

Conference call speech and Q&A transcript

Danske Bank's acquisition of Sampo Bank

November 9, 2006



Investor Relations

Danske Bank

CORPORATE PARTICIPANTS

Peter Straarup

Danske Bank - CEO

Tonny Thierry Andersen

Danske Bank - CFO

QUESTIONS ASKED BY

Aaron Ibbotson

Goldman Sachs

Andreas Håkansson

UBS

Anders Hornbak

Carnegie

Paris Shah

M&G

Daniel King

Lehman

Derek De Vries

Merrill Lynch

Jesper Brydesholt

Enskilda

Alexandra Bosset

Credit Suisse

Matti Ahokas

Handelsbanken

Sasu Jörvinen

Credit Suisse

Kim Bergoe

Fox-Pitt, Kelton

Henrik Schmidt

KBW

SPEECH

Peter Straarup- Danske Bank - CEO

Acquisition of Sampo Bank

Thank you for taking the time to attend this conference call, in which we will present the acquisition of Sampo Bank, that we have announced today.

At my side is CFO Tonny Thierry Andersen. We will both be available for questions after the presentation. Let's start with slide 2.

Slide 2: Disclaimer

As is customary, we are subject to certain publicity restrictions due to the proposed equity and debt offerings that we intend to commence at a later time in order to finance the acquisition of Bank. These restrictions relate mostly to the United States and are summarized on this slide.

Please go to slide number three.

Slide 3: Transaction summary

Danske Bank today announced that we are acquiring Sampo Bank at a price of 4,050 million euros, or 30.1 billion Danish kroner. The amount equals roughly 20% of Danske Bank's total market capitalisation.

With this purchase, Danske Bank obtains both a significant position in the banking markets in Finland and attractive challenger positions in the Baltic states. This represents another important step in our stated strategy of expanding retail banking in northern Europe.

We estimate that total synergies will amount to approximately 610 million Danish kroner, and they will be fully achieved. The integration cost will amount to 1,550 million Danish kroner, which to a large extent will be used to integrate Sampo Bank on Danske Bank's retail banking platform.

Today we are also announcing new capital targets, which entail a reduction of the core capital ratio target, excluding hybrid, by half a percentage point to 5.5 to 6.0 per cent and an optimisation of the capital structure.

The payment will be in cash at the closing of the transaction, which we expect will be in the first quarter of 2007, subject to approvals by the relevant local FSAs and the EU.

We will finance the transaction partly through a share issue of some 14 billion kroner that will be completed before closing.

Please go to slide number four.

Slide 4: Strategic rationale

Since the acquisitions of our Swedish and Norwegian banks in the late 1990s we have pursued a strategy of expanding our retail banking model in northern Europe. Since the execution of the domestic merger back in 2001, our goal has been to widen our geographical presence. We have done this through significant branch expansion in Sweden and Norway and through the acquisition of banks in Ireland and Northern Ireland that were revamped during the Easter migration.

The acquisition of Sampo Bank gives us a critical mass in the Finnish banking market, and fulfils the criteria we have set for expansion into new markets:

- A retail banking operation located in northern Europe
- Attractive macroeconomic conditions that support growth in banking volume
- Attractive returns on the markets and a disciplined pursuit of RoE by competitors

With this acquisition we also get a footprint in the fast-growing Baltic states: Estonia, Latvia and Lithuania.

The acquisition should also be seen as a further diversification of our earnings stream and the credit book.

Please go to the next slide

Slide 5: Broadening the scope

The inclusion of Sampo Bank in our group will further broaden our presence in markets that are enjoying some of the most benign banking conditions in Europe.

For a number of years, the Baltic's have been the fastest-growing region in northern Europe, and they hold potential for additional product penetration as the economies gradually move into more mature stages.

Please go to slide 6

Slide 6: Expansion of growth potential in retail banking

The acquisition of Sampo Bank brings a substantial increase in Danske Bank Group's markets and growth avenues. This can be illustrated by the increased market population, customer count and branch base.

Please go to slide 7

Slide 7: Diversification

Sampo Bank's home market adds valuable diversification to Danske Bank's earnings stream and economic risk capital. For example, the correlation between GDP growth in Finland and Denmark is as low as 50 per cent.

