

Corporate Governance Fact Sheet



April 2007

Danske **Bank**

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Introduction

This Governance Fact Sheet has been prepared in order to present an overview of the corporate governance principles at the Danske Bank Group.

The Danske Bank Group is the largest financial services organisation in Denmark and one of the largest in Scandinavia.

In addition to banking services, the Group offers insurance, mortgage finance, real estate, investment management and leasing services.

The key elements of the management structure are fixed authorisations, requirements for ongoing reporting and considerable transparency in the Group's activities. Group standards for risk management, financial planning and control, credit approval, HR development, compliance and the shared IT platform ensure a well-structured management of all activities.

The management's ambition is to continually adjust its structure to make sure that the Group can maintain the highest possible management standards and transparency for shareholders.

The management structure of the Group reflects the statutory requirements governing listed Danish companies in general and financial services institutions in particular. The general meeting elects the Board of Directors and the external auditors. The Board of Directors appoints the Executive Board, the Secretary to the Board of Directors, the Group Chief Auditor and the Deputy Group Chief Auditor and determines their remuneration.

According to the Danish Financial Business Act, members of the Executive Board may not sit on the Board of Directors.

For a more detailed description of the governance structure at Danske Bank please consult the designated corporate governance website of the Group at www.danskebank.com/corporategovernance.

Core values

Irrespective of the unit they work in, the employees of the Danske Bank Group perform their duties on the basis the Group's five core values:

- Integrity – in business conduct and in dealings with the community at large
- Accessibility – electronic and physical and in business and communications
- Value creation – for shareholders, customers and employees
- Expertise – through high standards of quality and professionalism
- Commitment – to customers' financial affairs

The purpose of implementing the core values is to help the individual employee ensure that his or her decisions, efforts and actions towards customers and colleagues live up to the values. Implementation involves a number of activities, for example the annual appraisal interview, core value checks and core value projects.



Vision and mission

It is the *vision* of the Danske Bank Group to create a unique banking model that can apply to all the markets that the bank enters. The banking model consists of two elements; a shared platform and exceptional brands build on the platform. It is the Group's *mission* to be the best local financial partner.

Articles of association



The articles of association and company law constitute the basis for Danske Bank's existence and activities. The articles of association can only be amended by the general meeting of shareholders and include among others rules on share capital, general meeting and management structure.

The articles provide that Danske Bank has one share class only. Consequently, all shareholders have the same rights. Danske Bank has not adopted limits on ownership and voting rights and most of the bank's shares are traded freely in the market.

Management structure and rules of procedure

Two-tiered management structure

As a Danish public company, the Danske Bank Group has a two-tier management structure, requiring both a Board of Directors and an Executive Board. Only the Executive Board is made up of Group executive management members.

According to the executive management structure, the Board of Directors sets the general principles for Danske Bank's affairs and is responsible for ensuring that the Group's organisation is sound.



The Board of Directors appoints the Executive Board, the Group Chief Auditor, the Deputy Group Chief Auditor and the Secretary to the Board of Directors. The Executive Board is responsible for the day-to-day management of the Group and follows the guidelines and instructions given by the Board of Directors.

The Group's two-tier structure is based on the provisions of the Danish Financial Business Act, which specifically prohibits members of the executive board of a financial institution from being members of the board of directors. Consequently, no executive officers in the Danske Bank Group serve on the Board of Directors of the parent company.

Rules of procedure

Danske Bank's rules of procedure for the Board of Directors and the Executive Board lay down rules for the responsibilities of the Board of Directors and the Executive Board and for the division of responsibilities between them.

The rules of procedure contain provisions for among others:

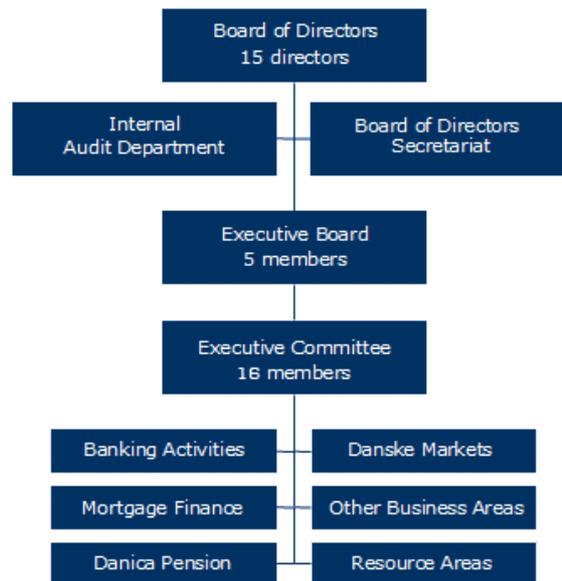
- Election of chairman and vice chairmen, Board meetings and decisions
- Directors' and Executive Board members' trading in securities issued by the Group
- The Bank's organisation
- Executive Board and senior management of the Bank and signatory authority
- Accounts, balance sheets, budgets and positions
- Lending authority and risk management
- Board minutes and other information.

