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Analysis

DENMARK
Europe/M.East/Africa

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Jyske Bank A/S

Jyske Bank A/S (Jyske) is currently assigned A1/P-1 deposit ratings and a B- financial strength rating, both with a stable outlook. The ratings reflect the bank's relatively limited risk appetite, good financial fundamentals and tightly focused strategy, while also taking account of challenges in maintaining future profitability and the bank's relatively high cost base.

Franchise and Competitive Position

STRONG FRANCHISE IN JUTLAND SUPPORTED BY A NATIONWIDE PRESENCE...

Jyske Bank is the third-largest banking group in Denmark after Danske Bank¹ and Nordea Bank Danmark², with total assets of DKK 125 billion (€16.8 billion) at the end of 2004. Jyske's core business consists of commercial banking, trading based on customer transactions, international private banking and asset management. The bank's focus is on serving private individuals, small- and medium-sized enterprises (SMEs) and institutional customers (e.g., municipals), offering both its own and third-party products. Jyske has national market shares of 6% and 8% in the retail and corporate segments, respectively. The bank has a nationwide presence, with its strongest franchise in Jutland, where the majority of its 120 branches and headquarters are located.

...ALSO WITH SOME FOREIGN OPERATIONS

Jyske also has some subsidiaries and branches outside of Denmark, primarily to support its private banking operations and to follow its existing customers overseas. The bank's subsidiaries include Jyske Bank (Schweiz) and Jyske Bank (Gibraltar) Ltd. The net profit of these two subsidiaries amounted to approximately DKK 214 million in 2004, accounting for approximately 15% of the group's total net profit. The most recent addition includes the purchase in September 2004 of a 60% stake in Dutch investment advisory company, Berben Effectenkantoor B.V. (Berben).

Berben provides asset management to affluent customers mainly in The Netherlands and Belgium, with assets under management of approximately DKK 9 billion (€1.2 billion). Branches of the private banking operations also exist in London, Hamburg, Fuengirola (Spain), Warsaw and Cannes. Despite the Berben acquisition and recent opening of foreign operations in Warsaw (May 2004) and Cannes (January 2004), we feel confident about these operations given Jyske's strong track record in its businesses abroad.

CONSISTENT RISK-BASED STRATEGY

Jyske's market share has remained stable for a number of years as its focus is on maintaining steady profitability in conjunction with a suitable risk profile. Since 2002, the bank has applied a Risk-Adjusted Return on Capital (RAROC) model in order to strengthen the internal risk management and capital decision processes to focus more on profitability goals. The RAROC model has enabled better risk pricing and more efficient use of capital at the bank. Consequently, more poorly-performing and lower rated loans have been transferred out of the bank over the past year. We expect implementation of the RAROC model to better equip the bank in complying with Basel II requirements (see page 5).

1. Danske Bank A/S is rated Aa1/P-1/A- by Moody's. Please see a separate Moody's report for more information.

2. Nordea Bank Danmark A/S is rated Aa3/P-1/B (the B financial strength rating is currently under review for possible upgrade). Please see a separate Moody's report for more information.



ONGOING CO-OPERATION WITH STRATEGIC PARTNERS

Jyske has co-operation agreements with mortgage providers Nykredit³/Totalkredit and DLR Kredit⁴ for the supply of their mortgage products through the bank's branch network. These agreements enable Jyske to offer a wider range of products by utilising external product expertise and resources rather than developing the product offerings internally. Nykredit is the largest mortgage provider in Denmark and acquired Totalkredit in 2003, which was the second-largest independent mortgage lending institution in Denmark. Nykredit currently owns 7.9% of Jyske Bank shares and Jyske Bank indirectly owns 0.6% of Nykredit. DLR Kredit focuses on mortgage lending to farmers and businesses, and Jyske Bank currently owns 8% of the company.

Under a separate strategic co-operation agreement, Jyske Bank and Nykredit also formed a joint IT company, JN Data A/S, in 2002. JN Data offers IT support to both Jyske and Nykredit as well as to potential third-party customers. Until July 2003, JN Data was equally owned by Jyske and Nykredit, but on 1 July 2003, Jyske increased its holding to 51% and began to fully consolidate JN Data into its group accounts.