In our loan portfolio, the exposure to Denmark will be reduced from 70 per cent now to 61 per cent in the new group, leaving us less dependent on the Danish economy. Such diversification is advantageous even though Denmark is currently experiencing a solid economic performance.

After the completion, Finland will become the second-largest country exposure in the Group with 10 per cent of lending.

Please go to the next slide.

Slide 8: Significant contribution to Danske Bank

Sampo Bank group will contribute 10 to 15 per cent to the combined entity. Within asset management, Sampo Bank will contribute 30 per cent and as such be a substantial addition to our current activities.

Sampo's earnings will represent 13 per cent of the combined group, and this should be compared with the acquisition price, which, as I mentioned, represents some 20 per cent of the market capitalisation of Danske Bank. And that is before the synergies are taken into consideration.

The composition of Sampo Bank's loan book is nearly identical to Danske Bank's, as mortgages represent almost half of total loans.

The contribution chart on this slide also shows a simple consolidation of the two group's accounts. For Danske Bank, profit before tax for the past twelve months will improve 14 per cent before taking the transaction into consideration. Total income will rise 16 per cent.

Please go to slide 9

Slide 9: Danske Banks international retail operations

A few key numbers of Sampo Bank appear on this slide. As you can see, the bank is presently producing good returns - well above 30 per cent - and it will become our largest banking unit outside Denmark.

The cost/income ratio of 54 per cent is close to the Group's and after the synergies have been achieved, the ratio will be some 10 percentage points lower and will thus make a positive contribution to the overall cost/income ratio.

Please go to slide 10

Slide 10: Expected synergies and integrations costs

Our retail banking model is based on the premise of a full integration of front- to back-office activities on our platform, and the relatively high integration costs reflects this ambition. We will harvest the benefits in the future, as the integration will take our costs down and support business development on a scalable basis.

We project the total integration costs will be 1,550 million Danish kroner, which represents 2.5 times the expected annual synergies.

We expect that the migration onto the retail platform will occur in Easter 2008, and most of the spending will take place by then.

The synergies will amount to 610 million kroner, and they will be achieved with full effect as of 2009. This represents 19 per cent of the cost base of Sampo Bank, and 22 per cent of pre-tax profit, both based on the annualised figures for the first nine months of 2006.

Most of the synergies will be achieved after the migration onto our platform in 2008. Besides the cost synergies, we expect a minor improvement of the funding costs due to the higher rating of Danske Bank.

During our due diligence, we have observed several potential revenue synergies, but they have not been quantified and are not included in the 610 million kroner. They represent opportunities that we will pursue with vigour in the next few years.

Please go to slide 11

Slide 11: New capital targets

As part of our 2005 annual report, we introduced new capital targets for the Group. We stated that the reduction of our core capital ratio was the first step in building the essential bridge between the old Basel 1 capital regime and the new CRD world.

We are now taking the next step in our capital migration to CRD, partly on the strength of the increased diversification of the Group's earnings and risk profile that the Sampo Bank acquisition provides.

We are reducing the core tier 1 capital ratio target by half a percentage point to between 5.5 and 6 per cent. We are also raising the level of hybrid capital, leaving our target for tier 1 capital, including hybrid capital, unchanged at 6.5 to 7.5 per cent.

These new capital targets and our current stable rating outlook have today been confirmed by all the rating agencies.

We would like to stress that the target for our dividend payout is unchanged, and our goal for 2006 remains 40 per cent.

Please go to slide 12

Slide 12: Financing the transaction

The transaction will be financed by several of sources:

- We plan to issue new shares before closing, subject to market conditions. The amount has not been fixed yet, but our expectation is for proceeds of around 14 billion Danish kroner.
- Secondly, we will increase our hybrid capital by some 16 billion kroner.
- Finally, we will securitise some of our mortgage loans, as we did in December 2005, and thereby obtain capital relief of some 6 billion kroner.

The preliminary split of the acquisition price into shareholders' equity, goodwill, and intangibles is presented on the slide.

Please go to slide 13

Slide 13: Key financials for Sampo Bank

Key financials for the past years show good growth, although the introduction of IFRS to some extent blurs the underlying growth. The nine-month figures released this morning show double-digit lending growth and good profitability.

Return on equity was a healthy 33 per cent. Cost/income ratio was 54 per cent, and if you make a pro forma deduction of the synergies, the ratio improves to 44.

