

**Announcement of  
Financial Results 2000  
for  
Danske Bank Group**

Stock exchange announcement No. 4 in 2001  
February 22, 2001

# Danske Bank Group financial highlights

## CORE EARNINGS AND NET PROFIT FOR THE YEAR (DKr m)

	2000	1999	1998	1997	1996
Net interest income, excluding income from investment portfolios	10,327	8,593	7,911	7,085	6,543
Fee and commission income (net)	4,829	3,749	2,984	2,443	2,035
Trading income	1,396	967	366	-413	559
Other core income	647	537	479	383	313
Core insurance income	928	975	920	698	594
<b>Total core income</b>	<b>18,127</b>	<b>14,821</b>	<b>12,660</b>	<b>10,196</b>	<b>10,044</b>
Operating expenses and depreciation	10,080	9,215	7,750	7,378	6,960
<b>Core earnings before provisions</b>	<b>8,047</b>	<b>5,606</b>	<b>4,910</b>	<b>2,818</b>	<b>3,084</b>
Provisions for bad and doubtful debts	454	447	406	317	637
<b>Core earnings</b>	<b>7,593</b>	<b>5,159</b>	<b>4,504</b>	<b>2,501</b>	<b>2,447</b>
Profit on sale of subsidiaries	83	703	-	-	-
Earnings from investment portfolios	1,439	459	738	2,133	2,195
Merger costs	2,459	-	-	-	-
<b>Profit on ordinary operations before tax</b>	<b>6,656</b>	<b>6,321</b>	<b>5,242</b>	<b>4,634</b>	<b>4,642</b>
Tax	1,940	1,293	1,292	429	989
<b>Net profit for the year</b>	<b>4,716</b>	<b>5,028</b>	<b>3,950</b>	<b>4,205</b>	<b>3,653</b>
Of which minority interests	-5	43	-1	4	3

The division between core earnings and earnings from investment portfolios is based in part on estimates for 1996 and 1997.

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

	2000	1999	1998	1997	1996
Bank loans and advances	443.9	308.3	241.2	243.0	195.5
Mortgage loans	420.4	72.7	61.9	47.7	37.0
Bonds and shares	259.2	147.1	140.0	136.2	117.6
Due to credit institutions and central banks	212.9	157.6	140.4	138.5	130.6
Deposits	366.8	266.1	213.5	225.2	195.9
Issued bonds	563.3	149.7	107.5	78.6	54.0
Subordinated debt	29.7	21.4	16.6	18.4	13.4
Shareholders' equity	50.9	30.4	30.4	27.5	25.9
<b>Total assets</b>	<b>1,362.7</b>	<b>701.4</b>	<b>592.8</b>	<b>554.8</b>	<b>451.8</b>

## RATIOS AND KEY FIGURES

	2000	1999	1998	1997	1996
Net profit for the year per share, DKr	8.9	9.4	7.5	7.9	6.9
Net profit for the year per share, DKr *	12.2				
Net profit for the year as % of average shareholders' equity	15.2	16.4	13.7	15.7	14.9
Net profit for the year as % of average shareholders' equity *	20.8				
Core earnings as % of average shareholders' equity	24.5	17.0	15.6	9.4	10.0
Cost/core income ratio, %	55.6	62.2	61.2	72.4	69.3
Solvency ratio, %	9.6	11.0	10.4	10.2	9.8
Core (tier 1) capital ratio, %	6.8	7.4	7.7	7.2	7.7
Dividend per share, DKr	4.40	2.50	1.80	1.80	1.60
Share price at December 31, DKr	141.8	80.9	85.7	91.4	47.3
Book value per share, DKr	70.5	57.5	57.3	52.0	48.9
Number of full-time employees at December 31:					
Danske Bank and consolidated subsidiaries	18,930	12,397	11,691	11,365	11,111
Non-consolidated subsidiaries (insurance companies)	976	1,128	1,451	1,442	1,642

\*] Exclusive of merger costs.

The ratios and key figures are calculated in accordance with the recommendations of the Danish Association of Financial Analysts.

*The board of directors and executive board of Danske Bank have today reviewed and approved the 2000 annual report, which will be submitted to the annual general meeting for approval.*

*The Danske Bank Group recorded very satisfactory improvement in all business areas in 2000. The Group further strengthened its business foundation by the merger with RealDanmark.*

*Core earnings rose by 47% to Dkr7,593m. An amount of Dkr2,459m was charged to the profit and loss account to cover merger costs.*

*Net profit, after merger costs and tax, was Dkr4,716m, against Dkr5,028m in 1999. Net profit as a percentage of average shareholders' equity was 15.2%, compared with 16.4% the year before. Shareholders' equity amounted to Dkr50.9bn at the year-end.*

*The RealDanmark group recorded a net profit, after merger costs and tax, of Dkr1,589m. The profit has not been included in the Danske Bank Group's result for 2000. However, the RealDanmark group's balance sheet total of Dkr595bn is included in the Danske Bank Group's total assets at December 31, 2000.*

The Danske Bank Group raised core income by Dkr3,306m to Dkr18,127m in 2000. The improvement came principally from increased securities trading and investment management activity, and wider interest margins.

