



DENMARK	DOMESTIC CUSTODY RATING:	AA-
	OUTLOOK:	Stable
NORWAY	DOMESTIC CUSTODY RATING:	A+
	OUTLOOK:	Stable
SWEDEN	DOMESTIC CUSTODY RATING:	A+
	OUTLOOK:	Stable

Overall Summary

Danske Bank A/S (Danske Bank/The Bank*) is the parent company of the Danske Bank Group. It is a public company, listed on the Copenhagen Stock Exchange. It is a universal bank providing a wide range of products and services to both retail and corporate clients. Danske Bank is sound and has a strong brand identity in Denmark and Sweden and through Fokus Bank in Norway and the recent acquisition of Sampo Bank in Finland can only strengthen the Bank's position as a strategic regional player in financial services. In terms of custody services the Bank has offered Danish domestic custody since 1985, Swedish domestic custody since 1996 and in Norway through Fokus Bank since 1999.

The Bank is well regarded in its home market as the major domestic custody provider where it has a solid client base. The Bank's senior management team has been established for several years and states that it has the commitment from the management board to build on the existing European landscape and increased competition from other regional custody providers. If client buying behaviour changes in the Nordics, the Bank's existing domestic franchise may be affected. Danske Bank's response to this has been to develop a regional strategy, establishing direct links to all Nordic markets from its operations centre in Denmark supported in each local market by resident client facing personnel. Its main processing centre is in Hoje Taastrup in Denmark and the Bank's clients are predominantly Danish, for domestic and global custody and European and US banks and brokers for domestic custody. Danske Bank offers a single point of entry via Denmark into the Danish, Norwegian and Swedish markets through its Nordic Custody system.

In Denmark, Danske Bank demonstrates a very strong custody product offering overall, and in Sweden the core custody service available is as strong as Denmark, but with significant less business volumes at the present time. In Norway the core custody service is strong. By the end of 2007, it is anticipated that the Norwegian custody services should be at the same level as the other two markets. In terms of the Bank's total assets under custody, the assets increased from DKK 2,252.7 billion (USD 384.1 billion) as at June 30, 2006 to DKK 2,504 billion (USD 459.7 billion) as at July 2007. Danske Bank has the largest market share of custody in the Danish securities market. Danske Bank has DKK 451 billion (USD 85.2 billion) under custody on behalf of international clients. For Sweden, Danske Bank has DKK 112 billion (USD 20.8 billion) under custody for all client types which is slightly up on 2006, and in Norway, Fokus Bank has around DKK 62 billion (USD 11.5 billion) in custody for all clients. The level of client interest and success of Danske Bank's regional custody solution will only become clearer over time.

Financial risk exposure is low. Danske Bank is the largest banking group in Denmark and remains one of the largest banking groups in the Nordic region, with shareholder equity of DKK 97.4 billion (USD 17.7 billion) as at June 30, 2007. Tier 1 regulatory capital stood at 6.7%, and total regulatory capital at 9.7% as at 30 June 2007. Danske Bank has had strong and improving long-term credit ratings for the last five years. The long term credit ratings are currently AA- from S&P, AA- from Fitch, and Aa1 from Moody's. Operational risk exposure is low. The Bank's contingency plans have been independently reviewed by specialist organisations and have been confirmed as being among the most comprehensive. Different aspects of the Bank's business continuity and disaster recovery plans are tested throughout the year. Asset safety risk is low. Client assets are segregated from the Bank's own assets and the Bank will take full responsibility for losses with respect to breakdowns in its internal controls and procedures and for loss of cash and securities it holds on behalf of clients. Asset servicing risk exposure is low for Denmark, Norway and Sweden. Danske Bank provides a good level of asset servicing support for Danish, Norwegian and Swedish securities. The Bank accepts responsibility for providing clients with accurate, timely and complete income and corporate action information.

Outlook

The outlook for Danske Bank is currently stable. The Bank has continued to demonstrate commitment to the long term provision of custody services across the Nordic region despite being late in delivering its regional custody solution. It has made substantial investments into the business and with the integration of the Norwegian leg in November 2007, and the Finish element in March 2008, is close to having all the necessary elements in place to successfully compete as a bona fide regional custody provider. The Bank should be able to provide an attractive option with a genuine single point of entry and end to end STP for transaction settlement. The Bank could potentially realise a positive rating action if business volumes were seen to increase significantly across multiple markets, which could be seen as an endorsement of the robustness of its systems and processing capabilities and a vindication of its regional strategy.

