | DKK | 300 | 100 |
| Ejendomsaktieselskabet Virum-Vang, Copenhagen | DKK | 2,000 | 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 | 100 |
| DB I A/S, Copenhagen | DKK | 500 | 100 |
| DB II A/S, Copenhagen | DKK | 500 | 100 |
| DB III A/S, Copenhagen | DKK | 500 | 100 |
| DB IV A/S, Copenhagen | DKK | 500 | 100 |
| DDB VI A/S, Copenhagen | DKK | 500 | 100 |
| NON-CONSOLIDATED SUBSIDIARIES | | | |
| Forsikringselskabet Danica, Skadeforsikringsaktieselskab af 1999, Copenhagen | DKK | 1,000,000 | 100 |
| Danica Pension, Livsforsikringsaktieselskab, Copenhagen (15 subsidiaries) | | | |
| A/S Conair, Consolidated Aircraft Corporation Ltd. in the process of being wound up, Copenhagen *) | DKK | 20,000 | 52 |
| Skævinge Boligselskab A/S, Copenhagen *) | DKK | 7,000 | 100 |
| Omegadane SARL, Paris *) | EUR | 8 | 100 |
| Danske Ventures SEED K/S, Copenhagen | DKK | 124,031 | 18 |
| Danske Venture Partners Nordic K/S, Copenhagen | DKK | 456,588 | 7 |

*) Acquired to minimise losses. Total book value DKr9.5m.