Jyske also has an agreement with Pensionsforsikringsselskabet (PFA) for the supply of PFA's life insurance products through Jyske's branch network. PFA owns 3% of Jyske shares.

We expect Jyske's co-operation with these strategic partners to continue going forward, which we view as a positive factor.

SHAREHOLDER PROTECTION FROM A HOSTILE TAKEOVER

As of May 2005, the bank had 233,200 shareholders and 47% of the share capital was owned by shareholders with less than 4,000 shares. The bank has 64 million shares, each carrying one vote, with a maximum of 4,000 votes permitted for any one shareholder. Given the high proportion of shareholders with a relatively low stake in Jyske, a hostile takeover would be highly unlikely, or alternatively extremely expensive. Of course, shareholder protection may not be as forthcoming should the bank's profitability deteriorate significantly. Positively, we note that the comfort of shareholder protection has not led to relaxation on the part of management, who has continuously delivered satisfactory financial results to date.

CORPORATE GOVERNANCE

Jyske Bank largely complies with the corporate governance rules set by the Copenhagen Stock Exchange. However, those relating to voting rights are not in line with the bank's strategy (see above) and are thus not followed.

Jyske Bank's shareholders elect 25-50 representatives from three geographical regions at the annual general meeting. Each region is represented by two members in the Supervisory Board, and three employee representatives. The Board elects its own chairman and appoints the Management Board that is in charge of day-to-day operations.

Financial Fundamentals

STRONG PROFITABILITY...

In addition to GAAP-based profitability reporting, Jyske reports "core earnings", which are exclusive of the return on the Group's own securities portfolio as well as the Bank's profit on the sale of Totalkredit. While statutory reporting shows a decline in net interest income of approximately 2%, Jyske reports an *increase* of 3% exclusive of the effect of Totalkredit no longer being consolidated under its core earnings measure. This increase results from growth in deposits and advance volumes, partially offset by the lower interest rate environment and a decrease in lending margins due to a shift in 2004 from unsecured to secured lending from the bank's new Jyske Prioritet product.

Excluding the DKK 267 million and DKK 533 million gains from the sale of Totalkredit shares to Nykredit⁵ in 2004 and 2003, respectively, Jyske's risk-weighted recurring earning power (pre-provision income as a percentage of average risk-weighted assets) was 2.34% and 2.50% in 2004 and 2003, respectively. While it appears that recurring earning power has declined, this is largely due to Totalkredit no longer being consolidated into the group's accounts. Nevertheless, risk-weighted recurring earning power of 2.34% compares favourably to peers. We continue to see a positive trend in profitability in the first half of 2005, with pre-tax earnings of DKK 1.1 billion, an increase of 26% compared with the first six months of 2004 (DKK 871 million). Core earnings were DKK 902 million, representing a 47% year-on-year increase.

3. Nykredit Realkredit A/S is rated Aa3 by Moody's. Please see a separate Moody's report for more information.

4. DLR Kredit A/S is rated A1 by Moody's. Please see a separate Moody's report for more information.

5. Jyske sold 55% of its shares in Totalkredit in 2003 and issued buy-options to Nykredit to purchase a further 23% in 2004 and 22% in 2006. Nykredit exercised its right to buy the 23% stake in 2004.

...ENHANCED BY A DIVERSIFIED REVENUE BASE...

While the competitive environment in Denmark places pressure on net interest income, Jyske continues to successfully demonstrate its ability to generate alternative sources of revenue from selling fee- and commission-generating products, thus reducing its reliance on net interest income.

While net interest income still comprised a significant 51% of the bank's total operating revenues in 2004, fee and commission income has continued its increasing trend over the past few years and represented 22% of total operating revenues at year-end 2004. Fee income primarily consists of investment fees and payment transfer fees. At Jyske, much of the increase is attributable to the bank's Jyske Prioritet product which involves secured lending under existing mortgage loans. We view the increase in fee income as a positive factor, particularly in light of decreasing lending margins. Fee income is more stable than trading income and it stabilises revenue streams and eases the pressure that banks face when the capital markets receive a severe hit (as in 2002) or when interest rates decrease and margins are under pressure. However, we expect fee income from secured lending products to stabilise at the current level, given the margin pressure that would arise from continued expansion of these products

...AND TRADING INCOME

An item that traditionally brings volatility to Danish banks' earnings is the obligatory market valuation of treasury positions. In contrast to many others, Jyske has had a positive result on its position through the years with trading income contributing 18% of its total operating revenues in 2004. Despite this positive contribution we note that even without trading income, Jyske's core profitability measure continued to improve in 2004.