Please go to slide 14

Slide 14: Earnings after tax 2007, broker consensus

From the shareholder's perspective, this transaction, measured by return on investment, will create value. We expect the return on investment to cross the cost of capital in 2008.

Based on broker estimates, this slide shows that the combined earnings of Danske Bank and Sampo Bank will add to 15.1 billion kroner in 2007. If we add synergies and subtract the financing costs, we arrive at pro forma earnings of 14.4 billion. After the expected integration costs and amortisation of intangible assets, this leaves pro forma earnings at 13.3 billion kroner. This is slightly higher than the broker consensus earnings for Danske Bank.

We expect EPS to be accretive as early as in 2008, before taking into account integration costs and amortisation of intangibles. Obviously, the higher financial leverage helps in this regard.

Please go to the next slide.

Slide 15: Segment results

The Sampo Bank group is currently divided into four business areas, and it is important to consider this when assessing the stand-alone value of the franchise.

Sampo Bank's Private Client segment is the third-largest universal bank in Finland for households, with 125 branches across Finland and 1.1 million customers. The business unit accounts for almost one third of the Group's profit.

The Corporate and Institutional Client segment is the second-largest corporate banking business in Finland with 100,000 customers. The area produced half of the 9 months profit.

Baltic Banking operates in the three Baltic states. Some 7 per cent of the profit derives from this unit, and the percentage is expected to rise.

Asset Management and Investment Banking is a leading asset manager in Finland. The area produced 15 per cent of profit and obviously consumes little allocated capital.

Please go to next slide.

Slide 16: Final slide

That concludes my presentation of the acquisition of Sampo Bank. I hope I have given you some good information about the facts and the numbers as well as an understanding of the strategy behind our decision to enter this deal.

On our Web site we have published presentations and other relevant information about the acquisition, the bank, and the new banking markets we are entering.

Tonny Thierry Andersen and I are now ready to take your questions. Please note that you also can ask questions through our Web site.

Once again, thank you for your interest in our acquisition of Sampo Bank and for all your good questions. If you should come up with any additional questions, you are welcome to contact our Investor Relations Department.

Operator, please go ahead.

Q&A

Aaron Ibbotson - Goldman Sachs

This is Aaron Ibbotson from Goldman Sachs. I have actually got no less than three questions if that is ok with you guys. I start off by asking what your assumptions are for Sampo Bank in 2008, given your view that it is going to be accretive, and particularly I am interested in what sort of assumptions you are using for loan losses, given that if we look at the pro forma or the nine month number for 2006 it doesn't include any provisions for loan losses. So if you could clarify that, that would be a great help.

Secondly, on amortisation I just wanted to clarify: this 5 billion of intangible assets indicates that there will be an amortisation charge of between 500 and 1 billion up until possibly all the way up to 2016. How do you expect or guide investors to look at this and maybe, more specifically, is this specifically identified financial assets that will sort of lose its value over the five to ten years? So if I can get clarification on that that would be great.

My final question is just if you could clarify the financing cost a little bit. The 800 million, how much is relating to securitisation and how much is relating to hybrid capital and what are your assumptions there? Many thanks. Bye.

Tonny Thierry Andersen - Danske Bank - CFO

In terms of the amortisation of tangibles by the rules of IFRS, you need to divide your acquisitions into goodwill, where you do impairment tests and then intangibles, which relates to things like the customer, the brand name, the deposit account, the expected duration of that and the value of that and that is an assumption we have done in assessment with our accountants on this one. It doesn't mean that you lose the value of the assets but by IFRS you have to set aside expectations on the expected duration on these assets. It is obviously not a cash expense but it is an accounting expenses that you got to take out in the results, and we assign five years for certain of the assets, ten years for another part of the assets.

We try to guide you in the presentation when you look at the 2007 pro forma numbers how it will come out in the results. On slide 14 you can see that we in '07 assume around 600 million of amortisation of intangibles. It is an area we need to finetune the calculation a little bit more, but that will be the range of it. It is, as I said, not a specific loss of an asset value but that is how IFRS works on that one.

On the loan loss side, we have assumed even though the macroeconomics of the Finnish economy is quite benign and the outlook is quite benign and also that the Baltic's are going nice, but primarily in the Finnish which is the largest part of

loan book, that you will see loan losses coming up from the current level and then plateauing at the expected losses through the cycle around '09 and '10. We obviously do internal forecast, but I think it would be wrong for me to give you a point estimate on the 2008 loan losses, but you could assume that on current levels you would see a gradual increase to expected loss through the cycle around '09 and then that will be part of the future valuation.