Operating expenses and depreciation rose by Dkr865m, or 9%. Of the increase, two percentage points were attributable to performance-related bonus payments and five percentage points to Fokus Bank's being included for the first time for a full operating year.

The total charge for bad and doubtful debts remained low, at Dkr454m, compared with Dkr447m the year before.

Core earnings rose by 47%, in line with the forecast set out in the report for the nine months to September 30, 2000.

Investment portfolios generated earnings of Dkr1,439m for 2000, against Dkr459m the year before.

Danske Bank has charged Dkr2.4bn to the profit and loss account to cover its share of the merger costs, comprising mainly staff redundancy payments and the cost of moving premises and terminating IT contracts.

The Danske Bank Group had total assets worth Dkr1,363bn at the end of 2000, an increase of Dkr662bn on a year earlier. RealDanmark accounted for Dkr595bn, of which mortgage loans were Dkr341bn.

The exchange of shares in RealDanmark for newly-issued shares in Danske Bank increased the share capital by Dkr2.3bn. Shareholders' equity rose by Dkr24bn after goodwill of Dkr6.1bn had been written off against equity in accordance with Group accounting policies. The buy-back of own shares in December 2000 reduced shareholders' equity by Dkr5.0bn.

The board of directors is proposing a dividend of Dkr4.40 per share. Subject to the approval of the annual general meeting, Dkr1.5bn will be allocated to shareholders' equity, bringing equity capital to Dkr50.9bn.

The Group's solvency ratio stood at 9.6% at the end of 2000, of which the core (tier 1) capital ratio accounted for 6.8 percentage points, against 7.4 percentage points a year earlier. Both the solvency and core capital ratios met the Bank's targets.

Danske Bank's full 2000 annual report can be viewed at [www.danskebank.com](http://www.danskebank.com).

### **Merger of Danske Bank and RealDanmark**

In October, Danske Bank and RealDanmark announced that their boards of directors had agreed to recommend a merger of the two businesses.

Danske Bank made a share exchange offer to the shareholders of RealDanmark, offering 4.144 Danske Bank shares of Dkr10 for each RealDanmark share of Dkr100. The offer was conditional on the competition authorities approving the merger on terms acceptable to Danske Bank. It was accepted by shareholders representing 94.5% of the share capital of RealDanmark.

On November 8, the Bank accepted the merger terms set by the competition authorities and the two businesses effectively became members of the same group. At the annual general meetings of the companies late in March 2001, the boards of directors will propose the merger of the two companies with retroactive effect on January 1, 2001.

The organisational structure of the new Group was laid down in December. The subsequent task of quickly integrating the two groups is proceeding according to an ambitious schedule.

The merger gives Danske Bank greater capital strength and larger business volume and, consequently, fortifies its position in the financial services market. Increased business volume will offer better opportunities for the Group to realise economies of scale, cut costs and develop new technological solutions, and it will create benefits for customers too. The Bank will therefore be better placed to meet its shareholders' legitimate expectations of a high return.

The Group estimates that the merger will reduce costs by about Dkr2.2bn a year after a period of three years. The merger should also entail a net decline in income of roughly Dkr0.2bn a year.

### **Other expansion of business areas and divestment of operations**

In June, Danske Bank acquired a majority interest in Pol-Can Bank, a Polish bank. The acquisition of the bank, which now operates under the name of Danske Bank Polska, made it possible for Danske Bank to serve corporate clients doing business in the rapidly growing Polish market.

In September, the Group further expanded its growing investment management business, when it bought a Finnish asset management company, which now operates under the name of Danske Capital Finland.

It is Danske Bank's objective to concentrate capital and management resources on its core business areas. To pursue this objective, the Bank sold its factoring subsidiary, Forenede Faktors, in September. For the same reason, Danske Bank has decided to close its branches in Hong Kong and Singapore and reduce its business activities in New York.

### **Core earnings and earnings from investment portfolios**

Core earnings rose by 47% to Dkr7,593m and earnings from investment portfolios were up from Dkr459m to Dkr1,439m. Moreover, the sale of subsidiary undertakings produced a gain of Dkr83m, compared with Dkr703m the year before.

The trend in core earnings was in line with the forecast set out in the report for the nine months to September 30, 2000.