ADEQUATE EFFICIENCY REFLECTS STRATEGY

Jyske's cost-to-income ratio increased to 62% at year-end 2004 from 57% in 2003. Given the increase in operating income in 2004, this represents a real increase in the bank's cost base. The increase reflects strategic initiatives (*e.g.*, branch refurbishment) as well as system development and compliance projects (*e.g.*, IAS and Basel II). This resulted in an increase in headcount in customer-oriented and development functions, and an increase in capital expenditures on information systems, buildings and enhanced management tools. The total number of full-time employees increased to 3,713 at year-end 2004 compared to 3,547 in the prior year.

Currently, Jyske's cost-to-income ratio is above that of many its Danish and European peers. However, we note that Jyske's write-off policies for investments are conservative, with DKK 152 million of branch refurbishment costs immediately written off in 2004. We also acknowledge that Jyske's strategic investments bring potential cost benefits in the longer term and while cost containment will be important in a market with little revenue upside, we do not currently have any significant concerns over the bank's costs.

GOOD ECONOMIC CAPITALISATION

At year-end 2004, Jyske Bank's Tier 1 capital ratio was 10.5% and total capital was 12.4%. Excluding hybrid Tier 1 capital, the Tier 1 capital ratio was 9.4%. This remains well above the bank's internal equity-based Tier 1 (*i.e.*, excluding hybrids) target minimum of 7%. Considering Jyske's strong risk profile, we continue to view the bank's economic capital as strong. At Q1 2005, the bank's regulatory and equity-based Tier 1 ratios were 9.8% and 8.5%⁶, respectively. In March 2005, Jyske issued €100 million of Tier I hybrid capital, which is categorised as Basket C under Moody's tool kit for assessing hybrid securities⁷, meaning that 50% of the capital issue will increase equity and 50% will increase debt (*i.e.*, 50% equity relief).

Risk Management

SOLID ASSET QUALITY

Jyske continues to demonstrate strong asset quality. Problem loans as a percentage of gross loans increased marginally to 0.57% in 2004 from 0.50% in the prior year. As is typical of Danish banks, reserves more than adequately covered problem loans by over 4.5 times in 2004, though this is expected to decline with the implementation of International Financial Reporting Standards or IFRS (see below). The majority of credit exposures are to Zone A (EU and OECD member states and certain other states) countries, including 70% to Danish customers and 29% to other Zone A coun-

6. Q1 2005 capital ratios are based on IFRS accounting rather than Danish GAAP.

7. Further information is available in Moody's Rating Methodologies: "Refinements to Moody's Tool Kit: Evolutionary, not Revolutionary!", February 2005, and "Hybrid Securities Analysis: New Criteria for Adjustment of Financial Ratios to Reflect the Issuance of Hybrid Securities", November 2003.

tries. The trend in total commitments which individually exceeded 10% of the group's capital base has been declining over the past few years, with the exception, however of a slight increase to 66% in 2004, from 63% in 2003. The bank aims to maintain the current level. These commitments which exceeded 10% of the group's capital base accounted for 6.6% of the bank's total credit exposures.

Only 43% of lending is to private individuals, but we have no significant concerns about the rest of the portfolio, which is well diversified and in line with the distribution of most other single-A-rated banks in Europe. Additionally, none of the bank's largest 20 commitments are rated high risk under the bank's internal rating system. Jyske's largest industry exposures include finance leasing (10%), agriculture (6%), rentals and administration of real estate (11%) and commerce and hotels (10%).

Overall, we continue to regard the bank's solid asset quality as a strong rating driver.

