BOARD OF DIRECTORS

Poul J. Svanholm / General Manager / Chairman
Jørgen Nue Møller / General Manager / Vice Chairman
Poul Christiansen / Master Carpenter
Henning Christoffersen / Managing Director of Epsilon s.p.r.l.
Alf Duch-Pedersen / Chief Executive of Danisco A/S
Bent M. Hansen / General Manager
Hans Hansen / Farmer
Niels Eilschou Holm / Private Secretary to Her Majesty the Queen of Denmark
Peter Hejland / Managing Director of Transmedica A/S
Elvind Kolding / Chief Financial Officer of A.P. Møller
Niels Chr. Nielsen / Professor of Economics, Ph.D.
Sten Scheibye / Chief Executive of Coloplast A/S
Majken Schultz / Professor of Organization, Ph.D.
Birgit Asgaard-Svendsen / Executive Vice President, CFO of J. Lauritzen A/S
Claus Vestrup ** / Professor of Economics, Ph.D.
Jens Elton Andersen * / Senior Account Manager
Jørgen Andersen * / Vice President
Peter Michaelsen * / Assistant Vice President
Henning Mikkelsen * / Assistant Vice President
Torben Pedersen * / Assistant Vice President
Per Alling Toubro *, **/ Manager
Verner Usbeck * / Assistant Vice President
Solveig Ørteby *, **/ Bank Assistant

* Elected by the Bank’s staff
** Appointed by the Minister of Economic Affairs
*** Elected in accordance with Article 15 (last paragraph) of the Articles of Association
for a period until January 29, 2002, when election for the staff association was called.
Sit on the board as observers until the annual general meeting.
EXECUTIVE BOARD

Peter Straarup / Chairman of the Executive Board
Kjeld Jørgensen / Deputy Chairman of the Executive Board
Jakob Broegaard / Deputy Chairman of the Executive Board
Sven Lystbæk

EXECUTIVE COMMITTEE

Peter Straarup / Chairman
Kjeld Jørgensen
Jakob Broegaard
Jeppe Christiansen
Jørgen Klejnstrup
Karsten Knudsen
Sven Lystbæk
Henrik Normann
Jesper Ovesen
Just before the end of the year, three of the Group’s branches unveiled a new interior design that is at once informal, elegant and directly in line with the Group’s general design principles. New electronic functions give customers the opportunity to stay up to date with the financial markets, and film clips offer a little entertainment along the way.

Danske Bank Group

Our core values:

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

Our financial targets:

- Competitive return
- Core (tier 1) capital ratio in the region of 6.5%
- Payout ratio of 40%
### CORE EARNINGS AND NET PROFIT FOR THE YEAR (DKr m)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income, excluding earnings from investment portfolios</td>
<td>18,051</td>
<td>16,200</td>
<td>8,593</td>
<td>7,911</td>
<td>7,085</td>
</tr>
<tr>
<td>Fee and commission income, net</td>
<td>6,265</td>
<td>6,490</td>
<td>3,749</td>
<td>2,984</td>
<td>2,443</td>
</tr>
<tr>
<td>Trading income</td>
<td>1,597</td>
<td>1,830</td>
<td>967</td>
<td>366</td>
<td>-413</td>
</tr>
<tr>
<td>Other core income</td>
<td>1,171</td>
<td>1,135</td>
<td>537</td>
<td>479</td>
<td>383</td>
</tr>
<tr>
<td>Core insurance income</td>
<td>1,293</td>
<td>858</td>
<td>975</td>
<td>820</td>
<td>688</td>
</tr>
<tr>
<td>Total core income</td>
<td>28,307</td>
<td>26,383</td>
<td>14,821</td>
<td>12,660</td>
<td>10,196</td>
</tr>
<tr>
<td>Operating expenses and depreciation</td>
<td>16,275</td>
<td>16,148</td>
<td>9,215</td>
<td>7,750</td>
<td>7,378</td>
</tr>
<tr>
<td>Core earnings before provisions</td>
<td>12,032</td>
<td>10,245</td>
<td>5,606</td>
<td>4,910</td>
<td>2,818</td>
</tr>
<tr>
<td>Provisions for bad and doubtful debts</td>
<td>1,752</td>
<td>1,100</td>
<td></td>
<td>447</td>
<td>408</td>
</tr>
<tr>
<td>Core earnings</td>
<td>10,280</td>
<td>9,145</td>
<td>5,159</td>
<td>4,504</td>
<td>2,501</td>
</tr>
<tr>
<td>Profit on sale of subsidiaries</td>
<td>240</td>
<td>83</td>
<td>703</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings from investment portfolios</td>
<td>870</td>
<td>2,481</td>
<td>459</td>
<td>739</td>
<td>2,133</td>
</tr>
<tr>
<td>Merger costs</td>
<td></td>
<td>2,761</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustment of accounting policies and estimates</td>
<td>- 265</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit on ordinary operations before tax</td>
<td>11,390</td>
<td>8,703</td>
<td>6,321</td>
<td>5,242</td>
<td>4,834</td>
</tr>
<tr>
<td>Tax</td>
<td>2,677</td>
<td>2,399</td>
<td>1,293</td>
<td>1,292</td>
<td>429</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>8,713</td>
<td>6,304</td>
<td>5,028</td>
<td>3,950</td>
<td>4,205</td>
</tr>
<tr>
<td>Of which minority interests</td>
<td>- 57</td>
<td>43</td>
<td>-1</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

The division between core earnings and earnings from investment portfolios is based in part on estimates for 1997.

