Offering Circular

Jyske Bank A/S

(Incorporated as a public limited company in Denmark)

€100,000,000
Perpetual Capped Fixed/Floating Rate Capital Securities
Issue Price 100 per cent.

Application has been made to list the Capital Securities on the Luxembourg Stock Exchange and the Official List of the Irish Stock Exchange Limited. A copy of this document which comprises listing particulars with regard to the issue of the Capital Securities has, in accordance with Regulation 13 of the Irish European Communities (Stock Exchange) Regulations (as amended) of Ireland, been delivered to the Registrar of Companies in Ireland.

Interest on the Capital Securities is payable in arrear on 16 March 2006 and thereafter shall be payable semi-annually in arrear on the Interest Payment Dates falling on or nearest to 16 March and 16 September in each year from and including 16 September 2006. Payments on the Capital Securities will be made without deduction for or on account of taxes of the Kingdom of Denmark to the extent described under "Terms and Conditions of the Capital Securities – Taxation".

The Capital Securities will constitute Hybrid Tier 1 Capital of Jyske Bank A/S (the "Issuer") in accordance with the Danish Financial Business Act (Consolidated Act No. 90 of 3 February 2005) as amended. **The Capital Securities will constitute unsecured, subordinated debt obligations of the Issuer and shall at all times rank *pari passu* without preference among themselves and with other Hybrid Tier 1 Capital instruments and other capital instruments expressed to rank *pari passu* with Hybrid Tier 1 Capital.** The Capital Securities will at all times rank in priority to holders of any class of share capital of the Issuer, both as regards the right to receive periodic payments and the right to receive repayment of capital on a bankruptcy or liquidation of the Issuer. See "Terms and Conditions of the Capital Securities – Status and Subordination".

The Issuer will have the right to defer the payment of interest on the Capital Securities in the event that (i) the Issuer does not satisfy the capital adequacy requirements of the Danish Financial Business Act or (ii) the amount of Tier 1 Capital of the Issuer as recorded in the most recent published consolidated financial statements (annual or interim) of the Issuer is less than 5 per cent. of the risk-weighted assets of the Issuer, calculated in accordance with the Danish Financial Business Act. Any interest not paid pursuant to this provision will itself accrue interest. See "Terms and Conditions of the Capital Securities – Interest – Optional Deferral of Interest". Accrual of interest on the Capital Securities will cease with effect from the date of approval of the relevant annual audited accounts if the Issuer has no Available Free Reserves. See "Terms and Conditions of the Capital Securities – Interest – Mandatory Deferral of Interest and Interest Cancellation". In addition, in certain circumstances, the shareholders of the Issuer, by a resolution passed at a general meeting duly convened in accordance with Danish law and the Issuer's Articles of Association, may resolve to reduce and cancel, *pro rata*, part or all of the outstanding principal amount of each of the Capital Securities and any Arrears of Interest thereon together with all corresponding Additional Interest Amounts and any accrued interest on a *pro rata* basis with all the Issuer's other outstanding Hybrid Tier 1 Capital instruments and other capital instruments expressed to rank *pari passu* with Hybrid Tier 1 Capital. See "Terms and Conditions of the Capital Securities – Reduction of Amounts of Principal and Unpaid Interest".

The Capital Securities have no stated maturity. The principal amount of the Capital Securities will only be payable in the event of a bankruptcy or liquidation of the Issuer or upon a redemption of the Capital Securities by the Issuer.

The Capital Securities may be redeemed by the Issuer at its option on the Initial Call Date or on any Interest Payment Date thereafter at their principal amount together with accrued interest, provided that, in either such case, the Danish Financial Supervisory Authority (*Finanstilsynet*) ("**DFSA**") has given its prior approval to such redemption. See "Terms and Conditions of the Capital Securities – Redemption and Repurchase – Redemption at the option of the Issuer". The Issuer will have the right, subject to the prior approval of the DFSA, upon the occurrence of a Tax Event or Capital Event, to redeem the Capital Securities. See "Terms and Conditions of the Capital Securities – Redemption and Repurchase – Redemption for taxation reasons and Capital Event Redemption".

On the date of issuance, it is anticipated that the Capital Securities will be rated "A3" by Moody's Investors Service ("**Moody's**").

See "Investment Considerations" on page 10 of this Offering Circular for certain matters that should be considered by prospective investors.

The Capital Securities will initially be represented by a temporary global Capital Security (the "**Temporary Global Capital Security**"), without interest coupons, which will be deposited with a common depositary on behalf of Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. as operator of the Euroclear system ("**Euroclear**") on or about 16 March 2005. The Temporary Global Capital Security will be exchangeable for interests in a global Capital Security (the "**Global Capital Security**"), without interest coupons, on or after a date which is expected to be 26 April 2005 upon certification as to non-U.S. beneficial ownership. The Global Capital Security will be exchangeable for definitive Capital Securities in bearer form in the denomination of €1,000 in the circumstances set out in it. See "Summary of Provisions relating to the Capital Securities while in Global Form".

Nomura International

J&E Davy

10 March 2005

*The Issuer, having made all reasonable enquiries, confirms that this document contains all information with respect to the Issuer, the Issuer and its subsidiaries and affiliates taken as a whole (the "**Group**") and the €100,000,000 Perpetual Capped Fixed/Floating Rate Capital Securities (the "**Capital Securities**") which is material in the context of the issue and offering of the Capital Securities, the statements contained in it relating to the Issuer and the Group are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this document with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer, the Group or the Capital Securities the omission of which would, in the context of the issue and offering of the Capital Securities, make any statement in this document misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.*

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer, the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Managers (as defined in "Subscription and Sale" below) to subscribe or purchase, any of the Capital Securities. The distribution of this Offering Circular and the offering of the Capital Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Capital Securities and distribution of this Offering Circular see "Subscription and Sale" below.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Capital Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and are subject to U.S. tax law requirements. Subject to certain exceptions, Capital Securities may not be offered, sold or delivered within the United States or to U.S. persons.

*All references in this document to "**Danish kroner**" and "**DKK**" are to the lawful currency of the Kingdom of Denmark and those to "**euro**" or "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Union (as amended from time to time).*

In connection with this issue, Nomura International plc or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the Capital Securities at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on Nomura International plc or any of its agents to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

This Offering Circular may only be used for the purposes for which it has been published.

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INCORPORATION BY REFERENCE

The audited consolidated and non-consolidated accounts of the Issuer which are contained in the Annual Report of the Issuer for the year ended 31 December 2004 and the Articles of Association of the Issuer are incorporated by reference in this Offering Circular. Copies of those documents are available free of charge at the specified office of each of the Paying Agents as described in "General Information" below.

The documents incorporated herein by reference do not form part of the listing particulars in respect of the application for the Capital Securities to be admitted to listing on the Irish Stock Exchange Limited.

SUMMARY OF THE TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this document and, in particular, "Terms and Conditions of the Capital Securities" below. Words and expressions defined in "Terms and Conditions of the Capital Securities" below shall have the same meanings in this summary.

Issuer:	Jyske Bank A/S.
Capital Securities:	€100,000,000 Perpetual Capped Fixed/Floating Rate Capital Securities.
The Offering:	The Capital Securities are being offered by the Managers outside the United States in compliance with Regulation S under the Securities Act.
Closing Date:	16 March 2005.
Maturity:	The Capital Securities have no stated maturity. The principal amount of the Capital Securities will only be payable in the event of a bankruptcy or liquidation of the Issuer or upon a redemption of the Capital Securities by the Issuer.
Interest:	Subject to Condition 4(g) ("Optional Deferral of Interest") and Condition 4(h) ("Mandatory Deferral of Interest and Interest Cancellation"), the Capital Securities will bear interest from and including the Closing Date to but excluding 16 March 2006 at the rate of 6 per cent. per annum payable in arrear on 16 March 2006, and thereafter at the rate of EUR CMS10 + 0.15 per cent. per annum payable semi-annually in arrear on each Interest Payment Date, provided that in no event shall the Rate of Interest exceed 8 per cent. per annum. "EUR CMS10" means the 10-year mid swap rate in euro (Annual, 30/360) versus 6 month EURIBOR (Actual/360) which appears on the display designated as "ISDAFIX2" under the heading "EURIBOR BASIS - 11.00 AM FRANKFURT" on the Reuter Monitor Money Rates Service (or such other page or service as may replace it for the purpose of displaying such rates) as at 11:00 am (Frankfurt time) on the relevant Interest Determination Date.
Interest Payment Dates:	The first Interest Payment Date will be 16 March 2006 and thereafter the Interest Payment Dates will fall on 16 March and 16 September in each year from and including 16 September 2006, each subject (with the exception of the first Interest Payment Date) to adjustment in accordance with the modified following adjusted business day convention.
Initial Call Date:	16 September 2015.
Status:	The Capital Securities constitute Hybrid Tier 1 Capital of the Issuer in accordance with Section 132 of the Danish Financial Business Act. The Capital Securities constitute unsecured, subordinated debt obligations of the Issuer and shall at all times rank *pari passu* without preference among themselves and with other Hybrid Tier 1 Capital instruments and other capital instruments expressed to rank

pari passu with Hybrid Tier 1 Capital. The Capital Securities will at all times rank in priority to holders of any class of share capital of the Issuer, both as regards the right to receive periodic payments and the right to receive repayment of capital on a bankruptcy or liquidation of the Issuer.

Subordination:

In the event of the bankruptcy or liquidation of the Issuer by way of public administration or otherwise, the rights of the Holders to payments of the original principal amount of the Capital Securities and any other amounts including interest due in respect of the Capital Securities shall rank *pari passu* without any preference among the Holders and *pari passu* with other Hybrid Tier 1 Capital instruments and other capital instruments expressed to be ranking *pari passu* with Hybrid Tier 1 Capital.

The Capital Securities will rank senior in priority to payments to holders of all classes of share capital of the Issuer, and junior as regards the right of payment to the payment of any present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer and (c) subordinated creditors of the Issuer other than creditors with respect to any securities expressly stated to rank *pari passu* with or junior to the Capital Securities.

Optional Interest Deferral:

The Issuer will have the right to defer the payment of interest on the Capital Securities in the event that (i) the Issuer does not satisfy the solvency requirements of the Danish Financial Business Act or (ii) the amount of Tier 1 Capital of the Issuer as recorded in the most recent published consolidated financial statements (annual or interim) of the Issuer is less than 5 per cent. of the risk-weighted assets of the Issuer, calculated in accordance with the Danish Financial Business Act. See "Terms and Conditions of the Capital Securities—Interest—Optional Deferral of Interest".

Mandatory Interest Deferral and Interest Cancellation:

Accrual of interest will cease with effect from the date of approval of the relevant annual audited accounts if the Issuer has no Available Free Reserves. Accordingly, in the event that the amount of the next Interest Payment will exceed the Available Free Reserves, such payment will be reduced to the amount of such Available Free Reserves, or, if there are no Available Free Reserves, to zero. Interest which has accrued in any Interest Period prior to the date of approval of the relevant accounts, to the extent that the amount of interest accrued as at the date of approval of the relevant accounts exceeds the amount of the Available Free Reserves, shall be deferred and shall constitute Arrears of Interest. Where interest has ceased to accrue and subsequent annual audited accounts disclose Available Free Reserves, accrual of interest will recommence, provided, however, that the amount of the first payment due after the date of such accounts will be restricted to the amount accrued from the date of those accounts to the relevant Interest Payment Date.

In the event that less than full payment is to be made on any Interest Payment Date, the amount to be paid to any Holder of the Capital Securities will represent a *pro rata* share of the full amount available for payment, calculated by reference to the principal amount of the relevant holding as a proportion of the total principal amount of Capital Securities plus the principal amount of any *pari* *passu* ranking capital instruments outstanding.

Any interest payment or part thereof which has not been made in accordance with these provisions will, to the extent such interest payment or part thereof has not been deferred in accordance with these provisions, be cancelled and will not fall due at any time thereafter. The Issuer shall give notice to the Holders of any applicable loss or deferral of interest payment as applicable.

"Available Free Reserves" in respect of any fiscal year means the amount of profits transferred to (and remaining in) reserves in respect of previous fiscal years and the amount of profit transferred to reserves in respect of the relevant fiscal year and any other reserves available for distribution as dividends in respect of the relevant fiscal year, all as disclosed in the Issuer's most recent audited annual financial accounts, prepared in accordance with Danish law, as reduced by any payments already made out of free reserves since the date of such accounts by reference to free reserves disclosed therein.

Dividend Suspension:

The Issuer shall not declare, pay or make any dividend or other distribution on any class of its share capital nor shall the Issuer redeem, repurchase or otherwise acquire: (i) any of its share capital; (ii) any *pari passu* ranking Tier 1 Securities; or (iii) any obligations of the Issuer expressed to rank *pari passu* with or junior to the Capital Securities, until (subject to reduction or elimination as described in "Terms and Conditions of the Capital Securities—Reduction of Amounts of Principal and Unpaid Interest"), as the case may be, either all Arrears of Interest (together with all corresponding Additional Interest Amounts) have been paid in full and/or full interest payments are resumed following interest cancellation (in accordance with "Terms and Conditions of the Capital Securities—Mandatory Deferral of Interest and Interest Cancellation"), and have been paid for any two consecutive Interest Periods. Notwithstanding this restriction, the Issuer may take such actions (a) in connection with transactions effected by or for the account of customers of the Issuer in connection with distribution, trading or market making in respect of those securities; (b) in connection with the satisfaction by the Issuer of its obligations under any existing or future employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Issuer or any of its Subsidiaries; or (c) otherwise as required by law.

Reduction of Amounts of Principal and Unpaid Interest:

In certain circumstances, the shareholders of the Issuer, by a resolution passed at a general meeting duly convened in accordance with Danish law and the Issuer's Articles of Association, may resolve to reduce and cancel, *pro rata*, part or all of the outstanding principal amount of each of the Capital Securities and any Arrears of Interest thereon together with all corresponding Additional Interest Amounts and any interest accrued since the commencement of the relevant Interest Period on a *pro rata* basis with all the Issuer's other outstanding Hybrid Tier 1 Capital instruments and other capital instruments expressed to rank *pari passu* with Hybrid Tier 1 Capital. See "Terms and Conditions of the Capital

	Securities—Reduction of Amounts of Principal and Unpaid Interest".
Redemption at the option of the Issuer:	The Capital Securities may be redeemed in whole but not in part by the Issuer at its option on the Initial Call Date or on any Interest Payment Date thereafter at their principal amount together with accrued interest to the date fixed for redemption and any Arrears of Interest together with all corresponding Additional Interest Amounts (the "**Early Redemption Amount**"), provided that, in each such case, the Danish Financial Supervisory Authority (*Finanstilsynet*) ("**DFSA**") has given its prior approval to such redemption. See "Terms and Conditions of the Capital Securities—Redemption and Repurchase—Redemption at the option of the Issuer".
Redemption for tax reasons:	The Issuer may (subject to the prior approval of the DFSA), on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee and to the Holders, redeem all (but not some only) of the Capital Securities at the Early Redemption Amount at any time, if, as a result of: (i) any amendment to or change (including any announced prospective change) in, the laws or treaties (or any regulations thereunder) of the Kingdom of Denmark affecting taxation, or (ii) any amendment to or change in the official position or the interpretation of any such laws, treaties, or regulations, by any legislative body, court, governmental authority or regulatory body, which amendment or change occurs on or after 10 March 2005 the Issuer satisfies the Trustee immediately prior to the giving of such notice that there is more than an insubstantial risk that: (a) the Issuer is, or will be, subject to more than a *de minimis* amount of taxes, duties, assessments or other governmental charges of whatever nature or civil liabilities with respect to the Capital Securities, (b) the Issuer's treatment of items of expense with respect to the Capital Securities as deductible interest expense for Danish tax purposes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, which subjects the Issuer to more than a *de minimis* amount of additional taxes, duties or other governmental charges, or (c) the Issuer would be required to pay Additional Amounts in accordance with "Terms and Conditions of the Capital Securities—Taxation".
Capital Event Redemption:	Subject to the prior approval of the DFSA, the Issuer may, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Holders and the Trustee, redeem all, but not some only, of the Capital Securities at the Early Redemption Amount.
Taxation:	All payments in respect of the Capital Securities and Coupons by the Issuer shall be made without withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Kingdom of Denmark, or any political sub-division of, or any authority in, or of, the Kingdom of Denmark having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will, subject to Condition 4(h), pay such Additional Amounts as may be necessary in order that the net amounts received by the Holders and Couponholders after such withholding or deduction shall equal the respective amounts which

	would have been receivable in respect of the Capital Securities or, as the case may be, Coupons in the absence of the withholding or deduction; except that no Additional Amounts shall be payable in certain situations described under "Terms and Conditions of the Capital Securities—Taxation".
Events of Default:	For a description of certain events that will permit acceleration of the Capital Securities, see "Terms and Conditions of the Capital Securities—Events of Default".
Form:	The Capital Securities will be in bearer form in the denomination of €1,000 each with Coupons and one Talon attached on issue. The Capital Securities will be represented initially by the Temporary Global Capital Security without interest coupons which is to be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg, on 16 March 2005. Interests in the Temporary Global Capital Security will be exchangeable for interests in the Global Capital Security without interest coupons or talons on or after a date which is expected to be 26 April 2005 upon certification as to non-U.S. beneficial ownership. The Global Capital Security will be exchangeable for definitive Capital Securities in bearer form in the denomination of €1,000 only in the limited circumstances set out therein. See "Summary of Provisions Relating to the Capital Securities while in Global Form".
Denomination:	€1,000.
Listing:	Luxembourg and Ireland.
Trustee:	J.P. Morgan Corporate Trustee Services Limited.
Governing Law:	The Capital Securities will be governed by, and construed in accordance with, English law, save for the provisions of Conditions 2, 3, 4(g), 4(h), 4(i), 5(b), 5(c), 5(d) and Condition 8.
ISIN:	XS0212590557.
Common Code:	021259055.
Use of Proceeds:	The net proceeds of the issue of the Capital Securities, expected to amount to approximately €98,000,000, will be used to refinance existing capital and for general corporate purposes.