CORE SERVICES

Public Domestic Custody Rating:	Overall Rating	Credentials	Settlements	Safekeeping	Income Collection	Corporate Actions	Corporate Governance	Cash/FX Management	Taxation	Securities Lending	Internal Operations	Risks
DANSKE BANK												
Denmark:	AA-	AA	AA	AA	AA-	AA-	AA-	AA-	A+	N/A	AA-	AA-
Norway:	A+	A+	A+	A+	AA-	A+	A+	AA-	A+	N/A	A+	AA-
Sweden:	A+	A+	AA	AA	AA-	AA-	A+	AA-	A+	N/A	AA-	AA-





Danske Bank, Profile

Company Structure and Ownership

Danske Bank is a diversified financial services group and is the second largest bank in the Nordic region in terms of market capitalisation and the largest in terms of total assets. The Bank is listed on the Copenhagen Stock Exchange, with its share capital consisting of approximately 698 million shares, all of which carry the same voting rights. As at the 31st December 2006, the Bank had almost 300k shareholders and only two shareholders are reported holding over 5 per cent of the Bank's share capital, although none has a significant influence over the Group's strategic direction. A.P. Møller and Chastine Mc-Kinney Møller Foundation and companies of the A.P. Møller – Maersk Group, Copenhagen, have a reported holding of more than 22.27% of the Bank's share capital. Fonden Realdania, Copenhagen, has a reported holding of more than 11.88% of the Bank's share capital. The Danske Bank Group itself holds 2.1% of the share capital.

Group Strategy

The Bank's key strategic objective is to become a major Northern European financial institution developing its various businesses and existing market share in its domestic market and the other Nordic countries while continuing to focus on profitable growth. The Bank's acquisition of Sampo Bank in Finland in 2007, makes Danske Bank the largest bank in the region by total assets, and is a clear signal of the Bank's long term regional intentions. The Bank's management is cautious in its approach and appears determined to maintain control of the group, and there are no known plans for mergers with organisations of a similar size. To date the Bank has been successful in achieving these objectives and it continues to maintain its strategy of divesting non-core and/or unprofitable activities.

In its domestic market, Danske Bank's core strategic business focus is to continue to develop its brand on a nationwide basis concentrating on expanding its market share in its core commercial banking activities and on diversifying its operations in the personal finance sector, particularly life insurance and pensions, fund management, and private banking. Internationally, the Bank has been successful in leveraging its systems and has recognised the value of centralising its business operations into a single processing centre in order to realise the common synergies across the Group to increase efficiency, reducing the number of systems utilised and thereby realising economies of scale. All operations in Denmark, Sweden, Norway, Germany, Eire, UK, Luxembourg, Poland are on the same platform, and during Easter 2008 Sampo Bank will be migrated onto the common platform. The Group has also recognised the value of the brands that it has within the organisation and has made a strategic decision to maintain the brands in the local market where it is strong. In the Danish market, the BG Bank and Danske Bank brands have become almost synonymous and have been amalgamated during 2007, and will stand alongside Realkredit Danmark as the group's strong domestic identities. In Norway, the corporate identity of Fokus Bank name is strong and well known and has been retained as has the Sampo Bank brand in Finland which was acquired by the group in the 2007. Several local brands also continue to be used in Sweden. The Bank has also decided to maintain the existing brands for its Irish operations of Northern Bank and National Irish Bank.

Custody Strategy

Danske Bank has two major priorities which are to maintain its dominance in its home domestic market and second to complete the implementation of its regional custody capability and to grow its regional market share. The Bank has an existing Nordic regional custody capability but currently faces some capacity issues in the Norwegian market (which should be rectified in November 2007) and also in Finland. Danske Bank has had direct links to the Nordic CSDs for many years, these have now been upgraded to enable Danske Bank to offer custody services in each country. Danske Bank has centralised the custody processing in its Shared Services Centre in Denmark, which is supported by staff in each country to elicit local information and provide specialist knowledge and expertise. Client interaction is managed by client service managers in each country who are able to fully support domestic and international clients investing in the Nordic markets. The Bank's securities lending business has become the largest in the Danish market but remains smaller than other groups operating from Sweden. The lending team which is part of the Danske Markets business has been increased in size and is covering all the Nordic markets. Danske Bank is confident that its auto-borrowing/lending solution and the opportunistic lending will grow significantly and the Bank has set about actively marketing the product to institutional investors in Denmark. The existing internally developed system is shortly to be enhanced to improve the levels of automation and capacity. The business has commenced to generate increasing revenues for the Bank and it expects that its business volumes are likely to increase significantly as the service further develops over the next twelve months. To support its drive as a regional custody service provider the Bank reorganised its Sales and Client Relationship activities consolidating them into a single team during the early part of 2007. Centrally located in Denmark within the custody area, and supported in each country by dedicated local specialists it should provide the Bank with a more coordinated approach and ability to track and manage business opportunities and client relations for international and Nordic investors alike.