### BALANCE SHEET HIGHLIGHTS AT DECEMBER 31 (DKr bn)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank loans and advances</td>
<td>476</td>
<td>444</td>
<td>308</td>
<td>241</td>
<td>243</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>448</td>
<td>400</td>
<td>73</td>
<td>62</td>
<td>48</td>
</tr>
<tr>
<td>Bonds and shares</td>
<td>356</td>
<td>259</td>
<td>147</td>
<td>140</td>
<td>136</td>
</tr>
<tr>
<td>Due to credit institutions and central banks</td>
<td>241</td>
<td>213</td>
<td>158</td>
<td>140</td>
<td>139</td>
</tr>
<tr>
<td>Deposits</td>
<td>400</td>
<td>367</td>
<td>266</td>
<td>214</td>
<td>225</td>
</tr>
<tr>
<td>Issued bonds</td>
<td>673</td>
<td>563</td>
<td>150</td>
<td>108</td>
<td>79</td>
</tr>
<tr>
<td>Subordinated debt</td>
<td>32</td>
<td>30</td>
<td>21</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>57</td>
<td>51</td>
<td>30</td>
<td>30</td>
<td>28</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,539</td>
<td>1,363</td>
<td>701</td>
<td>593</td>
<td>555</td>
</tr>
</tbody>
</table>

### RATIOS AND KEY FIGURES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit for the year per share, DKr</td>
<td>11.9</td>
<td>8.2</td>
<td>9.4</td>
<td>7.5</td>
<td>7.9</td>
</tr>
<tr>
<td>Net profit for the year per share**, DKr</td>
<td>- 11.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net profit for the year as % of average shareholders' equity</td>
<td>18.0</td>
<td>11.5</td>
<td>18.4</td>
<td>13.7</td>
<td>15.7</td>
</tr>
<tr>
<td>Net profit for the year as % of average shareholders' equity**</td>
<td>15.4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Core earnings as % of average shareholders' equity</td>
<td>18.9</td>
<td>16.8</td>
<td>17.0</td>
<td>15.6</td>
<td>9.4</td>
</tr>
<tr>
<td>Cost/core income ratio, %</td>
<td>57.5</td>
<td>61.2</td>
<td>62.2</td>
<td>61.2</td>
<td>72.4</td>
</tr>
<tr>
<td>Solvency ratio, %</td>
<td>10.3</td>
<td>9.6</td>
<td>11.0</td>
<td>10.4</td>
<td>10.2</td>
</tr>
<tr>
<td>Core (tier 1) capital ratio, %</td>
<td>7.3</td>
<td>6.8</td>
<td>7.4</td>
<td>7.7</td>
<td>7.2</td>
</tr>
<tr>
<td>Dividend per share, DKr</td>
<td>4.75</td>
<td>4.40</td>
<td>2.50</td>
<td>1.80</td>
<td>1.80</td>
</tr>
<tr>
<td>Share price at December 31, DKr</td>
<td>135.1</td>
<td>141.8</td>
<td>80.9</td>
<td>85.7</td>
<td>91.4</td>
</tr>
<tr>
<td>Book value per share, DKr</td>
<td>78.0</td>
<td>70.5</td>
<td>57.5</td>
<td>57.3</td>
<td>52.0</td>
</tr>
<tr>
<td>Number of full-time employees at December 31:</td>
<td>17,564</td>
<td>18,930</td>
<td>12,397</td>
<td>11,691</td>
<td>11,365</td>
</tr>
<tr>
<td>Danske Bank and consolidated subsidiaries</td>
<td>957</td>
<td>976</td>
<td>1,128</td>
<td>1,451</td>
<td>1,442</td>
</tr>
<tr>
<td>Non-consolidated subsidiaries (insurance companies)</td>
<td>957</td>
<td>976</td>
<td>1,128</td>
<td>1,451</td>
<td>1,442</td>
</tr>
</tbody>
</table>

* Pro forma. For the year 2000, the Danske Bank and RealDanmark groups have been consolidated on a pro forma basis. Inter-company accounts and differences in accounting principles have not been eliminated as they do not influence the Group's profit and equity. The core earnings of RealDanmark have been adjusted on an estimated basis to the core earnings model so far used by Danske Bank.

** Exclusive of merger costs.

Ratios and key figures are calculated in accordance with the recommendations of the Danish Association of Financial Analysts.
2001 was another good year for the Danske Bank Group. Profit improved despite the economic slowdown. The Group returned 16.0% on equity, which is considered satisfactory under the circumstances. The process of implementing the merger between Danske Bank and RealDanmark went very smoothly. Hence, the Group could reap the merger synergies at a faster rate than had been expected. The staff contributed greatly to these favourable developments through their competent efforts on both the business and administrative fronts.

The improvement in profit was broadly based. The Banking and Mortgage Finance businesses raised profitability in both retail and wholesale markets. Profitability at the Life and Pensions division was also satisfactory. On the other hand, business areas that depend heavily on equity markets did not achieve such strong results.

For shareholders, an investment in Danske Bank’s shares yielded a negative return of 1.7%, including dividend payments of DKK 4.40 per share. However, relative to the return on an investment in a group of peer European banks, the return on Danske Bank’s shares must be considered competitive. Over a five-year period, an investment in the Bank’s shares has returned 17.9% p.a.

The Danske Bank Group’s short- and long-term debt ratings were upgraded in 2001 as a consequence of the Group’s financial strength. The rating upgrades reflected a number of years of profit growth and effective management of risk and capital allocation. A contributing factor was the diversification achieved through the merger. The bonds issued by the Group’s subsidiary Realkredit Danmark were assigned a Triple A rating.
In 2001, the Group took measures that will strengthen its market position in the years ahead. The integration of the computer systems of the merged banking businesses was completed, and the work to bring all the Group’s business activities on to the central computer systems platform proceeded according to the ambitious schedule. After extensive systems integration in Norway, the Group’s retail banking activities in Denmark, Norway and Sweden now run on the common IT platform.