MARKET RISK

Group Treasury and Jyske Markets are the only business units authorised to undertake market risk positions. Other business units hedge their positions, mainly against Group Treasury. Market risks are managed at the group level and consist primarily of interest rate, currency and equity risks, with conservative limits set by the Supervisory Board. Different methods are used for the calculation and measurement of market risk, including the Value at Risk (VaR) model. The bank utilises a VaR model with a holding period of one day and 99% confidence level, defined as 99% Daily Earnings-at-Risk (DEaR). At year-end 2004, DEaR on the total market risk portfolio corresponded to approximately 0.12% of shareholders' funds, a historic low. The VaR model is back-tested on a daily basis against revenue from market-risk related positions, and stress-testing of positions is performed on a monthly basis. We note that the enhancement of the bank's systems and risk management has resulted in more stable and lower levels of market risk at the bank over the past few years. Considering the extent of Jyske's treasury activities, market risk is currently at an acceptable level.

DIVERSIFIED FUNDING BASE COUPLED WITH GOOD LIQUIDITY

Jyske's primary source of funding is retail deposits, which represent 72% of total funding at year-end 2004, an increase from just under 60% in 2003. The remainder is derived from medium- and long-term funding (11%) and interbank deposits (15%). We view positively the relatively low level of interbank funding given the more volatile nature of these deposits. The bank has also diversified its funding sources with its Euro Medium Term Note (EMTN) programme, under which it issued DKK 13.8 billion (€1.9 billion) notes at year-end 2004. From a liquidity standpoint, the group holds a portfolio of marketable securities, which stood at approximately DKK 24 billion at year-end 2004, very comfortably covering the level of interbank funds. In total, 29% of assets are liquid assets.

TRANSITION TO IFRS

EU regulations required Jyske to change its financial reporting from Danish Accounting Standards to IFRS from 1 January 2005. Jyske reported under IFRS for the first time in its Q1 2005 Report. Results for year-end 2004 must also be restated for comparative purposes, and consequently Jyske has restated its (i) opening balance as of 1 January 2004, (ii) balance sheet as of 31 December 2004 and (iii) profit and loss account for 2004 in accordance with transitional IFRS rules. However, IFRS does offer a number of application alternatives in certain areas such as the choice of applying IAS 32 and IAS 39 to prior-year comparative figures when applying IFRS for the first time. Jyske has not applied IAS 32/39 to 2004 comparative figures. While the IFRS choice is understandable in light of the complexities surrounding IAS 32/39 and their late endorsement by the EU, the decision not to apply the standards to comparative figures does complicate the comparison of historical financial data. Additionally, the restated 2004 profit and loss account is not representative of what it could be in the future as IAS 32/39 have not been applied.

The key changes resulting from Jyske's transition to IFRS relate to the release of loan loss provisions, the recognition of additional staff benefit liabilities, and a reduction in fee income and hedging losses. Overall, these changes result in a 4% decline in shareholders' funds as of 31 December 2004 and a 2% decline in pre-tax income. Jyske's Tier I ratio has declined by 50bp to 10% under IFRS from 10.5% under Danish GAAP as of year-end 2004. Some of this decline arises due to the one-time transitional effects of IFRS and is expected to reverse in future years (*e.g.*, the decline in shareholders' funds and pre-tax income due to the deferral of fee income), while others are more permanent in nature (*e.g.*, the decline in shareholders' funds caused by the recognition of staff benefit liabilities). The changes caused by the transition to IFRS have not altered our view of the strength of Jyske's financial fundamentals.

Overall, we expect the changeover from Danish GAAP to IFRS to have the following impact on key ratios used by Moody's:

Key Ratio	Expected Impact on Key Ratio
Total Assets, DKK million	Similar under IFRS
Total Shareholder Equity, DKK million	Lower and more volatile under IFRS
Return on Average Assets, %	More volatile under IFRS
Pre-provision income, % of average assets	More volatile under IFRS
Net Interest Margin, %	Similar under IFRS
Cost-to-Income Ratio, %	Similar under IFRS
Problem Loans % of Gross Loans	Similar under IFRS
Tier 1 Ratio, %	Lower under IFRS

As with all other financial institutions, we expect the IFRS requirement to fair value all derivatives to result in increased volatility in both equity and in the profit & loss account in the future, depending on the level of hedge accounting that Jyske is able to apply and the type of hedge. That said, we see reporting under IFRS as enhancing the transparency of Jyske's reporting overall and notably facilitating comparison with its European peers.