The principal contents of the rules of procedure are available at the corporate governance website of the Group.

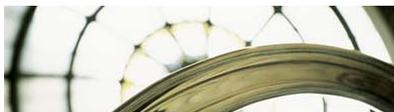
Organisation

The Danske Bank Group's basic organisational structure is shown in the following chart. Certain activities take place in subsidiaries with their own boards of directors and executive boards. The chairman of the Executive Board is the head of the Executive Committee, which is a forum that focuses on co-ordinating activities across the Group.

External auditors are appointed at the annual general meeting, which constitutes Danske Bank's most powerful body.



Board of Directors



Danske Bank's Board of Directors has fifteen members.

Five are employee representatives and the remaining ten are elected by the general meeting.

Under Danish law, the Bank's employees are entitled to elect a number of representatives corresponding to half the representatives elected by the general meeting at the time when the election of employee representatives is held.

Election

Shareholders or the Board of Directors may propose board member candidates. The nomination committee of the Board of Directors identifies potential candidates and recommends them to the full Board for nomination at the general meeting's election.

Members of the Board of Directors of Danske Bank are elected for a two-year term. Half the members of the Board of Directors elected by the general meeting are up for election every year. According to Danish law, employee representatives are elected for four-year terms by the Group's employees.

Duties

The Board's specific duties, including the division of work with the Executive Board, are regulated by the above mentioned rules of procedure. The duties of the chairman of the Board are also specified in the rules of procedure. The Board meets approximately twelve times a year according to a schedule that is set for each calendar year. Once or twice a year, the Board has longer meetings to discuss Group strategy.

Independence

Danske Bank classifies the members of its Board of Directors as either dependent or independent according to the recommendations developed by the Copenhagen Stock Exchange Committee on Corporate Governance. All members elected at the general meeting are viewed as being independent.

Evaluation

The duties of the chairman of the Board of Directors include responsibility for evaluating the Board of Directors and the Executive Board and the collaboration between the two. The Chairman holds performance appraisal interviews with each of the board members elected by the general meeting. In addition, the Chairman holds a joint per-

formance appraisal interview with the board members elected by the staff. The Board of Directors subsequently review the outcome of these interviews.

Board committees

The Board of Directors of Danske Bank has created four committees that supervise specific areas or prepare issues that are later considered by the full Board. As stipulated by Danish law, these committees are not authorised to make independent decisions.



Audit Committee

The Audit Committee examines accounting and security issues. These are issues that the Board, the Committee itself, the Group Chief Auditor or the external auditor thinks deserve attention before they are brought before the full Board.

Credit Committee

The Credit Committee monitors significant credit exposures in order to submit cases to the full Board. The committee functions as a consultative panel on significant credit exposures and also monitors trends in the credit quality of the Group's loan portfolio as well as special renewal applications and facilities.

The Salary and Bonus Committee

The Salary and Bonus Committee monitors trends in the Group's salary and bonus framework. The committee monitors the incentive programmes to ensure that they promote ongoing, long-term shareholder value creation.

The Nomination Committee

The Nomination Committee identifies potential board candidates and recommends them to the Board of Directors for nomination for election by the general meeting.

The work of all committees is based upon clearly defined and disclosed charters and purposes

Executive Board and Committee



The Executive Board is responsible for the day-to-day management of the Group. It reports to the Board of Directors. Neither of the members of the Executive Board is on the Group's Board of Directors.

The Executive Board submits transactions of an unusual nature or special importance to the Board of Directors and performs duties within the specific framework outlined in the procedures of the Board of Directors and the Executive Board.

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

Compensation

Remuneration policy

Danske Bank's Board of Directors has adopted a remuneration policy for the Board of Directors and Executive Board reflecting the Group's objectives of a sound governance process and long-term value creation for the Group's shareholders.