New incentive programmes were introduced for management and staff in 2001. One of the aims is to link key employees more closely with the Group and hence strengthen the foundation for long-term value creation. Moreover, the incentive programmes will further nourish the already-strong commitment of the staff.

Late in the year, the Group launched a new organisational structure. Banking activities are being amalgamated in each of the countries where Danske Bank operates. The changes will help the banking business to focus even more on offering customers the best and most value-creating financial solutions.

At the threshold of 2002, the depth and length of the world economic slowdown are uncertain. The measures the Group has taken in previous years to reinforce its market position, improve cost effectiveness, manage risk, and optimise capital allocation have positioned it well to operate under both favourable and less favourable conditions.
Results
The Danske Bank Group recorded a net profit of DKK 8,713m for 2001. This was an increase of DKK 2,409m on the pro forma consolidated net profit of DKK 6,304m for 2000. Profit growth was driven in part by a satisfactory 12% rise in core earnings to DKK 10,280m, while earnings from investment portfolios declined to DKK 870m. Net profit per share was up by 45%. Excluding the merger costs incurred in 2000, net profit per share rose by 8%.

Core income advanced by 7% to DKK 28,307m. Net interest income was up by 11% to DKK 18,051m as a result of greater deposit and loan volumes and good growth in income from trading in interest rate products. Interest margins were under pressure, mainly because of the general fall in interest rates. Fee and commission earnings decreased to DKK 6,265m from DKK 6,490m the year before, mostly as a result of generally lower turnover on equity markets. The decrease was tempered by higher fee earnings from payment services and mortgage refinancing.

Operating expenses and depreciation remained, by and large, at the previous year’s level. Expense trends were satisfactory in view of the large number of extraordinary activities related to the merger between Danske Bank and RealDanmark, including, not least of all, the harmonisation of IT systems. The underlying trend in expenses declined as these activities were completed.

The improvement in core earnings was broadly based across the business areas Retail Banking, Mortgage Finance, Life and Pensions, and Wholesale Banking, where Danske Markets generated a very satisfactory result. Earnings at Investment Management reflected the decline in the equity markets and hence could not be maintained at the same high level as the year before. Danske Securities, the Group’s investment banking arm, posted an unsatisfactory result, which was partly because unfavourable market conditions influenced both equity sales and trading and corporate finance activities.
The charge for bad and doubtful debts rose to DKr1,752m from DKr1,100m the year before. The slowdown in the world economy took its toll on corporate customers’ earnings, whereas the financial conditions of personal customers did not deteriorate noticeably. Provisioning levels were influenced by a full provision taken on a large unsecured exposure to an international airline company. The Group had only a modest exposure to other international airline companies; the total unsecured exposure to this sector represented about a quarter of one per cent of total loans and guarantees at the end of 2001.

Despite the rise in provisions, the charge for bad and doubtful debts remained low relative to total loans and guarantees. The Group accelerated the timing for writing off doubtful debts in part or in whole, which was a major factor behind the increase in realised loan losses. These developments should also be viewed in the light of a tax on banks’ loan loss reserves that was introduced by the Danish parliament and took effect in 2001.

Core earnings grew, by and large, in line with the forecast set out in the nine-month report for 2001.

The Group recorded a gain of DKr240m on the sale of subsidiaries. The sales proceeds came mainly from companies that entered the Group through the merger and were not considered to be core operations.

Earnings from investment portfolios were DKr870m, against DKr2,461m the year before. This was satisfactory in the light of market trends. The Group maintained the interest rate risk on its portfolios of fixed rate instruments in the region of DKr1,700m during the year, while reducing its equity risk.

The Group’s tax charge, which totalled DKr2,677m for 2001, reflected the acceptance by the Norwegian tax authorities of the right of Danske Bank’s subsidiary Fokus Bank to deduct accumulated tax losses representing a total tax value of approximately DKr700m.
The return on equity improved from 15.4% in 2000 [adjusted for merger costs] to 16.0% in 2001 in spite of the fact that the merger synergies were not yet fully reflected in the profit and loss account.

**Balance sheet, solvency and equity**

The total assets of the consolidated Group were DKK1.539bn at the end of 2001, against DKK1.363bn a year earlier. Danica’s assets, which are not consolidated in the Group accounts, amounted to DKK172bn. After eliminating inter-company accounts, the Group held total assets worth DKK1.701bn.

Bank loans and advances grew by DKK32bn to DKK476bn, while mortgage loans rose by DKK28bn to DKK448bn. Deposits stood at DKK400bn at the end of 2001. The shareholders’ equity of the Danske Bank Group increased to DKK57.1bn from DKK50.9bn a year earlier.

The regulatory capital ratio — the solvency ratio — stood at 10.3% at the end of 2001, of which 7.3 percentage points came from core capital. The Group has lowered its target for the core capital ratio to the region of 6.5% in response to the changes in balance sheet composition brought about by the merger with RealDanmark. If necessary, Danske Bank’s management will utilise its authority to buy back shares in order to bring the core capital ratio closer to the target. The intention is to buy back DKK3.0bn worth of own shares (market value) in the second quarter of 2002.

Over the year, the Group repaid DKK5bn of supplementary capital, of which debt with a 10.2% coupon repaid by Realkredit Danmark accounted for DKK3bn. Debt repayments were refinanced by three new debt issues. In March, Danske Bank raised a nominal amount of €500m by the issue of 10-year notes. The issue was increased by €200m to a total of €700m in December. In May, Danske Bank raised a nominal amount of £150m by the issue of 13-year notes.
Outlook for 2002

The year 2002 is likely to see sluggish growth in the world economy and low interest rates. There is still uncertainty about the timing and strength of the recovery, also on the Group’s principal markets in northern Europe. However, the economies of the region are generally well positioned and robust.