Danske Bank, Profile

Clients

Danske Bank retains a solid client base with numerous high profile clients, but it is predominantly for Danish domestic custody. The Bank has approximately 210 wholesale non-domestic custody clients, including banks, global custodians, asset managers and broker/dealers. These clients account for over 3,000 separate custody accounts. It also services domestic private and major institutional clients. Other areas of the Bank service fund administration and trustee clients.

In Norway and Sweden the Bank provides custody services to a variety of institutional investors including asset managers, banks and brokers but these are primarily Nordic based investors.





CREDENTIALS	Denmark: RATING: AA-
	Norway: RATING: A+
	Sweden: RATING: A+

Commentary

Commitment to Business

Danske Bank states that it is fully committed to the provision of custody services across the Nordic region and not just its domestic market, and aspires to be the dominant Nordic custody service provider. The securities services business has a strong management team that is well experienced and capable of leading the business to increased success. During 2007, the Bank has continued to enhance its systems and the level of automation of its Nordic custody platform and continues to invest significantly in technology systems. The Bank sees its advanced technology solution providing end to end straight through processing capabilities for transaction settlement and the maximising of operational processing into its Shared Services centre as crucial to supporting its long-term objective of being the dominant regional custody provider and key to maintaining long term client relationships. It has undertaken a reorganisation of the Sales and Relationship Management activities combining the two functions into a single unit, and recruiting additional staff, which is designed to provide better client co-ordination and management. Within the processing hub in Denmark there has been a reorganisation of some of the business functions to provide additional resource, expertise and operating efficiencies. In Norway and Sweden there have been increases of staff resources as result of the rise in business volumes and new product launches, and with the acquisition and integration of Sampo Bank in Finland, Danske Bank will have the basis of a fully fledged Nordic custody platform and product. Whilst the Bank has seen the defection of some clients to competitors as a result of the current inability to fully support a full non-volume sensitive Nordic custody solution this has been limited and the Bank has been successful in winning new domestic business in each of its custody locations as well as some smaller clients looking for a regional solution. Danske Bank's additional investment in IT and staff, together with product enhancements further illustrate the Bank's commitment to the custody business on both a local Danish and a regional Nordic level. The Bank's regional strategy demonstrates its desire to establish itself as a full Nordic regional custody supplier. Danske Bank continues to invest in infrastructure and people to support this objective.

Experience

Danske Bank has a long experience of the provision of custody and cash management services. The Bank has offered domestic Danish custody since 1985, Norwegian since 1999 and Swedish domestic custody since 1996. Danske Bank is the largest Danish domestic custodian in terms of assets under custody and is slowly growing its market share in Norway and Sweden. In terms of the Bank's total assets under custody, the figures increased from DKK 2,252.7 billion (USD 384.1 billion) as at June 30, 2006 to DKK 2,504 billion (USD 459.7 billion) as at July 2007. Danske Bank remains the largest domestic custodian in the Danish securities market in terms of assets under custody. Danske Bank has DKK 451 billion (USD 85.2 billion) under custody on behalf of international clients. For Sweden, Danske Bank has DKK 112 billion (USD 20.8 billion) under custody for all client types which is slightly up on 2006, and in Norway, Fokus Bank has around DKK 62 billion (USD 11.5 billion) in custody for all clients. Although in many eyes within the international investment community the Danske Bank brand is considered strong, it is still predominantly viewed as a domestic custodian rather than a bank being capable of providing a regional custody service, which is largely as a result of its relatively low profile and its delayed delivery of a Nordic solution. The Bank is working to lift this misconception, and by Q2 2008, should be a fully integrated regional custodian capable of supporting high volume transaction processing in all 4 Nordic markets. Danske Bank has a good track record of providing Nordic custody to local investors. In Denmark, the Bank is the largest banking group while in Sweden it is the fifth largest bank where it is one of the top two clearers in the Swedish bond market. In Norway, Fokus Bank is the third largest bank and has a 15% market share of the large domestic corporates. It provides paying agency and trustee services to local investors. Danske Bank is also fully integrated into the Nordic market infrastructure an active lobbyist and is well represented on key committees and participates in all securities industry working groups. Danske Bank is a direct member of VP Securities Services and the Central Bank's payment system. The Bank is a shareholder of the Copenhagen Stock Exchange. Danske Bank is a member of the Danish Bankers Association, the Danish Securities Dealers Association and the SWIFT Denmark National Member and User Group. It is a member of the Swedish Securities Dealers Association and the Swedish Bankers Association. The Bank is a direct member of Stockholm Stock Exchange and the Central Bank's payment system. Danske Bank also has direct contact on a strategic and management level with NCSD. The Bank has direct links with the remaining Nordic CSDs and is also active in numerous market practice groups in Sweden. In Norway, Fokus Bank is a member of the Norwegian Financial Services Association, Norwegian Securities Dealers Association and a key member of the local Securities Market Practice Group.