The board of directors is proposing a dividend of Dkr4.40 per share for the 2000 accounting year, against Dkr2.50 for 1999. The dividend represents 40% of the pro forma consolidated profit, before merger costs, of Danske Bank and RealDanmark.

RealDanmark has been incorporated into Danske Bank's annual accounts as at the end of 2000. Consequently, the RealDanmark group's total assets of Dkr595bn are included in the Danske Bank Group's 2000 accounts, while the net profit of the RealDanmark group, which amounted to Dkr1,589m after merger costs, etc., is not included.

The table on page 16 shows unaudited pro forma financial highlights for 2000 and 1999 for the merged Group.

Goodwill on acquisitions during the year totalled DKr6.1bn and was written off against equity. Most of the goodwill relates to the acquisition of RealDanmark and is mainly the result of the increase in share prices from the date the merger was announced until the exchange of shares.

The accounting policies are unchanged from 1999 apart from the following changes: provisions for certain legal cases pending and shareholders' equity attributable to minority interests are recorded under new items, and a "Reserve for own shares" is now included under shareholders' equity.

<b>Core earnings and net profit for the year</b>		
<b>(DKr m)</b>	<b>2000</b>	<b>1999</b>
Net interest income, excluding income from investment portfolios	10,327	8,593
Dividends	109	90
Fee and commission income (net)	4,829	3,749
Trading income	1,396	967
Other operating income	538	447
Core insurance income	928	975
<b>Total core income</b>	<b>18,127</b>	<b>14,821</b>
Operating expenses and depreciation	10,080	9,215
Core earnings before provisions	8,047	5,606
Provisions for bad and doubtful debts	454	447
Core earnings	7,593	5,159
Profit on sale of subsidiaries	83	703
Earnings from investment portfolios	1,439	459
Merger costs	2,459	-
Profit before tax	6,656	6,321
Tax	1,940	1,293
<b>Net profit for the year</b>	<b>4,716</b>	<b>5,028</b>

When comparing profit-and-loss items for 2000 with those for 1999, one should take into account that Fokus Bank was not incorporated into the Group accounts until June 1, 1999, and that the non-life insurance business was sold off as at the end of 1999. The non-life technical result and gains on investments at the non-life business contributed DKr178m to earnings in 1999.

When Danske Bank acquired Fokus Bank, a critical review of Fokus Bank's assets was carried out to ensure that they were stated at values that were consistent with the Danske Bank Group's accounting policies. As a result of the review, Danske Bank wrote down the value of a number of Fokus Bank's outstanding customer accounts and properties. In 2000, it proved necessary to write down a number of these assets in Fokus Bank's Norwegian accounts as well, which therefore show a loss. No corresponding provisions were made in the Danish accounts for 2000 as the value of outstanding accounts had been reduced already.

The Danske Bank Group raised core income by DKr3,306m to DKr18,127m in 2000, principally as a result of increased securities trading and investment management activity. Interest margins at both Retail Banking and Wholesale Banking widened during the year.

Operating expenses and depreciation rose by DKr865m. Expense trends were influenced by higher provisions for performance-related bonus payments and the acquisition of Fokus Bank, which, in the 2000 accounts, was included for the first time for a full operating year. Not counting these items, expenses increased by 2% from 1999. IT and e-finance development costs were about DKr1.8bn. The cost/core income ratio was cut to 55.6% from 62.2% in 1999.

Core earnings before provisions were specified by business area as follows:

Core earnings before provisions		
(DKr m)	2000	1999
Retail Banking	3,284	1,764
Mortgage Finance	392	313
Wholesale Banking	2,580	2,178
Danske Securities	267	122
Investment Management	987	506
Life and Pensions	778	832
Other Areas	-241	-109
<b>Total Group</b>	<b>8,047</b>	<b>5,606</b>

The charge for bad and doubtful debts remained low, at DKr454m, compared with DKr447m the year before.

The Group's investment portfolios of bonds, equities, currencies, and other financial instruments generated earnings of DKr1,439m. Earnings were affected by capital gains on fixed equity investments and were satisfactory in the light of market trends.

The total interest rate risk of the Group was somewhat higher at the end of 2000 than a year earlier, which was mainly because of the consolidation with RealDanmark. A one percentage point rise in rates across the yield curve would have caused a valuation loss of DKr1,647m at the end of 2000, against DKr1,135m a year earlier.

Profit on the sale of subsidiary undertakings comprises the sale of the factoring business, which produced a net gain of DKr83m. In 1999, the sale of the non-life insurance business contributed DKr703m to profits.

