Interim report for the first half of 2003

Jesper Ovesen, Chief Financial Officer

Presentation for investors and analysts

Slide 1 (welcome to the presentation for investors and analysts)

Thank you for taking the time to attend the presentation of our financial results for the first half of 2003. I know it is a busy time for you as many banks are releasing earnings reports, but fortunately our accounts, as usual, are not very difficult to understand. We think things are going well, even though we can of course feel the effects of the sluggish economy and particularly the currently low interest rates.

Today we are presenting a half-year report that shows improvements in all the key ratios. In light of our current working conditions, we are satisfied with the results. They confirm the Group's competitive strength and our staff's ability to attain the ambitious goals we set for ourselves. The results we are presenting today in fact represent the largest net profit the Group has ever earned in a six-month period.

Slide 2: Agenda

I will first give a brief summary of our accounts for the first half of 2003. Next, I will touch upon some of the macroeconomic conditions that affect our earnings, balance sheet and growth outlook. I will survey the trends in our various business areas. Then I will review our expectations for 2003 as a whole. And finally I will tell you why it has now become even easier to be a Danske Bank analyst or investor. You will of course have an opportunity to ask questions after the presentation.

Slide 3: H1 2003 in brief

We are presenting a good earnings report today – despite the trends in interest rates, exchange rates and the business environment that have made it more difficult to be a banker.

The economic slowdown has had an adverse effect on our revenue base on several fronts. Lending growth in Denmark is modest. The uncertain economic outlook is causing consumers and businesses to borrow and invest less than before. It affects our bottom line when bank loans are often replaced with more secure and therefore less expensive mortgage loans.

The Danish money market rates continued to decline in 2003. This has put pressure on our interest income, since Danske Bank, as you know, has a substantial deposit surplus.

Finally, the Bank's revenues were of course affected by the downscaling of our investment banking activities. The adjustment had a positive effect on our bottom line, but the lower activity level of course reduced revenues from this business area.

In light of these challenging factors, we are satisfied with the results we are announcing today.

The net profit after tax amounted to 4.8 billion kroner. That is 11 per cent higher than the profit for the first half of 2002. The earnings per share and return on equity also rose.

The solid trend in the bottom line was of course owing to several favourable developments in the first half of the year.

The positive aspect of declining interest rates was a record-high level of mortgage refinancing. Earnings at Danske Markets were also very strong. We are pleased that our business in Sweden and Norway continues to grow. Both country organisations report lending growth rates in the double digits and steadily gain stronger positions in their markets.

The Group's core income rose 3 per cent despite the difficult macroeconomic situation, and this testifies to the advantages of the diversification of the Group's business areas.

Costs were unchanged from last year's level. But if you do some calculating and adjust for increased severance costs and bonus payments, you will see that the underlying cost trend was a decline of 6 per cent. And we are not dissatisfied with that.

Provisions for bad and doubtful debts were higher than in the first half of 2002 – although at 18 basis points of loans and guarantees, they are still relatively low. Altogether, we had a small increase in core earnings.

Earnings from investment portfolios, which benefited from declining interest rates and the sale of our shares in PBS, rose sharply.

We repurchased 2 million kroner's worth of the Bank's shares in the first half of the year and decided to repurchase an additional 3 million kroner's worth of shares during the remainder of the year.

Now let us turn to the macroeconomic situation in which we are working.

Slide 4: Interest rates and currency

The European Central Bank has actively used interest rate cuts as an instrument to stimulate the economy. Danish money market rates have fallen an average of 83 basis points, and there have also been substantial declines in the other Nordic countries. Despite this monetary easing, however, we still expect low GDP growth in all of these countries because there will be a lag before the rate cuts take effect.

We expect modest GDP growth of 1 per cent in Denmark. Although low interest rates will lead to 2 per cent growth in consumer spending, the challenges that exporters face from exchange rates, high wage growth and the subdued global economy will limit economic growth.

In Norway, we think 2003 will be the year in which the sluggish business climate will take a serious toll, resulting in mainland GDP growth of only about half a percentage point. Norway's competitiveness has been diminished by the sharp wage growth of recent years and the after-effects of the strong krone exchange rate in 2002. It will also take some time before the effect of the recent interest rate cuts becomes visible. So the Norwegian economy will come under strong pressure in the near future.