INVESTMENT CONSIDERATIONS

In making an investment decision, potential investors should carefully consider the merits and risks of an investment in the Capital Securities. In particular, potential investors should be aware of the following:

If the Issuer's financial condition were to deteriorate materially, holders of Capital Securities could lose all or part of their investment.

The Capital Securities constitutes Hybrid Tier 1 Capital of the Issuer in accordance with the Danish Financial Business Act (Consolidated Act No. 90 of 3 February 2005), as amended. The Capital Securities are unsecured, deeply subordinated obligations of the Issuer and are currently the most junior debt instruments of the Issuer, ranking behind claims of depositors of the Issuer, other unsubordinated creditors of the Issuer and subordinated creditors of the Issuer, other than creditors with respect to any capital securities expressly stated to rank *pari passu* with or junior to the Capital Securities. The Capital Securities currently rank in priority only to all classes of share capital of the Issuer.

Consequently, if the Issuer's financial condition were to deteriorate materially, holders of the Capital Securities could suffer direct and materially adverse consequences, including suspension of non-cumulative interest payments and reduction and cancellation of all or a portion of any outstanding principal amount of each of the Capital Securities and any unpaid interest payable thereon. In such event, the holders of the Capital Securities could lose their entire investment.

Holders of Capital Securities may not receive interest payments if (i) the Issuer does not satisfy the solvency requirements of the Danish Financial Business Act or (ii) the amount of Tier 1 Capital of the Issuer as recorded in the most recent published consolidated financial statements (annual or interim) of the Issuer is less than 5 per cent. of the risk-weighted assets of the Issuer, calculated in accordance with the Danish Financial Business Act, and will not receive interest payments in the absence of sufficient Available Free Reserves.

If (i) the Issuer does not satisfy the solvency requirements of the Danish Financial Business Act or (ii) the amount of Tier 1 Capital of the Issuer as recorded in the most recent published consolidated financial statements (annual or interim) of the Issuer is less than 5 per cent. of the risk-weighted assets of the Issuer, calculated in accordance with the Danish Financial Business Act, the Issuer may elect not to make interest payments that would otherwise be payable. Any interest on the Capital Securities so deferred will constitute Arrears of Interest. Interest will accrue on the amount of Arrears of Interest at the rate of interest applicable to the Capital Securities. Arrears of Interest (together with interest thereon) shall become due and payable in full (except to the extent reduced or eliminated by resolution of the Issuer's shareholders under certain circumstances) on the earliest of (A) the date on which (i) the Issuer next satisfies the solvency requirements of the Danish Financial Business Act and (ii) there are published consolidated financial statements (annual or interim) of the Issuer in which the amount of Tier 1 Capital recorded is equal to or greater than 5 per cent. of the risk-weighted assets of the Issuer, calculated in accordance with the Danish Financial Business Act; (B) the date on which the then outstanding principal amount of the Capital Securities is redeemed according to the Optional Redemption, Redemption for taxation reasons or Capital Event Redemption provisions; or (C) the bankruptcy or liquidation of the Issuer.

In addition the Issuer will make only partial or no interest payments during any interest period where there are not sufficient Available Free Reserves. The right of Holders of the Capital Securities to receive accrued but unpaid interest in respect of any such periods will be lost. The Issuer will have no obligation to make such payments of unpaid interest or to pay interest thereon. As of 31 December 2004, the Available Free Reserves of the Issuer amounted to DKK 5,937,443,865.

Outstanding Principal and Unpaid Interest may be reduced by resolution of the Issuer's shareholders if certain conditions occur and holders of Capital Securities could lose all or part of their investment.

In the event that (i) the share capital and reserves of the Issuer have been reduced to zero; (ii) the shareholders of the Issuer by extraordinary resolution passed at a duly convened general meeting have resolved that the value of each of the outstanding shares representing the share capital of the Issuer be reduced to zero; and (iii) following the resolution referred to in (ii) above, either (a) sufficient share and/or other capital of the Issuer is subscribed or contributed so as to enable the Issuer, following any such reduction of the outstanding principal amount of the Capital Securities and any Arrears of Interest thereon, to comply with the solvency requirements of the Danish Financial Business Act; or (b) the Issuer ceases to carry on its business without a loss for the non-subordinated creditors; the shareholders of the Issuer, by a resolution passed at a general meeting duly convened in accordance with Danish law and the Issuer's Articles of Association, may resolve to reduce and cancel, *pro rata*, part or all of the outstanding principal amount of each of the Capital Securities and any Arrears of Interest thereon together with all corresponding Additional Interest Amounts and any accrued interest on a *pro rata* basis with all the Issuer's other outstanding Hybrid Tier 1 Capital instruments and other capital instruments expressed to rank *pari passu* with Hybrid Tier 1 Capital. In such event, holders of Capital Securities could lose their entire investment.

The amount of any such reduction shall be subject to the prior approval of the Issuer's elected external auditors and the DFSA and shall first be effected in respect of any Arrears of Interest thereon (together with all corresponding Additional Interest Amounts) and only when there are no such outstanding Arrears of Interest will the principal amount of the Capital Securities be reduced.

The Issuer may redeem the Capital Securities at any time upon the occurrence of certain tax or capital events.

The Issuer will have the right, subject to the prior approval of the DFSA, upon the occurrence of an event that would allow the Issuer to redeem the Capital Securities pursuant to Condition 5(c) or a Capital Event, to redeem the Capital Securities at a redemption amount equal to 100 per cent. of the original Principal Amount plus any Arrears of Interest and Additional Interest, plus interest in respect of the current Interest Period accrued to, but excluding, the Early Redemption Date (which, for the avoidance of doubt, excludes interest which has been cancelled). There can be no assurance that the holders of the Capital Securities will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Capital Securities.

Holders of the Capital Securities have no voting rights.

The Capital Securities are non-voting. Consequently, the holders of Capital Securities cannot influence, *inter alia*, any decisions by the Issuer's shareholders to reduce and cancel part or all of the outstanding principal amount of each of the Capital Securities and any Arrears of Interest thereon together with all corresponding Additional Interest Amounts or any other decisions by the Issuer's shareholders concerning the capital structure of the Issuer.

The Issuer may issue further debt.

The Issuer may issue further debt ranking *pari passu* with or senior to the Capital Securities. Neither the Capital Securities nor the Trust Deed limits the ability of the Issuer to incur indebtedness.

There has been no prior public market for the Capital Securities.

The Capital Securities constitute a new issue of securities. Prior to this offering, there has been no public market for the Capital Securities. Although application has been made to list the Capital Securities on the Luxembourg Stock Exchange and the Irish Stock Exchange Limited, there can be no assurance that an active public market for the Capital Securities will develop and, if such a market were to develop, the Managers are under no obligation to maintain such a market. The liquidity and the market prices for the Capital Securities can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer and other factors that generally influence the market prices of securities. Such fluctuations may significantly affect the liquidity and the market prices of the Capital Securities, which may trade at a discount to the price at which a purchaser purchased the Capital Securities.

Regulatory authorities have oversight powers over the Group.

The DFSA or its respective successors, regulatory authorities in the EU and regulatory authorities in other countries have oversight powers over the Issuer and its subsidiaries. Under certain circumstances, any of such regulatory authorities could make determinations or take decisions in the future with respect to any such entities or a portion of their respective operations or assets that could adversely affect the ability of the Issuer, among other things, to make payment to its security holders, engage in transactions with affiliates, purchase or transfer assets, pay obligations and make any redemption or liquidation payments to its security holders.

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Capital Securities which will be incorporated by reference into the Global Capital Security and endorsed on the Capital Securities in definitive form (if issued).

The issue of the Capital Securities was authorised by a resolution of the Supervisory Board of Directors of the Issuer on 17 January 2005. The Capital Securities are constituted by a Trust Deed (the "**Trust Deed**") dated 16 March 2005 between the Issuer and J.P. Morgan Corporate Trustee Services Limited (the "**Trustee**" which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Capital Securities (the "**Holders**"). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Capital Securities and the coupons and talons relating to them (the "**Coupons**" and "**Talons**", respectively). Copies of the Trust Deed, and of the Agency Agreement (the "**Agency Agreement**") dated 16 March 2005 relating to the Capital Securities between the Issuer, the Trustee, JPMorgan Chase Bank, N.A. as agent bank (the "**Agent Bank**" which expression includes the Agent Bank for the time being) and the initial principal paying agent and paying agents named in it, are available for inspection during usual business hours at the principal office of the Trustee (presently at Trinity Tower, 9 Thomas More Street, London E1W 1YT) and at the specified offices of the principal paying agent for the time being (the "**Principal Paying Agent**") and the paying agents for the time being (the "**Paying Agents**", which expression shall include the Principal Paying Agent). The Holders and the holders of the Coupons (whether or not attached to the relevant Capital Securities) (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those applicable to them of the Paying Agency Agreement.

1. Form, Denomination and Title

(a) Form and denomination

The Capital Securities are in bearer form in the denomination of €1,000 each with Coupons and one Talon attached on issue.

(b) Title

Title to the Capital Securities, Coupons and Talons passes by delivery. The Holder of any Capital Security, Coupon or Talon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the Holder.

2. Status and Subordination

(a) Status

The Capital Securities (*kapitalbeviser*) constitute Hybrid Tier 1 Capital ("**Hybrid Tier 1 Capital**" (*hybrid kernekapital*)) of the Issuer in accordance with Section 132 of the Danish Financial Business Act (Consolidated Act No. 90 of 3 February 2005) (the "**Danish Financial Business Act**"), as amended.

The Capital Securities constitute unsecured, subordinated debt obligations of the Issuer and shall at all times rank *pari passu* without preference among themselves and with other Hybrid Tier 1 Capital instruments and other capital instruments expressed to rank *pari passu* with Hybrid Tier 1 Capital. The Capital Securities will at all times rank in priority to holders of any class of share capital of the Issuer, both as regards the right to receive periodic payments and the right to receive repayment of capital on a bankruptcy or liquidation of the Issuer.

(b) Subordination

In the event of the bankruptcy or liquidation of the Issuer by way of public administration or otherwise, the rights of the Holders to payments of the original principal amount of the Capital Securities and any other amounts including interest due in respect of the Capital Securities shall rank *pari passu* without any preference among the Holders and *pari passu* with other Hybrid Tier 1 Capital instruments and other capital instruments or obligations expressed to rank *pari passu* with Hybrid Tier 1 Capital ("**Tier 1 Securities**").

The Capital Securities will rank senior in priority to payments to holders of all classes of share capital of the Issuer, and junior as regards the right of payment to the payment of any present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer and (c) subordinated creditors of the Issuer other than creditors with respect to any securities expressly stated to rank *pari passu* with or junior to the Capital Securities.

3. Reduction of Amounts of Principal and Unpaid Interest

The Issuer, by a resolution to be passed at a general meeting of its shareholders duly convened in accordance with Danish law and the Issuer's Articles of Association, may, pursuant to Section 132 of the Danish Financial Business Act, resolve to reduce and cancel, *pro rata*, part or all of the outstanding principal amount of each of the Capital Securities and any Arrears of Interest (as defined in Condition 4(g) below) thereon (together with all corresponding Additional Interest Amounts (as defined in Condition 4(g) below)) and any interest accrued since the commencement of the relevant Interest Period on a *pro rata* basis with all of the Issuer's outstanding Hybrid Tier 1 Capital instruments and other capital instruments expressed to rank *pari passu* with Hybrid Tier 1 Capital, upon the occurrence of the following circumstances:

(a) the share capital and reserves of the Issuer have been reduced to zero;

(b) a general meeting of the shareholders of the Issuer has effectively resolved in accordance with Danish law and the Issuer's Articles of Association to reduce to zero the value of each of the outstanding shares constituting the share capital of the Issuer; and

(c) following the resolution referred to in (b) either (i) sufficient share and/or other capital of the Issuer is subscribed or contributed so as to enable the Issuer, following any such reduction of the outstanding principal amount of the Capital Securities and any accrued interest and Arrears of Interest thereon (together with all corresponding Additional Interest Amounts), to comply with the capital adequacy requirements of the Danish Financial Business Act or (ii) the Issuer ceases business without loss to non-subordinated creditors.

The amount of any such reduction shall be subject to the prior approval of the Issuer's elected external auditors and of the Danish Financial Supervisory Authority (or any successor thereto) (the "**DFSA**") and shall first be effected, *pro rata*, in respect of any accrued interest, then any Arrears of Interest (together with all corresponding Additional Interest Amounts) relating to the Capital Securities and only when there are no such outstanding amounts will the outstanding principal amount of the Capital Securities be reduced.

The reduction and cancellation will take effect on the date specified in the relevant resolution approving any such reduction and cancellation of the outstanding principal amount of the Capital Securities and any Arrears of Interest thereon (and all corresponding Additional Interest Amounts) and any accrued interest and Holders will thereafter cease to have any claim in respect of any amounts so reduced and cancelled. The Issuer will give notice of any such reduction and cancellation immediately following the passing of such resolution to the Trustee and the Holders in accordance with Condition 14 and will provide a copy of such notice to the Luxembourg Stock Exchange, the Irish Stock Exchange Limited and any other stock exchange on which the Capital Securities are listed and where the rules of such stock exchange so require. To the extent that part only of the outstanding principal amount of the Capital Securities or Arrears of Interest thereon (and all corresponding Additional Interest Amounts) have been so reduced, interest will continue to accrue in accordance with the terms hereof on the then outstanding principal amount of the Capital Securities and Arrears of Interest (including any Additional Interest Amounts), if any.

4. Interest

(a) Interest Payment Dates

The Capital Securities bear interest from 16 March 2005 and such interest will (subject to Conditions 4(g) and 4(h)) be payable on 16 March 2006 and thereafter on 16 March and 16 September in each year from and including 16 September 2006 (each an "**Interest Payment Date**"). If any Interest Payment Date (with the exception of the first Interest Payment Date) would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day. The period beginning on 16 March 2005 and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is called an "**Interest Period**".

(b) Rate of Interest

The rate of interest for the first Interest Period shall be 6 per cent. per annum.

Thereafter, the rate of interest in respect of the Capital Securities (the "**Rate of Interest**") will be determined by the Agent Bank on the following basis:

(i) On the second business day before the beginning of each Interest Period (the "**Interest Determination Date**") the Agent Bank will determine the Reference Rate for the relevant Interest Period as at 11.00 a.m. (Frankfurt time) on the Interest Determination Date in question. The Rate of Interest for the relevant Interest Period shall be the aggregate of the relevant Reference Rate plus 0.15 per cent. per annum and provided that if the Rate of Interest for any Interest Period would otherwise be greater than 8 per cent. per annum it will be deemed to be 8 per cent. per annum for such Interest Period.

"**Reference Rate**" means in respect of any Interest Period, the 10-year mid swap rate in euro (Annual, 30/360) versus 6-month EURIBOR (Actual/360) which appears on the display designated as page "ISDAFIX2" under the heading "EURIBOR BASIS – 11.00 AM FRANKFURT" on the Reuter Monitor Money Rates Service (or such other page or service as may replace it for the purpose of displaying such rates) (the "**Relevant Screen Page**") as at 11.00 am (Frankfurt time) on the relevant Interest Determination Date.

(ii) In the event that the Reference Rate does not appear on the Relevant Screen Page, the Agent Bank shall determine the applicable rate based on quotations from five major banks in the Euro-zone interbank market (the "**Reference Banks**") (to be chosen by the Issuer and the Agent Bank) for the EUR CMS10 (the relevant mid-market ten year annual swap rate 30/360 in euro) commencing two business days following the relevant Interest Determination Date. The highest and the lowest (or, in the event of equality, one of the highest and/or lowest) quotations so determined shall be disregarded by the Agent Bank for the purpose of determining the Reference Rate which shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such provided quotations.

If, for any reason, the Reference Rate is no longer published or if fewer than three quotations are provided to the Agent Bank in accordance with the above paragraph, the Reference Rate shall be determined by the Agent Bank in its sole discretion, acting in good faith and in a commercial and reasonable manner.

"**Euro-zone**" means the region comprised of member states of the European Union that adopt or have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

(iii) In no event shall the Rate of Interest in any Interest Period be more than 8 per cent. per annum.

(iv) In this Condition the expression "**business day**" means a day on which the TARGET System is operating.

"**TARGET System**" means the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

(c) Determination of Rate of Interest and calculation of Coupon Amount

The Agent Bank will, as soon as practicable after 11.00 a.m. (Frankfurt time) on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable on the presentation and surrender of each Coupon (the "**Coupon Amount**") for the relevant Interest Period. The Coupon Amount shall be calculated by applying the Rate of Interest to the principal amount of one Capital Security, multiplying such product by the number of days in the Interest Period concerned divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)) and rounding the resulting figure to the nearest euro 0.01 (euro 0.005 being rounded upwards). The determination of the Rate of Interest and the Coupon Amount by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(d) Publication of Rate of Interest and Coupon Amount

The Agent Bank will cause the Rate of Interest and the Coupon Amount for each Interest Period and the relevant Interest Payment Date to be notified to each of the Paying Agents and any stock exchange on which the Capital Securities are for the time being listed and to be notified to Holders in accordance with Condition 14 as soon as possible after their determination but in no event later than the second business day thereafter. The Coupon Amount and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made (with the consent of the Trustee) by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Capital Securities become due and payable under Condition 8, the accrued interest and the Rate of Interest payable in respect of the Capital Securities shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition but no publication of the Rate of Interest or the Coupon Amount so calculated need be made unless the Trustee requires otherwise.