PREPARING FOR BASEL II

Basel II regulations will come into force on 1 January 2007, with banks able to make their transition from 2008 onwards. Jyske has been actively examining Basel II, with the most significant changes expected to be the new capital adequacy requirement for operational risks and the use of the Internal Ratings-Based (IRB) approach for calculating credit risks. The bank's use of the RAROC model since 2002 is expected to assist in its preparations to comply with Basel II requirements.

In order to comply with Basel II, the bank aims to adopt the Advanced IRB approach for credit and market risks and the standardised approach for operational risk. In light of the bank's relatively low risk profile we expect the implementation of an IRB approach to result in a decrease in the regulatory requirement for capital.

Related Research

Analysis:

[Totalkredit A/S, June 2004 \(#87275\)](#)

[Nykkredit Realkredit A/S, June 2004 \(#87495\)](#)

[DLR Kredit A/S, June 2005 \(#93023\)](#)

Banking System Outlook:

[Denmark, January 2005 \(#91071\)](#)

Banking Statistical Supplement:

[Denmark, July 2004 \(#87525\)](#)

Rating Methodology:

[Refinements to Moody's Tool Kit: Evolutionary, not Revolutionary!, February 2005, \(91696\)](#)

[Hybrid Securities Analysis: New Criteria for Adjustment of Financial Ratios to Reflect the Issuance of Hybrid Securities, November 2003 \(79991\)](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Jyske Bank Group (Consolidated)

	2004	2003	2002	2001	2000
Summary Balance Sheet (DKK million)					
Cash & central bank	5,415	5,332	4,975	4,094	5,384
Due from banks	5,442	8,317	7,786	7,027	8,573
Securities	23,660	22,134	24,785	25,647	22,102
Gross loans	76,453	65,797	97,359	84,457	77,204
Loan loss reserves (LLR)	(2,012)	(2,036)	(2,058)	(1,920)	(1,842)
Insurance assets	0	0	0	0	0
Fixed assets	1,660	1,647	1,522	1,482	1,376
Other assets	14,430	15,235	18,800	12,368	14,562
Total assets	125,047	116,425	153,169	133,156	127,359
Total assets (USD million) [1]	22,940	19,634	21,621	15,786	16,066
Total assets (EUR million)	16,804	15,642	20,629	17,831	17,053
Demand deposits	41,923	38,621	33,284	29,284	24,390
Savings deposits [2]	26,732	25,195	25,679	25,109	27,877
Due to banks	13,606	13,929	17,210	17,484	22,380
Market funds	11,970	8,064	43,362	36,964	26,902
Insurance liabilities	0	0	0	0	0
Other liabilities	19,897	20,935	24,378	15,442	17,781
Total liabilities	114,128	106,743	143,912	124,283	119,331
Subordinated debt	2,737	1,809	2,600	2,663	2,110
Shareholders' equity	8,096	7,843	6,658	6,174	5,887
Total capital funds	10,919	9,682	9,258	8,873	8,028
Total liabilities & capital funds	125,047	116,425	153,169	133,156	127,359
Derivatives - notional amount	801,603	1,081,513	1,010,697	1,692,781	1,574,989
Derivatives - replacement value	10,613	10,518	13,500	7,347	-
Contingent liabilities	21,198	19,404	17,247	17,310	15,404
Risk weighted assets (RWA)	83,976	75,791	84,186	79,798	74,216
Assets under management (DKK million) [3]	77,300	26,700	19,900	20,000	16,000
Number of employees	3,038	3,547	3,359	3,418	3,190
Summary Income Statement					
+Interest income	4,114	5,334	6,394	6,796	5,847
-Interest expense	1,622	2,788	3,748	4,346	3,712
=Net interest income	2,491	2,547	2,646	2,450	2,135
+Trading income	819	864	565	303	594
+Fee & commission income	1,082	924	758	668	760
+Insurance income (net)	0	0	0	0	0
+Dividend income and other operating income	474	374	267	311	231
=Operating income	4,867	4,709	4,237	3,731	3,719
-Personnel expenses	1,755	1,649	1,507	1,385	1,234
-Other operating expenses	1,059	923	941	908	789
= Operating funds flow	2,053	2,137	1,789	1,437	1,696
-Amortisation/depreciation	186	139	150	149	119
(Total operating expenses)	3,000	2,711	2,598	2,442	2,142
=Preprovision income (PPI)	1,867	1,998	1,639	1,288	1,577
-Loan loss provisions	327	400	408	286	318
+Impairment of goodwill, fixed assets and investments [4]	0	0	(148)	(112)	(5)
+Result of subsidiaries and associates	197	(322)	0	0	0
+Non-recurring items	267	533	0	0	0
=Pretax income	2,004	1,809	1,083	890	1,255
-Taxes	568	525	572	267	172
=Net income	1,436	1,284	511	624	1,083
-Minority interests	5	0	0	4	(0)
=Net income (group share)	1,431	1,284	511	619	1,083
Growth Rates (%)					
Gross loans	16.20	(32.42)	15.28	9.39	49.89
Total assets	7.41	(23.99)	15.03	4.55	37.69
Customer deposits (demand and savings)	7.58	8.23	8.40	4.07	4.93
Net interest income	(2.17)	(3.76)	8.03	14.74	5.43
Fee and commission income	17.13	21.84	13.59	(12.10)	17.63
Operating expenses	10.66	4.34	6.39	14.00	6.90
Preprovision income	(6.57)	21.94	27.20	(18.31)	(0.03)
Net income	11.44	151.19	(17.48)	(42.82)	20.59