The Group expects net interest income to stagnate since interest margins will be influenced by the fall in money market rates during 2001 and the expected further decline in rates in the first half of 2002. Moreover, lending growth may be restricted by customers’ focus on consolidation rather than expansion.

Fee and commission earnings are expected to increase during 2002, but much will depend on customer activity in the financial markets. Securities and foreign exchange trading income and the related interest earnings are expected to be somewhat lower than in 2001 because the level of activity cannot be expected to be as high as in 2001. A likely decline in earnings from trading in interest rate and foreign exchange products will probably not be fully offset by higher earnings from trading in the equity markets.

Core insurance income should improve from 2001, but will depend on market conditions.

Against this background, the Danske Bank Group expects total core income to be at roughly the same level as in 2001.

Expenses will fall in 2002. One of the reasons is the IT and staff cost synergies generated by the merger. Some of the cost savings achieved in 2001
will not have a full-year effect until the 2002 accounting year. The cost/core income ratio is expected to fall from 57.5% in 2001 to less than 55% in 2002.

Provisioning levels will be influenced by overall economic conditions. The economic slowdown will impair the profitability and consolidation of many businesses. Yet, given the Group’s expectations that the world economy will stage a recovery not later than the second half of 2002, the charge for bad and doubtful debts is expected to be at roughly the same level as in 2001. A protracted economic downturn would increase the need for debt provisions.

Overall, the Group expects core earnings to grow in 2002, although at a slower rate than in 2001.

As in previous years, earnings from investment portfolios will generally depend on the level of securities prices at year-end. Danske Bank enters 2002 with a risk profile on its bond portfolio similar to that in 2001 and an unchanged, small equity portfolio. However, market risk will be increased by new regulations laid down by the Danish Financial Supervisory Authority regarding the calculation of profits in the Group’s insurance business. Owing to the changes, the share of Danica’s return on investments attributable to equity capital will be reflected directly in Group earnings from investment portfolios.

The Group expects its tax charge, including the tax on loan loss reserves, to be 30% of pre-tax profit.
Follow-up on the merger with RealDanmark

When the Group announced the merger between Danske Bank and RealDanmark in October 2000, it outlined a number of merger milestones. The Danske Bank Group met the targets it had set for 2001 and made even faster progress than originally expected in a number of key areas. All employee groups contributed significantly to these very satisfactory developments through their dedicated and committed effort.

In August, BG Bank’s IT systems were converted to the central systems platform. The integration of computer systems prepared the ground for a considerable reduction in operating and development costs. It also laid the foundation for further efficiency gains, for example, through branch integration. Moreover, the central IT platform enhanced the Bank’s customer service since it gave all banking customers in Denmark access to service in both Danske Bank and BG Bank – that is, in a total of 553 branches.

The success in implementing the merger enabled the Group to generate cost savings at a faster pace than forecast at the announcement of the merger in October 2000. During 2001, the Danske Bank Group realised merger synergies of about Dkr1.8bn on an annualised basis. The Group originally expected to achieve total annual cost savings of Dkr2.2bn, and the aim was to reach this annual level within three years. It is now expected that annual savings will have reached the targeted level by the end of 2002. Separate annual cost savings of Dkr0.7bn planned in Danske Bank and RealDanmark before the merger should also have been realised by the end of 2002. In addition, the Group is well positioned to control expenses effectively; therefore a cost/core income ratio of 50% within a few years does not seem unrealistic.

The main reason expenses are being reduced faster than expected is that staff reductions are ahead of schedule. By the end of 2001, the total staff – adjusted for the expansion at foreign units – had been cut by about 1,800 since the announcement of the merger. Moreover, Danske Bank had reached agreements with another 500 employees that they would leave at a later
date. The Group maintains its original intention to cut staffing levels by 3,500 over a three-year period.

Branch closures followed the schedule, with 73 Danish branches being closed in 2001. Additional branches are due to be closed in 2002.

The Group charged DKK1.7bn in merger costs against the original merger provision in 2001, of which about DKK0.7bn was expended on staff redundancy schemes and DKK1.0bn on the decommissioning of computer systems and other contractual liabilities. At year-end, there remained DKK0.7bn of the original merger provision of DKK2.4bn.

As part of the merger activities, the Danske Bank Group sold BG Factoring, BG Garanti Forsikringsselskab, and BG Bank International, Luxembourg, in the first half of 2001. Danica, the Group’s life and pensions arm, bought BG Pension from Topdanmark.

In 2001, Danske Bank and Post Denmark reviewed the collaboration agreement between BG Bank and Post Denmark. The parties decided not to continue the agreement on the creation of joint branches. Instead, they entered into an agreement that allows customers of Danske Bank and BG Bank to carry out less complicated banking transactions at 1,050 post offices across Denmark.

Also in 2001, Danske Bank fulfilled a number of commitments it had made to the Competition Council when the Danish authorities reviewed the merger proposal. The commitments to reduce the Bank’s stakes in the Copenhagen Stock Exchange, the Danish Securities Centre, and the PBS payment systems are not due to be fulfilled until later, and the Group is working to meet these commitments too.

As announced at the merger, the Danske Bank Group operates two bank brands in Denmark. This is because the Group wants to maintain multiple profiles on the market. In the autumn of 2001, the Group launched a campaign to re-position BG Bank on the Danish banking market. BG Bank adopted a new design that shares certain features with the Group design.
Danske Bank shares

In 2001, the number of Danske Bank shares issued was reduced from 759,219,747 to 732,000,000 of DKr10 each. The main reason was that the Bank had bought back shares in November 2000 following its decision to reduce the core capital target.