(e) Determination or calculation by Trustee

If the Agent Bank does not at any time for any reason so determine the Rate of Interest or calculate the Coupon Amount for an Interest Period, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Agent Bank. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in the interest of the Holders in all the circumstances. Any determination by the Trustee under this Condition 4(e) shall (in the absence of manifest error) be final and binding upon all parties and the Trustee shall have no liability to the Issuer or to Holders therefor.

(f) Reference Banks and Agent Bank

The Issuer will procure that, so long as any Capital Security is outstanding, there shall at all times be an Agent Bank for the purposes of the Capital Securities. If any such bank (acting through its relevant office) is unable or unwilling to continue to act as the Agent Bank, or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Coupon Amount, the Issuer shall (with the prior written approval of the Trustee) appoint some other leading bank engaged in the

Euro-zone interbank market to act as such in its place. The Agent Bank may not resign its duties without a successor having been so appointed.

(g) Optional Deferral of Interest

(i) Subject to Condition 4(h), the Issuer shall pay on each Interest Payment Date, which is not an Optional Interest Payment Date (as defined in sub-paragraph (iv) below), interest accrued on the Capital Securities during the Interest Period to which such Interest Payment Date relates. On any Optional Interest Payment Date interest shall not be payable as aforesaid and the Issuer shall give notice pursuant to paragraph (iii)(A) below electing not to pay interest. Any interest in respect of the Capital Securities not paid on an Optional Interest Payment Date, together with any other interest in respect of the Capital Securities not paid on any other Optional Interest Payment Date and any portion of interest deferred pursuant to Condition 4(h) shall, so long as the same remains unpaid, constitute "Arrears of Interest".

Interest will accrue on the amount of any Arrears of Interest at the Rate of Interest applicable to the Capital Securities, in respect of any Interest Period, and such amount of interest (an "**Additional Interest Amount**") with respect to each amount of Arrears of Interest will become due and payable pursuant to sub-paragraph (ii) below and shall be calculated by the Agent Bank in accordance with Condition 4(b) above. All Additional Interest Amounts accrued up to any specified Interest Payment Date shall be added, for the purposes only of calculating the Additional Interest Amounts accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date.

(ii) Subject to Condition 3, Arrears of Interest (together with all corresponding Additional Interest Amounts) in respect of Capital Securities for the time being outstanding shall become due and payable in full on the earliest of:

(A) the date on which (i) the Issuer next satisfies the capital adequacy requirements of the Danish Financial Business Act and (ii) there are published consolidated financial statements (annual or interim) of the Issuer in which the amount of Tier 1 Capital recorded is equal to or greater than 5 per cent. of the risk-weighted assets of the Issuer, calculated in accordance with the Danish Financial Business Act;

(B) the date upon which the then outstanding principal amount of the Capital Securities becomes due and payable; and

(C) the bankruptcy or liquidation of the Issuer.

(iii) The Issuer shall, subject as set out below, give notice immediately to the Holders (in accordance with Condition 14) and to the Trustee and the Principal Paying Agent of:

(A) any Interest Payment Date on which, pursuant to the provisions of sub-paragraph (i) above, interest will not be paid; and

(B) any date upon which, pursuant to the provisions of sub-paragraph (ii) above, amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable.

Any notice given by the Issuer pursuant to sub-paragraphs (i) and (iii)(A) above shall apply to each succeeding Optional Interest Payment Date until the next Interest Payment Date to occur on which the Issuer satisfies the capital adequacy requirements of the Danish Financial Business Act. Notwithstanding the requirement to give notice pursuant to sub-paragraph (iii)(A) above, failure to give such notice shall not prejudice the right of the Issuer not to pay interest pursuant to the provisions of sub-paragraph (i) above.

(iv) In these Conditions, "**Optional Interest Payment Date**" means any Interest Payment Date at which date:

(A) the Issuer does not satisfy the capital adequacy requirements of the Danish Financial Business Act; or

(B) the amount of Tier 1 Capital of the Issuer as recorded in the most recent published consolidated financial statements (annual or interim) of the Issuer is less than 5 per cent. of the risk-weighted assets of the Issuer, calculated in accordance with the Danish Financial Business Act.

(h) Mandatory Deferral of Interest and Interest Cancellation

Interest will cease to accrue with effect from the date of approval of the relevant annual audited accounts if the Issuer has no Available Free Reserves (as defined below). Accordingly, in the event that the amount of the first Interest Payment following the date of approval of the relevant audited annual accounts of the Issuer will exceed the Available Free Reserves, such payment will be reduced to the amount of such Available Free Reserves, or, if there are no Available Free Reserves, to zero. Interest which has accrued in any applicable Interest Period prior to the date of approval of the relevant accounts, to the extent that the amount of interest accrued as at the date of approval of the relevant accounts exceeds the amount of the Available Free Reserves, shall be deferred and shall constitute Arrears of Interest. Where interest has ceased to accrue in respect of any Interest Period and subsequent annual audited accounts disclose Available Free Reserves, accrual of interest will recommence, provided, however, that the amount of the first payment due after the date of approval of such accounts will be restricted to the amount accrued from the date of approval of those accounts to the relevant Interest Payment Date.

In the event that less than full payment is to be made on any Interest Payment Date, the amount to be paid to any Holder will represent a *pro rata* share of the full amount available for payment, calculated by the Issuer by reference to the principal amount of the relevant holding as a proportion of the total principal amount of Capital Securities plus the principal amount of any *pari passu* ranking capital instruments outstanding.

Any interest payment or part thereof which has not been made in accordance with these provisions will, to the extent such interest payment or part thereof has not been deferred in accordance with these provisions, be cancelled and will not fall due at any time thereafter. The Issuer shall give notice immediately to the Holders (in accordance with Condition 14) and to the Trustee and the Principal Paying Agent of any applicable loss or deferral of interest payment as applicable.

For the purposes of this Condition 4, "**Available Free Reserves**" in respect of any fiscal year means the amount of profits transferred to (and remaining in) reserves in respect of previous fiscal years and the amount of profit transferred to reserves in respect of the relevant fiscal year and any other reserves available for distribution as dividends in respect of the relevant fiscal year all as disclosed in the Issuer's most recent audited annual financial accounts, prepared in accordance with Danish law, as reduced by any payments already made since the date of such accounts by reference to Available Free Reserves disclosed therein.

(i) Dividend Suspension

The Issuer shall not declare, pay or make any dividend or other distribution on any class of its share capital nor shall the Issuer redeem, repurchase or otherwise acquire: (i) any of its share capital; (ii) any *pari passu* ranking Tier 1 Securities; or (iii) any obligations of the Issuer expressed to rank *pari passu* with or junior to the Capital Securities, until (subject to reduction or elimination as described in Condition 3), as the case may be, either all Arrears of Interest (together with all corresponding Additional Interest Amounts) have been paid in full and/or full interest payments are resumed following interest cancellation (in accordance with Condition 4(h) above) and have been paid for any two consecutive Interest Periods. Notwithstanding the provisions of this Condition 4(i), the Issuer may take such actions (a) in connection with transactions effected by or for the account of customers of the Issuer in connection with distribution, trading or market making in respect of any securities mentioned in this Condition 4(i); (b) in connection with the satisfaction by the Issuer of its obligations under any existing or future employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Issuer or any of its Subsidiaries (as defined in §2 of the Danish Companies Act); or (c) otherwise as required by law.

5. Redemption and Purchase

(a) Redemption

The Capital Securities are perpetual securities with no fixed final redemption date and Holders have no rights at any time to call for the redemption of the Capital Securities, except as provided in Condition 8.

(b) Redemption at the option of the Issuer

Subject as provided in Condition 5(h), the Issuer may, on any Interest Payment Date beginning with that falling on, or nearest to, 16 September 2015 ("the **Initial Call Date**"), on giving not more than 60 nor less than 30 days' irrevocable notice to the Holders (in accordance with Condition 14) and the Trustee, redeem all, but not some only, of the Capital Securities at their principal amount together with interest accrued to the date fixed for redemption and any Arrears of Interest together with all corresponding Additional Interest Amounts (the "**Early Redemption Amount**").

(c) Redemption for taxation reasons

The Issuer may (subject as provided in Condition 5(h)), on giving not more than 60 nor less than 30 days' irrevocable notice to the Holders (in accordance with Condition 14) and to the Trustee, redeem all (but not some only) of the Capital Securities at the Early Redemption Amount (as defined above) at any time, if, as a result of: (i) any amendment to or change (including any announced prospective change) in, the laws or treaties (or any regulations thereunder) of the Kingdom of Denmark affecting taxation, or (ii) any amendment to or change in the official position or the interpretation of any such laws, treaties, or regulations, by any legislative body, court, governmental authority or regulatory body, which amendment or change occurs on or after 10 March 2005, the Issuer satisfies the Trustee immediately prior to the giving of such notice that there is more than an insubstantial risk that: (a) the Issuer is, or will be, subject to more than a *de minimis* amount of taxes, duties, assessments or other governmental charges of whatever nature or civil liabilities with respect to the Capital Securities, (b) the Issuer's treatment of items of expense with respect to the Capital Securities as deductible interest expense for Danish tax purposes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, which subjects the Issuer to more than a *de minimis* amount of additional taxes, duties or other governmental charges, or (c) the Issuer would be required to pay Additional Amounts in accordance with Condition 7 (each, a "**Tax Event**"). Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that any of the eventualities referred to in (a), (b) or (c) above will apply on the occasion of the next payment due in respect of the Capital Securities and cannot be avoided by the Issuer taking reasonable measures available to it, and stating that the Issuer is entitled to effect such redemption and setting out details of the circumstances which demonstrate satisfaction of the conditions precedent set out in (a), (b) or (c) above and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (a), (b) or (c) above in which event it shall be conclusive and binding on the Holders and the Couponholders. Upon the expiry of any notice as is referred to in this paragraph the Issuer shall be bound to redeem the Capital Securities to which the notice refers in accordance with the provisions of this paragraph.

(d) Capital event redemption

Subject as provided in Condition 5(h), the Issuer may on giving not more than 60 nor less than 30 days' irrevocable notice to the Holders (in accordance with Condition 14) and the Trustee, redeem all (but not some only) of the Capital Securities at the Early Redemption Amount at any time if the Issuer is advised by the DFSA that the Capital Securities are not eligible for inclusion in the Tier 1 Capital of the Issuer.

Under the laws and regulations currently in effect in the Kingdom of Denmark, the DFSA may not grant an approval for the redemption of Hybrid Tier 1 Capital securities, which includes the Hybrid Tier 1 Capital securities of the Issuer, earlier than ten years after the initial issuance of the relevant securities. However, the DFSA may, under special circumstances, authorise such redemption not earlier than five years after the issuance. Therefore, in the absence of a change in the relevant Danish laws and regulation or in their interpretation, the Issuer would not be in a position to redeem the Capital Securities within five years of initial issuance and may not (in the absence of any special circumstances) receive approval for such redemption prior to ten years having elapsed from initial issuance. Even after such ten years, granting approval for such redemption shall remain in the discretion of the DFSA.

(e) Notice of redemption

All Capital Securities in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

(f) Purchase

The Issuer and any of its Subsidiaries may (subject as provided in Condition 5(h)) at any time purchase Capital Securities in the open market or otherwise at any price (provided that, if they should be cancelled under Condition 5(g) below, they are purchased together with all unmatured Coupons and Talons relating to them). Any purchase by tender shall be made available to all Holders alike. The Capital Securities so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of Condition 11(a).

(g) Cancellation

Except in the case of purchase of any Capital Securities as provided in section 132 paragraph 4 of the Danish Financial Business Act, all Capital Securities so redeemed or purchased and any unmatured Coupons and Talons attached to or surrendered with them will be cancelled and may not be re-issued or resold.

(h) Consent of the Danish Financial Supervisory Authority

The Issuer will not redeem any Capital Securities pursuant to paragraphs (b), (c) or (d) of this Condition 5, nor purchase any Capital Securities pursuant to paragraph (f) of this Condition 5, nor agree to any modification of these terms and conditions (the "**Conditions**") pursuant to Condition 11 without first consulting with and obtaining the prior consent of the DFSA, except in the case of purchase of any Capital Securities as provided in Section 132 paragraph 4 of the Danish Financial Business Act.

It is the Issuer's intention to redeem the Capital Securities in whole only to the extent that the Issuer or any of its Subsidiaries has raised funds in the period of six months preceding such redemption by the issuance and sale of any ordinary shares or other securities ranking for regulatory capital purposes at least equally with the Capital Securities, in an aggregate amount equal to or greater than the aggregate principal amount of the Capital Securities, but there is no obligation on the Issuer to do so nor any guarantee of future behaviour.

6. Payments

(a) Method of payment

(i) Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Capital Securities or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by a euro cheque drawn on, or by transfer to a euro account maintained by the payee with, a bank in a city in which banks have access to the TARGET System. Payments of interest due in respect of any Capital Security other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Capital Security.

(ii) Upon the due date for redemption of any Capital Security, any unexchanged Talon relating to such Capital Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon and unmatured Coupons relating to such Capital Security (whether or not attached) shall also become void and no payment shall be made in respect of them. If any Capital Security is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(b) Payments subject to fiscal laws

All payments are subject in all cases to any applicable laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged to the Holders or Couponholders in respect of such payments.

(c) Payments on business days

A Capital Security or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a euro account, in a city in which banks have access to the TARGET System). No further interest or other payment will be made as a consequence of the day on which the relevant Capital Security or Coupon may be presented for payment under this paragraph falling after the due date. In this Condition "**business day**" means a day on which commercial banks and foreign exchange markets are open in the relevant city.

(d) Paying Agents

The initial Paying Agents and their initial specified offices are listed below. The Issuer is entitled at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Principal Paying Agent, (ii) Paying Agents having specified offices in at least two major European cities (approved by the Trustee) (including Luxembourg, so long as the Capital Securities are listed on the Luxembourg Stock Exchange and Dublin, so long as the Capital Securities are listed on the Irish Stock Exchange Limited) and (iii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any change in the Paying Agents or their specified offices will promptly be given to the Holders in accordance with Condition 14.

7. Taxation

All payments in respect of the Capital Securities and Coupons by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (together, "**Taxes**") imposed or levied by or on behalf of the

Kingdom of Denmark, or any political sub-division of, or any authority in, or of, the Kingdom of Denmark having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will, subject to Condition 4(h), pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts received by the Holders and Couponholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Capital Securities or, as the case may be, Coupons in the absence of the withholding or deduction; except that no Additional Amounts shall be payable in relation to any payment in respect of any Capital Security or Coupon:

(i) to, or to a third party on behalf of, a Holder or Couponholder who is liable to the Taxes in respect of the Capital Security or Coupon by reason of his having some connection with the Kingdom of Denmark other than the mere holding of the Capital Security or Coupon or receipt of principal or interest in respect thereof;

(ii) presented for payment more than 30 days after the Relevant Date except to the extent that a Holder or Couponholder would have been entitled to Additional Amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Payment Date;

(iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(iv) presented for payment by or on behalf of a Holder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Capital Security or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders in accordance with Condition 14. Any reference in these Conditions to principal and/or interest shall be deemed to include any Additional Amounts which may be payable under this Condition or any undertaking given in addition to or substitution for it under the Trust Deed.

8. Events of Default

(i) Any one or more of the following events shall constitute an "Event of Default":

(A) Subject to Conditions 3, 4(g) and 4(h) there is a failure to make payment of any principal or interest in respect of the Capital Securities within 7 days of the relevant due date; or

(B) An order is made or an effective resolution is passed for the bankruptcy or liquidation of the Issuer.

(ii) (A) If an Event of Default shall have occurred and be continuing, the Trustee at its discretion may, and if so requested by Holders of at least one-fifth in principal amount of the Capital Securities then outstanding or if so directed by an Extraordinary Resolution shall, institute such proceedings against the Issuer as it may think fit or as directed by an Extraordinary Resolution (other than filing a petition for bankruptcy) to enforce Holders' rights, provided that the Issuer shall not by virtue of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable, except as set forth in (B) below.

(B) If an order is made or an effective resolution is passed for the bankruptcy or liquidation of the Issuer, then all the Capital Securities shall become immediately due and payable at the request of the Trustee or any Holder thereof at their then outstanding principal amount together with interest accrued to such date (and any Arrears of Interest and all corresponding Additional Interest Amounts).

9. Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 within a period of ten years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(a)(ii) or any Talon which would be void pursuant to Condition 6(a)(ii).

10. Replacement of Capital Securities, Coupons and Talons

If any Capital Security, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Paying Agent in Luxembourg, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Capital Securities, Coupons or Talons must be surrendered before replacements will be issued.

11. Meetings of Holders, Modification, Waiver and Substitution

(a) Meetings of Holders

The Trust Deed contains provisions for convening meetings of Holders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Holders holding not less than 10 per cent. in principal amount of the Capital Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Capital Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Holders whatever the principal amount of the Capital Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the dates on which interest is payable in respect of the Capital Securities, (ii) (subject to Conditions 3, 4(g) and (h)) to reduce or cancel the principal amount of, or interest on or to vary the method of calculating the rate of interest on, the Capital Securities, (iii) to change the currency of payment of the Capital Securities or the Coupons, (iv) to modify the provisions concerning the quorum required at any meeting of Holders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Capital Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Holders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

(b) Modification and waiver

The Trustee may agree, without the consent of the Holders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Holders. Any such modification, authorisation or waiver shall be binding on the Holders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Holders as soon as practicable.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Holders or the Couponholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Capital Securities. In the case of such a substitution the Trustee may agree, without the consent of the Holders or Couponholders, to a change of the law governing the Capital Securities, the Coupons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Holders. In the event of a substitution pursuant to this Condition, notice will be given to Holders in accordance with Condition 14 and, to the extent required by the listing rules of the Luxembourg Stock Exchange and the Irish Stock Exchange Limited, supplementary listing particulars will be produced by the Issuer.