Danske Bank's directors receive a fixed fee and are not covered by any type of incentive- or performance-based remuneration.

The basic fee of a director is set at a level that is on par with the rest of the market and reflects the competencies and contribution required in view of the Group's complexity, the extent of the responsibilities, and the number of board meetings.



The remuneration of the Board of Directors is subject to approval by the general meeting in connection with the latter's consideration of the annual report.

Executive Board members are employed on a contractual basis. Their remuneration is subject to annual reassessment. The Board of Directors determines all aspects of the Executive Board's remuneration, including severance terms and benefits.

The actual remuneration of members of Danske Bank's Board of Directors and Executive Board is disclosed in the annual financial accounts and also on the Corporate Governance website.

Incentive programmes

The Group's incentive programmes for management and staff are built on value creation within the Group and include share options, rights to purchase conditional shares, employee shares and cash bonuses. The Group's incentive programmes are based on value creation in the organisation. Incentive payments reflect individual performance and also depend on financial results, customer development and other measures of value creation.

Shareholder rights and annual general meeting



Danske Bank shares are negotiable, and no special rights are attached to them. The shares are issued to the bearer, but they can be registered by name in the Bank's register of shareholders.

The general meeting is the ultimate decision-making body of the Danske Bank Group. All shareholders have equal rights to attend, speak, make proposals and vote in addition to proxy appointment. The annual general meeting is held every year after the Group has presented its annual report.

Each share entitles the holder to one vote at the general meeting. The Danske Bank Group has not adopted limits on ownership and voting rights. Generally, the voting procedure is determined by the chairman of the meeting. In some cases, proposals may be adopted or rejected by a unanimous decision without a vote; in other cases, a written ballot is required.

A number of items must appear on the agenda of the annual general meeting:

- Submission of the annual report for adoption
- Proposal by the Board of Directors and the Executive Board for discharge from their obligations
- Proposal for decision on allocation of profits or cover of losses in accordance with the adopted annual report
- Election of members to the Board of Directors
- Appointment of external auditors
- Any other proposals or business submitted by shareholders and the Board of Directors.

Danske Bank transmits the chairman's report from the annual general meeting live at the corporate governance website.

Internal controls

Danish law includes a number of requirements for internal management in financial businesses. There must be sound risk management and effective internal auditing, among other things.



Distribution of responsibilities

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

Risk and capital management

Danske Bank considers the management of risk and capital to be among its core competencies and a key factor in providing a stable, high return to shareholders. The Board of Directors sets the general policies and limits for credit, market and operational risk. The Board also lays down the general rules for managing and monitoring risk.

On the basis of the general risk policies, operational risk policies are prepared for the business areas. The operational risk policies form the basis for the written business procedures and for reconciliation and control procedures. They also form the basis for the Group's system development work.

Within the limits set, the management of the individual business areas is responsible for the risks undertaken by the respective areas and for active management of these risks.

The Danske Bank Group's capital management aims to ensure efficient use of capital to meet the Group's overall capital targets. The Group's risk profile complies with the capital targets and implies, among other things, that the Group must have sufficient capital to cover both organic growth and current fluctuations in the Group's exposure.

In 2007, the Group will still work under the Basel I capital adequacy rules. The Group has submitted an application to the Danish FSA for approval of use of the advanced internal ratings-based method for credit risk under the new

capital adequacy rules, the EU Capital Requirements Directive. The effect of the new requirements will be gradually incorporated into the Group's capital management during 2008 and 2009 and will be fully incorporated as of January 1, 2010.

A separate website at [www.danskebank.com/link/htmlrisiko2006/\\$file/frontpageuk.html](http://www.danskebank.com/link/htmlrisiko2006/$file/frontpageuk.html) details the risk and capital management of the Danske Bank Group including risk management methodology.

Financial management

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

Shareholder value is created through share price appreciation and dividend payments based on a healthy growth in profits. The Group seeks to fulfil its ambition by continually developing its core business, streamlining operating processes and optimising capital and risk management.

It is the Group's policy to focus on the cost of capital for current and future activities. The Group's results are viewed in terms of risk adjustment. Measurements take ratings and the individual character of the business areas into account.

Internal audit

As a financial business, the Danske Bank Group has an internal audit department whose head reports directly to the Board of Directors. The internal audit department is responsible for ensuring that:

- the administrative and accounting policies of the Danske Bank Group are satisfactory
- written business procedures are laid down for all material areas of activity
- adequate internal control procedures are in place
- the use of IT is controlled and secure in accordance with the control policies decided on.