DANSKE BANKSHARES

<table>
<thead>
<tr>
<th>2001</th>
<th>2000*</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average number of outstanding shares during the year</td>
<td>732,000,000</td>
<td>757,315,720</td>
</tr>
<tr>
<td>Number of outstanding shares at year-end</td>
<td>732,000,000</td>
<td>722,633,250</td>
</tr>
<tr>
<td>Number of issued shares at year-end</td>
<td>732,000,000</td>
<td>759,219,747</td>
</tr>
<tr>
<td>Number of shares entitled to dividends at end-March 2002</td>
<td>732,000,000</td>
<td>768,586,497</td>
</tr>
</tbody>
</table>

* Pro forma

The legal merger was approved by shareholders at the annual general meetings of RealDanmark on March 26, 2001, and Danske Bank on March 27, 2001, with retroactive effect on January 1, 2001. The Minister of Economic Affairs approved the merger just after the general meetings. At the beginning of April, RealDanmark’s shares were delisted from the Copenhagen Stock Exchange. The RealDanmark shares that had not been exchanged for Danske Bank shares in November 2000 carried a right to full dividends and were exchanged for Danske Bank shares just after the merger resolution was approved. This increased the share capital by DKr94m. The capital reduction related to the DKr5bn share buy-back in 2000 was carried out in June 2001, after the period of statutory notice had expired.

All shares carry the same rights, including voting rights. They are quoted on the Copenhagen Stock Exchange and are included in the KFX index of the 20 most liquid stocks.

Market capitalisation was DKr98.9bn at the end of 2001.
The volume of Danske Bank shares traded on the Copenhagen Stock Exchange in 2001 is shown in the chart on the left.

The price of the shares was 141.8 at the end of December 2000 and 135.1 at the end of December 2001, a fall of 4.8%. Share price movements during 2001 are also shown in the chart.

In 2001, shareholders had a total negative return of 1.7%, which includes the capital loss of 4.8% and dividends equal to 3.1% of the market value of the shares at the beginning of 2001.

In accordance with the Bank’s aim to maintain its payout ratio in the region of 40%, the board of directors is proposing that the annual general meeting approve dividends of DKr4.75 per Danske Bank share, or a total of DKr3,477m, for 2001.

International rating agencies upgraded Danske Bank’s long- and short-term debt ratings in 2001. Bonds issued by Realkredit Danmark received a Triple A rating, the highest possible rating.

### Shareholders and annual general meeting

Three shareholders — Arbejdsmarkedets Tillægspension, Hillerød; Tank- og Ruteskibe i Interessentskab, Copenhagen; and Foreningen RealDanmark, Copenhagen — had notified Danske Bank by year-end that they each held more than 5% of its share capital. The last-mentioned shareholder announced in March 2001 that it had reduced its interest below 15% in accordance with plans announced in the autumn of 2000. Danske Bank estimates that about one-third of its share capital is held by foreign investors.

In 2000, information on developments at Danske Bank was relayed to shareholders at the annual general meeting on March 27 and at 24 shareholder meetings in major Danish towns that were attended by more than 16,500 shareholders.
Management’s report

Notices to convene annual general meetings are published in the daily papers. Moreover, information on the financial results and the place and date of annual general meetings and other matters is provided to the Bank’s 270,000 registered shareholders through the shareholder magazine [available in Danish only]. Also, Danske Bank regularly encourages major shareholders to attend the annual general meetings. The shareholders who attended the 2001 annual general meeting represented 33.5% of the share capital. The board of directors had been granted authority to represent a limited number of votes by way of proxy. In accordance with the Bank’s practice, these proxy powers were effective only for that particular general meeting.

Over the year, the management of Danske Bank gave presentations at a large number of meetings for investors and equity analysts in Denmark and abroad. Moreover, Danske Bank conducted a range of investor relations activities. The latest Group presentation for analysts can always be viewed at www.danskebank.com.

Danske Bank’s financial results announcements for 2000, the first quarter of 2001, the first half of 2001 and the first nine months of 2001, as well as other stock exchange announcements, were available on the Bank’s web site immediately after release. Also, shareholders could read about developments at Danske Bank in two issues of the shareholder magazine.

Important stock exchange announcements in 2001*)

January 10
Danske Bank gathers estate agency business in one unit

February 22
Danske Bank net profit of DKr4,716m for 2000

March 15
Danske Bank raises new supplementary capital in euros

March 27
The annual general meeting of Danske Bank

April 27
Danske Bank sells BG Factoring and BG Garanti

May 3
Danske Bank net profit of DKr2,359m for the first quarter of 2001

May 14
Danske Bank raises new supplementary capital in pounds sterling

June 27
Member of Danske Bank’s Executive Board Søren Møller Nielsen retires

June 29
Capital reduction at Danske Bank

August 16
Danske Bank net profit of DKr4,355m for the first half of 2001

October 25
Danske Bank nine-month net profit of DKr6,984m

November 15
Changes in organisational structure - new executive committee

November 27
Danske Bank raises new supplementary capital in euros

*) A full list of the year’s stock exchange announcements and press releases can be viewed at www.danskebank.com
Customer and public relations

It is the management’s objective that the Danske Bank Group build up good long-term relationships with customers and the public in general. The Group’s core values reflect this objective and provide a foundation for achieving it.

The Danske Bank Group aims to create a true picture of its results and activities through its communications. The Group considers a constructive interplay with printed and electronic media an important element in its business activities and therefore strives for openness within the limits set by banking law and the competitive environment.