CREDENTIALS	Denmark: RATING: AA
	Norway: RATING: A+
	Sweden: RATING: A+

Commentary Cont'd

Management

The Securities Services business at Danske Bank is part of Transaction Services. Danske Bank has over 170 permanent staff involved in Securities Services most of whom are located at the Shared Services centre in Denmark supporting Nordic custody services. There are also 19 staff in Stockholm and 9 in Norway. In the settlement area there are 50 staff including 9 account managers organised into 2 teams. In Q3 2007, all corporate actions activities were centralised and there is a team of 38 staff processing all events for all Danske Bank clients. Staff have an average of 10-15 years experience, and the Bank has one of the most experienced management teams in the Nordic securities services industry who possess long and extensive experience within the banking and securities industry and within the Bank itself. Staff turnover at the Bank has been below 5% for the last 3 years. All staff members appear to have good language skills and are fluent in English, Swedish and Norwegian as well as several other European languages. Danske Bank generally dedicates 1 - 5 days per year for training purposes for staff at all levels.





Core Services

SETTLEMENT	Denmark: RATING: AA
	Norway: RATING: A+
	Sweden: RATING: AA

Settlements

The Bank can provide both actual and contractual settlement options for the Danish, Norwegian and Swedish markets with the latter option being provided to the domestic Nordic institutional investors. The Bank is able to settle all instruments traded in the Danish, Norwegian and Swedish markets and Danske Bank has a good settlement performance with an average fail rate of 2.75% for the three markets. The Bank has matching procedures in place, and will add additional matching criteria in 2008 which will assist the monitoring process. The Bank's system is exception based and they will contact the client via SWIFT, immediately any potential failed trades are identified. The Bank proactively manages clients trades that do fail. Clients are updated at each status change of the trade automatically by SWIFT message. Danske Bank will seek approval from the client to cancel transactions failing for more than one month. The Bank is able to provide clients with comprehensive reporting on failed trades, detailing fail reason codes. In addition, the Bank can provide a good range of settlement reporting to clients via SWIFT at a frequency that can be determined by the client. The custody system currently in place and due to be implemented for Norway in Q4 2007 will allow for full end to end straight through processing but clients can elect the level of STP they wish the Bank to apply to their transaction instructions. For domestic institutional clients the Bank provides trade input functionality and trade status reporting via its web-based application, Markets Online. Danske Bank's average STP rate for all markets is approximately 92% for their Nordic clients and 98% for their international clients. The deadline for the receipt of transaction settlement instructions by Danske Bank's is 3.00pm on SD-1 for Denmark, 8.00am on SD for Sweden and 4.00pm on SD-1 for Norway, which are competitive.

SAFEKEEPING	Denmark: RATING: AA
	Norway: RATING: A+
	Sweden: RATING: AA

Safekeeping

Equities and bonds are held in either segregated or omnibus accounts as a client prefers. However, to facilitate representation of shares at company meetings the shares must be registered in the name of the beneficial owner and the Bank will assist clients to achieve this process by using segregated accounts as required. Registration of shares is automatic on settlement and the, registration details are transmitted electronically to the CSD who informs the registrar or issuer. For both Denmark and Sweden, SWIFT holdings statements are sent to clients, per account at a frequency of their choice either daily, weekly or monthly. Similarly, for Norwegian securities the Bank will also offer security statements at a frequency of their choice either daily, weekly or monthly. Upon request, Danske Bank will monitor clients' investments against local shareholder disclosure levels and assist clients with the disclosure process. The Bank's holdings are reconciled on a daily basis to the Danish and Swedish CSDs through an automated process, and manually for the Norwegian securities on a twice monthly basis at the present time. Danske Bank plans to implement an automated reconciliation with the Norwegian CSD (VPS) by December 2007. Physical securities held by the bank are reconciled in full on an annual basis and this is supported by random checks throughout the year.

