

Quarterly Report

First quarter of 2001



Danske Bank Group – financial highlights

CORE EARNINGS AND NET PROFIT FOR THE PERIOD (DKr m)	Pro forma			
	Q1 2001	Q1 2000	Index 01/00	Full year 2000
Net interest income, excluding earnings from investment portfolios	4,369	3,724	117	16,200
Fee and commission income (net)	1,561	1,653	94	6,490
Trading income	492	406	121	1,630
Other core income	215	269	80	1,135
Core insurance income	340	233	146	938
Total core income	6,977	6,285	111	26,393
Operating expenses and depreciation	3,884	3,801	102	16,148
Core earnings before provisions	3,093	2,484	125	10,245
Provisions for bad and doubtful debts	302	195	155	1,100
Core earnings	2,791	2,289	122	9,145
Profit on sale of subsidiaries	156	-	-	83
Earnings from investment portfolios	362	1,075	34	2,461
Merger costs	-	-	-	2,721
Adjustment of accounting policies and estimates	-	-	-	265
Profit before tax	3,309	3,364	98	8,703
Tax	950	1,012	94	2,399
Net profit for the period	2,359	2,352	100	6,304
Of which minority interests	-	18	-	57
BALANCE SHEET HIGHLIGHTS (DKr bn)				
Bank loans and advances	453	407	111	444
Mortgage loans	425	411	103	420
Bonds and shares	243	226	108	259
Due to credit institutions and central banks	229	250	92	213
Deposits	385	363	106	367
Issued bonds	542	498	109	563
Subordinated debt	35	29	121	30
Shareholders' equity	54	55	98	51
Total assets	1,385	1,317	105	1,363
RATIOS AND KEY FIGURES				
Net profit for the period per share, DKr	3.2	3.1		8.2
Net profit for the period per share, DKr *	3.2	3.1		11.0
Net profit for the period as % p.a. of average shareholders' equity	17.8	16.8		11.5
Net profit for the period as % p.a. of average shareholders' equity *	17.8	16.8		15.4
Core earnings as % p.a. of average shareholders' equity	21.0	16.5		16.8
Cost/core income ratio, %	55.7	60.5		61.2
Solvency ratio, % (excluding profits for Q1)	9.7	10.4		9.6
Core (tier 1) capital ratio, % (excluding profits for Q1)	6.6	7.5		6.8
Share price, end of period	133.8	79.9		141.8
Book value per share, DKr	74.1	75.0		70.5
Number of full-time employees end of period:				
Danske Bank and consolidated subsidiaries	18,483	19,434		18,930
Non-consolidated subsidiaries (insurance companies)	957	1,048		976

*) Exclusive of merger costs.

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

The comparative figures contain a pro forma consolidation of the Danske Bank Group and the RealDanmark Group for the first quarter of 2000 and for the full year of 2000. Inter-company accounts and differences in accounting policies 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.

Report

- The Danske Bank Group recorded a profit after tax of Dkr2,359m for the first quarter of 2001, against a pro forma profit of Dkr2,352m for the same period in 2000.
- Core income rose by 11% to Dkr6,977m, mainly as a result of growing net interest and fee income in Retail Banking and Mortgage Finance, increased earnings from the Group's interest rate and foreign exchange transactions and improved profits from Life and Pensions.
- Core earnings rose by Dkr502m to Dkr2,791m.
- Earnings from investment portfolios fell by Dkr713m to Dkr362m. Sale of subsidiaries produced a gain of Dkr156m.
- The Group's solvency ratio and core (tier 1) capital ratio (results for the period under review not included) were 9.7% and 6.6%, respectively.
- The legal merger between Danske Bank and RealDanmark was adopted by the shareholders on March 27 and merger synergies are being achieved as planned.
- The integration process is on schedule. The Bank expects to realise a larger share of total cost synergies in 2001 than originally assumed.
- For the year as a whole, core earnings are still expected to be somewhat above those achieved in 2000. However, further weakening of the general economic climate in the markets where the Group operates may reduce growth in core earnings.

Growth in core earnings in the first quarter of 2001 was in line with the expectations announced in the 2000 annual report. In the first quarter of 2001, the general economic climate was affected by turbulence on the international equity markets and the slowdown in economic growth. This also had an impact on business activities and earnings of Danske Bank – in particular the capital-market related business of Danske Securities, but also, to a lesser extent, the business activities of Investment Management.