The Danske Bank Group has charged DKr2,459m to its profit and loss account to cover merger costs, comprising staff redundancy payments, the cost of moving premises and terminating IT contracts, and the decommissioning of systems. In addition, the RealDanmark group has expensed DKr262m in its 2000 accounts.

Pre-tax profit was DKr6,656m, against DKr6,321m for 1999.

The tax charge of the Group totalled DKr1,940m, compared with DKr1,293m for 1999. The tax charge was calculated at 29% of pre-tax profit. The reason that the effective tax rate, at 29%, was lower than the corporation tax rate of 32%, was prior-year adjustments and the fact that capital gains on a number of fixed equity investments were not taxable.

Net profit for the year was DKr4,716m, against DKr5,028m for 1999.

The table below shows the statutory presentation of the profit and loss account.

Profit and loss account highlights		
(DKr m)	2000	1999
Net interest income	10,719	9,738
Dividends	208	195
Fee and commission income (net)	4,821	3,731
Net interest and fee income	15,748	13,664
Securities and foreign exchange income	1,785	255
Other operating income	1,062	1,206
Operating expenses and depreciation	10,136	9,255
Other operating expenses	2,463	44
Provisions for bad and doubtful debts	454	447
Income from associated and subsidiary undertakings	1,114	942
Profit before tax	6,656	6,321
Tax	1,940	1,293
Net profit for the year	4,716	5,028

### **Group balance sheet, solvency and equity**

The total assets of the consolidated Group were Dkr1,363bn at the end of 2000, against Dkr701bn a year earlier. RealDanmark accounted for Dkr595bn of Group assets at the end of 2000. The assets of the insurance companies, which are not consolidated in the Group accounts, amounted to Dkr167bn. Hence, the Group held total assets worth Dkr1,530bn.

Bank loans and advances grew by Dkr135bn to Dkr444bn, while mortgage loans grew by Dkr347bn to Dkr420bn. Dkr85bn of the increase in bank loans and advances and Dkr341bn of the increase in mortgage loans were attributable to the consolidation of RealDanmark. Deposits grew by Dkr101bn.

The shareholders' equity of the Danske Bank Group was Dkr50.9bn at the end of 2000, against Dkr30.4bn a year earlier. The capital increase related to the exchange of RealDanmark shares added Dkr30.1bn to equity capital, while the write-off of goodwill on acquisitions during the year reduced equity by Dkr6.1bn and the buy-back of own shares reduced it by Dkr5.0bn.

The solvency ratio stood at 9.6% at the end of 2000, of which 6.8 percentage points came from core capital. At the end of 1999, the solvency ratio was 11.0% and the core capital ratio 7.4%.

In connection with the merger with RealDanmark, Danske Bank announced that it expected to maintain its core capital ratio in the region of 6.5% in future.

Subordinated debt increased from Dkr21.4bn to Dkr29.7bn. The increase was primarily due to the consolidation with RealDanmark.

### **Transactions with related parties**

No related parties exercise significant influence over the Danske Bank Group. Apart from intra-group restructuring at market prices, no unusual transactions took place with associated or subsidiary undertakings in 2000.

### **Outlook for 2001**

The following comments on the Group's profit expectations for 2001 relate to the pro forma consolidated profit for 2000 shown on page 16.

Economic trends in 2001 are expected to be less favourable than in 2000. The US economy in particular seems to have lost momentum, and this will affect economic activity on a global scale. Lower world economic growth may influence the earnings potential of Danish companies, although it should be partly offset by a pick-up in private consumption. The Norwegian economy should feel the effects of the central bank's tight monetary stance, while the Swedish economy is expected to be on a favourable course.

The Group expects net interest income to increase from 2000 to 2001 under the stimulus of continued growth in lending, particularly at the Retail Banking and Mortgage Finance divisions. However, growth will be more moderate than it was from 1999 to 2000.

Fees and commissions are also expected to grow. The rate of growth will depend on developments in the capital markets.

Because of the increase in the rate of interest on policyholders' savings, core insurance income will be significantly higher in 2001 than in 2000.

Against this background, the Group expects total core income to continue to show improvement in 2001.

Administrative and business activity in the Danske Bank Group will be high in 2001. Nonetheless, given the planned savings for 2001, the Group believes that operating expenses and depreciation will be at a similar level as for 2000. The Group expects, as a minimum, to

realise cost savings in line with the forecast released at the announcement of the merger with RealDanmark. Consequently, the cost/core income ratio should fall from 61.2% to somewhat below 60% in 2001.

Given the Group's expectations of a controlled slowdown in economic activity, the charge for bad and doubtful debts is expected to be at a roughly similar level to 2000.

Hence, the foundation for the Group's activities in 2001 is generally favourable.