We expect GDP growth of 1.5 per cent in Sweden. As in Denmark and Norway, consumer spending will drive the economy. Exports have been hurt by the falling dollar and rather high wage growth.

Altogether, we must acknowledge that the Nordic economy as a whole finds itself in a low-growth phase.

And of course that influences our bottom line and our outlook.

Slide 5: Profit & loss account

Now I will quickly point out some of the highlights of our profit and loss account. I will go into the individual items more fully later.

The net profit for the period rose 11 per cent on strong earnings from investment portfolios.

There was also an advance in core earnings before provisions. We continue to trim costs as we adapt to changing market conditions.

Provisions for bad and doubtful debts rose, but remain low. In the second quarter they were at the same level as in the first quarter. We did not experience large unforeseen losses and still have a healthy credit book.

Slide 6: Balance sheet

Danish banks saw very limited lending growth in the first half of the year, mainly because business investment has been low and many consumers have refinanced mortgage loans. The Danish krone strengthened during the period, a trend that in itself reduced lending volume by 15 billion kroner. Adjusting for the appreciation of the krone, lending grew by 1 per cent.

With a 6 per cent increase, mortgage lending volume continued its solid growth and now exceeds bank loan volume.

Our holdings of bonds and shares rose 37 per cent since the end of June 2002. The increase is owing to a much larger position in short-term notes. We use these notes for transactions in which we take advantage of the Bank's high credit ratings to raise inexpensive loans in euros and dollars and afterwards place the funds in the Danish fixed-income market.

With our repurchase of shares worth 2 billion kroner, shareholders' equity has risen by 3 billion kroner since December 31.

Slide 7: Key figures

Key figures and ratios can be used selectively to advantage, but whichever ones we choose to look at from our six-month accounts, they show sound growth.

Earnings per share rose 13 per cent. Of this amount, 11 percentage points derived from net profit and the rest came from the share buy-back during the period. The Group's profitability generated more capital than we need in order to maintain our solvency level. The solvency ratio and core capital ratio thus rose to 10.0 per cent and 7.2 per cent, respectively, so we are certainly a well-cushioned bank.

In light of these developments, we are pleased to see an increase in the return on equity for the period.

On the cost front, we continue our ongoing campaign to reduce expenses. The effect can be seen in our improved cost/core income ratio. At a level of 54, there is still a way to go before we reach our target of 50, and this cannot be attained by the continuing rationalisations alone. We need a little more favourable conditions for our top line.

Slide 8: Net interest income

Net interest income stands at the same level as in the first half of 2002. This is quite sound in light of the macroeconomic situation, particularly the trend in interest rates. But behind this flat comparison lie substantial deviations in both directions, and I will take a moment to tell you about them.

As I mentioned earlier, the Danish money market rates continued to fall in the past year. As measured by the average rates at the two half-year points, the decline was no less than 83 basis points. According to our rule of thumb, this drop reduced our core earnings by 400 million kroner in comparison with the level from the first half of 2002.

Today the interest rate on some customer deposits is already close to zero per cent and cannot be reduced further. When the Bank’s income from investing customer deposits declines and we cannot adjust the customers’ interest rates at the same time, then of course we lose money.

Adjusting for this situation, net interest income actually showed a rise of 5 per cent, and this gain shows that the Group’s underlying business is developing favourably. The advance was owing mainly to the trends in Sweden, Norway and Mortgage Finance.

The drop in interest rates came as no surprise to us. In the beginning of the year, we undertook measures to partially hedge the interest-rate sensitivity of our core business. So we recovered some of the lost net interest income in one-off gains from fixed-income positions in our investment portfolios. More precisely, that amount was 286 million kroner.

Looking ahead, we must concede that the outlook for the global and domestic economies do not indicate that the Danish funding rate will change to the advantage of our bottom line during the rest of 2003. But we can hope that low interest rates will give a boost to the economy and increase customers' inclination to borrow.

Slide 9: Fee and commission income (net)

Earnings from fees and commissions showed a small advance. Fees from refinancing and loan processing grew 31 per cent because of record-high remortgaging activity in the first half of the year.

Income from payment services declined slightly. This was mainly because our customers increasingly choose online solutions and they no longer pay to withdraw funds from cash dispensers. The positive aspect of this trend is that increased use of the Internet gives us opportunities to become more efficient and the staff at the branches has more time to advise customers.

There was also a decline in fees for securities transactions. This occurred because customers more often prefer bonds to shares both in direct trading and in pooled investment schemes.