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Holders as a class and shall not have regard to the consequences of such exercise for individual Holders or Couponholders and the Trustee shall not be entitled to require, nor shall any Holder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders or Couponholders.

12. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Capital Security to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the Coupon sheet in which that Talon was included on issue matures.

13. Further Issues

The Issuer may from time to time without the consent of the Holders or Couponholders create and issue further securities either having the same terms and conditions as the Capital Securities in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Capital Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Capital Securities include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Capital Securities. Any further securities forming a single series with the outstanding securities of any series (including the Capital Securities) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Holders and the holders of securities of other series where the Trustee so decides.

14. Notices

Notices to Holders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) and (i) (so long as the Capital Securities are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require) in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and (ii) (so long as the Capital Securities are listed on the Irish Stock Exchange Limited) in a leading newspaper having general circulation in Dublin (which is expected to be the *Irish Times*) and (ii) if in the opinion of the Trustee such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Holders in accordance with this Condition.

15. Enforcement

Subject to Condition 8, at any time after the Capital Securities become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Capital Securities and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Holders holding at least one-fifth in principal amount of the Capital Securities outstanding, and (b) it shall have been indemnified to its satisfaction. No Holder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

16. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Capital Securities under the Contracts (Rights of Third Parties) Act 1999.

18. Governing Law

(a) Governing Law

The Trust Deed, the Capital Securities, the Coupons and the Talons are governed by and shall be construed in accordance with English law save for the provisions of Condition 2, Condition 3, Condition 4(g), Condition 4(h), Condition 4(i), Condition 5(b), Condition 5(c), Condition 5(d) and Condition 8 which are governed by, and will be construed in accordance with, the laws of the Kingdom of Denmark.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Capital Securities, the Coupons and the Talons and accordingly any legal action or proceedings arising out of or in connection with the Capital Securities, the Coupons and the Talons ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and waives any objection to Proceedings in such courts.

The Issuer has irrevocably appointed the manager for the time being of its London branch at Jutland House, 10-12 Alie Street, London E1 8DE, presently Mr. Nicholas J. Young, as its agent in England to receive service of process in any Proceedings in England based on any of the Capital Securities, Coupons or Talons.

USE OF PROCEEDS

The net proceeds of the issue of the Capital Securities, expected to amount to approximately €98,000,000, will be used to refinance existing capital and for general corporate purposes.

SUMMARY OF PROVISIONS RELATING TO THE CAPITAL SECURITIES WHILE IN GLOBAL FORM

The Temporary Global Capital Security and the Global Capital Security contain provisions which apply to the Capital Securities while they are in global form, some of which modify the effect of the terms and conditions of the Capital Securities set out in this document. The following is a summary of certain of those provisions:

1. Exchange

The Temporary Global Capital Security is exchangeable in whole or in part for interests in the Global Capital Security on or after a date which is expected to be 26 April 2005 upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Capital Security.

The Global Capital Security is exchangeable in whole but not in part (free of charge to the Holder) for the Definitive Capital Securities described below (i) if the Global Capital Security is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so (in which case the Issuer will give notice of such occurrence to the Trustee and the Holders in accordance with Condition 14 as soon as it becomes aware thereof) or (ii) if the Issuer would suffer a material disadvantage in respect of the Capital Securities as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction referred to in Condition 7 which would not be suffered were the Capital Securities in definitive form and a certificate to such effect signed by two Directors of the Issuer is delivered to the Trustee for display to Holders. Thereupon (in the case of (i) above) the Holder may give notice to the Trustee and (in the case of (ii) above) the Issuer may give notice pursuant to Condition 14 to the Trustee and the Holders, of its intention to exchange the Global Capital Security for Definitive Capital Securities on or after the Exchange Date specified in the notice.

On or after the Exchange Date (as defined below) the Holder of the Global Capital Security may surrender the Global Capital Security to or to the order of the Principal Paying Agent. In exchange for the Global Capital Security the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Capital Securities (having attached to them all Coupons in respect of interest which has not already been paid on the Global Capital Security), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Trust Deed. On exchange of the Global Capital Security, the Issuer will, if the Holder so requests, procure that it is cancelled and returned to the Holder together with any relevant Definitive Capital Securities.

"**Exchange Date**" means a day falling not less than 60 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (i) above, in the cities in which the relevant clearing system is located.

2. Payments

No payment will be made on the Temporary Global Capital Security unless exchange for an interest in the Permanent Global Capital Security is improperly withheld or refused. Payments of principal and interest in respect of Capital Securities represented by the Global Capital Security will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Capital Securities, surrender of the Global Capital Security to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Holders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Global Capital Security, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Capital Securities. Condition 6(d)(iii) and Condition 7(iv) will apply to the Definitive Capital Securities only.

3. Notices

So long as the Capital Securities are represented by the Global Capital Security and the Global Capital Security is held on behalf of a clearing system, notices to Holders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions except that (i) so long as the Capital Securities are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and (ii) so long as the Capital Securities are listed on the Irish Stock Exchange Limited, notices shall be published in a leading newspaper having general circulation in Dublin (which is expected to be the *Irish Times*).

4. Prescription

Claims against the Issuer in respect of principal and interest on the Capital Securities while the Capital Securities are represented by the Global Capital Security will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

5. Meetings

The Holder of the Global Capital Security will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Holders and, at any such meeting, as having one vote in respect of each €1,000 in principal amount of Capital Securities for which the Global Capital Security may be exchanged.

6. Purchase and Cancellation

Cancellation of any Capital Security required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the Global Capital Security.

7. Reduction of Amounts of Principal and Interest

Reduction of the principal amount of any Capital Security required by the Conditions to be reduced will be effected by reduction in the principal amount of the Global Capital Security. Any Arrears of Interest and the reduction of any Arrears of Interest will be effected by annotation by the Principal Paying Agent of the Global Capital Security.

8. Trustee's Powers

In considering the interests of Holders while the Global Capital Security is held on behalf of a clearing system the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Capital Security and may consider such interests as if such accountholders were the Holder of the Global Capital Security.

DESCRIPTION OF JYSKE BANK A/S AND THE GROUP

Introduction

The Jyske Bank Group (the "**Group**") is Denmark's third largest banking group (measured by total assets), with total assets of DKK 125 billion as at 31 December 2004. In Danish retail banking, Jyske Bank (the "**Bank**") has a market share of approximately 6 per cent. The Bank's registered and head office is situated in Silkeborg in the middle part of the Jutland peninsula of Denmark. The Bank has 120 branches throughout Denmark. As at 31 December 2004, the Group had a total of 3,713 full-time employees.

The Bank was established as a public limited company on 7 July 1967 under the Danish Companies Act and Bank Act with CVR 17616617, following the merger of four banks based in the towns of Kjellerup and Silkeborg in the central part of Jutland. These banks trace their roots back to the mid-1850's. Three other local banks subsequently merged with the Bank: Banken for Brædstrup og Omegn in 1968, Samsø Bank in 1970 and Odder Landbobank in 1971.

With the takeover of Finansbanken in 1981, the Bank achieved nationwide retail branch coverage. It expanded further by merging with Vendelbobanken (based in the Northern part of Jutland) in 1983 and with Holstebro Bank (based in the western part of Jutland) in 1989.

The Danish banking sector

The Danish banking sector is highly consolidated. The two major financial conglomerates are the two pan-Scandinavian banks, Danske Bank and Nordea who combined hold approximately 70 per cent. of total loans and deposits and thus, qualify as the market leaders. Including the mortgage sector together they hold approximately 60 per cent. of the Danish retail market split between approximately 35 per cent. to Danske Bank and approximately 25 per cent. to Nordea. Danske Bank is the largest financial conglomerate in Denmark; however, Nordea is the largest in Scandinavia with Danske Bank as the second largest. The next tier of Danish banks comprises Jyske Bank and Sydbank both with single-digit market shares of lending and deposits (6 per cent. and 4 per cent. respectively of the Danish retail market). Through its branch network the Bank has built a national presence. The rest of the market is highly fragmented comprising many small and medium sized banks with strong local franchises and niche-strategies.

The Danish financial sector is exposed to cross-border consolidation especially within Scandinavia. Both Danske Bank and Nordea have created their position as a result of cross-border consolidation.

Outside of Denmark Danske Bank operates in Norway, Sweden, Northern Ireland and the Republic of Ireland. In Sweden, Danske Bank has acquired the regional commercial bank Östgöta Enskilda Bank, and in Norway, Fokus Bank. In December 2004 Danske Bank acquired Northern Bank, which has its headquarters in Belfast, and the National Irish Bank, which has its headquarters in Dublin. Danske Bank has kept the local brands and thus, has implemented a multi-brand strategy.

In 2000 Unidanmark merged with Nordic Baltic Holding ("**Nordea**") and was renamed Nordea Bank Danmark A/S. In addition to Unidanmark, Nordea also comprises the former MeritaNordbanken Group (which resulted from a merger between Merita Bank Plc., Finland and Nordbanken AB, Sweden) and Christiania Bank og Kreditkasse, Norway. Nordea has renamed its local entities and is competing under a single-brand strategy.

Foreign competition in the Danish banking market is mainly originated by Swedish banks' acquisitions. Swedish based Skandinaviske Enskilda Banken AB (SEB) competes through Codan Bank, SEB Asset Management and through its Internet bank. Svenska Handelsbanken competes mainly through Midtbank, which is a commercial bank, with its headquarters in the middle of Jutland. In addition to the dominance of the Swedish banks, German banks also offer competition and they have adopted niche strategies in corporate banking, real estate finance, and trading activities.

In June 2004 the Icelandic based bank, Kaupthing Bank, purchased Finance for Danish Industry (Erhvervsbank) ("**FIH**"), which specialises in asset financing, from FöreningsSparbanken. Kaupthing Bank, may, however, broaden FIH's spectrum of products to become a direct competitor to other commercial banks operating in Denmark.

Despite the dominance of the two market leaders the competition is fierce and effective in the Danish banking sector. The fragmented part of the industry, comprising national and small local banks, adds to rivalry. In addition the entrance of foreign competitors trying to capture market shares intensifies competition. The result has been decreasing lending margins during recent years.

The mortgage market is dominated by Nykredit Realkredit A/S (including Totalkredit) and Realkredit Danmark A/S (part of the Danske Bank Group). They hold approximately 70 per cent. of the mortgage-finance market. The next tier of the market encompasses Nordea Kredit, BRF Kredit, and DLR Kredit.

In the past, mortgage credit was mainly offered by independent mortgage credit institutions. At present mortgage credit financing is integrated into the major banking groups. The only remaining major independent mortgage lending institution is Nykredit, which holds a dominant market position. In 2003 Nykredit strengthened its market position by acquiring Totalkredit. Prior to the merger, Totalkredit was the second-largest independent Danish mortgage lending institution. Totalkredit distributes its products through the branch network of the 106 former bank-owners, who will continue to provide residential mortgage loans after Nykredit's acquisition.

The Jyske Bank Group

The mission statement of the Jyske Bank Group is to provide customer service and to distribute products that meet customer needs concerning cash flows and risks related to assets and liabilities. The strategy of the Group is to remain focused on its core business, which comprises commercial banking, trading based on customer transactions, international private banking and asset management. The Group has made a deliberate choice not to enter non-life insurance activities or to offer real estate agent services.

Mortgage and life insurance products are offered on the basis of sourcing collaborations supporting the Group with a complete product range. Sourcing products from third parties enhances the Group's ability to fulfil customer needs and to streamline its own production. Jyske Bank has formalised agreements with Pensionsforsikringsselskabet (PFA) concerning the supply of life insurance products and with Nykredit, Totalkredit and DLR Kredit concerning the supply of mortgage products. The Bank has entered into an agreement with SEB kort to distribute "MasterCard" credit cards to Jyske Bank customers. The Bank commenced marketing of the MasterCard in early 2005. The cards are sourced from SEB kort, which is also the creditor to the cardholders. The business portfolio of the Group reflects its focused strategy.

Jyske Bank A/S is the Group's parent company. The Group comprises a number of subsidiaries in Denmark, Jyske Finans (financial leasing and asset financing, in particular car finance), and Nordisk Factoring (invoice discounting and administration), Silkeborg Data, and JN Data (IT processing and services) among others. In addition the Group comprises subsidiaries in Europe, mainly to support private banking, Jyske Bank (Schweiz), Jyske Bank (Gibraltar) Ltd., and the 60 per cent. subsidiary, Berben Effectenkantoor B.V. (The Netherlands). The Group also operates private banking entities in London, Hamburg, Cannes (France), Warsaw (Poland) and Fuengirola (Spain).

Totalkredit was founded in 1990 on the basis of the former mortgage institution, Provinsbankernes Reallånefond. In 2000 Totalkredit was incorporated and the Bank converted its interest to a shareholding in the mortgage credit institution. In November 2003 the shareholding banks of Totalkredit accepted an offer from Nykredit to dispose of Totalkredit. Totalkredit was owned by 106 banks with Jyske Bank and Sydbank as the largest shareholders. At the time of the offer Jyske Bank held 20.46 per cent. of the shares in Totalkredit. In November 2003 Jyske Bank sold 55 per cent. of its shareholding in Totalkredit to Nykredit. At the same time Jyske Bank sold call options on its remaining 45 per cent. shareholding to Nykredit. Nykredit exercised its call option in respect of a further 23 per cent. of Jyske Bank's shareholdings in October 2004, and retains an option to call the remaining 22 per cent. in 2006.

With effect from 1 October 2003 Totalkredit was no longer *pro rata* consolidated into the consolidated accounts of the Group. At year-end 2003 the *pro rata* deconsolidation resulted in a reduction of total advances of approximately DKK 34 billion.

Jyske Bank owns 20.46 per cent. of PRAS (Pengeinstitutternes Realkreditselskab A/S). In accordance with a shareholder agreement this proportion of shareholding is fixed. PRAS is *pro rata* consolidated into the consolidated accounts of the Jyske Bank Group. PRAS owns 3.15 per cent. of the shares in Nykredit Holding A/S. Consequently, 0.6 per cent. of Nykredit Holding's results accrue to the Group.

In 2002, Jyske Bank and Nykredit formed JN Data A/S pursuant to a strategic co-operation agreement. It was formed by merging parts of Nykredit's and Jyske Bank's IT operations. JN Data A/S offers IT support to the two joint venture partners as well as to potential third party customers. Until July 2003 JN Data was equally owned by Nykredit and Jyske Bank. However, on 1 July 2003 Jyske Bank increased its holdings to 51 per cent. Consequently, JN Data is consolidated into the consolidated the accounts of the Group.

For a complete list of Jyske Bank's consolidated subsidiaries and *pro rata* consolidated undertakings as at 31 December 2004, please see "The Jyske Bank Group".

Core business areas

The Jyske Bank Group operates mainly under a single brand, the "Jyske" brand. The corporate portfolio comprises the following major business lines:

– Jyske Bank Retail

– Jyske Markets (Trading and brokerage)

– Jyske Bank Private Banking and Jyske Asset Management

– Jyske Finans (Leasing activities)

Jyske Bank Retail

The Bank's retail banking activities are directed towards Danish individuals, families, small- and medium-sized enterprises and institutional customers such as municipals.

The vision of Jyske Bank Retail is to be Denmark's most customer-oriented bank. This is accomplished by providing the highest level of personal financial advice and taking a genuine interest in customers. The strategy is to position Jyske Bank as a visible and distinct alternative to more traditional providers of financial services, with regard to distribution channels, products, branch layout and communication forms. This strategic approach is branded »Jyske Differences« (*»Jyske Forskelle«*).

Retail banking is based on a multi-channel distribution system. The main channels are a nation-wide retail franchise network and two Internet banks for retail customers providing a broad range of transaction possibilities.

The Bank values its retail franchise network, based on service, financial advice and personal contact, as the cornerstone of its distribution strategy. The retail franchise is national in scope and comprises 120 branches. The Bank is in the process of radically redesigning its branch network according to the Jyske Differences concept. At year-end 2004, the Bank had remodelled 104 branches according to this concept. The plan is to finish the redesign of the branch network by the end of 2005. The branch redesign and the Jyske Differences concept are designed to offer customers the highest standard of service, delivered according to the Jyske Differences concept, and to enhance the interaction between customers and Jyske Bank's advisers.

Jyske Netbank is the Bank's Internet-based home banking system for private individuals and families. It encourages retail customers to perform various banking transactions via the Internet. Jyske Netbank is based on a browser solution, which enables the customer to log-on from a variety of computer systems and from different locations. A special code system exists for maximum security.

In addition Jyske Bank offers corporates and institutional customers an Internet bank solution branded as Jyske Netbank Erhverv enabling customers to undertake transactions via the Internet. Jyske Netbank Erhverv is included in the agreement entered into by Jyske Bank and the Agency for Financial Management and Administrative Affairs under the Danish Ministry of Finance for the handling of Danish government transactions.

Jyske Markets

Jyske Markets is the brokerage and trading division of the Group, and is considered a core activity of the Group. It includes a minor proportion of position-taking in order to support customer driven trading. Jyske Markets' activities include trading in foreign currency, Danish and foreign bonds as well as equity and commodity markets around the world. Jyske Bank is an active member of the Copenhagen Stock Exchange and of the Stockholm Stock Exchange and executes trades on many other exchanges around the world.

The vision of Jyske Markets is to be an effective and efficient marketplace, reacting to customer needs with higher precision and speed than its competitors. The mission statement is to meet customer needs for service, advice, analyses and trading within a defined range of products. Jyske Markets aims to be market leader in selected niche areas.

The Group favours decentralised customer service. Institutional customers and certain corporate customers, however, are best serviced directly through Jyske Markets. Regional service centres and the franchise network service retail customers (private individuals, small and medium-sized enterprises and institutional customers) with respect to advice, financial risk management services and trading. Jyske Markets offers support to the regional centres and to the franchise network as well as handles the trading flow from such customers. Jyske Markets is also the main sourcing area for Jyske Asset Management and Jyske Bank Private Banking.