Operating expenses and depreciation rose by Dkr83m, or 2%. Staff costs were unchanged. IT and e-finance development costs remained high, at approximately Dkr0.9bn. The cost/core income ratio fell to 55.7% from 60.5% in the first quarter of 2000.

The charge for bad and doubtful debts remained low at Dkr302m, compared with Dkr195m in the first quarter of 2000.

Profit on sale of subsidiaries reflects the sale of BG Bank International, Luxembourg, effective on January 1, 2001.

Earnings from investment portfolios amounted to Dkr362m, which is satisfactory in the light of market developments.

The tax charge was calculated at 29% of pre-tax profit.

Total group assets rose to Dkr1,385bn at the end of March 2001. Bank loans and advances grew by 11%. The solvency ratio was 9.7% (results for the period under review not included). Return on equity rose to 17.8% p.a. from 16.8% p.a. in the first quarter of 2000.

Subordinated debt rose by Dkr5bn to Dkr35bn. In March, Danske Bank raised supplementary capital in the form of a ten-year bond loan of a nominal amount of €500m. The loan was raised, among other things, in connection with the repayment of a Dkr3bn loan in the form of supplementary capital of Realkredit Danmark in April 2001.

This Quarterly Report has been prepared in accordance with the Copenhagen Stock Exchange guidelines for issuers of listed securities. Accounting policies are unchanged. The comparative figures for 2000 are unaudited consolidated pro forma figures for the Danske Bank and RealDanmark Groups.

Follow-up on the merger with RealDanmark

The legal merger was adopted at the general meetings of RealDanmark on March 26 and Danske Bank on March 27. RealDanmark's shares were subsequently delisted on the Copenhagen Stock Exchange. As a result of the merger, the remaining 3.8% of the shares in RealDanmark were exchanged for Danske Bank shares whereby Danske Bank's share capital was increased by DKr94m. Hereafter, the share capital will amount to DKr7,320m when the DKr366m capital reduction that was adopted at the general meeting is registered after expiry of the period of statutory notice.

As mentioned earlier, the merger is expected to generate considerable savings. The merger process having been very successful in all business and resource areas in the first quarter, the Bank expects to realise a larger than expected share of the planned merger synergies this year.

The satisfactory development in cost synergies is due mainly to staff reductions having taken place earlier than expected. At the end of the first quarter, the staff had been reduced by approximately 1,500 out of the total expected number of 3,500 over three years. The conversion of BG Bank and Realkredit Danmark's IT systems to Danske Bank's system platform is proceeding as planned.

A total of DKr0.7bn of the DKr2.4bn merger costs provided for was defrayed in the first quarter. Approximately DKr0.4bn was used for severance payments and DKr0.3bn for payments in connection with the termination of IT and other contracts, including the change in the terms of the collaboration agreement with Post Denmark.

In a statement to the stock exchange on April 27, 2001, Danske Bank announced that it had sold its subsidiaries BG Factoring A/S and BG Garanti Forsikringsselskab A/S. The sale is part of the Bank's strategy to focus on its core areas.

As announced in connection with the merger, the board of directors of Danske Bank wants incentive programmes to be based on the Group's value creation.

It has therefore been decided to add three elements – share options, conditional shares and an employee share scheme – to Danske Bank's general bonus programme, which has so far entirely consisted of cash bonuses. The cash bonus element will be reduced, but bonuses will continue to be based on an evaluation of individual performance and other value-creating input.

The new elements of the programme are as follows:

- **Share options**
The share option programme will apply to the Group's senior day-to-day management – initially, approximately 50 group executives, including the members of the executive board. The options represent a right to purchase Danske Bank shares and may be exercised between three and seven years after they are granted. The option price is determined on the basis of the average price of Danske Bank shares in May 2001 plus 10%. The total number of options to be granted under the programme in 2001 will not exceed 1.6m shares, of which options granted to the executive board will not exceed 0.35m shares.
- **Conditional shares**
A broader group of executives and specialists will benefit from a programme based on conditional shares, which will be granted as part of the bonus earned in 2001. The shares will be held at the employee's risk and will, subject to specific conditions having been met, be at the employee's free disposal after a three-year period.

- **Employee share scheme**

Under the employee share scheme, employees will be offered shares at a 50% discount. The Bank plans each year to allocate 5% of the unbroken growth in its core earnings above 10% to employee share purchases. The basis for the calculation is the pro forma consolidated core earnings for 2000. Annual allocations are limited to Dkr100m.