Slide 10: Costs

We work constantly to improve the Bank's cost/core income ratio. Our goal is still to bring the ratio down to 50 within a reasonable number of years. But, as I said before, that will require a little help from the top line.

In light of the fact that market conditions have made it difficult to increase revenues, we are satisfied that we have been able to reduce the cost/core income ratio to 54 thus far.

Although costs were unchanged overall, this level actually represents an improvement, as I would like to explain in a little more detail.

Slide 11: Costs (adjusted)

When we break down total costs, as this slide shows, the underlying cost base declined 6 per cent despite ordinary wage and inflation growth.

Performance-related compensation increased, and severance costs rose sharply. Our headcount has declined by 800 since June 2002, and this will have a positive effect on our costs in the future.

Slide 12: IT security

Since our IT breakdown in March, we have worked to ensure an even higher level of security in the operation of our IT systems. Although the issues are a little technical, I will say a couple words about these measures.

Before the breakdown, we had a single set of computers, from which we replicated data in a backup copy on an ongoing basis. The breakdown occurred because of an IBM error in this set of computers. Although we had all of the data in a backup copy, it was impossible to continue operations with the defective set of computers.

Our new arrangement with two sets of computers ensures that, if an error occurs in one set, we will be able to continue operations with the other set.

We now feel even more secure with our IT systems, which we think are among the best in the industry.

Slide 13: Developments since the merger

As time passes, we sometimes forget past achievements. Let me give you a brief summary.

Since the merger with Realdanmark, we have reduced costs by 3.2 billion kroner (the original synergy plan contained savings of 2.7 billion kroner). We have reduced the number of employees by more than 3,000 and have also cut our IT costs sharply.

In the same period, our earnings per share have risen 60 per cent.

If we assume that the annual general meeting approves a 40 per cent dividend payout for 2003, then by the end of 2003 the Bank will have returned a total of 27 billion kroner to shareholders in the form of dividends and share repurchases. These break down into four dividend payments of about 3.5 billion kroner each and share repurchases worth a total of 13 billion kroner.

In other words, we have been able to repay the entire purchase price of Realdanmark within only four years.

Slide 14: Provisions for bad and doubtful debts

The economic slowdown has not had a significant adverse effect on our provisions for bad and doubtful debts. We have not had any major negative surprises regarding the quality of our loans. Although provisions rose almost 50 per cent, they still amount to only 18 basis points of total loans, advances and guarantees, and this is lower than the Group's average expected loss of 23 basis points.

Regarding credit quality in our mortgage finance business, we still see no deterioration of customers' repayment ability. The decline in interest rates – especially through its effect on remortgaging activity – has increased households' disposable income, and house prices remain stable.

We think that the quality of our loan portfolio is quite good, and we expect to maintain a relatively low provisioning ratio for the full year.

Slide 15: Total provisions

In addition to the provisions item on the profit and loss account, it is worthwhile to look at accumulated, or total, provisions.

The size of our total provisions also provides us with good cushioning. Total provisions are more than three times as large as non-performing loans and represent more than 1 per cent of total loans, advances and guarantees.

In considering the difference in total provisions from the beginning of the period to the end, we should note that, adjusted for currency translation effects, they are unchanged.

The slide shows that we have made large write-offs on facilities for which we previously made provisions. We are making write-offs a little more quickly than before because of the 1 per cent duty that we must pay on accumulated provisions.

Slide 16: Trend in loans and advances

The reasons that our loan losses are generally low are that we maintain a broad industry diversification and that mortgage lending accounts for half of our total loan volume. We consider our mortgage loans, with an average loan-to-value ratio of only 60 per cent, to be very safe.

We see the largest growth coming from Mortgage Finance and the other Nordic countries, where we have stated that we wish to expand.

We saw strong growth in Sweden and Norway, and we increased our market shares there. Both the retail and commercial segments delivered growth. The opposite was the case in the United States, where we continue to reduce our exposure to US-based companies.

Slide 17: Status of capitalisation

Last year and this year we have repurchased shares worth a total of 5 billion kroner. These buybacks reduced the number of shares outstanding by 5 per cent.

Slide 18: Solvency ratio

Excluding the consolidation of the net profit for the period, the Bank's core (tier 1) capital ratio stands at 7.2 per cent.