In terms of the financing costs, we have on slide 14, guided around 800 million as part of the total financing package. I don't think that we can decompose the cost at this juncture, because - obviously we have not the finance in place. You should expect the financing cost to be around 800, maybe 900 million maybe 700 million a year; it is too early to get a final number. This is a good guesstimate from our side before we go out and get the debt.

Aaron Ibbotson - Goldman Sachs

Ok, thanks. Is it ok if I just follow up one briefly on these intangible assets? So can you confirm then that this is not relating to revaluation of loan portfolios, et cetera?

Tonny Theiry Andersen - Danske Bank - CFO

No, it is just like if you look at the current account, it has an expected duration and it could be a brand name when you acquire that. Every company that acquires another company needs to assign part of the value to certain assets that you think have an expected duration. So it is not that some of the assets have a lower value; it is how we look at intangibles, or brand names, and you say the brand name may be less worth in five to ten years and you assign it is based on what is the practice in Europe.

Andreas Håkansson - UBS

The first question was actually on intangibles but I think we covered most of that. Second question on the restructuring charges is, as you say, two and a half times the synergies normally in Europe we see that in a range of 1-1.5 times. Could you tell us a little bit what it includes and why it is that high, and of course we see you took a similar size charge when you did the Irish operations so could you just go through that.

Second question is about the strategy in Ireland. If we look to the Swedish operations and the Norwegian operations, you are pretty much leading on price, since you do not have a very high market here you can afford to be a bit aggressive, but in

Finland since you already have a larger market share how do you expect to grow your business.

And then just the last question, more of a modelling question: what sort of tax rates should we expect going forward? Thanks.

Peter Straarup - Danske Bank - CEO

As far as the restructuring charge is concerned, it predominantly includes a switch of the platform over to Danske Bank's IT platform. So what you are doing is you are taking out the whole internal organism of the bank and putting it over on Danske Bank's platform. That is a major job and it has a major expense and that is why Danske Bank normally has higher integration costs than other financial institutions. Saving ourselves the benefits later are better. You are alluding with the price and obviously Danske Bank has been competitive in Sweden and Norway and I think we would look towards being competitive also in the Finnish market. There are other attractions to being a customer in a bank and I think would try to explore all avenues.

Tonny Theiry Andersen - Danske Bank - CFO

And the tax question should be in the ballpark of 25% because there are different taxes used in the Finnish and also in the Baltic's.

Andreas Håkansson - UBS

Is it 25% on the Finnish business or 25% on the group?

Tonny Theiry Andersen - Danske Bank - CFO

On the combined Sampo group.

Anders Hornbak - Carnegie

Yes hello, it is Anders Hornbak from Carnegie in Copenhagen. I would like you to shed some light on your expected annual synergies of 610 million; that is 19% of the cost base, which seems rather high if you could elaborate on your cost-cutting plans in the Finnish operations of course some will be or most will be shared services, as I can see, but if you could shed some more light on that. Thank you.

Tonny Theierry Andersen – Danske Bank - CFO

Well, you know that the cost lie where the customers are. Sampo has have today several different IT systems. They have IT people employed in each of the Baltic countries as well as in Finland. When you look at us being already in Euro-denominated country, i.e. Ireland and we also have a branch in Finland, and therefore we have some infrastructure in place, it is obvious that we have one group, one IT platform that you can extract synergies from as you use it cross the borders. That will account for a big part of these synergies on the development side, but also on the transaction cost, because with our outsourcing agreement with IBM we can scale it up at very, very low marginal prices.

Besides that, when you standardise and you use more efficient processes from the front office to the back office and the middle office, it is quite obvious that some of the work that today has been carried out in back office/middle office can be done much more efficiently with straight-through processing etc.

Anders Hornbak – Carnegie

Would you see any problems in terms of lost revenues? I guess you have always said that Finns and Danes are not talking the same language.

Tonny Theierry Andersen – Danske Bank - CFO

Well, we are not talking the same language but the customers still need products and actually we have mapped what the current product range are in all of these banks and matched that with what we today provide in Ireland, and Sweden and Norway and we can see there are several areas where the cross-selling is quite evident and where the customer packages, the capacity on corporate side with cash management, trade finance and business online is very obvious that we can come with something to the market that are very attractive.