The plan is for the share option programme and the conditional share programme to be revolving, initially, for a three-year trial period.

The employee share scheme will also run for a three-year period.

These share programmes will not dilute the value of existing shares because the allocated shares will be taken from the Group's holding of own shares.

The Group's business areas

CORE EARNINGS BEFORE PROVISIONS (DKr m)	Pro forma				Share	Share
	Q1 2001	Q1 2000	Index 01/00	Full year 2000	Q1 2001	Q1 2000
Retail Banking	1,117	795	141	3,545	36%	32%
Mortgage Finance	594	349	170	1,475	19%	14%
Wholesale Banking	858	642	134	2,962	28%	26%
Danske Securities	-44	100	-44	242	-1%	4%
Investment Management	301	363	83	1,140	10%	15%
Life and Pensions	286	197	145	778	9%	8%
Other areas	-19	38	-50	103	-1%	2%
Total Group	3,093	2,484	125	10,245	100%	100%

Retail Banking, Mortgage Finance, Wholesale Banking, and Life and Pensions recorded higher core earnings than in the first quarter of 2000, whereas Investment Management did not achieve the same high core earnings as in 2000, when activity on the equity markets, in particular, was very high. The negative core earnings of Danske Securities are due to very low activity on the capital markets, both trading and corporate finance activities, and to losses on trading portfolios.

The Group's total risk profile was lowered by the merger and, as previously announced, allocation of capital to the individual business areas was reduced to 6.5% of their risk-weighted items as from 2001. Earlier, allocated capital constituted 7.0% of risk-weighted items.

As from 2001, the exposure relating to a number of corporate clients which were formerly served by Wholesale Banking was assumed by Retail Banking. Wholesale Banking now caters for the very largest corporate and institutional clients, and continues to be responsible for the Group's activities on the Nordic and international interest rate and foreign exchange markets. The transfer of customers, which was to some extent the result of the harmonisation that followed the merger, affects both risk-weighted items and returns.

Retail Banking

RETAIL BANKING (DKr m)	Pro forma					
	Q1 2001	Q4 2000	Q3 2000	Q2 2000	Q1 2000	Full year 2000
Core income	3,826	3,849	3,795	3,489	3,450	14,583
Operating expenses and depreciation	2,709	3,020	2,695	2,668	2,655	11,038
Core earnings before provisions	1,117	829	1,100	821	795	3,545
Risk-weighted items (avg.)	239,965	214,154	205,765	200,471	189,820	202,593
Allocated capital (avg.)	15,594	14,991	14,404	14,033	13,287	14,172
Core earnings before provisions as % p.a. of allocated capital	28.7	22.1	30.5	23.4	23.9	25.0
Cost/core income ratio	70.8	78.5	71.0	76.5	77.0	75.7
CORE EARNINGS BEFORE PROVISIONS (DKr m)						
Denmark	972	653	940	632	597	2,822
Norway	58	106	75	107	90	378
Sweden	87	70	85	82	108	345

Retail Banking provides services to personal customers and small and medium-sized business customers served by the Nordic branch network. Retail Banking conducts business under a number of brand names, including Danske Bank and BG Bank in Denmark, Fokus Bank in Norway, and Östgöta Enskilda Bank and Provinsbankerne in Sweden.

Retail Banking continued to show growth in core earnings before provisions, which rose from DKr795m in the first quarter of 2000 to DKr1,117m in 2001. The cost/core income ratio was reduced from 77.0% to 70.8%.

DKr24bn of the increase in risk-weighted items is attributable to some corporate clients having been transferred from Wholesale Banking.

Denmark

The negative trend on the equity markets generated lower fee income from securities trading by personal customers. On the other hand, the housing market saw increasing activity as a result of falls in interest rates, which led to an increase in remortgaging.

The stable inflow of new users of the Bank's Internet banking facility, *Danske Netbank*, continued in the first quarter of 2001, when over 50,000 new users signed up. More corporate clients are also using the Bank's office banking and Internet banking facilities. The number of American Express outlets rose considerably, and the level of activity in providing finance solutions for leasing and mortgage finance also remained high.

On April 1, 2001, the prices for retail banking products to personal customers under the two brands BG Bank and Danske Bank were harmonised.