Jyske Markets is present in all financial time zones and thus, provides 24 hour services and trading in international markets. This provides Jyske Markets with real time access to information material to the assessment of price fluctuations across financial markets.

Jyske Bank Private Banking and Jyske Asset Management

Jyske Bank Private Banking provides asset management services to international private investors. The vision of Jyske Bank Private Banking is to be recognised among customers and stakeholders as the most attractive private banking partner in the market. The mission statement is to build lasting customer relationships, to offer investment services and to grant low-risk credit facilities to affluent international private individuals. A personal account manager services investors on an individual basis. Jyske Bank Private Banking offers investors a wide range of products, which may be used as building blocks in individual portfolio constructions. The product range comprises a range of international investment opportunities and asset management products – customised to meet the needs of each client. In this way, Jyske Bank Private Banking is able to consider and fulfil the financial needs and requirements of individual investors regardless of the complexity required. The product range includes deposit accounts in various currencies, individual securities and capital-guaranteed saving products. Jyske Bank Private Banking has operations in London, Copenhagen, Zurich, Gibraltar, Warsaw (Poland), Hamburg, Fuengirola (Spain), Cannes (France) and The Netherlands.

In September 2004 the Bank acquired 60 per cent. of the shares in the Dutch investment advisory company Berben Effectenkantoor B.V. ("**Berben**"). The acquisition will strengthen Jyske Bank Private Banking's presence in Europe. Berben provides asset management to affluent customers mainly in The Netherlands and Belgium. Total assets under management amount to approximately DKK 9 billion.

For many years the Bank was one of Berben's custodian banks. Consequently, the Bank is familiar with the business model of and the people behind Berben. Since 30 September 2004, Berben has been included in the consolidated balance sheet of the Group. The consolidation, however, has not had any material effect on the Group's consolidated profit and loss account for 2004.

Funds under discretionary management by Jyske Bank totalled DKK 8.4 billion as at 31 December 2004. At 31 December 2004, funds under management in the investment pools (mainly pension pools) amounted to DKK 7.8 billion. The Bank is the custodian bank for the mutual fund group, Jyske Invest which issues certificates sold to investors both in Denmark and internationally by Jyske Bank Retail and Jyske Bank Private Banking. At 31 December 2004, funds under management by Jyske Invest totalled DKK 33.3 billion compared with DKK 26.7 billion as at 31 December 2003.

Jyske Finans

Jyske Finans is the Group's leasing and asset financing entity. The vision of Jyske Finans is to be the preferred partner for suppliers of durable capital goods and equipment either as financier or as administrator. The major areas are administration, leasing and loans for automobiles, leisure boats and business equipment for selected industries.

Jyske Finans markets its services under three registered trademarks, one for each line of business:

- Car finance
- Leisure boat finance
- Business equipment finance.

Jyske Finans has outlets in Copenhagen, Silkeborg, Aalborg and Kolding. It is the largest car financing company in Denmark and it has agreements with all leading car dealers in Denmark. Business equipment finance is active with lease and asset finance in different industries such as, the transportation industry (haulage mainly), the wood-manufacturing industry, iron industry, plastic industry, graphic industry, contractors' equipment, farm equipment, IT-equipment as well as non-residential buildings.

Improving credit and capital management

Since mid-2001 Jyske Bank has invested in developing new risk management tools primarily for credit rating, credit risk measurement and capital allocation for credit risk. Jyske Bank's market risk management approaches are well established and support capital allocation. The project has also included capital allocation to other risk categories such as operational risk, business risk and liquidity risk. Capital management has been improved by implementing the principles of Risk-Adjusted Return on Capital (RAROC). The purpose is to strengthen the internal risk management and capital decision processes. However, management also expect the new methodologies to prepare Jyske Bank to comply with the forthcoming Basel II requirements at an advanced level in major risk areas such as credit and market risk.

RAROC model

RAROC is the primary financial performance measure of the Group. It is a risk-adjusted performance measurement and management method for measuring risk-adjusted financial performance. Market risk, credit risk, liquidity risk, and operational risk have different determinants and therefore, require different methodologies for measurement. However, their risk can be quantified in one common dimension, which is economic capital. Consequently, RAROC is applied to provide a consistent view of profitability across banking activities, which may differ in risk profiles and risk types. Implementing it has strengthened the Group's risk management discipline by explicitly charging the cost of risk linked to different activities.

Economic capital

Economic capital is the minimum capital required to support the current level of risk-taking looking one year ahead in time. It is based on a combination of statistical loss distributions and other models. The Group attributes economic capital to different risk types such as credit-, market-, operational-, business- and liquidity risk. At present economic capital is exclusively an internal measurement of capital requirements.

Other risks, such as strategic risk and reputation risk are not quantified and are therefore not explicitly included in the calculation of economic capital. However, these risks are considered when determining the required capital level of the Jyske Bank Group.

Guarding against all future potential losses by allocating capital may not be financially optimal. The Group has stipulated that economic capital should cover at least 99.97 per cent. of potential losses, measured over a one-year horizon. It is based on the assumption that the current risk level and risk characteristics remain constant over the coming 12 months. The modelling of risk to capital, for other risk categories than credit and market risk, is based on international benchmarks.

As at 31 December 2004 the estimates indicate an economic capital of DKK 5.7 billion compared to DKK 5.9 billion as at 31 December 2003. This decline in economic capital was caused by a combination of improvement in credit quality, lower market risk and model adjustments, primarily of credit models. At 31 December 2004 the breakdown of economic capital by risk categories was 58 per cent. credit risk, 18 per cent. market risk and 24 per cent. other risks. The calculation of economic capital does not include diversification effects between risk categories. Including such diversification effects indicates a reduction in economic capital by approximately 20 per cent.

Model uncertainty

Risk quantification and economic capital calculations for credit risk and market risk are primarily based on statistical modelling. Management believe that they are cautious and conservative in applying models and assumptions to risk and capital modelling. Nonetheless, statistical modelling involves various degrees of uncertainty, depending on the assumptions underpinning them. Furthermore, the accuracy of statistical modelling is highly dependent on the quality of the data input. Improving data quality may require a multi-year approach.

Influence on risk and capital policies

The Group must comply with the current regulatory regime. Therefore, the most important risk policies are stipulated according to the current regulatory regime. This means that the new credit risk framework has not affected the Group's policy for calculating losses and provisions for 2004 as presented in this document. At present the Group stipulates its capital structure policy on the basis of the current regulatory risk-weighted asset ratios and not on the internal definition of economic capital.

Credit risk

Credit risk is the risk of a loss caused by obligor or counterparty default. The Group manages credit risk both at the transaction level and at the portfolio level.

Many of the Group's business activities involve credit risk. In the normal course of business credit risk arises when the Group relies on another party to honour obligations which have financial value to the Group. Ordinary credit risk arises on the loan portfolio, credit lines and guarantees. Market-related counterparty risk comprises risk on derivative instruments. To reduce market-related counterparty risk the Bank has, to the widest possible extent, negotiated netting rights. For each non-financial counterparty, the maximum market-related risk exposure is contractually agreed, as are notification and stop-loss clauses. Ordinary and market-related credit risk is aggregated and subject to the same credit policies and procedures.

Enhancement of credit risk management

The Group has established a model-based methodology as a support tool to assess credit quality across different customer categories. These models are based on a long period of historical data calibrated to cover an entire business cycle. This technique provides an estimate of expected and unexpected losses of the current credit portfolio looking one year ahead in time. It is based on the risk characteristics of the current loan portfolio and thus, does not account for future growth or future changes in risk characteristics of the credit portfolio (stable portfolio assumption).

Credit rating

Ratings are part of the credit quality assessment of each obligor. The credit risk management process includes an assessment of the likelihood of default. The Group assesses all credit risks both on- and off-balance sheet exposures.

Based on the likelihood of default credit commitments are divided into 14 different rating classes. Each class comprises a span of default probabilities. Consequently, each internal rating corresponds to a statistical probability of a commitment defaulting within a 12-month horizon. The rating class, comprising the range of lowest default probabilities, is class number 1 and the one spanning the highest default probabilities is class number 14. Exposures are measured as Exposure at Default ("**EAD**"). Rating categories 1-5 equates roughly 'Investment Grade' ratings with the International Rating Agencies.

EAD represents the expected size of the commitment when default occurs. Not all commitments may be fully utilised at default; others may include unauthorised overdraft. Such commitments include drawing rights and other variable credit commitments with an authorised maximum. For derivative contracts, exposure at default represents the Group's estimated costs of replacing a derivative contract with a positive present value.

Credit modelling is still in its infancy throughout the financial system and especially in the regulatory framework. In the second half of 2004 the Group adjusted the parameters of its credit risk models. The default definition has been adjusted to comply with new guidelines from the Danish Financial Supervisory Authority. Non-performing loans are not included in the EAD definition at 31 December 2004, as was the case in 2003. Therefore, the 2004 credit model output is not comparable to the 2003 output.

The model adjustments have impacted the distribution of EAD between rating classes. It has reduced the EAD amounts distributed between rating classes 12-14.

At 31 December 2004, the EAD for non-performing loans totalled DKK 1,284 million. This corresponds to 1.5 per cent. of total loans and guarantees. Loan loss reserves for the above loans amounted to DKK 1.088 million and collateral amounted to DKK 183 million.

During 2004 there was an increase in the distribution of the relative amount of EAD between rating classes 1 – 5 compared to the rest of the rating class. This increase was mainly caused by an improvement in credit quality and less by the above changes in model parameters.

The following table presents the distribution by rating class of the credit portfolio at 31 December 2003 and 2004. As noted above, the 2004 credit model output is not strictly comparable to the 2003 output.

Distribution by rating class

		Rating class													
	Total	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**
								%*							
2004	100.0	8.8	6.2	14.6	16.1	13.2	10.3	9.1	7.7	5.5	3.5	2.1	1.2	0.5	1.1
2003	100.0	6.3	4.7	12.8	14.5	13.3	12.0	9.0	6.3	5.4	4.8	3.7	2.2	2.2	2.8

* The table above has been prepared for the Bank. The credit portfolio is stated as EAD. This concept is material to the calculation of credit risk, but should not be mistaken for advances and guarantees as set out in the balance sheet of the Bank and the Group.

The table is exclusive of commitments with banks and sovereign entities which typically have rating scores of 1 or 2. The model prevents retail customers from being assigned a credit rating of 1.

Source: Jyske Bank's annual report 2003 and 2004

The following table divides the credit portfolio into industry segments. The exposures are measured as EAD. Loan loss reserves for each segment as percentage of total loan loss reserves are represented in the right hand column of the table.

Credit exposure by industry and rating class*

% of exposure at default	Total rating classes %	Rating classes 1-5 %	Rating classes 6-9 %	Rating classes 10-11 %	Rating classes 12-14 %	Percentage of loan loss reserves
Sovereigns	2	3	0	0	0	0
Public authorities	2	3	0	0	0	0
Banks	10	16	0	0	1	0
Agriculture, forestry, etc	7	6	10	9	5	8
Fishing industry	1	0	1	6	3	2
Manufacturing, mining, etc	11	10	11	15	18	20
Construction industry	3	1	6	7	5	7
Commerce and hotels	10	3	22	28	24	20
Transportation industry	3	2	4	2	11	4
Finance and insurance	11	17	2	0	4	1
Property administration and service..	12	8	19	16	12	23
Other industries or sectors	3	3	2	2	3	2
Private individuals	25	28	23	15	14	14
Total	100	100	100	100	100	100

* Calculated for Jyske Bank A/S

Source: Jyske Bank's annual report 2004

Diversification of credit risk

The Danish Financial Business Act limits the size of any individual credit commitment to a maximum of 25 per cent. of the Group's solvency capital. In addition, the sum of all individual commitments which exceed 10 per cent. of the Group's solvency capital is limited to 800 per cent. of the Group's solvency capital. At 31 December 2004, the Group's commitments in excess of 10 per cent. totalled 66 per cent. of the Group's solvency capital. The corresponding figure in 2003 was 63 per cent.

Approximately 89 per cent. of Jyske Bank's advances are to Danish customers. Approximately 2 per cent. are to customers outside the EU and the OECD.

In addition, Jyske Bank has granted credit lines to a number of international and Danish financial institutions, less than 0.2 per cent. of which are utilised by financial institutions outside zone A.

The following table presents the geographical distribution of Jyske Bank's credit portfolio measured as advances, guarantees and unauthorised overdrafts. Zone A-countries encompasses EU-countries, OECD-countries and a few other countries.

Credit exposure by country or region*

% of total loans	Customers	Banks	Sovereigns and etc.	Total
		%		
Denmark (zone A)	89	9	100	70
EU (zone A)	8	76	0	24
Other European countries (Zone A)	0	6	0	2
USA and Canada (zone A)	1	7	0	2
Other countries in zone A	0	2	0	1
Latin America	0	0	0	0
Rest of the world	2	0	0	1
Total	100	100	100	100

*Calculated for Jyske Bank A/S

Source: Jyske Bank's annual report 2004

Credit risk policies

To ensure that credit losses are kept at an acceptable level compared to the size of the Bank's solvency capital and the general market situation, Jyske Bank has established policies and procedures for managing credit risk. Credit risk policies are designed to prevent concentrations in the loan portfolio of industry and single customer exposures, the latter including groups of related borrowers.

The creditworthiness of borrowers is based on the borrowers' debt servicing and coverage ability, defined as the amount of earnings available to pay interest and principal when due. In addition, credit procedures establish that credits are adequately covered by collateral. Facility agreements stipulate that Jyske Bank's claims rank at least *pari passu* with those of other financial creditors.

Credit risk management

Jyske Bank's credit organisation is decentralised and credit policies are formulated so as to support a proper and reliable credit assessment procedure in a decentralised environment.

Jyske Bank has implemented a structured approach that establishes credit risk limits for the amount which each credit officer is authorised to approve. The size of a customer's total commitment determines at which level in the organisation a commitment may be granted. The Supervisory Board has delegated the highest credit authority to the Executive Board. Further quantitative limits for granting commitments are allocated to credit officers and account managers throughout the organisation. The size of credit-granting authority delegated to each credit officer is based on an assessment of his or her qualifications.

On receipt of a loan or credit application, the account manager refers the application to a credit officer holding sufficient granting authority. Based on the application, the credit officer decides whether the facility is an acceptable credit risk. The responsibility for monitoring credit commitments is placed with the individual account manager who is familiar with the borrower's financial situation.

A central Credit Risk Control Group ensures that the policies and procedures are complied with. In addition, the Credit Risk Control Group examines whether the loan-loss provisions are adequate. The Credit Risk Control Group is independent of business line responsibilities.

The internal auditors of the Group carry out independent audits to obtain reasonable assurance that principles and procedures are adhered to continuously. The internal auditors also monitor that segregation of duties is observed. Furthermore, the internal auditors regularly monitor the work of the Credit Risk Control Group.

Provision policy

Jyske Bank's provision policy is to accumulate sufficient provisions taking into account the cyclical behaviour of credit losses. Jyske Bank's provision policy comprises two types of provision, specific loan-loss provisions and statistical loan-loss provisions related to expected losses less than DKK 30,000.

Specific provisions relate to individual customers' ability to service the facilities granted. The account managers conduct regular account-by-account assessment of the credit risk portfolio within their responsibility and set aside specific provisions when doubtful accounts are identified. In addition, the central risk management department performs a central assessment of additional requirements for loan-loss provisions in order to meet the general target for loan-loss provisions.

Loans to private individuals and small businesses consist of a large number of relatively small homogeneous balances, for which statistical loan-loss provisions related to losses less than DKK 30,000 are established based on a statistical analysis of historical ratios of write-offs to balances outstanding.

Provisions are segmented by probability of default and compensation rate. 'A provisions' are defined as provisions for claims whose default probability is significant, and whose compensation rate is uncertain. 'B provisions' are defined as provisions for claims, on which default is unavoidable and on which the compensation rate is low or of insignificant value.

Development of provisions during 2004

During recent years the Danish economy has experienced low growth. Since the beginning of 2001, Jyske Bank expected the effects of lower growth to be noticeable in credit quality although this effect has not been significant.

The effect on the credit quality of private customers has been limited as interest-rate cuts and the possibility of mortgage refinancing to some extent has neutralised the negative effects of the economic slowdown.

During 2004, the Danish economy experienced an increase in the GDP growth rate which has moderately improved the economic climate.

In 2004 loan loss provisions of DKK 327 million were charged to the profit and loss account. In 2003 these provisions amounted to DKK 400 million. The 2004 provisions correspond to 0.3 per cent. of total loans, guarantees and total provisions.

Total provisions decreased from DKK 2,036 million in 2003 to DKK 2,012 million in 2004 representing a decrease of DKK 24 million. These provisions constitute 2.1 per cent. of total advances, guarantees and total provisions, compared with 2.5 per cent. in 2003. Total provisions are estimated to be 4.6 times non-performing loans for 2004, compared to 6.2 times in 2003.