INCOME COLLECTION	Denmark: RATING: AA-
	Norway: RATING: AA-
	Sweden: RATING: AA-

Income Collection

Danske Bank offers clients actual income for the Danish, Norwegian and Swedish markets. Income payments are based on the settled as opposed to traded positions on record date. The Bank will pursue market claims on behalf of the client. However, the process of identifying instances where claims are required is manual in nature in Denmark, Norway and Sweden and staff in Denmark monitor the transaction settlement reports manually identifying the claims to be made on counterparties, which are raised within 48 hours with paper records maintained of any claims made. Claims made are generally settled quickly but the Bank will follow up on a weekly basis any claims outstanding. Danske Bank in Denmark and Fokus Bank in Norway act as paying agent for some companies, and are therefore able to receive information directly and then feed this into the custody system. Danske Bank uses the stock exchange bulletins as the official source of information which is compared to a direct electronic feed received from Telekurs, creating an event file on the custody system. An initial unconfirmed SWIFT MT564 advice is issued real-time automatically on receipt of the information for all 3 Nordic markets. Once the data has been validated and authorised, the final confirmation advices are automatically sent out by the system using SWIFT MT564 messages overnight and hardcopy advices for domestic non-SWIFT clients. All dividend announcements are advised to clients within 24 hours of the receipt of the market announcement. For Denmark, final payment advices are sent after close of business on record date by MT566. Swedish and Norwegian final payment advices are sent overnight 2 days prior to the value date, also by MT566. Danske Bank is able to accept standing instructions for the disposal of income.





Corporate Actions

CORPORATE ACTIONS

Denmark: RATING: AA-

Norway: RATING: A+

Sweden: RATING: AA-

Danske Bank provides corporate actions based on clients' settled as opposed to traded positions for Denmark, Norway and Sweden. The Bank will pursue market claims on behalf of the client. However, as with claims relating to income events, the process of identifying instances where claims are required in relation to corporate actions is manual in nature. Staff check trade activity reports manually, with paper records maintained of any claims made and in line with income claims the Bank will originate a counterparty claim within 1-2 days. Following the introduction of the trade date as a settlement matching criteria in 2008 it will allow the Bank to identify claims more easily and therefore it should improve and shorten the claims process. Corporate actions announcements in the Nordic markets are often announced in Danish, Norwegian, Swedish and English. When announcements are only in the local languages Danske Bank will supply clients with an English translation of the key details relating to the event normally within 24 hours from receipt by SWIFT MT564 automatically in real-time. In the event that additional data is necessary the MT568 is also used. Domestic clients will receive a formal advice by letter and the Bank's system will produce the advice in the appropriate language as required. For mandatory corporate action events Danske Bank will send an unconfirmed pre-advice by SWIFT between 3-5 business days prior to the event date and then follow this up with an official notification. Danske Bank requires client instructions for voluntary corporate action events by 09:00 CET on the day of the market deadline for all elective events in Denmark, Norway and Sweden. The Bank will accept standing instructions for corporate actions but these are recorded manually. The Bank has implemented the SWIFT MT565 instruction message capability and will confirm the receipt of instruction and their status for all instructions received by MT567 on the business day following receipt of instruction. Non-SWIFT clients are able to view all corporate action events relating to their portfolio via Danske Bank's web-based reporting tool, Markets Online. Markets Online allows clients to identify non-instructed balances and view corporate action details. The Bank provides a monthly consolidated report of all corporate action events which is sent by email.

CORPORATE GOVERNANCE

Denmark: RATING: AA

Norway: RATING: A+

Sweden: RATING: A+

Corporate Governance

The market position in Denmark regarding proxy voting is that the chairman of a board accepts a power of attorney to vote on behalf of shareholders although with some issuers if voting is against the resolution the chairman will not accept the vote and will require representation by an alternate. Danske Bank has enhanced its proxy voting services over the past 3 years. The Bank will vote on a clients behalf if requested and is able to accept voting instructions for all companies listed on the Copenhagen Stock Exchange and report on the outcome of votes. As securities must be in the beneficial owners name prior to the meeting being called Danske Bank will facilitate segregated accounts in the beneficial owners name or on request reregister the securities into the owners name at the CSD in the month prior to the historic date of the AGM to ensure the client has the opportunity to vote. Clients are usually informed of forthcoming AGMs/EGMs 2 - 3 weeks prior to the meeting. Danske Bank requires voting instructions 24 hours prior to the company deadline. The Bank does not send reminders to clients in the event of non-receipt of voting instructions.

For voting on securities in Sweden, Danske Bank covers all listed securities traded in the Swedish market. On identification of a meeting Danske Bank will notify the client by mail or fax. Clients who wish to participate and vote at a meeting in Sweden must ensure that the Bank is advised of the intention at least 5 days prior to the meeting. Danske Bank will register the shares in the share register at VPC 5 days prior to the meeting. A shareholder's power of attorney must be deposited with Danske Bank in order that clients may vote. Danske Bank will arrange for the Proxy (including the voting instructions) signed by Danske Bank to be submitted together with the client's Power of Attorney to the authorised representative attending the general meeting. The Bank will represent shares at the meeting in person if requested. Danske Bank will notify the client of the outcome of the voting by e-mail. As with Denmark, the Bank requires client's voting instructions 24 hours prior to the company deadline. In Norway, the Bank will facilitate clients wanting to vote by arranging that any shares are registered in the beneficial owners name in a segregated account between 1-5 days before the meeting and reregister them the day after the meeting. The Bank will vote at meetings if requested and a power of attorney is provided and instructions are normally required 24 hours before the date of the meeting. Results will be advised by email.