The terms of the collaboration between BG Bank and Post Denmark were changed at the beginning of the year. The collaboration around common branches will be terminated before the end of 2002. However, the service agreement will be extended to include Danske Bank customers. As from August 27, 2001, Danske Bank customers will therefore be able to deposit and withdraw cash on their accounts at all post offices in Denmark.

A total of 20 branches were amalgamated in the first quarter. The branch mergers proceeded as planned, resulting in only very few defections by customers. It is expected that another 43 branches will be amalgamated in the second quarter. The target is still to reduce the branch network by at least 150 before 2003.

The staff was reduced by approximately 400 in the first quarter, 250 in the branch network and the rest in head office support functions. Add to that the redundancies that have already been agreed and Retail Banking is close to meeting its 2001 target for merger synergies as regards staff.

Norway

Core earnings before provisions amounted to DKr58m for the first quarter of 2001, against DKr90m for the first quarter of 2000.

The fall in core income primarily reflects a fall in net interest income, the interest margin having declined from 2.5% in the first quarter of 2000 to 2.0% in 2001. The development is affected by a change in interest valuation rules in Norway, which took effect on July 1, 2000. However, margins are on the increase compared with the fourth quarter of 2000, as a result of measures taken to improve customer profitability.

Costs rose owing to expenses related to employees who had been dismissed but had not yet stopped working and to IT expenses in connection with the conversion of Fokus Bank to Danske Bank's central IT platform.

Sweden

Core earnings are at the same level as in previous quarters, but somewhat lower than those of the first quarter of 2000, when business was unusually good.

Growth in activity was satisfactory, and earnings were at a satisfactory level as well.

In 2001, a branch was opened in Lund, bringing the number of branches to 43.

Mortgage Finance

MORTGAGE FINANCE (DKr m)	Pro forma					
	Q1 2001	Q4 2000	Q3 2000	Q2 2000	Q1 2000	Full year 2000
Core income	910	740	670	762	645	2,817
Operating expenses and depreciation	316	363	318	365	296	1,342
Core earnings before provisions	594	377	352	397	349	1,475
Risk-weighted items (avg.)	216,802	214,911	214,723	213,906	213,413	214,241
Allocated capital (avg.)	14,092	15,044	15,031	14,973	14,939	14,997
Core earnings before provisions as % p.a. of allocated capital	16.9	10.0	9.4	10.6	9.3	9.8
Cost/core income ratio	34.7	49.1	47.5	47.9	45.9	47.6

Mortgage Finance is responsible for the Danske Bank Group's overall mortgage finance and real-estate agency business. In Denmark, Mortgage Finance markets its financing solutions through Realkredit Danmark. Real-estate agency business is carried on through the "home" chain of real-estate agents.

Mortgage Finance recorded a fair increase in core earnings before provisions, which rose from DKr349m in the first quarter of 2000 to DKr594m in 2001. Approximately DKr100m of the increase in core earnings is attributable to an adjustment of the method of calculating the distribution of Mortgage Finance's core earnings and earnings from investment portfolios. The return on allocated capital rose to 16.9% and the cost/core income ratio was reduced from 45.9% to 34.7%.

The activity level in the mortgage finance sector rose throughout the first quarter, thereby continuing the trend of the last part of 2000. The increase in activity should be seen in the light of the falling interest rate level in the first quarter, among other things.

The Group's market shares of both gross and net new loans in Denmark increased satisfactorily.

At the end of the first quarter of 2001, the mortgage loan portfolio amounted to DKr425bn, against DKr411bn the year before.

Moody's Investors Service upgraded its rating of Realkredit Danmark's bonds twice in the course of January 2001 – from Aa3 via Aa2 to Aa1. This is the highest rating granted to any Danish mortgage credit bonds.

Danske Bo is now part of the real-estate agency "home". The collaboration agreement with Realmæglerne has been terminated, except as regards the arrangement of mortgage credit loans.

Danske Kredit and BG Kredit merged with Realkredit Danmark with effect on January 1. The merger is proceeding as planned.