The share repurchase worth 2 billion kroner carried out in the first half of the year in itself reduced the ratio by a quarter of a percentage point, but the ratio remains above our long-term goal of 6.5 per cent. In order to move it further in the direction of our target, we will undertake another share repurchase in the second half of 2003, this time for 3 billion kroner. The buyback will take place according to the bookbuilding method over five days and will possibly be supplemented with open-market transactions. We will make a notification of the time and the programme in a separate stock exchange announcement.

With the somewhat uncertain economic situation at present, we must expect that at the end of 2003 the core capital ratio will be closer to 7 per cent, that is, still a little above our long-term goal.

Now I will turn to the performance of the individual business areas.

Slide 19: Trends in business areas

Our earnings growth came on several fronts, with Danske Markets, Mortgage Finance and Banking Activities, Sweden, leading the way.

It is also worth noting that Banking Activities showed an advance as well, despite the drop in interest rates, cannibalisation by mortgage lending and the strengthening of the Danish krone. The growth came from cost reductions in Danish operations and real top-line growth at the foreign units. Banking Activities' share of the Group's total earnings before provisions declined slightly because of the strong growth at Danske Markets and Mortgage Finance.

Slide 20: RAROC

It is one thing to increase net profit, but excess earnings should also be profitable from a risk perspective. As you know, we have used the RAROC model for several years to assess value creation. The slide depicts the risk-adjusted return for the various business areas. It shows that the Group as a whole, as well as the individual areas, has a risk-adjusted return that stands well above its cost of capital.

It is worth noting that Mortgage Finance is a very profitable area. Its very low risk level more than compensates for its lower earnings margin.

The improvement at Danica Pension came mainly because we were able to book a risk allowance for the first half of the year.

Slide 21: Banking Activities, Denmark

During the first half of the year, Banking Activities, Denmark, once again accounted for almost half of the Group's earnings. This business area showed growth in core earnings before provisions of 1 per cent. That might not sound like much, but remember that this is the business area where the decline in interest rates is felt the most.

The main reason for the gain was that we succeeded in reducing costs by 8 per cent. We carried out 21 branch mergers in the period, leaving a total of 468 branches in Denmark. We evaluate our branch network on an ongoing basis, of course, but we now feel we are coming close to the appropriate number of branches.

This year we have converted 29 branches to "non-cash" branches, bringing the total to 50. The objective of discontinuing cash disbursements from some of the branches is to avoid robberies. There are large human as well as financial costs involved in robberies. The introduction of non-cash branches has been well received by both customers and employees, and we can see that the number of robberies is falling.

In 2002 we introduced several customer packages in the retail segments of both Danish banks. In these packages we gather a number of products and services that are intended for specific customer groups. Sales of the packages have gone better than we had expected and have led to an influx of young customers in particular.

Our retail customer satisfaction level generally matches the market average, while their customer loyalty is above average. We are pleased that our corporate customers, who had already scored high in customer satisfaction, became even more satisfied with both our service and our product offering.

As I said upon the presentation of our annual accounts for 2002, we have no excuses if we are not in a stronger position at the end of the year than we were at the beginning. Despite the strong performance of Banking Activities, Denmark, in the first half of the year, there is still room for improvements that can fully reverse the trend in market shares.

Slide 22: Banking Activities, International

Core earnings before provisions at Banking Activities, International, grew 5 per cent over the level in the first half of 2002. Adjusting for currency translation effects, the increase was 11 per cent. Core earnings in Sweden and the United States in particular showed strong growth, while there was a slight decline in Norway.

Slide 23: Banking Activities, Norway

Although Banking Activities, Norway, achieved double-digit growth in lending volume, this could not compensate for the weak Norwegian capital markets and falling interest rates. Since we also used resources to open new branches in the large cities, overall earnings fell 5 per cent in local currency in comparison with the first half of 2002.

There is no doubt that the Norwegian private sector faces substantial competitive challenges and that lending volume growth must be undertaken carefully. But we have got a good grasp of our strategy and customer mix, and our credit book is healthy. And in the Norwegian context, that is a very big advantage.

We believe we are well positioned to exploit the market opportunities that appear in the wake of the current merger between Den Norske Bank and Gjensidige Nord.

Slide 24: Banking Activities, Sweden

Core earnings continue to show solid growth in Sweden. We have the most satisfied banking customers in the country. That gives us good opportunities to expand our business with existing customers, and it is of course the best foundation for attracting new customers.