Against this background, the Danske Bank Group expects core earnings for 2001 to somewhat exceed their 2000 level of Dkr9,145m. However, the increase in core earnings is not expected to match the strong advance recorded for 2000.

Earnings from investment portfolios in 2001 will, as usual, greatly depend on the level of securities prices at the year-end. However, the flat yield curve at the threshold of 2001 will reduce current earnings on securities portfolios.

The Group expects its tax charge, including the new tax on provisions, to be 30% of pre-tax profit.

Financial reports for 2001 are expected to be released as follows:

First-quarter report: May 3, 2001  
Half-year report: August 16, 2001  
Nine-month report: October 25, 2001

### **Annual general meeting**

The Bank's annual general meeting will be held at 10am on March 27, 2001, at the Bella Center, 5 Center Boulevard, Copenhagen S.

The board of directors is proposing a merger, as at January 1, 2001, with RealDanmark A/S, BG Bank A/S, DDB I A/S, and Boligkredit Danmark A/S, with Danske Bank A/S as the continuing company, and - in that connection - an increase of Danske Bank's share capital by the issue of 9,366,750 new shares of Dkr10, which will be given as consideration to those RealDanmark shareholders who did not accept the share exchange offer of October 2, 2000. As provided in the share exchange offer, each RealDanmark share of Dkr100 will entitle the holder to 4.144 Danske Bank shares of Dkr10. Each new share will carry the right to full dividends for the 2000 accounting year. In addition, the name of BG Bank and BG Bank's alternative styles will become alternative styles of Danske Bank.

Moreover, the board of directors is proposing a transfer of the "Share premium account", which amounted to Dkr27,764m at December 31, 2000, to the item, "Brought forward from prior years".

The board of directors is also proposing a reduction of the share capital by a nominal amount of Dkr365,864,970 worth of own shares by cancellation of the shares. The Bank bought back the shares for Dkr4,997,715,490, representing an average price of Dkr136.60 per share of Dkr10. The Bank's share capital will then amount to Dkr7,320m.

In addition, the board of directors is proposing the election of Eivind Kolding to the board and the re-election of Professor Niels Chr. Nielsen, who is standing for election by rotation. Kjeld Kirk Kristiansen is not offering himself for re-election, and Palle Marcus wishes to resign from the board. Both Kjeld Kirk Kristiansen and Palle Marcus will instead join Danske Bank's advisory board.

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## Profit and loss account for the Danske Bank Group

(DKr m)	2000	1999
Interest income	44,082	34,594
Interest expense	33,363	24,856
Net interest income	10,719	9,738
Dividends from shares, etc.	208	195
Fee and commission income	5,689	4,369
Fees and commissions paid	868	638
Net interest and fee income	15,748	13,664
Securities and foreign exchange income	1,785	255
Other operating income	1,062	1,206
Staff costs and administrative expenses	9,591	8,566
Amortisation and depreciation	545	689
Other operating expenses	2,463	44
Provisions for bad and doubtful debts	454	447
Income from associated and subsidiary undertakings	1,114	942
Profit on ordinary operations before tax	6,656	6,321
Tax	1,940	1,293
Net profit for the year	4,716	5,028
Attributable to minority interests	-5	43

The net profit of RealDanmark is not included.

# Balance sheet for the Danske Bank Group

(DKr m)	2000	1999
<b>ASSETS</b>		
Cash in hand and demand deposits with central banks	7,752	5,498
Due from credit institutions and deposits with central banks	132,506	88,499
Loans and advances	864,274	380,956
Bonds	241,051	134,105
Shares, etc.	17,262	12,773
Holdings in associated undertakings, etc.	1,602	723
Holdings in subsidiary undertakings	8,804	7,934
Tangible assets	6,796	4,293
Own shares	839	239
Other assets	80,780	65,867
Prepayments	1,019	529
<b>Total assets</b>	<b>1,362,685</b>	<b>701,416</b>
<b>LIABILITIES</b>		
Due to credit institutions and central banks	212,949	157,617
Deposits	366,834	266,095
Issued bonds	563,256	149,651
Other liabilities	133,501	74,726
Deferred income	504	391
Provisions for obligations	4,077	981
Subordinated debt	29,675	21,413
Minority interests	983	130
Shareholders' equity		
Share capital	7,592	5,293
Share premium account	27,764	-
Reserve for own shares	839	239
Revaluation reserve	52	52
Brought forward from prior years	13,320	21,166
Appropriated from net profit for the year	1,339	3,662
<b>Total shareholders' equity</b>	<b>50,906</b>	<b>30,412</b>
<b>Total liabilities</b>	<b>1,362,685</b>	<b>701,416</b>
<b>OFF-BALANCE-SHEET ITEMS</b>		
Guarantees, etc.	76,158	69,069
Other commitments	103,509	93,330
<b>Total off-balance-sheet items</b>	<b>179,667</b>	<b>162,399</b>