Wholesale Banking

WHOLESALE BANKING (DKr m)	Pro forma					
	Q1 2001	Q4 2000	Q3 2000	Q2 2000	Q1 2000	Full year 2000
Core income	1,310	1,367	1,327	1,144	1,124	4,962
Operating expenses and depreciation	452	471	549	498	482	2,000
Core earnings before provisions	858	896	778	646	642	2,962
Risk-weighted items (avg.)	219,175	261,040	239,193	236,036	231,112	241,890
Allocated capital (avg.)	14,246	18,273	16,744	16,523	16,178	17,039
Core earnings before provisions as % p.a. of allocated capital	24.1	19.6	18.6	15.6	15.9	17.4
Cost/core income ratio	34.5	34.5	41.4	43.5	42.9	40.3

Wholesale Banking has global responsibility for serving the Group's large corporate and institutional clients. Under the Danske Markets brand, the division conducts the Group's trading activities on the Nordic and international interest rate and foreign exchange markets. The Group's central economic and financial research unit has been placed in Wholesale Banking.

Wholesale Banking recorded growth in core earnings before provisions, which rose from DKr642m in the first quarter of 2000 to DKr858m in 2001. The cost/core income ratio fell from 42.9% to 34.5%.

A number of business clients have been transferred to Retail Banking, and this accounts for DKr24bn of the fall in risk-weighted items. Wholesale Banking now caters only for the very largest corporate and institutional clients. The activity level outside the Scandinavian countries was lower as a result of the uncertainty on the international capital markets and this reduced risk-weighted items. The activity level in Denmark remains at the same level as before the merger. The capital requirements of Wholesale Banking will continue to be optimised to match risk and earnings.

Return on allocated capital rose to 24.1%, which is satisfactory. The increase is attributable in particular to growth in activity and profits at Danske Markets.

Monetary policy easings and the uncertain conditions on the equity markets led to a general fall in bond yields. The euro remained weak and the Swedish krona fell.

Wholesale Banking had achieved the cost synergies planned in connection with the merger with RealDanmark, and all dealer functions in Danske Markets had been fully amalgamated at the end of the first quarter.

Frankfurt Branch was merged with Hamburg Branch, and the activities of Hong Kong and Singapore Branches are being reduced with a view to final closure in the second half of 2001.

Danske Securities

DANSKE SECURITIES (DKr m)	Pro forma					
	Q1 2001	Q4 2000	Q3 2000	Q2 2000	Q1 2000	Full year 2000
Core income	120	226	209	234	269	938
Operating expenses and depreciation	164	173	186	168	169	696
Core earnings before provisions	-44	53	23	66	100	242
Risk-weighted items (avg.)	171	199	694	1,170	692	688
Allocated capital (avg.)	11	14	49	82	48	48
Core earnings before provisions as % p.a. of allocated capital	-	1,521.9	189.4	322.3	825.8	504.2
Cost/core income ratio	136.7	76.5	89.0	71.8	62.8	74.2

Danske Securities is responsible for the Group's corporate finance activities and for wholesale sales and trading of equities and equity-related products. The division also encompasses equity research. In 2001, Danske Securities will be converted into a subsidiary of the parent bank.

Danske Securities, Danske Bank's investment banking division, posted an unsatisfactory result for the first quarter. Core income dropped sharply.

Core earnings before provisions were negative by Dkr44m for the first quarter of 2001, compared with a positive figure of Dkr100m for the same period in 2000. The result should be seen in the light of sharply falling prices on most equity markets, leading to a rapid decline on the financial markets in 2001. This resulted in a fall in trading income and in negative price adjustments of the trading portfolios held by Danske Securities.

The fall in income was recorded in particular in trading activities, but also, although to a somewhat lesser extent, in corporate finance activities.

Expenses were at the same level as in the first quarter of 2000, despite the reduction in bonus payments. This is due to the expansion of the organisation in the Nordic countries and to continued investments in the development of trading systems.

Investment Management

INVESTMENT MANAGEMENT (DKr m)	Pro forma					
	Q1 2001	Q4 2000	Q3 2000	Q2 2000	Q1 2000	Full year 2000
Core income	521	438	491	495	560	1,984
Operating expenses and depreciation	220	197	224	226	197	844
Core earnings before provisions	301	241	267	269	363	1,140
Risk-weighted items (avg.)	9,949	9,064	9,116	8,969	8,321	8,868
Allocated capital (avg.)	647	634	638	628	582	625
Core earnings before provisions as % p.a. of allocated capital	186.1	151.9	167.4	171.4	249.3	182.4
Cost/core income ratio	42.2	45.0	45.6	45.7	35.2	42.5

Investment Management provides portfolio management and investment advisory and private banking services. The division targets personal and institutional customers in the Nordic region as well as the international investor segment. Services to institutional and other major investors are marketed under the brand name of Danske Capital. The division also operates under the brands of Danske Bank in Denmark and Firstnordic outside Denmark. Moreover, Investment Management cooperates with the unit trust, Danske Invest.