Loan loss reserves and non-performing loans

	As at 31 December									
	2004	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**	**1997**	**1996**	**1995**
Loan loss reserves	2,012	2,036	2,058	1,921	1,842	1,718	1,572	1,477	1,336	1,248
Non-performing credits	434	330	346	388	271	322	318	337	434	606
Loan loss reserves in per cent. of non-performing credits..	464%	617%	595%	495%	679%	533%	494%	439%	308%	206%

The Group's total provisions reflect the long-term credit risk posed by cyclical movements in the economy. The management believes that the Group makes prudent and adequate provisions to cover all current risks. The following table shows the movements in the Group's provisions for the previous five years:

Losses and provisions*

	As at 31 December				
	2004	**2003**	**2002**	**2001**	**2000**
			(Millions of DKK)		
Opening provisions	2,036	2,058	1,921	1,842	1,719
Translation loss/gain	0	(1)	(1)	1	0
Additions	976	1,018	1,005	970	850
Reductions	(716)	(701)	(605)	(666)	(508)
Write-offs (from provisions)	(284)	(338)	(262)	(226)	(219)
Provisions at year-end	2,012	2,036	2,058	1,921	1,842
– of which are A-provisions	1,561	1,815	1,802	1,658	1,677
– of which are B-provisions	451	221	256	263	165
Recoveries	93	56	89	113	90

* Calculated for the Group

Source: Jyske Bank's annual report 2004

Provisioned advances

Advances which are impaired or non-performing are divided into three categories. The following table shows the distribution of provisions, EAD and collateral for each of these categories. The least risky advances (Low risk) are rated and positioned in one of the rating classes ranging from 1 to 14. The rest, which are deemed non-performing, are divided into two categories outside the rating system based on probability of loss and loss severity. The latter two categories corresponds to A provision (High risk) and B provisions (Defaulted).

Categories of provisioned advances

	Provisions	EAD	Collateral	Provisions of unsecured exposure*
	(Millions of DKK)	(Millions of DKK)	(Millions of DKK)	%
Low risk**	778	1,638	325	59%
High risk	690	904	163	93%
Defaulted	398	380	20	110%
The Bank	**1,866**	**2,922**	**508**	**77%**
Subsidiaries	146	252	102	97%
The Group	**2,012**	**3,174**	**610**	**78%**

*Unsecured exposure equals EAD minus Collateral

** Provisioned advances in the 'low risk' category are included in rating framework

Source: Jyske Bank's annual report 2004

Non-performing credits

As at 31 December 2004, non-performing credits totalled DKK 434 million corresponding to 0.5 per cent. of Group advances, guarantees and total provisions, compared to DKK 330 million and 0.4 per cent. in 2003.

The following table shows total non-performing credits measured both in absolute values and as a percentage of total Group advances and guarantees as at 31 December for the previous 5 years.

Non-performing credits

	As at 31 December				
	2004	2003	2002	2001	2000
Non-performing (millions of DKK)	434	330	346	388	271
As per cent. of advances and guarantees	0.5	0.4	0.3	0.4	0.3

Market risk

Market risk arises from the Group's exposure to open positions in financial markets such as interest rate positions, currency positions, equity positions and commodity positions. Open positions comprise markable positions, OTC positions and customer related positions net of hedging positions.

Risk management of the banking book

In assessing, managing and controlling market risk, the Group adopts a fully integrated approach comprising both the banking book and the trading book. This is fundamental to evaluating the level of risk published by the Group.

Policies and procedures for market risk management

The Group has developed comprehensive policies and procedures for market risk management. The policies relate to the identification and measurement of the various types of market risk. The policies explicitly lay down limits for the overall market risk exposure that the Group is willing to assume. Comprehensive measurement methods are defined and utilised in the definition and control of market risk.

The Group has implemented a three-level approach to establish limits to the amount of market risk that the Group is willing to assume. The first level reflects the Group's overall market risk limits. These overall limits are defined by the Supervisory Board and delegated to the Chief Executive Officer (the "**CEO**").

The second level reflects the CEO's delegation of risk limits to the managers of Jyske Markets (the trading area) and Group Treasury. Jyske Markets and Group Treasury are the only business units authorised to undertake activities involving market risk. The third level reflects the delegation of limits by the above business unit managers to desk level employees in the trading area and the treasury.

The Group measures risk using advanced risk management software, which covers all the major financial products traded. The risk management database is comprehensive and it enables the Group to generate detailed risk reports.

Controls are established to ensure that each position and transaction undertaken complies with the risk management policy. The Risk Control Group (independent from position-taking) monitors all risk positions on a daily basis against authorised quantitative limits. Positions that exceed authorised limits are promptly reported to the Executive Board. Should positions exceed the total risk acceptable to the Group, the Risk Control Group must immediately adhere to pre-specified procedures, which include reporting to the Supervisory Board and to the Internal Audit.

Market risk management organisation

The Group has centralised market risk management. Group Treasury is in charge of the day-to-day management of the balance sheet in accordance with principles and targets laid down by the Asset and Liability Management Committee ("**ALCO**"). The positions of Jyske Markets and Group Treasury are reported to the ALCO each month followed by a monthly committee meeting. The ALCO is headed by the CEO and includes members from the Executive Board, Group Treasury and Jyske Markets among others.

The Risk Control Group is independent of position-taking. The Risk Control Group is in charge of defining risk measurement methodologies and of constructing and updating databases to support company-wide risk measurement based on both regulatory requirements and more comprehensive internal risk measures. In addition, the Risk Control Group is in charge of company-wide monitoring of positions and has specific procedures for reporting directly to the Executive Board and to the Supervisory Board if positions exceed pre-authorised limits. The internal auditors of the Group carry out independent audits to obtain reasonable assurance that principles and procedures are adhered to continuously. The internal auditors also monitor that segregation of duties is observed.

Calculation of market risk

The Group does not believe that one specific risk measurement method is sufficient to capture all aspects of market risk. Consequently, the calculation of market risk and internal limit-settings involve different measures across products.

Currency risk

Currency risk is calculated in accordance with the Danish Financial Business Act and the standards on Capital Adequacy set out by the Danish Financial Supervisory Authority ("**DFSA**"). The standards comprise two principles for measuring currency exposures.

The regulatory standards are defined as currency exposure indicator 1 and 2. Indicator 1 is calculated as the sum of the numerically higher value of either long (asset) or short (liability) positions in each currency translated into Danish kroner.

Indicator 2 is based on a statistical methodology comparable to a parametric value-at-risk calculation. The historically derived parameters for the model are calculated by the Danish authorities and distributed to each financial institution. Consequently, the same parameters are utilised throughout the Danish banking sector. The model is based on a 99 per cent. confidence level over a 10-day holding period. For internal use, indicator 2 is generated each morning, based on the previous day's positions. Exposures in respect of indicator 1 and 2 are reported to the authorities on a quarterly basis.

The calculation of internal intra-day currency exposure is based on indicator 1, adjusted for currencies with high volatility and low liquidity, which are given a higher weighting than in the regulatory model.

Interest rate risk

Interest-rate risk is calculated using duration measures. Duration risk is defined as the sensitivity to a one-percentage point parallel shift in interest rates. This is defined as interest rate risk indicator 1. The Group calculates duration on the basis of the entire portfolio of interest-related instruments, comprising both trading book and banking book. This exposure is reported to the authorities on a quarterly basis.

For internal interest-rate risk management purposes, the Group has made comprehensive adjustments to the basic duration measure, adding risk on positions exposed to non-parallel shifts in yield curves and on several components of basis risk defined as imperfectly-matching cash flows. This includes offsetting long and short positions in different currencies and if situated in different maturity grid points. Interest rate volatility is also taken into consideration. This measure is defined as interest rate risk indicator 2.

Because of the Group's exposure to Danish mortgage bonds, very comprehensive risk management models have been developed taking into account the embedded prepayment options. Danish mortgage bonds are to a large extent issued with an embedded call option for the borrowers of the underlying loans to prepay their loans at par. This option distorts risk measures such as the duration measure as a solid and reliable risk measure of the interest-rate risk on Danish mortgage bond portfolios unless they are option-adjusted. The risk management framework includes measurement and limits on positions of Option Adjusted Spreads.

Stock market risk

Equity risk is defined as stock-market risk A and stock-market risk B. Stock-market risk A is calculated as the total loss generated by a 10 per cent. change in equity prices. Stock-market risk B is calculated on a non-parallel basis so that both short and long positions, irrespective of any hedging, are subject to a 10 per cent. adverse price change. For authorisation purposes, risk on treasury stocks and certain unlisted equities is not included in stock market risk A and B. Such positions are managed under special authorisation.

Other risk measures

In addition to product-specific risk measurements and limit setting, the Group also measures risk associated with non-linear derivatives such as options. The major areas covered are currency, stock, and interest-rate risk options. Risk measures and limit setting include option-related characteristics such as delta, gamma, and vega. Such measures are also applied to structured products such as Danish mortgage bonds.

Value-at-Risk

The Group applies the Value-at-Risk ("**VaR**") methodology as a tool for measuring and monitoring market risk. VaR is included in the control of market risk both in definition, delegation, and control of risk limits. The model is a parametric VaR and is based on an enhanced Risk Metrics model.

The VaR approach is especially modified to model the embedded prepayment option of the Danish mortgage bonds. VaR is calculated on a 99 per cent. confidence level as well as on the basis of a daily holding period defined as Daily Earnings at Risk ("**DEaR**"). Risk limits and capital allocation are based on 99 per cent. DEaR.

A 99 per cent. DEaR indicates a 1 per cent. probability that VaR be exceeded over a one-day period in normal markets. Suitable VaR calculations are carried out at group portfolio level as well as for the different risk categories such as interest-rate, currency and equity risk and at the above business-specific levels.

Back testing

To evaluate the accuracy of the VaR model, the Group conducts daily back testing of the VaR against actual daily revenue on market-risk related positions. Back testing is carried out and reported for the 99 per cent. DEaR measure.

A 99 per cent. DEaR means that the Group would on average expect to incur daily losses in excess of VaR 2.5 times during a year. During 2004, there were no occasions which the actual result of market risk taking exceeded the VaR of Group Treasury. This does not differ significantly from the 99 per cent. confidence level. The VaR model does not estimate the potential size of such an extraordinary loss. It requires stress tests.

Scenario based stress testing

As an integrated part of the ALCO reporting, scenario based stress testing of positions is performed each month. This includes scenario-based stress tests of market risk positions held by Group Treasury. Stress testing does not directly influence the calculation of minimum required economic capital.

Economic capital for market risk

The economic capital calculation for market risk is based on the Value-at-Risk framework. The risk level is normalised from the 99 per cent. confidence-level DEaR to a 99.97 per cent. confidence-level and to a horizon of one year.

Market Risks 2000 – 2004

% of quarter-end shareholders' funds	Average	Maximum	Minimum	Year-end 2004*
Currency risk				
Indicator 2	0.4	0.8	0.1	0.1
Interest rate exposure				
Interest rate risk indicator 1	1.1	2.8	0.3	0.6
Interest rate risk indicator 2	3.2	5.4	1.6	1.6
Share portfolio risk				
Stock market risk A	0.7	1.2	(0.1)	(0.1)
Value at risk (DEaR)**	0.5	1.0	0.1	0.1

*Percentage of year-end shareholders' funds.

**Value-at-risk is calculated at the 99% confidence level and over a 1 day holding period.

Source: Jyske Bank's annual report 2004

Market risks 2003 and 2004

	2004 Year-end	2003 Year-end
	(Millions of DKK)	
Currency risk		
Currency indicator 2	6	7
Interest rate exposure		
Interest rate indicator 1 total exposure	52	123
Interest rate risk indicator 1 domestic exposure	59	113
Interest rate risk indicator 1 foreign exposure	(7)	10
Stock market risk		
Stock market risk A	(7)	4
Value-at-risk (DEaR*)		
DEaR 99% total market risk portfolio**	10	18
DEaR 99% interest rate risk	6	12

* Value-at-risk is calculated at the 99% confidence level and over a 1 day holding period.

**Interest rate risk, currency risk and stock market risk

Liquidity risk

Jyske Bank's liquidity policy is to maintain a level of liquid assets sufficient for normal operating purposes with sufficient cash to meet contingencies. The Group's goal is to ensure the availability of sufficient liquidity to meet all financial commitments. The Supervisory Board has established liquidity policies that include guidelines and limits for cash management, funding diversification and asset liquidity. Each day all liquidity positions are monitored against authorised quantitative limits by the independent Risk Control Group. Liquidity positions that exceed authorised limits are promptly reported to the Executive Board.

Operational risk

Operational risk is inherent in all the Group's processes. It is defined as the potential loss arising from operational failures by people, processes and systems. It can arise from different sources such as failure to take appropriate actions, inappropriate behaviour of employees, IT-systems breakdown, business interruption, breach of policies, legal risk, failure of compliance etc.

The Group's approach to operational risk management is company-wide in scope. It is managed through a system of comprehensive policies and controls designed to provide a sound process environment. The overall aim is to minimise operational loss-potential of the Group. At the organisational level operational risk is minimised by segregation of duties. The internal auditors of the Group carry out independent audits to obtain reasonable assurance that principles and procedures are adhered to continuously. The internal auditors also monitor that segregation of duties is observed.

Internal audit

In compliance with the Danish Financial Supervisory Authority's Executive Order No. 1183 of 15 December 2003 on Auditing Financial Undertakings and Financial Groups the Jyske Bank Group has an internal audit function.

The internal audit function carries out audits in accordance with generally accepted auditing practise and in accordance with an audit agreement between the external auditors and the chief internal auditor.

The internal audit function prepares and maintains audit book comments to be used by the board of directors. The audit book comments provides an account of the audit executed during the year and an account of the audit executed on the annual financial statements. The audit book comments are presented at all board meetings.

The chief internal auditor makes a report on the annual financial statements, the consolidated financial statements and the annual financial statements of subsidiaries registered in Denmark.

Jyske Bank's plan for Basel II compliance

Based on the criteria of the CAD III requirements, Jyske Bank aims to meet these requirements at an advanced level in major areas such as credit- and market risk. For example, the goal is to meet the requirements of the concept defined as Internal Rating Based (IRB) on credit risk.

Operational risk is an important risk to manage. However, management believes that the current state of advanced statistical risk modelling of operational risk is not sufficiently developed to justify the significant investments required by these new models.

Management discussions and analysis of 2004 financial results

The economic climate in Denmark improved during 2004. Consequently, the Group has taken advantage of the improvement and has increased its business volume and activities with both business customers and retail customers. During the same period the competitive pressure from general growth strategies within the industry has increased price pressure.

The key drivers of the 2004 results were the following:

– Increasing business volume

– Increasing gross earnings despite low interest rate levels

– Competitive pressure from general growth strategies in the industry

– Expenses increased due to strategic investments

– Loan loss provisions at a historical low level

– Positive returns on treasury positions

The growth in business volume as at 31 December 2004, as compared with 31 December 2003, is based on the various customer segments. In that period deposits increased by 8 per cent.; total advances increased by 17 per cent.; advances to business customers increased by 11 per cent.; advances to private individuals increased by 29 per cent., and the entire product range of lending products saw increases. Residential mortgage financing, however has shown the most profound increase. The increase in mortgage financing has been driven by new flexible mortgage products based on collateral in residential properties within the 80 per cent. loan-to-value range. Such advances are deemed low with respect to credit risk contribution; they are, however, also low with respect to net interest income contribution. The sale of pension products has increased by 32 per cent. over the same period.

Low interest-rate levels reduce the contribution to net interest margin from deposits. At very low interest rate levels, rates on deposits approach zero; they reach a floor and therefore, as the lending rates are reduced further, the net interest margin declines. This effect is most profound in banks, such as the Bank, which has a relatively large deposit base.

For the year ended 31 December 2004 pre-tax profit amounted to DKK 2,004 million compared to DKK 1,809 million in 2003. The result was influenced by the following key factors:

- Core earnings increased by 11 per cent. to DKK 1,167 million
- Profit on treasury positions net of funding costs totalled DKK 570 million
- Profit from the sale of Totalkredit shares amounted to DKK 267 million

Gross earnings on core activities

Gross earnings on core activities comprises net interest- and non-interest income excluding the result from treasury positions. Gross earnings on core activities increased by 6 per cent. to DKK 4,480 million in 2004 compared with DKK 4,222 million in 2003. Net of the effect of JN Data gross earnings on customer-related transactions increased by 7 per cent. Revaluation includes DKK 28 million from the sale of shares in Københavns Fondsbørs A/S. Dividend on shares includes DKK 17 million from an extraordinary dividend payment from PBS International Holding A/S.

Core earnings

The results of core activities were influenced by the following key factors:

- Gross earnings of core activities increased by 6 per cent. to DKK 4,480 million
- Net fee and commission income increased by 12 per cent. to DKK 1,093 million
- Total advances increased by 17 per cent. to DKK 74 billion
- Deposits increased by 8 per cent. to DKK 69 billion

The effects of the consolidation of JN Data and the *pro rata* deconsolidation of Totalkredit, both of which took place in 2003, are evident in the financial statements for the year ended 31 December 2004.

With effect from the fourth quarter of 2003, Totalkredit was no longer *pro rata* consolidated into the consolidated accounts of the Group. Totalkredit contributed DKK 67 million to the Group's 2003 core earnings. The deconsolidation has increased the Group's reported commission income and decreased net interest income. The *pro rata* deconsolidation reduced total advances by DKK 34 billion.

With effect from the third quarter of 2003, JN Data was consolidated into the Group's consolidated accounts. Compared to the 2003 accounts, the consolidation has increased other operating income by DKK 77 million and increased total expenses by a similar amount. The following comparisons between 2003 and 2004 are adjusted for the consolidation of JN Data and the *pro rata* deconsolidation of Totalkredit:

- Core earnings totalled DKK 1,167 million at 31 December 2004 compared with DKK 1,120 million at 31 December 2003, which represents an increase of 11 per cent. Core earnings were affected by the increase in business volume, however, the continuing low interest rate environment and increased competition moderated the positive impact of the increase.
- Net interest income of core activities amounted to DKK 2,534 million at 31 December 2004, compared to DKK 2.588 million at 31 December 2003.
- Net fee and commission income from core activities increased by 12 per cent. to DKK 1,093 million at 31 December 2004, compared with DKK 931 million at 31 December 2003. Fee income was positively impacted in particular by increases in the volume of trading and payment services.