Jyske Bank Group (Consolidated)

	2004	2003	2002	2001	2000
Income Statement in % Average Risk Weighted Assets					
Net interest income	3.12	3.18	3.23	3.18	3.13
Trading income	1.02	1.08	0.69	0.39	0.87
Fee and commission income	1.35	1.16	0.93	0.87	1.11
Insurance income	-	-	-	-	-
Operating income	6.09	5.89	5.17	4.84	5.46
Operating expenses	3.76	3.39	3.17	3.17	3.14
Preprovision income	2.34	2.50	2.00	1.67	2.31
Loan loss provisions	0.41	0.50	0.50	0.37	0.47
Non-recurring items	0.33	0.67	-	-	-
Net income	1.80	1.61	0.62	0.81	1.59
Liquidity, Funding (including sub debt) & Balance Sheet Composition					
Avg. liquid assets % avg. total assets	29.11	27.20	25.95	27.95	30.94
Avg. gross loans % avg. total assets	58.91	60.52	63.50	62.05	58.54
Avg. customer deposits % avg. total funding	71.77	58.54	48.52	49.57	56.65
Avg. interbank funds % avg. total funding	14.92	14.85	14.85	18.53	26.36
Avg. market funds (excl. interbank) % avg. total funding	10.85	24.52	34.38	29.68	15.04
Avg. sub debt % avg. total funding	2.46	2.10	2.25	2.22	1.95
Avg. liquid assets % avg. customer deposits	53.07	59.73	65.56	68.28	66.64
Avg. gross loans % avg. customer deposits	107.38	132.89	160.39	151.57	126.09
Avg. market funds reliance [5]	(38.77)	(19.78)	3.26	(6.20)	(39.93)
Avg. RWA % avg. total assets	66.16	59.34	57.27	59.12	62.02
Breakdown of Operating Income in %					
Net interest income % operating income	51.19	54.08	62.46	65.66	57.40
Trading income % operating income	16.82	18.35	13.34	8.11	15.98
Fee & commission income % operating income	22.24	19.62	17.90	17.90	20.42
Insurance income % operating income	0.00	0.00	0.00	0.00	0.00
Other operating income % operating income	9.74	7.95	6.30	8.33	6.20
Profitability					
Yield on avg. earning assets (%)	4.18	4.78	5.16	6.01	6.23
Cost of interest bearing liabilities (%)	1.76	2.66	3.21	4.04	4.12
Net interest margin (%) [6]	2.58	2.32	2.13	2.17	2.27
Recurring earning power (Pre-prov. inc. [PPI] % avg. assets)	1.55	1.48	1.14	0.99	1.43
Risk-weighted recurring earning power (PPI % avg. RWA)	2.34	2.50	2.00	1.67	2.31
Post-provision income % avg. assets	1.28	1.19	0.86	0.77	1.15
Post-provision income % avg. risk weighted assets	1.93	2.00	1.50	1.30	1.85
Return on average assets (%)	1.19	0.95	0.36	0.48	0.99
Return on avg. RWA (%)	1.80	1.61	0.62	0.81	1.59
Post-provision income % tier 1 capital	17.46	20.68	17.83	15.90	21.21
Return on equity (period end) (%)	17.67	16.37	7.68	10.03	18.40
Net interest income coverage of loan loss provisions	7.62	6.37	6.49	8.56	6.72
Loan loss provisions % preprovision income	17.52	20.01	24.88	22.20	20.15
Pre-tax income % operating income	41.18	38.41	25.56	23.87	33.73
Internal capital growth (%)	18.24	19.28	8.28	10.52	20.09
Dividend payout ratio (%)	-	-	-	-	-
Efficiency					
Cost/income ratio (op. expenses % op. income) [7]	61.64	57.57	61.32	65.47	57.60
Adjusted cost/income ratio (incl. non-operating items)	56.15	46.25	64.82	68.47	57.73
Operating expenses % average assets	2.48	2.01	1.81	1.87	1.95
Operating income / employee (DKK thousand)	1,601.95	1,327.66	1,261.40	1,091.47	1,165.94
Operating expenses / employee (DKK thousand)	987.44	764.30	773.53	714.54	671.58
PPI / employee (DKK thousand)	614.51	563.36	487.87	376.93	494.37
Asset Quality and Risk Measurement					
Problem loans % gross loans	0.57	0.50	0.36	0.46	0.35
LLR % problem loans	463.83	617.62	594.76	494.28	679.38
LLR % gross loans	2.63	3.09	2.11	2.27	2.39
Loan loss provisions % gross loans	0.43	0.61	0.42	0.34	0.41
Problem loans % (shareholders' equity + LLR)	4.29	3.34	3.97	4.80	3.51
Replacement value % shareholder's equity	131.09	134.11	202.77	119.00	-
Capital Adequacy (Period End)					
Tier 1 ratio (%)	10.50	10.20	8.20	7.90	8.00
Total capital ratio (%)	12.40	12.40	11.30	11.40	11.00
Shareholders' equity % total assets	6.47	6.74	4.35	4.64	4.62
Equity participations % shareholders' equity	0.96	0.16	5.47	7.79	9.53