Cash/FX Management

CASH/FX MANAGEMENT

Denmark: RATING: AA-

Norway: RATING: AA-

Sweden: RATING: AA-

Danske Bank does not use dedicated cash accounts for custody activity unless requested by a client. Normally, cash accounts are shared with the payments area, which takes responsibility for them. Staff in the Bank's cash and custody areas are experienced enough to handle





Cash/FX Management cont'd

day to day queries on both areas. The Bank has hotline numbers for custody clients into the cash area to provide clients direct access and immediate response for urgent queries. The Bank offers a range of foreign exchange products in all convertible and generally traded currencies. Upon agreement with clients, interest on credit balances will be provided. On an automatic basis, the Bank is able to offset, or pool, multiple client cash accounts for the same entity in order to avoid debit interest being charged. Under a separate agreement with clients, Danske Bank can provide a range of treasury products including Swaps and MM-transactions via Danske Markets, the Group's Treasury Division. Danske Markets is also a market maker in all Nordic currencies. The Bank does not formally monitor and report to a client on outstanding payments and receipts but clients can view them on the Business Online. Danske Bank is able to accept standing instructions for the conversion of foreign currencies into a base currency. The Bank deadlines to make value dated payments for Denmark, is 13:45 CET and for Norway and Sweden 15:30 CET, which are competitive. The cut-off time for in-house book transfers is 16:00 CET for the Danish, Norwegian and Swedish markets. All clients have the ability to view available and future cash balances via the Bank's web-based cash reporting tool, Business Online. Business Online also has functionality that enables clients to input individual cash payment instructions and upload payments files for multiple payments.

Taxation

TAXATION	Denmark: RATING: A+
	Norway: RATING: A+
	Sweden: RATING: A+

For Denmark, clients are able to submit tax reclaims either directly to the Danish Tax Authority or via Danske Bank. Danske Bank has implemented a simplified procedure for tax reclaims whereby clients can provide them with an indemnity and complete a spreadsheet of beneficial owners which Danske Bank will forward to the Danish Tax Authority. The Bank can normally achieve a refund within 1 to 4 weeks depending on the tax authority. On request the Bank will complete the necessary spreadsheet if the client provides them with the appropriate underlying client details. The Bank does not utilise a tax reclaim tracking system, but monitors outstanding reclaims manually. Investors living in countries with which Denmark has signed a double taxation treaty are entitled to reclaim part of the dividend tax. The Bank is also actively lobbying for VP to take a more pro-active stance in the management of relief at source for Danish tax. In Norway and Sweden, the Bank will ensure that the shares held for investors with an applicable double taxation treaty will be entitled to relief at source which negates the need for retrospective tax reclaims. Nordic custody clients' tax residence is recorded at the time of the opening of the custody account. Changes to Danish, Norwegian and Swedish tax regulations are communicated to clients via custody newsflashes.

Securities Lending

SECURITIES LENDING	Denmark: RATING: Unrated
	Norway: RATING: Unrated
	Sweden: RATING: Unrated

Danske Bank has developed an in-house securities lending system. The Bank offers an auto-borrow service for fails coverage on equities, to support its regional Nordic custody offering and is continuing to develop its opportunistic securities lending service for Danish, Norwegian and Swedish securities located in Danske Markets in Copenhagen. Danske Bank acts as principal for all its lending activities, and provides the lender with collateral against the loan. Credit lines are offered to borrowers to cover short term loan positions. Fees for this service are calculated daily, based on the value of the securities out on loan. Manual daily checks are made on loaned stocks to identify any corporate actions or dividends due. The Bank uses the Global Master Securities Lending Agreement (GMSLA) as the standard with an addendum to cover auto-borrowing. The Bank has dedicated legal support for management of the legal agreements.





INTERNAL OPERATIONS	Denmark: RATING: AA-
	Norway: RATING: A+
	Sweden: RATING: AA-

Commentary

Operational Reporting

Danske Bank generally uses SWIFT for reporting purposes, supplemented by monthly STP and failed trade reports for clients in a variety of formats. The Bank can design reports customised in accordance with client requirements, although the timeframe to produce such reports will depend on the type and complexity of the report. Danske Bank offers non-SWIFT clients reporting for cash and securities via its web-based applications, Business Online and Markets Online which covers all three markets. Clients are able to view current cash and securities balances together with projected cash balances. Both Business Online and Markets Online are real-time applications providing clients with current views of their cash and securities positions. Using Markets Online, clients are also able to view real-time corporate action information relevant to their portfolio. The Bank has delayed its plans to introduce a dedicated web-based reporting tool for custody clients.