- Expenses including capital expenditures immediately written off against profits amounted to DKK 2,982 million at 31 December 2004. Capital expenditures immediately written off against profits totalled DKK 152 million at 31 December 2004, compared with DKK 77 million at 31 December 2003. The above capital expenditures include investments in IT, risk management technology, management information systems, refurbishment of branches, as well as acquisition and refurbishment of a new domicile for Jyske Finans.
- Loan loss provision of DKK 327 million were charged to the Profit and Loss Account compared with DKK 400 million in 2003.
- In the fourth quarter of 2004 an expense of DKK 60 million was charged to the profit and loss account in connection with the Group's employee share scheme, relating to the financial result for the year ended 31 December 2004.
- The Group donated DKK 10 million to each of the two funds, Jyske Employee Fund and Jyske Non-Profit Fund. Both funds were established in 2003.

Treasury positions

The Group's treasury portfolio comprises shares, bonds, financial instruments, and risk positions from customer transactions and is defined as all market positions not held for trading. Group Treasury manages the Group's market risk positions.

In 2004 the return on the Group's treasury positions totalled DKK 570 million. This result is reported net of funding costs. The return on treasury positions included a profit of DKK 190 million from the sale of the Bank's shareholding in Wessel & Vett.

The management takes a long-term view when evaluating the performance of its treasury positions. Performance is measured in absolute terms on the basis of RAROC principles. Performance may show some volatility, but the management considers the long-term result to be satisfactory.

Earnings on core activities and treasury positions for 2004

	Core activities	Return on treasury positions	Profit from sale of Totalkredit	Total*
		(Millions of DKK)		
Net interest income	2,534	66	27	2,627
Dividend on shares	105	5	0	110
Net fee and commission income	1,093	(11)	0	1,082
Net interest and fee income	3,732	60	27	3,819
Revaluations	384	327	240	951
Other operating income	364	0	0	364
Gross earnings	4,480	387	267	5,134
Operating expenses and depreciation	(2,982)	(18)	0	(3,000)
Losses and provisions on bad debts	(330)	3	0	(327)
Revaluation of capital interest	(1)	198	0	197
Profit/loss on ordinary activities before tax	1,167	570	267	2,004

* Summary subject to the official regulatory guidelines of the Danish Financial Supervisory Authority

Source: Jyske Bank's annual report 2004

Net profit for the year 2004

Consolidated pre-tax profits amounted to DKK 2,004 million, corresponding to a return on opening shareholders' funds of 25.6 per cent. The pre-tax profits on average shareholders' funds was 25.0 per cent. The pre-tax result per share was DKK 28.6 compared with DKK 24.6 in 2003.

After tax provision of DKK 568 million, the net profit for the year was DKK 1,436 million. Subsequently the book value of the Jyske Bank share was DKK 119 per share. After adjustment for the cancellation of treasury stocks of nominal value DKK 40 million, which took place in January 2005, and the more recent proposal to reduce the nominal share capital by DKK 9 million, the book value was DKK 128 per share.

Balance Sheet

As at 31 December 2004 consolidated total assets amounted to DKK 125 billion. Total group lending amounted to DKK 74 billion and Group deposits increased to DKK 69 billion.

Totalkredit

In November 2003 Jyske Bank sold 55 per cent. of its 20.46 per cent. shareholding in Totalkredit to Nykredit. At the same time Jyske Bank sold call options on its remaining 45 per cent. shareholding to Nykredit corresponding to 9.2 per cent. of the nominal share capital of Totalkredit. In October 2004 Nykredit exercised its call options on a further 23 per cent. of Jyske Bank's shareholdings. Nykredit has the option to call the remaining 22 per cent. in 2006.

Shareholders and share capital

In 2004, the Bank's nominal share capital decreased by DKK 40 million to DKK 680 million. This decrease in share capital was caused by cancellation of treasury stocks totalling DKK 40 million in nominal amount. The following table presents a breakdown of the movement in common stocks during 2004.

Movements in common stock during 2004

	Nominal amount in DKK
Outstanding shares as at 1 January 2004	720,000,000
Cancellation of treasury stock in July 2004	(40,000,000)
Outstanding shares as at 31 December 2004*	680,000,000

* In January 2005 a further nominal amount of DKK 40 million of common stock was cancelled, bringing the share capital, issued and fully paid, to DKK 640 million.

At 31 December 2004, Jyske Bank's share capital consisted of 68,000,000 shares with a nominal value of DKK 10 each comprising one class of shares. Jyske Bank's shares are quoted on the Copenhagen Stock Exchange. Each share carries one vote; however, the maximum number of votes per shareholder is limited to 4000. At 31 December 2004, Jyske Bank had more than 230,000 shareholders, up approximately 12,000 compared to 2003. Shareholders, holding less than 1,000 shares, owned approximately 36 per cent. of the total share capital.

The cancellation of nominal DKK 40 million treasury stock during 2004 was proposed by the Supervisory Board at Board meetings held on 16 December 2003 and on 17 February 2004. These proposals for cancellation of nominal DKK 20 million each were finally adopted by the General Meeting of shareholders held on 9 March 2004. The market value of nominal DKK 20m was deducted from shareholders funds in 2003. The market value of the remaining nominal DKK 20 million, equal to DKK 328 million, was deducted from shareholders funds at 29 February 2004.

The Bank's Articles of Association allows the Supervisory Board to increase the Bank's share capital by up to DKK 50 million in respect of employee shares.

In 2003 the Supervisory Board established two funds, Jyske Bank Employee Fund and Jyske Bank Non-Profit Fund. The objectives of the Jyske Bank Employee Fund are partly to financially support current and former Jyske Bank employees. The objectives of the Jyske Bank Non-Profit Fund are partly to be a non-profit fund to further the development of trade and industry.

The purpose of both funds is to assist in maintaining Jyske Bank's status as an independent bank, headquartered in Silkeborg and with its registered office in Silkeborg, as set out in the Articles of Association. A motion to financially strengthen the funds in the future was presented and adopted at the Annual General Meeting on 9 March 2004.

Major shareholders

In February 2002 Jyske Bank agreed to issue shares to Nykredit in a private placement. The private placement is part of a strategic co-operation agreement.

In connection with the private placement of the shares and under the terms of the strategic co-operation agreement, Jyske Bank and Nykredit have agreed that Nykredit will exercise its voting rights in respect of the shares in accordance with the instructions of the Jyske Bank Supervisory Board. In addition, if Jyske Bank is the subject of a takeover bid which is not immediately rejected by the Jyske Bank Supervisory Board, Nykredit shall be free to vote against the takeover. Any decision by Nykredit to vote in favour of the takeover must be approved by Jyske Bank's Supervisory Board.

At 31 December 2004 Nykredit, Copenhagen and Jyske Bank, Silkeborg held in excess of 5 per cent. of the Bank's share capital.

Capital structure policy

Jyske Bank seeks to manage its capital structure actively taking into account future uncertainties and risks as well as growth opportunities. In recent years, buy-backs of equities have been the primary tool for capital management whereas dividend payments have not been utilised.

It is Jyske Bank's long-term capital policy to have a solvency ratio of approximately 10 per cent. and a tier 1 capital ratio of at least 7 per cent. Hybrid tier 1 capital is included in the tier 2 basket. This is different from the regulatory definition of tier 1 capital. Jyske Bank bases its calculation of the above capital structure ratios on the regulatory framework, however, with a different definition of the equity tier 1 capital base for interim periods. The difference in definition for interim periods is based on the treatment of accumulated year-to-date interim retained earnings. However, at each year-end the equity tier 1 capital base coincides with the regulatory definition.

According to the Danish regulatory requirements interim retained earnings must not be included in the calculation of the tier 1 capital base, whereas interim losses must be deducted. Jyske Bank believes that the regulatory approach creates a jump-effect in the tier 1 capital base at year-end and thus, in the capital ratios at year-end, which is not appropriate for its capital structure decisions.

For the purpose of calculating the interim capital structure ratios, Jyske Bank adds its accumulated year-to-date interim retained earnings to, and subtracts its interim year-to-date losses from, the equity tier 1 capital base. Consequently, on an interim basis there may be a difference between the capital ratios calculated for the capital structure policy and the ratios calculated for regulatory reporting. Both sets of ratios are included in the quarterly reporting.

Consequently at year-end the above capital structure ratios are calculated in accordance with the Danish regulatory requirements, whereas on an interim basis, there may be a difference between the regulatory calculation and Jyske Bank's calculations of the equity tier 1 capital base for such capital structure ratios.

Regulatory capital ratios compared with policy*

	Regulatory capital		Capital structure policy	
	Ratios 2004**	**Requirements****	**Ratios 2004****	**Policy****
Equity tier 1	9.4 per cent.		9.4 per cent.	Min. 7.0 per cent.
Hybrid tier 1	1.1 per cent.		0 per cent.	n.a.
Total tier 1	**10.5 per cent.**	**Min. 4.0 per cent.**	**9.4 per cent.**	**n.a.**
Tier 2	1.9 per cent.		1.9 per cent.	n.a.
Hybrid tier 1..	0 per cent.		1.1 per cent.	n.a.
Total solvency	**12.4 per cent.**	**Min. 8.0 per cent.**	**12.4 per cent.**	**App. 10.0 per cent.**

* Calculated for the Group

**At 31 December 2004

Current capital structure decision

Taking into account the current macroeconomic situation, the Group will aim at exceeding its long-term targets.

Regulatory capital ratios*

Year-end	**2004**	**2003**	**2002**	**2001**	**2000**
Solvency ratio (per cent.)	12.4	12.4	11.3	11.4	11.0
Core capital ratio (per cent.)	10.5	10.2	8.2	7.9	8.0
Total risk-weighted items (billions of DKK)	84.0	75.8	84.2	79.8	74.2

* Calculated for the Group

The solvency ratio of the Group is calculated in accordance with the requirements of the Danish Financial Business Act and regulations promulgated thereunder. As at 31 December 2004, the statutory minimum solvency ratio requirement (tier 1 plus tier 2) was 8 per cent. At 31 December 2004 the solvency ratio of the Group was 12.4 per cent. of which core capital constituted 10.5 per cent.

Litigation

The Group is a party to legal disputes arising from its normal business activity. The Group estimates the risk involved in each individual case, and makes any necessary provisions.

Financial and trading position and prospects

The following is an extract from a statement made in the announcement to the Copenhagen Stock Exchange on 1 February 2005 and restated in the annual report for 2004 published on 22 February 2005:

"For 2005, core earnings before tax are expected to be in the range of DKK 1,100 – 1,300 million. The forecast range for core earnings is based on reporting according to International Financial Reporting Standards."

The first quarter report for the Group will be released on 26 April 2005.

The Jyske Bank Group

The following table sets out details of the companies in the Group as at 31 December 2004:

		Share capital	Shareholders' Funds (Thousands of DKK)	Ownership
Jyske Bank A/S	DKK	680,000	8,095,808	–
Consolidated subsidiaries:				
Jyske Bank (Gibraltar) Ltd.	GBP	26,500	1,184,586	100%
Jyske Bank (Gibraltar) Nominees Ltd.	GBP	0	2	100%
Jyske Bank (Gibraltar) Management Ltd.	GBP	0	1	100%
Jyske Bank (Gibraltar) Secretaries Ltd.	GBP	0	1	100%
Trendsetter, S.L., Spain	EUR	1,297	14,290	100%
Jyske Bank Nominees Ltd., London	GBP	0	1	100%
Jyske Bank (Schweiz)	CHF	60,000	814,140	100%
Jyske Polska sp.z o.o, Poland	PLN	3,200	901	100%
Berben's Effectenkantoor BV, The Netherlands	EUR	10,000	88,484	60%
Jyske Finans A/S	DKK	55,000	631,076	100%
Bil og SejlerFinans A/S	DKK	20,500	73,702	100%
Nordisk Factoring A/S, Søllerød	DKK	12,000	37,640	100%
Factoringselskabet af 27/10 1993 A/S, Søllerød	DKK	500	340	100%
Gl. Skovridergaard A/S	DKK	15,500	25,450	100%
Sundbyvesterhus A/S	DKK	518	37,168	100%
Silkeborg Data A/S	DKK	5,080	88,868	100%
Jyske Bank Data A/S	DKK	30,000	33,191	100%
Investeringsselskabet af 20.12.2000 A/S	DKK	700	24,891	100%
JN Data A/S	DKK	30,000	61,206	51%
Ejendomsaktieselskabet af 22. marts 2004, København	DKK	100,000	529,596	100%
***Pro rata* consolidated undertakings*:**				
PRAS A/S, Copenhagen	DKK	577,500	1,239,619	20%
Associated undertakings*:				
Wessel & Vett Holding A/S, Copenhagen	DKK	244,297	297,426	49%
Biovision A/S, Hørsholm	DKK	1,950	4,890	33%
Østjysk Innovation A/S, Århus	DKK	18,570	20,228	27%
Capitalis A/S, Horsens	DKK	22,000	16,872	28%
SIF Fodbold Support A/S	DKK	19,816	19,291	32%
Other significant holdings*:				
Skan-Roll Holding A/S, Kjellerup	DKK	1,100	4,470	45%
Other undertakings in which the Group holds in excess of 10% of the share capital*:				
Toyota Financial Services Danmark A/S, Herlev	DKK	96,000	97,684	20%
DLR Kredit A/S, Copenhagen	DKK	300,000	2,986,100	11%

The registered offices of the companies are in Silkeborg, unless otherwise stated.

*Account figures according to the most recently published annual accounts.

Management

Supervisory Board of Jyske Bank A/S

The following table sets out the current members of the Supervisory Board of Jyske Bank and their principal positions outside the Bank:

	Principal Positions outside the Bank	
Name	**Company**	**Position**
Sven Buhrkall	Hytor A/S, Esbjerg	Chairman
	Fonden for Institut for Transportstudier A/S, Padborg	Chairman
	Kudsk & Dahl A/S, Vojens	Chairman
Tage Lorentzen (Deputy Chairman)	None	–
Leif Krabbe (Boardmember)	None	–
Kurt Brusgaard (Boardmember)	Ray & Berndtson A/S, København DV8 A/S, København	Boardmember & CEO Boardmember & CEO
Niels Erik Carstens (Boardmember)	Frejlev Byggeselskab A/S, Nørresundby Henning Olsen Holding A/S, Nørresundby H.O. Maskinudlejning A/S, Nørresundby Thomas Christensen Aalborg A/S, Nørresundby	Boardmember & CEO Boardmember Boardmember Boardmember
Erik Rask Petersen (Boardmember)	None	–
Lars Aarup Jensen (Employee Representative)	None	–
Lilian Isaksen (Employee Representative)	None	–
Haggai Kunisch (Employee Representative)	None	–

Executive Board of the Group

The Danish Financial Business Act section 80 limits members of the Executive Board from holding other board or leading positions in companies other than the financial company.

It is the Bank's policy that a member of the Executive Board of Jyske Bank is represented in the Supervisory Board of the subsidiaries of the Bank. The following table sets out the current members of the Executive Board of Jyske Bank and their principal positions outside the Bank and its subsidiaries:

	Related Principal Positions outside the Bank	
Name	**Company**	**Position**
Anders Dam	PRAS A/S	Deputy Chairman
(Managing Director and Chief	DLR Kredit A/S	Boardmember
Executive Officer)	Jyske Banks Almennyttige Fond	Chairman
	Jyske Banks Almennyttige Fonds Holdingselskab A/S	Chairman
Leif F. Larsen	PBS Holding A/S	Deputy Chairman
	PBS A/S	Deputy Chairman
	PBS International Holding A/S	Deputy Chairman
	PBS International A/S	Deputy Chairman
	Multidata Holding A/S	Deputy Chairman
	Multidata A/S	Deputy Chairman
	Jyske Banks Medarbejderfond	Chairman
	Jyske Banks Medarbejderfonds Holdingselskab A/S	Chairman
Per Munkholm Poulsen	Bankpension	Chairman
Visti Nielsen	None	

The business address of the Supervisory Board of the Bank and Executive Board of the Group is Vestergade 8-16, DK-8600 Silkeborg, Denmark.

CAPITALISATION AND INDEBTEDNESS OF JYSKE BANK A/S AND THE GROUP

The following table sets out the capitalisation and indebtedness of Jyske Bank A/S and the Group as at 31 December 2004:

	The Group			Jyske Bank A/S		
	(Millions of DKK)	(Millions of euro[2])	Adjusted[1] (Millions of euro[2])	(Millions of DKK)	(Millions) of euro[2])	Adjusted[1] (Millions of euro[2])
Debt to credit institutions ..	11,129	1,496	1,496	16,769	2,254	2,254
Deposits	60,154	8,087	8,087	54,564	7,336	7,336
Bonds issued etc.	553	74	74	553	74	74
Total short-term debt	71,836	9,657	9,657	71,886	9,664	9,664
Debt to credit institutions ..	1,324	178	178	576	77	77
Deposits	8,502	1,143	1,143	8,088	1,087	1,087
Bonds issued etc.	11,416	1,535	1,535	11,416	1,535	1,535
Total long-term debt	21,242	2,856	2,856	20,080	2,699	2,699
Subordinated debt and Capital Securities[3]	2,737	368	368	2,737	368	368
The Capital Securities	–	–	100	–	–	100
Total long-term debt and subordinated capital ..	23,979	3,224	3,324	22,817	3,067	3,167
Share capital[4]	680	91	91	680	91	91
Share premium at issue ..	0	–	–	0	–	–
Reserves for own shares ..	3	–	–	3	–	–
Restricted reserves relating to subsidiaries	–	–	–	1,383	186	186
Revaluation reserves at year-end	121	16	16	92	13	13
Profit brought forward	7,292	981	981	5,938	798	798
Total equity capital	8,096	1,088	1,088	8,096	1,088	1,088
Total long-term debt, subordinated- and equity capital	32,075	4,312	4,412	30,913	4,155	4,255

(1) As adjusted for the issuance of €100,000,000 Perpetual Capped Fixed/Floating Rate Capital Securities.

(2) DKK 743.81 = €100 at 31 December 2004.