Paris Shah – M&G Investment

Can you please give a breakdown of the 1.6 billion integration costs?

Tonny Theierry Andersen – Danske Bank - CFO

I think that we have not disclosed the detail of that. I think it is obvious that when we say that most of the synergies would

come from IT, it also means that the major part of these costs will be related to IT development.

Daniel King – Lehman

Good afternoon, it's Daniel King from Lehman in London. I have what I hope is one quick, simple question this afternoon. Looking at the numbers from Sampo for Q3 there is a pickup in other revenues. Now unlike the first half year there is no split given of other revenues between other revenues and trading profit, just a pickup there. If you could just tell me what that is related to, is there any sort of one-off item in there? That's all, thanks.

Tonny Theierry Andersen – Danske Bank - CFO

There is one offs, I think it is EUR 24 million in Q3, in other income.

Derek De Vries – Merrill Lynch

Ok, it is Derek De Vries from Merrill Lynch in London. I have a few questions. First off, on the £580 million in cost synergies, when I sort of bang that through our sort of simple sampler model I end up with a cost/income ratio of 47%. You are targeting 44%, so obviously you have much lower revenue growth than I have in my numbers. I was wondering if you could give us a sense as to what you expect this operation will be doing for the next couple of years in terms of revenue/CAGR?

My second question you mentioned that the ROI will cross the cost of capital 2008 so if you can just give us that number, what you estimate the cost of capital is and then the third question is asset management. Is there any chance of you guys winning some of the asset management mandates for the insurance business, or is this entirely sort of mutual fund type products for the retail client? Those are the three questions.

Tonny Theierry Andersen – Danske Bank - CFO

Well, ok. They were not very specific I guess. Well, when you look at the cost synergies, it is true that we have as a base case scenario assumed quite a modest revenue development at base case, i.e. we assume that even though you have high lending growth now, it would migrate towards a more normal stand. We have also assumed a continued margin pressure. When you look at this, I think it is fair to say that our base case revenue assumptions are somewhat conservative. The

reason is that we want to signal that based on the cost synergies and the funding synergies we believe the transaction is a valuable, and we do not want at this juncture to include any revenue synergies as part of argument for this transaction.

We have identified several areas where you can see a potential. On the return on investment question, we believe that the cost of capital is around 8.5% for the group which is based on the average for the analysts. If we do it ok, we will, as a base case in '09, '10, be several percentage points above this cost of capital.

Derek De Vries - Merrill Lynch

And on the asset management side?

Tonny Theierry Andersen - Danske Bank - CFO

I think we will have a good relationship with the insurance company, but I am not to decide how they're going to place their assets. However, we had a good talk with them and a good relationship. We sell the life products and there's usually good understanding on the asset management side also, I can't be more specific.

Derek De Vries - Merrill Lynch

That is fine. Just to come back to the revenue, you said your base case is very, very conservative but I strip out the positive exceptionals that exist in Sampo in 2006 to date is very conservative 3%, is it 6% or is it 8%. Can you give me a specific number for a very conservative base case revenue growth?

Tonny Theierry Andersen - Danske Bank - CFO

Well I think 5, 6% revenue increase a year is probably quite conservative.

Martin Gottlob - Danske Bank - Head of Investor Relations

May I just interrupt just shortly, just give one correction, the one offs in Q3 was only 16 million, there were one off in Q2 of 24 million, sorry for that mistake.

Jesper Brydenshold - Enskilda

Hi, Jesper Brydensholt from SEB Enskilda. My question relates to Sampo Bank, how you see the ability strength of Sampo Bank relative to the other competitors and also whether you expect in the integration of IT system in the Easter 2008, also did you expect some momentum downturn as you did with the Irish banks. And then finally, is there any kind of cost. between the groups that you are paying for now? If so, is this included in your synergies or restructuring costs? Thank you.

Peter Straarup - Danske Bank - CEO

On the latter question, yes there would be.