Danske Bank seeks to keep stakeholders – including existing and potential customers, shareholders, policymakers and media – abreast of developments within the Group. Through extensive accessibility and focused communications, the Group strives to ensure that the general public understand and accept its actions. Accessibility is reflected in the aim that the Group’s management team should respond quickly when approached by the media. Moreover, customers and the public can follow the Group’s activities on its web sites and through advertisements and a range of printed publications. All employee groups are kept well informed of the Group’s objectives and activities via the central internal information service, including, not least of all, the Group Intranet.
A number of councils in Danske Bank, BG Bank, Realkredit Danmark, Fokus Bank, and the Swedish branch network help the Group to forge links with local communities. The councils consist of corporate and personal customers of the individual brands.

The Group has demanding ambitions, also for its personal customer services. Yet, owing to the large number of transactions carried out every day, situations are bound to arise where customers are not satisfied with the service they get. Danske Bank treats all communications and complaints from customers with great seriousness. Moreover, personal customers can complain to the relevant national authority. Considering Danske Bank’s business volume, the number of transactions that do not meet customers’ requirements is extremely low.

Danske Bank’s annual survey of customer satisfaction in the corporate banking segment showed great satisfaction with the Bank. Corporate customers had become even more satisfied with Danske Bank and its products than previously. Beginning in 2002, the Bank will also survey personal customer satisfaction.

In the annual survey of banking customer satisfaction in Sweden, which is conducted by an independent research institute, Danske Bank’s Swedish branch network was rated the bank that had the most satisfied customers in both the corporate and personal banking segments.
Incentive programmes

In May 2001, Danske Bank launched a new incentive programme for the management and staff. The programme is based on value creation within the Group and includes four elements: share options, conditional shares, an employee share scheme and cash bonuses. Incentive payments reflect individual performance; they are also linked to the financial results of individual business areas and other measures of value creation.

The share option and conditional share programmes will initially run for a three-year period. The employee share scheme will also run for three years.

The share programmes will not dilute the outstanding stock since the shares will be allocated from the Group’s portfolio of its own stock. Both the share options and the Group’s own shares are recorded in the accounts in accordance with general accounting provisions. Staff bonuses and conditional shares are provided for on a continuing basis, while any costs relating to the employee share scheme are charged against year-end profits.

The employee share programme is based on a model whereby the Group allocates 5% of the continuous growth in core earnings above a qualifying threshold of 10% annual core earnings growth, subject to a maximum per annum allocation of D Kr100m. Shares under the programme are offered to employees at a 50% discount. The amount allocated for 2001 was calculated on 2000 pro forma consolidated core earnings of D Kr9,145m. Hence, D Kr12m was charged against profit to provide for the scheme.

Danske Bank has decided to adjust the allocation criteria for the employee share programme. For 2002 and 2003, the Group will also allocate 5% of the continuous growth in core earnings up to a maximum of D Kr100m a year, but without imposing the 10% threshold.
A broad group of managers and specialists participate in the conditional share programme. The first shares under this programme will be allocated as a portion of the bonus earned for 2001. The shares are held at the employee’s risk and become available after three years if the employee is still employed with the Danske Bank Group. For 2001, DKr50m was expensed under “Staff costs and administrative expenses” to provide for conditional shares.

The senior executive management participates in the share option programme. In 2001, the programme comprised about 50 executives, including the executive board. The options carry a right to buy Danske Bank shares, and they can be exercised between three and seven years after they are allotted if the holders are still employed with the Group. The strike price of the options is determined on the basis of the average price of Danske Bank shares for 20 stock exchange days after the release of the annual report plus 10%. The intention is to extend the programme in 2002 so that up to 100 of the Group’s executives participate.

Options for the 2000 accounting year were allotted in the spring of 2001. The total number of options allotted was 793,140, of which executive board members received 139,050. The strike price of the options was fixed at DKr152.89, equal to the average stock exchange price of Danske Bank shares in May 2001 plus 10%. The number of share options allotted for the 2001 accounting year will be announced at the release of Danske Bank’s first-quarter report for 2002.

At the end of 2001, directors and executive board members held a total of 88,207 Danske Bank shares [excluding options].
Human resources

The Danske Bank Group needs to constantly develop the skills of its staff to create value for its customers and shareholders.

In 2001, the Group spent 2.4% of the salary budget on staff training and development. A significant share of that amount related to merger activities and IT systems conversion.

Although the conversion of IT systems in BG Bank and Fokus Bank tied up considerable resources, the Group maintained a high level of activity in staff training. This was true of all types of training activity, including e-learning, which enables employees to acquire new knowledge at their own pace, anywhere and anytime they want. Employees could choose from among almost 300 internal professional courses, and they spent 26,000 days on internal training. These activities were supplemented by 3,300 external training days.

The conversion in August of BG Bank’s IT systems to the Group’s central systems platform was supported by an intensive training and development programme for staff in both of the Danish bank brands. More than 40,000 traditional sessions and a similar number of e-learning sessions were held for this purpose. Systems conversion at Fokus Bank also required heavy staff training — in both Norway and Denmark.

The Group makes a diverse, targeted set of management development modules available to its management team. The programme enables individual managers to quickly and effectively develop their skills within areas that are particularly important to them. About a thousand managers attended internal management development courses in 2001. A large number of managers and employees took top-level courses at leading business schools.
The merger between Danske Bank and RealDanmark and the consequent staff reductions dominated general human resources activities in 2001. In that connection, the Group created a job bank to support internal and external job rotation. Moreover, it hired an external consultancy firm that provided advice to employees who left the Group. Another significant activity in the human resources area was the work to harmonise staff policies across the Group.