Costs were in line with our plans, and we no longer have extraordinary expenditures for upgrading the IT systems.

Slide 25: Banking Activities, UK

Core earnings in the United Kingdom fell 3 per cent from the first half of 2002, but when adjusted for currency translation effects, they increased 3 per cent.

Fee income from capital markets transactions rose sharply, driving revenues up 15 per cent in local currency.

On the other hand, increased provisions for pension obligations and performance-based compensation weighed on earnings.

Slide 26: Banking Activities, USA

Although we kept our exposure to American companies at a low level, we were able to increase earnings by expanding our business with selected global financial institutions. We also had one-off revenues from capital markets transactions.

Core income in the USA was affected by a drop in the funding rate, at which we earn interest on our allocated capital. The trend in the dollar exchange rate also had an adverse effect on core income as measured in Danish kroner. Adjusted for currency translation effects, core earnings actually rose 21 per cent.

Slide 27: Mortgage Finance

The refinancing of mortgage loans has become a popular sport for Danes. That is reflected in our earnings from Mortgage Finance, which rose by a total of 9 per cent in comparison with the 2002 period.

Driven by heavy remortgaging activity, the market's total gross lending increased by 100 billion kroner to 290 billion kroner.

This rise in activity was certainly welcome. But it was also gratifying to see that our market share of net new lending rose from 26.7 per cent in the first quarter of 2003 to 28.0 per cent in the second quarter. Although this trend concerns only a single quarter, it suggests that the measures we have implemented to retain customers are beginning to work. But there is still a way to go before our market share of net new lending reaches its natural level of about one-third.

In our opinion, Nykredit's acquisition of Totalkredit will not have any effect on the competitive situation for us. We consider distribution capacity and capital strength to be the key parameters for a mortgage finance institution's future competitiveness. And in both regards, Danske Bank has a strong position. We have almost 500 branches in Denmark and the highest credit rating. In May, Realkredit Danmark was assigned the highest possible rating – triple A – from Standard & Poor's. It already had the highest possible rating from Moody's.

Beginning on October 1st, mortgage credit institutions may offer private homeowners loans with interest-only payments for up to 10 years. Realkredit Danmark has begun training its advisers in this product and will be able offer the loan to customers in the autumn. We have therefore decided to postpone the IT conversion in order to develop a new system to process these loans.

Slide 28: Danske Markets: Earnings

Danske Markets performed well in the first half of 2003, with revenue growth in all of its activities. Core earnings were 33 per cent higher than in the 2002 period.

The main reasons for the advance were falling interest rates and heavy exchange rate fluctuations. Customers were also more active in this area.

Danske Markets maintained its substantial market shares in both the Danish money market and foreign exchange market and consolidated its position as the leading player in the Scandinavian bond markets.

In addition, the division took advantage of the Bank's high credit ratings to raise inexpensive funding in euros and dollars. The funding was used for placements in short-term Danish notes.

After struggling in the beginning of the year, equity prices rose towards the end of the second quarter. The restructuring of our equity activities that began in the fourth quarter of 2002 was brought to a successful conclusion in the first half of 2003. The changes helped to produce a profit in the equities unit for the period.

Slide 29: Danske Markets: Risk-weighted items

One of the most widely remarked factors in the earnings growth at Danske Markets was the increased volume of spread positions. The net position on the asset side of these transactions was increased holdings of short-term Danish notes. On the liability side, there was an increased volume of issued debt instruments. The interest rate risks on these positions generally cancel each other out.

The calculation of economic capital takes account of these offsetting risks more precisely. The calculation of regulatory capital does not take this effect into account. The growth of holdings of short-term notes causes the risk-weighted items to increase sharply.

The growth in economic capital of 20 per cent thus gives a more realistic picture of the risk trend than the growth in risk-weighted assets of more than 50 per cent.

Slide 30: Danica Pension: Satisfactory business developments

Things are still going well at Danica.

Danica can lay claim to being Denmark's largest life and pension company on the basis of premium income. It is clear that Danica has a strong position in the competition for pension customers. Danica delivered double-digit growth rates in the markets for employer pension schemes and health care insurance. Sales of unit-linked products were in line with last year's level despite the trend in the capital markets.

Just as important during this period of volatile markets, Danica received a strong confirmation of its financial strength: an A+ rating from Standard & Poor's.