Investment Management made satisfactory progress in the first quarter of 2001. Despite considerable turbulence and volatility on the capital markets – not least the international equity markets – core income amounted to DKr521m. This exceeds the level for the previous quarters, but is not quite as high as in the very favourable first quarter of 2000. Core earnings amounted to DKr301m, against DKr363m in the first quarter of 2000. The cost/core income ratio amounted to 42.2%.

Earnings stemmed primarily from increased sales of interest rate and foreign exchange products and a continued increase in income from portfolio management. Income from equity trading through Retail Banking was not at quite the same high level as in previous quarters.

Client funds under management amounted to DKr533bn at the end of March 2001, largely at the same level as at the end of 2000. This should be seen in the light of a decline in market values of, in particular, the underlying share portfolios, which constitute about 35% of the funds under management. The first quarter saw a net increase in new agreements of DKr7.5bn, mainly from unit trusts and pooled pension schemes.

The merger of the Danish activities under Investment Management is proceeding as planned.

BG Bank International S.A., Luxembourg, was sold with effect from January 1, 2001, and is therefore not included in the first quarter of 2001.

Life and Pensions

LIFE AND PENSIONS (DKr m)	Pro forma					
	Q1 2001	Q4 2000	Q3 2000	Q2 2000	Q1 2000	Full year 2000
Profit from life insurance	340	248	207	219	210	884
Non-life technical result	-9	1	6	4	0	11
Net interest from investments, etc.	3	5	5	4	19	33
Core insurance income	334	254	218	227	229	928
Funding cost, net	-48	-42	-39	-37	-32	-150
Core earnings before provisions	286	212	179	190	197	778
Allocated capital	5,439	5,597	5,569	5,389	5,373	5,483
Core earnings before provisions as % p.a. of allocated capital	21.0	15.2	12.9	14.1	14.7	14.2

Life and Pensions is responsible for all the Group's activities in the life insurance and pensions market. The Life and Pensions area is run by the Danica group. Life and Pensions targets both personal and business customers. Products are marketed through a range of distribution channels within the Group, primarily Retail Banking's outlets and Danica's team of insurance agents and pension advisers.

Life and Pensions recorded satisfactory results in line with expectations.

The growth in profit from life insurance is mainly due a rise in the rate of interest on policyholders' savings to 8.5% from 4.5% in 2000.

Premium income was at the same level as in 2000. The sale of company pension schemes continues to be satisfactory, and many new customers have joined the fold.

Return on investments was affected by capital losses on shares, but is at benchmark level.

The Group's new pension product – Danica Link – was introduced at the beginning of April. The Danica Link product is an insurance scheme which allows customers to place their savings in specific funds, thereby enabling them to influence the return on their savings.

In February 2001, BG Pension was bought back from Topdanmark. The company has changed its name to Danica Pension IV, and the integration is proceeding as planned.

Outlook

The following comments on the Group's profit expectations for 2001 relate to the pro forma consolidated profit for 2000 shown on page 2.

Danske Bank expects the Group's business to continue to make good progress in 2001. Consequently, despite the slowdown in economic growth seen so far, total core income is expected to continue to show moderate growth. However, if the economic slowdown in the first quarter becomes more pronounced, it may have a negative impact on growth and profits, in particular at Danske Securities, Investment Management and Wholesale Banking.

As a result of planned savings, operating expenses and depreciation for 2001 are forecast to be at the same level as in 2000. At the end of the year, the synergies planned for 2001 are expected to have been realised to a larger extent than was expected at the announcement of the merger with RealDanmark. The ratio of costs to core income is expected to keep falling, from 61.2% at year-end 2000 to somewhat below 60% in 2001.

Provisions for bad and doubtful debts are expected to remain largely at the same level as in 2000. However, a worsening economic slowdown may undermine the ability of customers to repay their loans and require an increase in loss provisions.

At the end of the first quarter, the Danske Bank Group still expects core earnings for 2001 to exceed the core earnings of DKr9,145m for 2000.

Earnings from investment portfolios in 2001 will, as usual, greatly depend on the level of securities prices at the year-end.