Again in 2001, the Group spent considerable resources on developing its organisation, for instance, through teambuilding, work environment evaluations and other internal surveys. In a survey conducted among Danske Bank’s staff, 90% of respondents said they were satisfied or very satisfied with working in the Group, while less than 5% said they were dissatisfied. According to another survey, Danish economics students consider Danske Bank by far the most attractive workplace in the financial sector.

Over the year, the Group and the staff unions held talks on a Group-wide collective wage agreement to replace the large number of agreements existing in the merged businesses. The parties reached agreement just before the New Year. The agreement will be put to a vote among the staff at the end of February 2002. If endorsed by employees, the collective wage agreement will be launched in April 2002.

The Group expects to cut staffing levels further as it continues to adjust its structure, although the pace of staff reductions is expected to decline. Nonetheless, the Group will recruit new employees to constantly optimise the composition of its staff and, not least, to ensure that it matches customers’ requirements.
Information technology

Information technology is at the heart of the Danske Bank Group’s activities. It is especially important for the quality of services offered to the Group’s more than three million personal customers and just under 300,000 business and corporate customers. IT plays a crucial role in developing products, launching new distribution channels, and automating work procedures.

The Group allocates considerable resources to IT and has spent a significant amount on designing and extending its IT platform over the past ten years. The platform is the strategic hub of virtually all Danske Bank’s business activities and, along with motivated and competent employees, is among the most important progress drivers within the Group.

The cost of developing IT solutions accounts for a very significant share of total costs in the financial industry, and IT gives scope for substantial economies of scale. Hence, cost-effective IT use and development were important driving forces behind the merger between Danske Bank and Real-Danmark.

Central IT platform

The Danske Bank Group carries on activities on a variety of markets and distributes its products through a number of physical and electronic sales channels. These outlets are supported by the Group’s central IT platform, which runs on a multi-currency principle and is in operation 24 hours a day and 365 days a year.
This enables Danske Bank to service customers effectively across business areas, national borders and distribution channels – especially the 700,000 personal customers and 100,000 businesses in Denmark and abroad that avail themselves of the Bank’s self-service systems.

To develop new products for its various distribution channels, the Group needs to create only one basic system and can then develop new user interfaces on top of existing product systems. The central IT platform thus supports a development process with a high degree of component recycling and reduced time to market for new products and services.

A well-integrated IT system gives the Group greater opportunities to quickly meet customers’ demands for financial products and to target its marketing efforts. To this end, the Group launched an ambitious CRM (customer relationship management) development project in 2001.

Significantly, a central IT platform also ensures a high security level through integrated authorisation and access controls, including digital security signatures. Moreover, it enables effective internal control via integrated risk, liquidity, position and limit management based on central, consolidated real-time data.
Operating cost savings
The central IT platform has enabled a number of the operating cost savings and synergies Danske Bank has achieved by the acquisitions in previous years of Östgöta Enskilda Bank in Sweden and Fokus Bank in Norway, and, most recently, by the merger with the RealDanmark group.

Danske Bank expects to realise IT synergies and operating cost savings in the region of one billion Danish kroner in 2002 as a result of the conversion of BG Bank’s and Fokus Bank’s business systems to the central IT platform in the autumn of 2001. The intention is to convert IT systems at Realkredit Danmark; Danske Bank International, Luxembourg; and Danske Bank’s New York Branch. This should bring further operating cost savings and improve risk management.

The central IT platform has made it possible, in recent years, to centralise a number of administrative procedures previously carried out by the branch network and to streamline these procedures.

Customer files have been digitalised. This has increased efficiency for customer advisers at the branch network and has helped to improve customer service. Regardless of the contact point the customer chooses — whether a branch or the call centre — all advisers in the Bank have access to the same customer data.

The Group has outsourced the operation of its mainframe business systems to DMdata, a partly-owned company that carries out similar activities for other international groups.
Organisation and management

The Danske Bank Group is managed on the basis of Danish management practice and banking and other laws.

The board of directors appoints the executive board, which manages the day-to-day affairs of Danske Bank. It also approves the Group’s strategies and discusses issues of principle with the executive management. Moreover, the board of directors ensures that the business risks the Group takes on are justifiable, sets limits on the Group’s overall risk exposure and the basis for controls, and oversees that these are observed.

The board of directors has established its own rules of procedure. The rules of procedure, which the directors review every year, have been drawn up in accordance with statutory provisions and the regulations of the Danish Financial Supervisory Authority. They lay down guidelines for the board’s work and specify the duties of the chairman and the vice chairmen.

Moreover, the rules of procedure address the powers of the executive board and the interplay between the board of directors and the executive board. Thus, the executive board must submit certain matters to the board of directors for approval. This is true of loan applications of a specific size and matters of an exceptional nature or of special importance. Additionally, the rules of procedure require the executive board to report, on an ongoing basis, to the board of directors on significant matters, including developments in assets, liabilities and profits, as well as the credit and market risk position in relation to the policies and limits laid down by the board of directors.
The division of duties within the executive board and the executive committee is also approved by the board of directors.

Board meetings are held once or twice a month according to a schedule prepared for each calendar year. Once or twice a year, the directors hold longer meetings to discuss Group strategy.

The board of directors has set up a number of committees that follow particular areas or prepare matters to be discussed later by the whole board. The formation of the committees implies no change in the powers or responsibilities of the board of directors or the executive board, nor in the legal powers or responsibilities of other Group companies.

The advisory board advises the board of directors and helps Danske Bank to forge links with its customers and establish business, cultural, political and social relations with the Danish society at large. The advisory board consists of at least 24 and not more than 50 members. They usually meet twice a year upon the release of the annual and half-year reports. The decisions of the advisory board are not binding on the board of directors, and any proposals or recommendations made by the advisory board are considered independently by the board of directors.
Composition of board of directors

The directors represent a broad range of business knowledge and experience. It is the board’s ambition to ensure that its composition always reflects the competence and professional experience needed to match the complexity of Danske Bank’s activities. On their appointment to the board, new directors are given an introduction to the Bank and the work of the board. They are also offered relevant supplementary training.