# Movements in capital

<b>MOVEMENTS IN THE CAPITAL OF DANSKE BANK IN 2000</b> (DKr m)	Beginning of year	Capital increase	Capital reduction	Other additions	Other disposals	End of year
Share capital	5,293	2,299	-	-	-	7,592
Share premium account	-	27,827	-	-	63	27,764
Reserve for own shares	226	-	-	486	-	712
Revaluation reserve	52	-	-	-	-	52
Profit brought forward	24,841	-	4,999	1,500	6,556	14,786
<b>Total shareholders' equity</b>	<b>30,412</b>	<b>30,126</b>	<b>4,999</b>	<b>1,986</b>	<b>6,619</b>	<b>50,906</b>

## Shareholders' equity

The share capital is made up of 759,219,747 shares of DKr10, totalling DKr7,592m. All shares carry the same rights. Consequently, there is only one class of shares.

<b>Movement in shareholders' equity and minority interests</b>	2000	1999
Shareholders' equity at January 1	30,412	30,312
Capital increase	30,063	-
Capital reduction	-4,999	-
Net profit for the year	4,721	4,985
Dividends	-3,382	-1,323
Dividends on own shares	161	-
Goodwill fully written off at the time of acquisition	-6,070	-3,562
<b>Shareholders' equity at December 31</b>	<b>50,906</b>	<b>30,412</b>
Minority interests at January 1	130	54
Foreign exchange revaluation	-	3
Net profit for the year	-5	43
Addition of minority interests	982	74
Redemption of minority interests	-124	-44
<b>Minority interests at December 31</b>	<b>983</b>	<b>130</b>

<b>SOLVENCY</b> (DKr m)	<b>DANSKE BANK GROUP</b>		<b>DANSKE BANK</b>	
	2000	1999	2000	1999
<b>Capital base and solvency ratio</b>				
<b>Capital base</b>				
Core capital, less statutory deductions	50,338	30,252	49,600	30,134
Eligible subordinated debt and revaluation reserve	26,990	20,341	20,372	19,601
Statutory deduction for insurance subsidiaries	-5,454	-5,374	-5,439	-5,374
Other statutory deductions	-510	-100	-223	-100
Supplementary capital, less statutory deductions	21,026	14,867	14,710	14,127
<b>Total capital base, less statutory deductions</b>	<b>71,364</b>	<b>45,119</b>	<b>64,310</b>	<b>44,261</b>
<b>Weighted items</b>				
not included in trading portfolio	676,027	364,527	392,848	320,250
with market risk included in trading portfolio	69,130	46,819	48,827	45,267
<b>Total weighted items</b>	<b>745,157</b>	<b>411,346</b>	<b>441,675</b>	<b>365,517</b>
Core (tier 1) capital ratio (%)	6.76	7.35	11.23	8.24
Solvency ratio (%)	9.58	10.97	14.56	12.11
Statutory minimum solvency requirement (%)	8.00	8.00	8.00	8.00

The solvency ratio is calculated in accordance with the rules on capital adequacy for banks and certain credit institutions. The rules also stipulate that the Group's insurance subsidiaries are not to be consolidated into the Group accounts. Hence, the solvency margin of these companies is deducted from the Bank's capital base before the capital base is included in the calculation of the Group's solvency ratio. The consequent reduction in the solvency ratio is 0.7 percentage points for 2000 (1.3 percentage points at the end of 1999).

## Cash flow statement for the Danske Bank Group

(DKr m)	2000	1999
Net profit for the year	4,716	5,028
Adjustment for non-cash items in the profit and loss account	2,352	-13
<b>Net profit for the year adjusted for non-cash items in the profit and loss account</b>	<b>7,068</b>	<b>5,015</b>
<b>Increase/decrease in working capital</b>		
Loans and advances to and amounts due from credit institutions	-68,919	-51,135
Deposits and amounts due to credit institutions	7,598	51,273
Mortgage bonds and other bonds issued	25,491	42,177
Other working capital	23,336	-8,124
Total	-12,494	34,191
<b>Cash flow from operations</b>	<b>-5,426</b>	<b>39,206</b>
<b>Cash flow from investing activities</b>		
Acquisition of business	-30,908	-5,613
Sale of business	690	2,506
Tangible fixed assets	-295	-491
Total	-30,513	-3,598
<b>Cash flow from financing</b>		
Capital increase	30,126	-
Buy-back of own shares	-4,999	-
Subordinated debt	-	3,153
Dividends	-1,323	-953
Total	23,804	2,200
<b>Cash and cash equivalents, beginning of year</b>	<b>162,297</b>	<b>123,131</b>
Cash and cash equivalents of business acquired	126,049	1,358
Increase/decrease in cash and cash equivalents	-12,135	37,808
<b>Cash and cash equivalents, end of year</b>	<b>276,211</b>	<b>162,297</b>