In terms of revenue streams, I think we will be able to improve both the revenue streams from the personal business and from the corporate business. They are pushing a little bit below their weight in corporate banking, they have also turned away cash management transactions because they couldn't lift them. They have not been focused on the major corporate market. I think I would prefer to say that Danske Bank would substantially be able to increase the weight of Sampo Bank. Still if you look at the composition, the corporate banking side is quite large in Sampo Bank, you would expect also to have a larger earning stream from the personal banking, I would hope our packages will help on that. You were asking whether we would expect a downturn in terms of revenue creation over Easter 2008, yes we probably would. I don't think it would be as massive though as what the experience in the Irish because the Fins are actually, and this is not a statement that I perhaps should make, the Fins are actually a bit better at IT than the Irish were, so I think they will learn the systems a bit quicker but downturn you will experience.

Jesper Brydenshold - Enskilda

Just a final follow up question on the restructuring costs, if you are integrating in Easter 2008 why is half of the restructuring cost then already been taken in 2007?

Tonny Theierry Andersen - Danske Bank - CFO

Because before you can lodge the IT system you have to develop it and you have to have people doing the IT programming, you have to do on the branding side there will be cost paid out during this process and then obviously you go live on Easter 2008.

Alexandra Bossert - Credit Suisse

Hi my name is Alexandra Bossert, I'm calling from Credit Suisse in London. I have a question regarding the financing structure, i.e. in particular the split of the 16 billion debt component. I read in the recent Fitch rating estimation that out of this 16 billion 11 billion is going to be in tier one. Could you please give further indication how the remaining 5 billion are going to be split between subordinated debt and all the liquidity instruments? Thank you.

Tonny Theirry Andersen - Danske Bank - CFO

I think we have not taken any decision on that matter yet, and I think we will wait until we launch the financial package to see the final decomposition of that. I do believe that the cost on the total financing cost will be in the range of 800 million. I think that still holds true whether the composition of the fact that it is the one or the other way.

Alexandra Bossert - Credit Suisse

Maybe just quickly a follow up question, the subordinated debt, is this likely going to be upper tier two or lower tier two debts.

Tonny Theirry Andersen - Danske Bank - CFO

Well, in Denmark we do not have upper and lower tier two capitals, but we - we don't qualify it under or call it upper or lower tier two. It is either tier one, we are going to do and then other financing packages which will be tier two and other liquidity.

Paris Shah - M&G Investment

Does any integration charges include the restructuring of any loans at Sampo?

Peter Straarup - Danske Bank - CEO

No it does not.

Matti Ahokas - Handelsbanken

Hi Matti Ahokas, Handelsbanken, Helsinki. Three questions if I may. And first of all during the course of the last couple of

years I seem to recollect you gentlemen saying that Sampo Bank at 4 billion would be quite highly valued, and was this pure tactics from a buyers point of view, or has something dramatically improved in terms of fundamentals regarding Sampo Bank during the last 12 months. The second question would be that Sampo Bank has a very high interest rate sensitivity because of higher share of deposit funding and of course dependency on interest rates. Do you plan to continue the same asset liability structure that they have? And the third is a very technical question, there's a couple of smaller subsidiaries in Sampo Bank where there are minorities, will Danske buy these minorities out in the process as well. Thank you.

Peter Straarup - Danske Bank - CEO

First on the value, it is obvious that Sampo Bank has always been interesting for Danske Bank and it is also obvious that if you wish to buy a bank you don't walk the street expressing your interest on an ongoing basis. I am happy to say that we managed to do it this time and I think we paid a good price, but not too aggressive a price. The interest rate sensitivity actually corresponds a bit to what Danske Bank has in its own book at this point in time and we have no plans to alter that. On the subsidiary side these are subsidiaries that relate to the trading activities, and I think we will have to sit down with the officers in questions and see how we handle that. We have the intention of continuing running the operation as it is, there might be some changes but this has not been agreed yet.

Sasu Järvinen - Credit Suisse

Hi, it's Sasu Järvinen from Credit Suisse. Just a few detailed questions I have left on your capital position post the transaction. First, just where do you roughly see your tier one ratio post the transaction, and on hybrid capital can you give any rough indication how much tier one hybrid you are planning to issue. Is it fair to assume that you will now fully gear up post the deal and then finally if you could just clarify the role of the planned securitisation here, its affect on your RWAs and also the affect on funding cost. Thanks.