(3) On 4 March 2005 the Bank gave notice to holders of the EUR 125 million subordinated step-up callable notes with a final maturity on 29 March 2008 that Jyske Bank intends to exercise its option to redeem the bond per 29 March 2005. As of 4 March 2005 such notes will be included in the Group's and the Bank's regulatory solvency capital with 25 per cent. of notional value compared to the previous 100 per cent. As from 29 March 2005 such notes will no longer be included in the solvency capital.

(4) At 31 December 2004, authorised share capital totalled 168,000,000 shares of which 68,000,000 shares (of DKK 10 each) had been issued and were fully paid.

At Board meetings held on 27 April, 27 July and 9 August 2004 the Supervisory Board resolved to propose to an Extraordinary General Meeting of shareholders to reduce the nominal share capital by a total of DKK 40 million. These proposals were finally adopted at the second Extraordinary General Meeting of shareholders held on 15 September 2004. The final cancellation of shares was subject to a 3-month statutory period of notice, which ended on 25 December 2004. On 30 December 2004 the Supervisory Board gave its final approval. The actual cancellation of shares took place in January 2005 and represented 5.9 per cent. of shares issued, reducing the Bank's nominal share capital to DKK 640 million. The cancellation reduced Available Free Reserves under shareholders' funds as at 31 December 2004. Consequently, the cancellation will have no effect on total equity in 2005.

At a Board meeting held on 30 December 2004 the Supervisory Board resolved to propose to the Ordinary General Meeting of shareholders to lower the nominal share capital by DKK 9 million, reducing the nominal share capital from DKK 640 million to DKK 631 million. The market value of the nominal DKK 9 million, equal to DKK 185 million, was deducted from shareholders' funds in December 2004. Consequently, the cancellation will have no effect on total shareholders' funds in 2005. The cancellation will be subject to the procedure of cancellation: If the voting majority for cancellation, as stated in the Bank's Articles of Association, is not obtained at the above Ordinary General Meeting to be held on 15 March 2005 the cancellation will require an Extraordinary General Meeting. The cancellation is subject to a statutory period of notice of 3 months, as well as to final approval by the Supervisory Board.

At the General Meeting of shareholders, to be held on 15 March 2005, the Supervisory Board will propose that Jyske Bank does not pay out any dividend for 2004 as has been the case in previous years.

(5) All of the indebtedness of the Group outstanding as at 31 December 2004 was unguaranteed and unsecured. As at 31 December 2004, the Group had granted DKK 18,634 million (€2,505 million) of guarantees to customers and third parties and had other contingent liabilities of DKK 2,564 million (€345 million).

(6) Other than as detailed above there has been no material change in the capitalisation, indebtedness, guarantees or contingent liabilities of Jyske Bank or the Group since 31 December 2004.

FINANCIAL STATEMENTS OF JYSKE BANK A/S AND THE GROUP

The balance sheets, profit and loss accounts and key indicators set out below have been extracted from the audited 2004 Annual Report without material adjustments.

Balance Sheets at 31 December 2004 and 2003

	Jyske Bank Group		Jyske Bank A/S	
	2004	2003	2004	2003
	(Thousands of DKK)			
ASSETS				
Cash in hand and balances at call with central banks	817,789	833,523	769,332	769,742
Balances with credit institutions and central banks	10,038,909	12,815,019	25,434,272	26,852,313
Advances	74,440,741	63,760,559	54,755,775	46,398,841
Bonds	19,567,323	18,246,840	19,311,938	18,082,822
Shares, etc	4,092,696	3,887,572	3,800,709	3,626,773
Holdings in associated undertakings, etc.	77,424	12,318	343,770	255,246
Holdings in subsidiaries	0	0	3,705,282	2,668,137
Intangible assets	196,718	21,047	9,287	2,686
Tangible assets	1,660,098	1,647,102	1,438,244	1,406,279
Treasury stocks	2,581	8,547	2,581	8,547
Other assets	13,994,577	14,994,861	13,644,705	14,909,271
Accrued income and deferred expenses	158,266	198,026	131,422	149,848
Total assets	125,047,122	116,425,414	123,347,317	115,130,505
LIABILITIES				
Balances due to credit institutions and central banks	12,452,816	12,856,703	17,345,185	17,491,330
Deposits	68,655,379	63,815,595	62,651,877	58,574,424
Issued bonds	11,969,606	8,063,943	11,969,606	8,063,943
Other liabilities	20,426,937	21,536,618	20,089,858	21,013,718
Accrued expenses and deferred income	135,073	127,237	17,265	34,594
Provisions for liabilities	488,180	342,960	440,497	300,010
Subordinated debt**	2,737,221	1,809,038	2,737,221	1,809,038
Minority shareholders	86,102	29,872		
Shareholders' funds				
Share capital	680,000	720,000	680,000	720,000
Reserves for treasury stocks	2,581	8,547	2,581	8,547
Other reserves	0	0	1,383,402	1,090,585
Revaluation reserves	121,416	110,266	92,381	87,944
Retained profit from previous years	5,861,061	5,720,930	4,792,798*	4,805,293
Carried forward	1,430,750	1,283,705	1,144,646*	1,131,079
Total shareholders' funds	8,095,808	7,843,448	8,095,808	7,843,448
Total liabilities	125,047,122	116,425,414	123,347,317	115,130,505
OFF-BALANCE SHEET ITEMS				
Guarantees, etc	18,633,682	17,083,142	32,085,804	28,545,577
Other liabilities	2,564,048	2,320,711	2,564,048	2,320,711
Total off-balance sheet items	21,197,730	19,403,853	34,649,852	30,866,288

* Available Free Reserves totalled DKK 5,937,443,865 as at 31 December 2004.

** On 4 March 2005 the Bank gave notice to holders of the EUR 125 million subordinated step-up callable notes with a final maturity on 29 March 2008 that Jyske Bank intends to exercise its option to redeem the bond per 29 March 2005. As of 4 March 2005 such notes will be included in the Group's and the Bank's regulatory solvency capital with 25 per cent. of notional value compared to the previous 100 per cent. As from 29 March 2005 such notes will no longer be included in the solvency capital.

Profit and loss account for the years ended 31 December 2004 and 2003

	Jyske Bank Group		Jyske Bank A/S	
	2004	2003	2004	2003
	(Thousands of DKK)			
Interest income	4,249,079	5,511,482	3,864,753	3,981,595
Interest expenses	(1,622,193)	(2,787,636)	(1,682,391)	(1,794,807)
Net interest income	2,626,886	2,723,846	2,182,362	2,186,788
Dividend on shares	109,896	84,394	109,896	84,089
Fees and commission received	1,223,389	1,113,722	986,276	892,964
Fees and commission paid	(141,020)	(189,668)	(96,979)	(83,142)
Net interest and fee income	3,819,151	3,732,294	3,181,555	3,080,699
Revaluations	950,364	694,970	882,352	644,599
Other operating income	364,195	814,814	148,102	648,659
Employee and administration expenses	(2,802,395)	(2,552,417)	(2,426,464)	(2,197,164)
Amortisation, depreciation and write-downs of intangible and tangible assets	(185,839)	(138,850)	(83,750)	(84,856)
Other ordinary expenses	(11,594)	(19,696)	(10,570)	(15,769)
Loan losses and loan loss provisions	(327,005)	(399,882)	(311,928)	(361,422)
Revaluation of holdings in associated undertakings and subsidiaries	197,194	(322,329)	616,630	93,854
Profit/loss on ordinary activities before tax	2,004,071	1,808,904	1,995,927	1,808,600
Tax	(567,888)	(524,974)	(565,177)	(524,895)
Net profit for the year	1,436,183	1,283,930	1,430,750	1,283,705
Of which:				
Minority shareholders	5,433	225		
Jyske Bank	1,430,750	1,283,705		
Distribution				
Net profit for the year			1,430,750	1,283,705
Carried forward from previous years			0	0
Total amount available for distribution			1,430,750	1,283,705
Dividends			0	0
Carried forward to retained earnings			1,430,750	1,283,705
Total distribution			1,430,750	1,283,705

Key Indicators

	2004	2003	2002	2001	2000
Jyske Bank shares					
Face value: DKK 10					
Core earnings	16.67	15.24	12.54	12.70	11.04
Profit/loss on ordinary activities before tax	28.63	24,61	14.66	12.06	15.93
Net profit for the year	20.44	17.47	6.92	8.39	13.76
Dividend	0	0	0	0	0
Dividend per cent.	0	0	0	0	0
Price at year-end	206	156	96	88	81
Book value	119	109	89	85	79
Price/book value	1.73	1.43	1.08	1.04	1.03
Price/earnings	10.1	8.9	13.8	10.5	5.9
The Jyske Bank Group					
Solvency ratio	12.4	12.4	11.3	11.4	11.0
Tier 1 ratio	10.5	10.2	8.2	7.9	8.0
Equity Tier 1 (excluding Hybrid Tier 1)	9.4	10.2	8.2	7.9	8.0
Pre-tax profit/loss on ordinary activities as per cent. of average shareholders' funds	25.0	24.6	16.9	14.7	22.2
Net profit for the year as per cent. of average shareholders' funds	18.0	17.4	8.0	10.3	19.2
Income on every krone of expenditure ..	1.60	1.58	1.36	1.33	1.51
Interest indicator one as per cent. of regulatory core capital	0.6	1.7	1.0	2.8	0.7
Currency exposure indicator two as per cent. of regulatory core capital ..	0.1	0.1	0.4	0.6	0.6
Loan loss provisions as per cent. of total loans, guarantees and loan loss provisions	2.1	2.5	1.8	1.9	2.0
Loan losses and loan loss provisions for the year as per cent. of total loans, guarantees and provisions ..	0.3	0.5	0.4	0.3	0.4
Number of full-time employees at year-end	3,713	3,547	3,359	3,418	3,190

Source: Jyske Bank's annual report 2004.

AUDITOR'S REPORT ON THE 2004 FINANCIAL STATEMENTS OF JYSKE BANK A/S AND THE GROUP

INTERNAL AUDIT

We have audited the Annual Report of Jyske Bank A/S for the financial year 1 January – 31 December 2004. The Annual Report has been prepared in accordance with the accounting provisions of Danish legislation and the requirements imposed by the Copenhagen Stock Exchange with respect to year-end financial reporting.

The Annual Report is the responsibility of the Bank's Management. Our responsibility is to express an opinion on the Annual Report based on our audit.

Basis of opinion

We conducted our audit on the basis of the Statutory Order from the Danish Financial Supervisory Authority on Auditing Financial Enterprises and Financial Groups and in accordance with Danish Standards on Auditing. Based on materiality and risk we have evaluated the business procedures, the accounting policies used and the significant estimates made and verified the basis for amounts and disclosures in the Annual Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the Group's and the parent company's assets, liabilities, and financial position as at 31 December 2004 and of the results of their operations in the financial year 1 January – 31 December 2004.

Silkeborg, 22 February 2005

Internal Audit

HENNING SØRENSEN DORTHE LILLERIS

EXTERNAL AUDIT

To the shareholders of Jyske Bank A/S

We have audited the Annual Report of Jyske Bank A/S for the financial year 1 January – 31 December 2004, presented in accordance with the accounting provisions of Danish legislation and the requirements which have otherwise been imposed by the Copenhagen Stock Exchange on presentation of financial statements by listed companies.

The Annual Report is the responsibility of the Bank's Management. Our responsibility is to express an opinion on the Annual Report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Report. An audit also includes assessing the accounting policies used and significant estimates made by the Management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2004 and of the results of their operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2004 in accordance with the accounting provisions of Danish legislation and the requirements which have otherwise been imposed by the Copenhagen Stock Exchange on presentation of financial statements by listed companies.

Silkeborg, 22 February 2005

Deloitte		**Ernst & Young**	
Statsautoriseret Revisionsaktieselskab		Statsautoriseret Revisionsaktieselskab	
HANS TRÆRUP	HENRIK A. LAURSEN	MOGENS LUNDIN	HENRIK BARNER CHRISTIANSEN
State-Authorised Public Accountant	State-Authorised Public Accountant	State-Authorised Public Accountant	State-Authorised Public Accountant

TAXATION

Persons considering the purchase, ownership or disposition of the Capital Securities should consult their own tax advisers concerning the tax consequences in the light of their particular situations. No representations with respect to the tax consequences of any particular Holder are made hereby.

Danish Taxation

Under existing Danish tax laws all payments in respect of the Capital Securities will be made without deduction for, or on account of, withholding taxes except in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to in Act No. 221 of 31 March 2004. This will not have any impact on Holders who are not in a relationship whereby they control, or are controlled by, the Issuer.

Under present Danish law concerning the issue of Capital Securities in DKK, private investors domiciled or deemed to be domiciled in the Kingdom of Denmark are (save for certain exceptions) not liable to pay tax on any capital gains realised from the sale of Capital Securities which are issued at a nominal interest rate which complies with the requirements for minimum interest (*mindsterenten*) according to clause 14 of the Danish Act on Capital Gains (*Kursgevinstloven*). If Capital Securities are issued in euro or in any other currency than DKK private investors domiciled in the Kingdom of Denmark are (save for certain exceptions) liable to pay tax on capital gains realised from the sale of the Capital Securities.

Under present Danish law, persons who are engaged in financial trade, and companies, trusts and similar enterprises domiciled or deemed to be domiciled in the Kingdom of Denmark for tax purposes are liable to pay tax on capital gains realised from the redemption or sale of Capital Securities and on the payments of interest under Capital Securities irrespective of the currency of the Capital Securities.

European Union savings tax

The EU has adopted a Directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required from a date not earlier than 1 January 2005 to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise.

SUBSCRIPTION AND SALE

Normura International plc and J&E Davy (the "**Managers**") have pursuant to a Subscription Agreement dated 10 March 2005 jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Capital Securities at 100 per cent. of their principal amount less a combined management and underwriting commission and selling concession of 2 per cent. of such principal amount. In addition, the Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Capital Securities. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

United States

The Capital Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Capital Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Capital Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Subscription Agreement) within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Capital Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Securities within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Capital Securities within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented, warranted and agreed that:

1. it has not offered or sold and, prior to the expiry of a period of six months from the issue date of the Capital Securities, will not offer or sell any Capital Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995

2. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Capital Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and

3. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Capital Securities in, from or otherwise involving the United Kingdom.

Kingdom Of Denmark

Each Manager has represented and agreed that it has not offered or sold, and will not offer, sell or deliver any Capital Securities directly or indirectly in the Kingdom of Denmark by way of public offer, other than in compliance with Consolidated Danish Act No. 1269 of 19 December 2003 as amended on Trading in Securities etc. and Executive Orders issued thereunder.

Ireland

Each Manager has agreed (1) it has not offered or sold and will not offer or sell any Capital Securities in Ireland by means of any document prior to application for listing of such Capital Securities having been made and the relevant listing particulars having been approved in accordance with the European Communities (Stock Exchange) Regulations, 1984 of Ireland (the "1984 Regulations") (except in circumstances where the offer and/or sale is to persons in Ireland (i) whose ordinary businesses is to buy and sell securities, whether as principal or agent and (ii) in the context of their trades, professions and occupations; and (2) it has only issued or passed on, and will only issue or pass on, any document to persons in Ireland, in connection with the issue of the Capital Securities (i) which consists of listing particulars or supplementary listing particulars approved under the 1984 Regulations or a document required or permitted under the 1984 Regulations or listing rules issued thereunder to be so issued or passed on or (ii) so long as such document may lawfully be issued or passed on to such person.

General

Each Manager acknowledges that no representation is made by the Issuer or any of the Managers that any action has been or will be taken in any jurisdiction that would permit a public distribution of the Offering Circular or an other material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Each Manager will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes the Offering Circular or any such other material, in all cases at its own expense.

GENERAL INFORMATION

1. The Capital Securities have been accepted for clearance through the Clearstream, Luxembourg and Euroclear systems with a Common Code of 021259055. The International Securities Identification Number for the Capital Securities is XS0212590557.

2. In connection with the application to list the Capital Securities on the Luxembourg Stock Exchange a legal notice relating to the issue of the Capital Securities and copies of the constitutional documents of the Issuer will be deposited with the *Registre de Commerce et des Sociétés à Luxembourg* where such documents may be examined and copies obtained.

3. The Issuer has obtained all necessary consents, approvals and authorisations in the Kingdom of Denmark in connection with the issue and performance of the Capital Securities. The issue of the Capital Securities was authorised by resolution of the Supervisory Board of Directors of the Issuer passed on 17 January 2005.

4. There has been no significant change in the financial or trading position of the Issuer or of the Group since 31 December 2004 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31 December 2004.

5. Neither the Issuer nor any of its subsidiaries is involved in any litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Capital Securities, or which may have or have had a significant effect on the Issuer's financial position during the last financial year of the Issuer nor so far as the Issuer is aware is any such litigation or arbitration pending or threatened.

6. The Capital Securities and Coupons will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code".

7. Copies of the annual report (including the auditors' report) and consolidated and non-consolidated accounts of the Issuer for the financial years ended 31 December 2003 and 31 December 2004 and the Articles of Association of the Issuer may be obtained free of charge, and copies of the Trust Deed and Agency Agreement will be available for inspection at the registered office of the Issuer and at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Capital Securities is outstanding. Though the Issuer publishes both consolidated and non-consolidated accounts, the non-consolidated accounts do not provide significant additional information as compared to the consolidated accounts. The Issuer publishes unaudited interim consolidated accounts on a quarterly basis.

8. The financial statements of Jyske Bank A/S as of 31 December 2003 and 2004 have been audited by Deloitte and Ernst & Young, independent auditors as stated in their report appearing herein.

Deloitte and Ernst & Young, auditors of the Issuer, have given and not withdrawn their written consent to the inclusion of their report and references to their name in the form and context in which they are included and has authorised the contents of that part of this Offering Circular for the purposes of section 46 of the Irish Companies Act, 1963 (as amended).

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