[1] Historical exchange rates are applied accordingly for USD and EUR figures.

[2] Full disclosure may not be available for all years. The amount is then included in "demand deposits".

[3] As reported by the bank

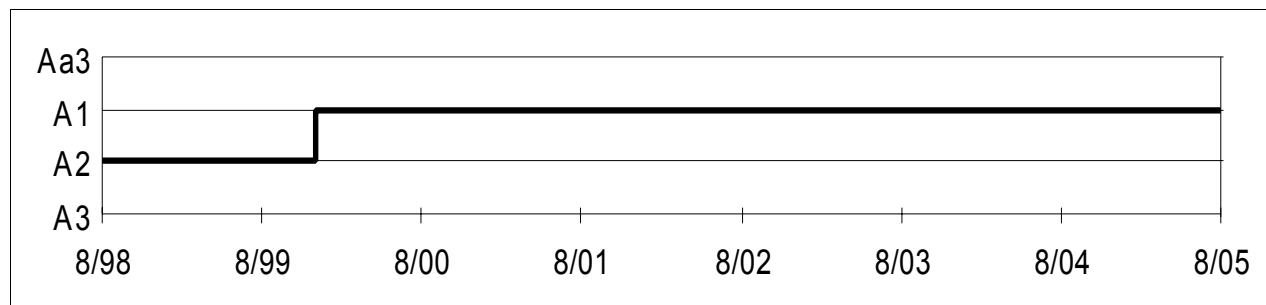
[4] Includes goodwill amortisation (pre-IFRS).

[5] Avg. [(market funds-liquid assets) % (earning assets-liquid assets)]

[6] Although not part of net interest income calculation, the NIM includes dividend income.

[7] Cost/income ratio excludes goodwill amortisation, which is included together with net non-operating income in the adjusted cost/income ratio.

Rating History



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