## Core earnings and net profit for five quarters for the Danske Bank Group

	4th quarter	3rd quarter	2nd quarter	1st quarter	4th quarter	Year
(DKr m)	2000	2000	2000	2000	1999	1999
Net interest income, excluding income from investment portfolios	2,906	2,658	2,422	2,341	2,286	8,593
Fee and commission income (net)	1,252	1,204	1,162	1,211	1,041	3,749
Trading income	296	463	269	368	467	967
Other core income	132	166	192	157	129	537
Core insurance income	254	218	227	229	224	975
<b>Total core income</b>	<b>4,840</b>	<b>4,709</b>	<b>4,272</b>	<b>4,306</b>	<b>4,147</b>	<b>14,821</b>
Operating expenses and depreciation	2,705	2,548	2,489	2,338	2,965	9,215
<b>Core earnings before provisions</b>	<b>2,135</b>	<b>2,161</b>	<b>1,783</b>	<b>1,968</b>	<b>1,182</b>	<b>5,606</b>
Provisions for bad and doubtful debts	316	-18	32	124	283	447
<b>Core earnings</b>	<b>1,819</b>	<b>2,179</b>	<b>1,751</b>	<b>1,844</b>	<b>899</b>	<b>5,159</b>
Profit on sale of subsidiaries	0	83	0	0	703	703
Earnings from investment portfolios	653	501	-149	434	411	459
Merger costs	2,459	0	0	0	0	0
<b>Profit on ordinary operations before tax</b>	<b>13</b>	<b>2,763</b>	<b>1,602</b>	<b>2,278</b>	<b>2,013</b>	<b>6,321</b>
Tax	12	768	485	675	194	1,293
<b>Net profit for the period</b>	<b>1</b>	<b>1,995</b>	<b>1,117</b>	<b>1,603</b>	<b>1,819</b>	<b>5,028</b>

### BALANCE SHEET HIGHLIGHTS

(DKr bn)						
Loans and advances	864	448	412	399	381	381
Bonds and shares	259	151	142	151	147	147
Due to credit institutions and central banks	213	200	147	185	158	158
Deposits	367	298	275	278	266	266
Issued bonds	563	180	167	155	150	150
Subordinated debt	30	24	22	22	21	21
Shareholders' equity	51	35	33	32	31	31
<b>Total assets</b>	<b>1,363</b>	<b>855</b>	<b>755</b>	<b>770</b>	<b>701</b>	<b>701</b>