In addition, the audit department must ensure that the rules set by the management regarding security and controls are incorporated into the business procedures.

In accordance with Danish law, Danske Bank has prepared a written functional description and an auditing agreement for its audit department. The functional description outlines the scope and duties of the internal audit department, while the audit agreement gives guidelines for both internal and external auditing duties and the collaboration between the two units.

The auditors' independence is established partly through the internal and external auditors' duties and the division of labour specified.

The involvement of the auditor is specified in the auditing agreement set forth between the external auditor and the Group Chief Auditor. The agreement contains a description of auditing assignments, external and internal audit division of labour specification, and guidelines for the collaboration between the auditors. For example, it is the duty of the external auditor to ensure that the internal auditor performs audit work in accordance with the audit agreement and to evaluate the independence of the internal auditor.

Insider policy and disqualification

The Danske Bank Group's staff may acquire inside information about factors that affect the pricing of Danske Bank shares and the shares of customers that are exchange-listed companies. The Group therefore has clear guidelines for the treatment of inside information and the execution of security trades.

For example, the Group has set up an insider register of relevant persons. And the Group has established Chinese Walls between staff members who need to possess inside information in their work and other staff members, including those who trade shares or provide advice about shares.

In addition, as an issuer of publicly traded securities, the Danske Bank Group has prepared internal rules on the Group's trading in its own shares.

Danske Bank has implemented a number of internal safeguards in order to avoid problems with professional disqualification and conflicts of interest, and to ensure that all transactions are made on a sound business foundation.

Reporting and audit



Reporting

The Danske Bank Group aims to develop strong and lasting relations with the stakeholders of the Group.

The Board of Directors has therefore adopted an information policy, a CSR policy and a policy for Investor Relations activities. The foundation of these policies is the Group's core values.

Danske Bank Group publishes an annual report and three interim reports according to International Financial Reporting Standards (IFRS). In addition, Danske Bank prepares separate reports for its various business units.

External audit

According to Danish law, external auditors are appointed by the general meeting. According to current rules, Danske Bank's external auditors must be replaced at least every seven years.

According to applicable rules, the auditor's field of activity is limited to the auditing of accounts and supplementary reports and advisory services and assistance related to this and similar areas. An auditor is not allowed to undertake tasks falling outside this area.

Danske Bank's external auditors perform few non-auditing services to the Group. External auditors do not supply any sort of advice on the technical aspects of accounting. The non-auditing services provided to the Group by the external auditors are specified in the notes to the annual report.

Certification

The annual report is signed by the Group Chief Auditor, the external auditors, the Executive Board and the Board of Directors. The internal audit department and external auditor sign each other's audit reports.

Statutory provisions

The Danske Bank Group is a public limited company. This means that special requirements apply to the management structure, the influence of the shareholders and the protection of minority owners, among other things.



As a financial enterprise, the Group is also subject to other regulations, including specific requirements for business practices, governing bodies, internal controls, and regular reporting to the Danish Financial Supervisory Authority, among other things.

Finally, as a listed company, the Danske Bank Group is subject to stock market rules. This includes among other things various disclosure obligations in addition to "comply-or-explain" regarding "Recommendation for corporate governance" developed by the Copenhagen Stock Exchange Committee on Corporate Governance.

The corporate governance principles of the Danske Bank Group comply with the recommendations issued by the Copenhagen Stock Exchange except for the recommendations on the term of office of board members and their number of other directorships. The Group prefers a two-year period of service to achieve a certain continuity in the composition of the Board of Directors. Furthermore, the Group believes that simply counting the directorships of each board member is not a useful method as the workload varies from one company to another.

The Danske Bank Group is neither subject to The Sarbanes-Oxley Act of 2002 nor The Combined Code on Corporate Governance as the Group does not have publicly traded securities in the US or the UK. However, a number of the requirements in Sarbanes-Oxley and Combined Code are directly or indirectly covered by Danish statutory provisions. In addition, the international ownership structure of Danske Bank means that among others Sarbanes-Oxley and Combined Code also are relevant to the Group as a global standard for corporate governance.

Contact



The responsibility for the Danske Bank Group's position on corporate governance resides with the Board of Directors and the Executive Board.

Responsibility for day-to-day communications in this area resides with Group Finance, which also manages external reporting and relations with investors and credit rating agencies.

Regarding questions or comments about the Group's corporate governance please contact:

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