Upon the merger between Danske Bank and RealDanmark, the ten directors elected by the annual general meeting of shareholders were supplemented by five directors proposed by RealDanmark. Moreover, the five employee directors of Danske Bank were supplemented by three employee directors from RealDanmark for a transitional period until an election of employee representatives was called. The board then consisted of 24 directors, 15 of whom had been elected by the annual general meeting and eight by the employees. One director had been appointed by the Minister of Economic Affairs.

The merger agreement included the objective of reducing the number of directors within a few years.

At Danske Bank’s annual general meeting on March 27, 2001, Kjeld Kirk Kristiansen and Palle Marcus left the board of directors, and Eivind Kolding was elected to the board. At a subsequent meeting of the board of directors, Poul J. Svanholm was re-elected chairman and Jørgen Nue Møller vice chairman of the board.
Three employee directors – Jørgen Andersen, Per Alling Toubro and Solveig Ørteby – who had been elected, according to the articles of association, to serve until the calling of an election of employee representatives, left the board when the election was called on January 29, 2002. They will attend board meetings as observers until the coming annual general meeting.

After the annual general meeting on March 19, 2002, the board is expected to consist of 22 directors, including 14 elected by the general meeting of shareholders, seven employee representatives elected according to the general rules on employee directors, and one director appointed by the Minister of Economic Affairs.

Directors elected by the general meeting of shareholders serve for four-year-terms. However, at least two of these directors, chosen from among those who have served on the board for the longest period since last being elected, retire every year. The directors may offer themselves for re-election. They must leave the board not later than the first annual general meeting after they have attained the age of 70.

Directors receive a flat fee and are not encompassed by the Group’s incentive programmes. The fee is Dkr250,000 a year at present. The chairman receives a triple fee and the vice chairman a double fee. A half fee is received for board committee memberships. No director may receive a total fee of more than twice the directors’ fee. The chairman and vice chairmen, however, may receive up to four times the directors’ fee.
Organisation

Upon the merger between Danske Bank and RealDanmark, the Group was organised into six business areas, including a number of subsidiary companies, supplemented by management support functions. To optimise economies of scale and reduce the need for internal co-ordination across business areas, the Bank launched a new organisation towards the end of 2001. An executive committee has been created and the activities of a number of business areas are being gathered in country organisations. The executive committee will co-ordinate the management activities of the Group.

In the new organisation, the business areas have responsibility for ensuring that customers are offered the best possible products, and they can enhance their offering by channelling financial products from external suppliers to their customers. This gives the Group greater opportunities to continue to offer customers the best financial solutions.

The new structure combines Retail Banking, a significant part of Wholesale Banking, and a number of customer-oriented areas of Investment Management. Banking activities are thus being amalgamated in each of the countries where Danske Bank operates.

Danske Capital is the Group’s asset management division and has responsibility for portfolio management for private banking and institutional clients.

Danske Markets has retained global responsibility for the Group’s trading in fixed income, foreign exchange and money market instruments.

Life Insurance and Mortgage Finance activities have not been affected by the organisational changes. Danica and Realkredit Danmark — like Danske Capital — continue to market solutions directly to their own customers, while also supplying a number of products to the Bank’s customers.
Danske Securities, which was converted into a Swedish-based subsidiary on July 1, 2001, has not been affected by the organisational changes either.

The new organisation simplifies the Group’s executive board structure. In future, the executive board will consist of at least two members instead of the previous minimum of four members, provided this is approved by the annual general meeting. When the organisational changes became effective on November 15, the number of executive board members was reduced from eight to four. After the annual general meeting, the executive board will consist of Peter Straarup as chairman and Kjeld Jørgensen and Jakob Brogaard as deputy chairmen. Sven Lystbæk will leave the executive board.

The new organisation of the Group, which was implemented at the beginning of 2002, is shown in the chart on page 122.

2001 reporting
The 2001 financial reporting for the Danske Bank Group follows the organisational structure that was in place at the beginning of 2001.

The merger reduced the Group’s risk profile, and the Group lowered the allocation of capital to its business areas from 7.0% to 6.5% of their risk-weighted items effective from 2001.

Comparative 2000 figures in this Management’s report are unaudited, consolidated pro forma figures for the Danske Bank and RealDanmark groups. In the accounts (page 86 onwards), comparative 2000 figures cover Danske Bank’s operations only (see Accounting policies).

<table>
<thead>
<tr>
<th>CORE EARNINGS BEFORE PROVISIONS [DKr m]</th>
<th>2001</th>
<th>2000*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Banking</td>
<td>4,863</td>
<td>3,545</td>
</tr>
<tr>
<td>Mortgage Finance</td>
<td>2,321</td>
<td>1,475</td>
</tr>
<tr>
<td>Wholesale Banking</td>
<td>3,272</td>
<td>2,962</td>
</tr>
<tr>
<td>Danske Securities</td>
<td>-312</td>
<td>842</td>
</tr>
<tr>
<td>Investment Management</td>
<td>1,046</td>
<td>1,140</td>
</tr>
<tr>
<td>Life and Pensions</td>
<td>1,039</td>
<td>778</td>
</tr>
<tr>
<td>Other</td>
<td>-197</td>
<td>103</td>
</tr>
<tr>
<td>Group total</td>
<td>12,032</td>
<td>10,245</td>
</tr>
</tbody>
</table>

* Pro forma