Systems and Communications

Danske Bank's main computer systems are run entirely on IBM equipment. The daily processing and management of the hardware is outsourced to IBM. The Bank operates all of its business units within the group on the same EDP platform. The Bank's original custody system was implemented in January 1996, but has been updated since with enhancements to SWIFT, settlement, STP capability, corporate action processing and reporting systems. For Denmark, transaction and portfolio information is updated within the Bank's system in line with the settlement runs at the Danish CSD, being: first run at S-1 6:00pm; second run, S at 00:35 am, third run S at 6:00 am, fourth run S at 10:15am, fifth run S at 12:00 noon, sixth run S at 1.35pm. For Sweden, portfolio information is updated in line with the settlement runs at the Swedish CSD; First settlement run - S at 8:00am, Second settlement run - S at 10:00am, third settlement run - S at 12:00 noon, fourth settlement run - S at 2:00 pm and the final run - S at 5:00 pm. The data for the Norwegian market is updated at 6:00 am and 12:00 noon after each settlement cycle has completed.

Danske Bank has made substantial investment in its systems infrastructure over the last two years. In 2006, the Bank's IT budget exceeded USD 530 million and over USD 170 million was spent in the first quarter of 2007. The Bank's contingency plans have been reviewed by two independent IT specialist organisations and have been stated as being among the most comprehensive in their class. The Bank practises real-time disk mirroring between two processing locations at Brøndby and Ejby some 5 kilometres apart. Should one location fail, processing will immediately switch over to the alternative location. Additionally, all critical bank data (including custody) is mirrored at the Availability Centre. The Availability Centre is located at the main processing location, but is separate from the main production systems and covers all critical business applications including Custody and Payment Services. The Availability Centre will be operational within 2-4 hours of a major incident that renders both the production systems unusable.

Client Relationship Management

During 2007, Danske Bank combined the previously separate functions of Custody Sales and Client Relationship Management in Denmark into a single central function to provide clearer management and integrated support to the business for all its custody clients. In Denmark, there are 9 relationship staff, including 4 senior relationship managers. There are separate teams for international clients and local institutional investors. Client Relations team and operations staff are available between 8:00am and 6:00pm CET and key staff members can be contacted by mobile telephone outside of office hours. In addition, there are relationship management groups based both in Oslo (dealing with Norwegian clients) and in Stockholm (covering the Swedish clients). The Danish team also provides support to the relationship managers in the other markets as and when required. Each client is appointed a single relationship manager who has a back up in the event of unavailability of the primary contact. In addition, each client has an account manager, with back up based in the settlements unit in Denmark. The relationship and account managers act as a single point of contact for clients and their fund managers, and interact as necessary with the central operations area in Denmark. Danske Bank operates a client visiting programme where members from Danske Bank's Client Relations team have scheduled visits with major clients, at least 2 times per year. The Bank performs an ongoing evaluation of its custody services and clients are invited to complete an annual or semi-annual survey, which assists Danske Bank in monitoring its client relationships and enables it to identify trends and operational areas where improvements can be made.

The Bank proactively manages cash related queries which are logged and tracked in a Lotus Notes based in-house query system. The Client Relationship managers utilise a function within the Bank's intranet to record and monitor client custody enquiries and issues. The standard time for the resolution of incoming queries is within 24 hours whenever possible. The Bank has escalation procedures in place for all queries received and unresolved queries are monitored manually and escalated to the Relationship Manager, Head of Client Relations and then on to the Head of Securities Services if required.





RISKS	Denmark: RATING: AA-
	Norway: RATING: AA-
	Sweden: RATING: AA-

Commentary

Financial

Financial risk exposure is low. Danske Bank is the largest banking group in Denmark and one of the largest in the Nordic region, with total assets of DKK 3.07 trillion (USD 559 billion) and shareholder equity of DKK 97.4 billion (USD 17.7 billion) as at June 30, 2007. Tier 1 regulatory capital stood at 6.7%, and total regulatory capital at 9.7% as at 30 June 2007. Danske Bank has had strong and improving long-term credit ratings for the last five years. The long term credit ratings are currently AA- from S&P, AA- from Fitch, and Aa1 from Moody's. Danske Bank maintains a Banker's Blanket Bond insurance policy with Lloyds of London for claims up to DKK 1 billion.

Danske Bank has continued to take a conservative approach to risk management. The Bank intends to use the standardised approach to the calculation of capital requirements under the Basle II accord.