## Core earnings before provisions by business area of the Danske Bank Group

(DKr m)	4th quarter 2000	3rd quarter 2000	2nd quarter 2000	1st quarter 2000	4th quarter 1999	Year 1999
<b>Retail Banking</b>						
Core income	2,701	2,660	2,398	2,334	2,237	8,211
Operating expenses and depreciation	1,799	1,699	1,684	1,627	2,007	6,447
<b>Core earnings before provisions</b>	<b>902</b>	<b>961</b>	<b>714</b>	<b>707</b>	<b>230</b>	<b>1,764</b>
<b>Allocated capital</b>	<b>10,246</b>	<b>10,468</b>	<b>10,099</b>	<b>9,238</b>	<b>8,316</b>	<b>7,346</b>
<b>Mortgage Finance</b>						
Core income	137	129	99	96	99	402
Operating expenses and depreciation	18	17	16	18	19	89
<b>Core earnings before provisions</b>	<b>119</b>	<b>112</b>	<b>83</b>	<b>78</b>	<b>80</b>	<b>313</b>
<b>Allocated capital</b>	<b>2,755</b>	<b>2,736</b>	<b>2,686</b>	<b>2,736</b>	<b>2,755</b>	<b>2,357</b>
<b>Wholesale Banking</b>						
Core income	1,148	1,162	1,009	989	1,048	3,786
Operating expenses and depreciation	430	465	424	409	448	1,608
<b>Core earnings before provisions</b>	<b>718</b>	<b>697</b>	<b>585</b>	<b>580</b>	<b>600</b>	<b>2,178</b>
<b>Allocated capital</b>	<b>14,741</b>	<b>14,521</b>	<b>14,326</b>	<b>13,981</b>	<b>14,601</b>	<b>15,637</b>
<b>Danske Securities</b>						
Core income	211	207	220	254	204	606
Operating expenses and depreciation	159	165	150	151	196	484
<b>Core earnings before provisions</b>	<b>52</b>	<b>42</b>	<b>70</b>	<b>103</b>	<b>8</b>	<b>122</b>
<b>Allocated capital</b>	<b>38</b>	<b>39</b>	<b>72</b>	<b>38</b>	<b>17</b>	<b>27</b>
<b>Investment Management</b>						
Core income	385	420	352	423	307	958
Operating expenses and depreciation	177	152	141	123	128	452
<b>Core earnings before provisions</b>	<b>208</b>	<b>268</b>	<b>211</b>	<b>300</b>	<b>179</b>	<b>506</b>
<b>Allocated capital</b>	<b>411</b>	<b>439</b>	<b>423</b>	<b>368</b>	<b>410</b>	<b>321</b>
<b>Life and Pensions</b>						
Profit from life insurance	248	207	219	210	223	797
Non-life technical result	1	6	4	0	-28	45
Net interest from investments, etc.	5	5	4	19	29	133
Core insurance income	254	218	227	229	224	975
Funding, net	-42	-39	-37	-32	-37	-143
<b>Core earnings before provisions</b>	<b>212</b>	<b>179</b>	<b>190</b>	<b>197</b>	<b>187</b>	<b>832</b>
<b>Allocated capital</b>	<b>5,483</b>	<b>5,569</b>	<b>5,389</b>	<b>5,373</b>	<b>5,402</b>	<b>5,411</b>
<b>Other Areas</b>						
Core income	46	-48	4	13	65	26
Operating expenses and depreciation	122	50	74	10	167	135
<b>Core earnings before provisions</b>	<b>-76</b>	<b>-98</b>	<b>-70</b>	<b>3</b>	<b>-102</b>	<b>-109</b>
<b>Group</b>						
Core income	4,840	4,709	4,272	4,306	4,147	14,821
Operating expenses and depreciation	2,705	2,548	2,489	2,338	2,965	9,215
<b>Core earnings before provisions</b>	<b>2,135</b>	<b>2,161</b>	<b>1,783</b>	<b>1,968</b>	<b>1,182</b>	<b>5,606</b>

# Pro forma financial highlights – the Danske Bank Group and the RealDanmark Group

(DKr m)	2000	1999
<b>Profit and loss account</b>		
Net interest income (excluding income from investment portfolios)	14,306	12,245
Fee and commission income, net	6,490	5,266
Contribution income	1,894	1,797
Trading income	1,630	842
Other core income	1,135	1,070
Core insurance income	938	975
<b>Total core income</b>	<b>26,393</b>	<b>22,195</b>
Operating expenses and depreciation	16,148	15,397
<b>Core earnings before provisions</b>	<b>10,245</b>	<b>6,798</b>
Provisions for bad and doubtful debts	1,100	699
<b>Core earnings</b>	<b>9,145</b>	<b>6,099</b>
Profit on sale of subsidiaries	83	703
Earnings from investment portfolios	2,461	1,848
Merger costs	2,721	0
Adjustments of accounting policies and estimates	265	0
<b>Profit before tax</b>	<b>8,703</b>	<b>8,650</b>
Tax	2,399	1,745
<b>Net profit for the year</b>	<b>6,304</b>	<b>6,905</b>
Of which minority interests	57	43
<b>Balance sheet highlights</b>		
<b>Assets</b>		
Cash in hand and amounts due from credit institutions and central banks	140,258	143,217
Bank loans and advances	443,917	389,028
Mortgage loans	420,357	405,878
Bonds, shares and other holdings	269,558	237,836
Other assets	88,595	80,415
<b>Total assets</b>	<b>1,362,685</b>	<b>1,256,374</b>
<b>Liabilities</b>		
Due to credit institutions and central banks	212,949	214,530
Deposits	366,834	354,976
Issued bonds	563,256	509,308
Other liabilities	138,082	94,566
Subordinated debt	29,675	28,199
Minority interests	983	130
Shareholders' equity	50,906	54,665
<b>Total liabilities</b>	<b>1,362,685</b>	<b>1,256,374</b>
<b>Ratios and key figures</b>		
Net profit for the year per share of DKr10	8.2	-
Dividend per share, DKr	4.40	-
Net profit for the year as % of average shareholders' equity	11.5	12.8
Core earnings as % p.a. of average shareholders' equity	16.6	11.3
Operating expenses and depreciation as % of core income	61.2	69.4
Solvency ratio, %	9.6	10.9
Core (tier 1) capital ratio, %	6.8	7.8
Book value per share of DKr10	70.5	71
Number of full-time employees	19,906	20,780

Inter-company accounts and differences in accounting policies have not been eliminated in the 1999 comparative figures 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.