Tonny Theirry Andersen - Danske Bank - CFO

In terms of the tier one capital loss of the transaction it will be within the band of 5.5 to 6 percentage points, that is the new target we plan to be within that band and it would obviously be replenished somewhat during '07 as we make profit. In terms of the hybrid capital, we have not come up with any specific numbers as to how much that would be, and that

would be part of the total finance package. I cannot at this juncture say what the specific amount will be. And then you had one more question?

Sasu Jörvinen – Credit Suisse

Yes, that was just the planned securitisation you mentioned somewhere in the presentation. Just what type of an affect that will have on your RWAs, and also I saw that that was included, it played some sort of a role in the funding cost as well, just if you could clarify the logic there?

Tonny Theierry Andersen – Danske Bank - CFO

The impact on risk weight asset would be around 90 to 100 billion on the securitisation.

Aaron Ibbotson – Goldman Sachs

Hi there yes, just a short follow up on the return of investment question that was touched upon earlier. What exactly are you using when you talk about the ROI crossover, are you using 31 billion or are you using 31 billion plus the restructuring charges, or is there something else because it wasn't clear to me. Thank you.

Tonny Theierry Andersen – Danske Bank - CFO

When we look at the return on investment that does include the restructuring charge because what I'm looking at is the total acquisition price plus the allocated capital during development of the franchise, i.e. more capital being deployed risk weighted asset growth and then I compare that to the total net profit after restructuring charge after amortisation of the intangible.

Aaron Ibbotson – Goldman Sachs

Ok, so that would be 32 billion or something like that.

Tonny Theierry Andersen – Danske Bank - CFO

Yes, just the value.

Kim Bergoe – Fox-Pitt, Kelton

Hi. It's Kim Bergoe of Fox Pitt Kelson in London. I'm sorry I joined the call a little bit late, so I am sorry if these questions have been asked. Are there any in terms of new products that you feel that you can add to both the Finnish and also the Baltic operations, anything that they don't have on the shelves at the moment where you think you can add to that.

Peter Straarup – Danske Bank - CEO

Well certainly on the corporate side the cash management systems and the business online products. On the personal banking side we have good packages that are tailored to some specific segments of the market, I think those will be beneficial too. We also have some very flexible house financing structures that we are also going to propose to the market.

Henrik Schmidt – KBW

Hi, this is Henrik Schmidt at KBW in London. I had a question about the Baltic', given how aggressive you've been in Norway and Sweden on pricing, is that something that we're going to see in the Baltics as well, where you do have a decent position in Estonia but maybe falling a little bit behind in the other two countries.

Peter Straarup – Danske Bank - CEO

I think I will leave pricing strategy to my good colleagues in the Baltics until we have taken over the banks.

Tonny Theierry Andersen – Danske Bank - CFO

But I think it is fair also to say that we have already identified how we product and service, service propositions that will come within the Baltics. We have done a number mystery shopping and identified locations on the product, that we and the competitors will be at, and we have a pretty good specific detailed grip on how we would attack that on the product side, it is not just a question of price all of the time.

Henrik Schmidt – KBW

Ok. My second question is about the insurance distribution, which I think there is an agreement for the first 5 years. What's the, after that, what's the plan then?

Peter Straarup - Danske Bank - CEO

To continue to sell the products to the customers for, which we will get a fee, it's on an arms length basis, that's how it has been in the past. We do the same thing in Ireland when we have some products that we do not produce ourselves. We have an open architecture philosophy, so that's fine with us.

Henrik Schmidt - KBW

Ok. My last question is about the securitisation. What is the impact going to be from Basel II further down the road, is there any way that you can get the Basel II positive impact from this or...?.

Tonny Theirry Andersen - Danske Bank - CFO

Well the Basel II you could say that securitisation builds a bridge between economic capital and how the regulatory capital today are treating low risk products like mortgages, so in a way you could say it is a bridge only in this place, there's not the full effect from that, that will come in Basel II but you can see that the actions we are taking in terms of our capital structure how we see the economic capital and mortgages is the second step in towards migrating to Basel II. I need to I think emphasise that a discussion with FSA and rating agencies are still ongoing, as to how the bank including Danske Bank will lend out in Basel II eventually, so it's too early to be too specific on that issue.

Peter Straarup - Danske Bank - CEO

Ok, thank you very much operator. And once again, thank you all for your interest in our acquisition of Sampo Bank and for all your good questions. If you should come up with additional questions you are welcome to contact our Investor Relations Department. Thank you very much.