Asset Safety

Asset safety risk exposure is low. Client assets are fully segregated from the Bank's own assets and the Bank will take full responsibility for loss of cash and securities it holds on behalf of clients with respect to breakdowns in its internal controls and procedures. It does not cover losses caused by third parties, unless it has been negligent in the selection of such third parties. Danske Bank has a right of set-off against any unpaid fees and expenses which is not unusual. Internal records are reconciled with the central securities depositories on a daily basis in Denmark and Sweden and twice monthly in Norway although this is planned to move to a daily reconciliation from the end of November 2007. This is an automated process for Denmark and Sweden and is currently manual for Norway.

Asset Servicing

Asset servicing risk exposure is low for Denmark, Norway and Sweden. Danske Bank provides a good level of asset servicing support for Danish, Norwegian and Swedish securities. The Bank accepts responsibility for providing clients with accurate, timely and complete income and corporate action information. In addition to the standard sources of corporate action information used by the Bank, the local offices in Oslo and Trondheim in Norway and Stockholm in Sweden provide additional support and information.

Operational

Operational risk exposure is low given the state of the art disaster recovery infrastructure in place at the Bank (Refer to Systems and Communications on the previous page for the description of systems). The Bank has well established business comprehensive continuity and disaster recovery plans in place, and testing is conducted on a continuous basis throughout the year. These business continuity and disaster recovery plans have been updated over the last three years. These plans are centralised for the entire Bank. A core element of the contingency planning is the "command centre" that includes key individuals of the Bank who will manage and co-ordinate recovery procedures at both systems and operational levels. Each head of department maintains a comprehensive manual, that details the procedures and steps to be taken in the event of an emergency.

Licensed under the Danish Banking Act, Danske Bank Group is supervised by Finanstilsynet (The Danish Financial Supervisory Authority/DFSA), on behalf of the Ministry of Economic and Business Affairs. The Bank is also subject to the regulators in Norway (Kredittilsynet) and Sweden (Finansinspektionen) in respect of its activities in these countries. Danske Bank's internal audit team provide reports throughout the year on different areas within the Bank and provide a copy of the report of any material breaches to the DFSA. The Bank confirmed that a number of material issues have been reported to the regulators as required under current legislation but none of these issues impact the viability or the ongoing operation of the Bank's activities. Danske Bank's Custodian Services and Transaction Processing departments in Denmark, Sweden and Norway have undergone an internal audit in the last 12 months with no material findings reported. The Bank's external auditors are Grant Thornton, Statsautoriseret Revisionsaktieselskab, Copenhagen, and KPMG C.Jespersen Statsautoriseret Revisionsinteressentskab. Danske does not provide clients with a SAS 70/FRAG 21 style internal control report, but an annual audit opinion letter from the external auditors, who review the work of the internal auditors.





RATING SCALE - The scale indicates that the custodians ability to deliver core domestic custody services is:

- AAA = Extremely Strong
- AA+ = Very Strong
- AA = Very Strong
- AA- = Very Strong
- A+ = Strong
- A = Strong
- A- = Strong
- BBB = Adequate
- BB = Less than adequate
- B = Quite weak
- CCC = Weak
- CC = Very weak
- C = unable to deliver a minimally acceptable level
- N/A = service unavailable in the market

NB: This is an absolute ratings scale

OUTLOOK SCALE

- Stable:** There are no factors at this time that would affect the rating
- Positive:** Factors that may result in an improvement in the rating
- Negative:** Factors that may result in a deterioration of the rating
- On Watch:** Factors that may result in a change in the rating, but the direction of the change is uncertain at this time

RISK DEFINITIONS

Financial

This is the risk exposure associated with the financial viability and stability of the custodian including its ability to support long term investment in its business and withstand operational losses. Factors considered include the credit ratings, size of balance sheet, regulatory capital, stability of earnings and the proportion of non-interest income. The external auditors and supervisory bodies that oversee and regulate the bank are also considered.

Asset Safety

This is made up of two parts, securities risk and cash risk.

Securities risk: this is the risk that, in the event of default by the domestic custodian, client securities are treated as being part of the assets of the bank which has gone into default, and therefore available to its creditors, rather than belonging to clients.

Cash risk: this is the risk that, in the event of default by the domestic custodian, clients are exposed to losses of cash placed with the bank.

Asset Servicing

This is the risk that the client is exposed to a loss due to weaknesses in the custodian's operations supporting asset servicing. The level of responsibility taken by a custodian for information provision on asset servicing events generally is considered, as is the level of responsibility accepted by a custodian for carrying out all client instructions in a timely manner within deadline.

Operational

This is the risk that weaknesses in internal controls, human failures or management errors will result in unexpected losses. Essentially, this is the risk of client loss due to breakdowns or weaknesses in internal controls or procedures at the custodian. Factors to be considered are the level of internal audit, compliance, external audit, external regulatory activity, coverage of the custody operations, and the level of business continuity planning.

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