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

Copenhagen, May 3, 2001

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Danske Bank Group

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Net interest income, excluding earnings from investment portfolios	4,369	4,401	4,079	3,996	3,724	16,200
Fee and commission income (net)	1,561	1,639	1,589	1,609	1,653	6,490
Trading income	492	398	649	177	406	1,630
Other core income	215	311	213	342	269	1,135
Core insurance income	340	258	219	228	233	938
Total core income	6,977	7,007	6,749	6,352	6,285	26,393
Operating expenses and depreciation	3,884	4,286	4,053	4,008	3,801	16,148
Core earnings before provisions	3,093	2,721	2,696	2,344	2,484	10,245
Provisions for bad and doubtful debts	302	703	85	117	195	1,100
Core earnings	2,791	2,018	2,611	2,227	2,289	9,145
Profit on sale of subsidiaries	156	-	83	-	-	83
Earnings from investment portfolios	362	957	995	-566	1,075	2,461
Merger costs	-	2,721	-	-	-	2,721
Adjustments of accounting policies and estimates	-	265	-	-	-	265
Profit before tax	3,309	-11	3,689	1,661	3,364	8,703
Tax	950	27	1,043	317	1,012	2,399
Net profit for the period	2,359	-38	2,646	1,344	2,352	6,304
Of which minority interests	-	2	21	16	18	57
BALANCE SHEET HIGHLIGHTS						
(DKr bn)						
Bank loans and advances	453	444	458	424	407	444
Mortgage loans	425	420	420	416	411	420
Bonds and shares	243	259	229	220	226	259
Due to credit institutions and central banks	229	213	275	219	250	213
Deposits	385	367	383	358	363	367
Issued bonds	542	563	529	515	498	563
Subordinated debt	35	30	31	29	29	30
Shareholders' equity	54	51	61	58	55	51
Total assets	1,385	1,363	1,420	1,314	1,317	1,363

Danske Bank Group

MOVEMENTS IN SHAREHOLDERS' EQUITY AND MINORITY INTERESTS	Pro forma		
	Q1 2001	Q1 2000	Full year 2000
(DKr m)			
Shareholders' equity at January 1	50,906	30,412	30,412
Addition on merger	1,321	22,791	22,728
Capital reduction	-	-	-4,999
Net profit for the period	2,359	2,334	6,247
Dividends	-	-	-3,382
Dividends on own shares	-	-	161
Goodwill fully written off at the time of acquisition	-344	-47	-261
Shareholders' equity, end of period	54,242	55,490	50,906
Minority interests at January 1	983	130	130
Change on merger	-979	920	920
Net profit for the period	-	18	57
Change in minority interests	-	11	-124
Minority interests, end of period	4	1,079	983

The share capital is made up of 732,000,000 shares of DKr10, totalling DKr7,320m when the capital reduction of 36,586,497 shares adopted at the general meeting in March 2001 has been registered. All shares carry the same rights. Consequently, there is only one class of shares.

The average number of shares in issue was 732m in the first quarter, against 759m in 2000.

SOLVENCY (EXCLUDING NET PROFIT FOR THE PERIOD)	Pro forma		
(DKr m)	Q1 2001	Q1 2000	Full year 2000
Core capital, less statutory deductions	50,449	54,430	50,338
Eligible subordinated debt and revaluation reserve	29,440	27,583	26,990
Statutory deduction for insurance subsidiaries	-5,820	-5,482	-5,454
Other statutory deductions	-308	-751	-510
Supplementary capital, less statutory deductions	23,312	21,350	21,026
Total capital base, less statutory deductions	73,761	75,780	71,364
Weighted items not included in trading portfolio	686,168	646,878	676,027
with market risk included in trading portfolio	73,615	80,110	69,130
Total weighted items	759,783	726,988	745,157
Core (tier 1) capital ratio (%)	6.6	7.5	6.8
Solvency ratio (%)	9.7	10.4	9.6
Statutory minimum solvency requirement (%)	8.0	8.0	8.0

Danske Bank Group

EARNINGS FROM INVESTMENT PORTFOLIOS (DKr m)	Pro forma		
	Q1 2001	Q1 2000	Full year 2000
Net interest income	80	418	927
Dividends from shares, etc.	24	11	121
Fee and commission income	-7	-7	-4
Net interest and fee income	97	422	1,044
Market value adjustments			
Bonds	412	-82	-231
Shares	67	745	1,114
Foreign exchange	-10	-15	-21
Financial derivatives	-177	12	61
Holdings in associated undertakings	-3	28	186
Expenses	35	35	133
Other operating income	11	0	441
Total	362	1,075	2,461