I will now take a closer look at our profit consolidation model and investment profile.

Slide 31: Danica Pension: Earnings growth

Core earnings grew 9 per cent, mainly because of higher business volume and improved earnings from health and accident insurance.

Danica has a conservative investment profile. Today equities represent only 8 per cent of the total portfolio. That is a large reduction since the end of 2001. A large portion of the change was owing to sales of equities worth about 9 billion kroner in 2002 in order to lower the market risk.

It is our policy that Danica must at all times be able to withstand a decline in the equity markets of 25 per cent without any effect on shareholders' equity. With a collective bonus potential of 4.3 billion kroner, we can withstand a decline of more than 40 per cent.

The next slide concerns the return on investments and the context of the risk allowance.

Slide 32: Danica Pension: Profit consolidation

For the first half of the year, the return on investments was 4.8 per cent, in comparison with 1.1 per cent in the first quarter. The positive trend in equity prices was the main reason for the relatively high return in the second quarter.

On the other hand, the drop in interest rates lowered the calculation rate that is used to determine the market value of provisions. The lower rate thus increases the market value of customers' claims. The shaded area indicates the portion of the return that was used to increase provisions.

After a deduction of tax on the return – the so-called PAL tax – and market value adjustments of the provisions, the net return amounted to 2.4 per cent. The average guaranteed payment rate (that is, the rate that we have guaranteed customers when we entered contracts with them) is 3.3 per cent, or 1.65 per cent for a six-month period. Since the return after PAL tax and market value adjustments exceeds the guaranteed payment rate, we can book a risk allowance to core earnings for the entire first half of the year.

Although the return for the first half-year was satisfactory, we will not make a decision about booking the postponed risk allowance of 883 million kroner from 2002 until after the end of this year.

I know that Danica's accounts and profit consolidation model can be complicated, so we have prepared a memorandum that explains these procedures in a systematic manner. You can find the memorandum in the Investor Relations' section of the Bank's Web site.

Slide 33: Danske Capital

Although we had a net inflow to asset management of 9 billion kroner in the first half of 2003 and reduced costs by 2 per cent, core earnings at Danske Capital fell 31 per cent.

The uncertain stock markets have led to increased interest in bond-based investment pools, which give the Bank lower earnings than equity-based pools. The percentage of assets placed in equities fell from 29 per cent in June 2002 to 16 per cent in June 2003. This trend led to a drop in the average margin from 0.22 per cent to 0.19 per cent.

On the positive side, we have maintained our market share of 41 per cent of both net sales and asset value in the retail segment in Denmark.

Slide 34: Earnings from investment portfolios

We had a satisfactory return on our investment holdings in the first half of the year. Total earnings almost doubled from the level in the 2002 period.

A significant part of the increase came from our being able to book a risk allowance from Danica, in contrast to the situation in 2002. The total contribution from insurance activities thus went from a negative 680 million kroner in 2002 to a gain of 141 million kroner this year.

As I mentioned in my comments on net interest income, in the beginning of the year we undertook a partial hedging of the loss of income in domestic banking operations because of declining interest rates. This hedging contributed 286 million kroner.

Our return on equity holdings was 692 million kroner, against 427 million last year, and this includes a 264 million kroner gain on the sale of PBS Holding A/S. In comparison, in 2002 we had a gain of 103 million kroner from the sale of shares in the Copenhagen Stock Exchange and the Danish VP Securities Services. With this year's divestment, the Group has now fulfilled all the commitments made to the Danish Competition Authority upon the merger with RealDanmark.

Slide 35: Outlook for the remainder of 2003

Now a few comments on our expectations regarding the results for 2003 as a whole.

Our earnings guidance is usually poorly received even though it also usually turns out to be sound. Surely some of you will think that once again we are being too conservative, considering our actual earnings in the first half of 2003. Of course I hope the optimists prove to be right, but I dare not base my judgement on the optimistic case. In the first half of the year, we benefited from extremely heavy remortgaging activity as well as the perhaps extraordinary gains at Danske Markets. We cannot expect a recurrence of these factors in the second half of the year, but we can expect low interest rates and the weak macroeconomic climate to continue.

We therefore see no grounds for changing the expectations for 2003 as a whole that we announced upon the release of our first-quarter earnings report. We maintain our view that core earnings for 2003 will generally be in line with the level in 2002.

Although we have good control of costs and credit quality, a continuation of weak economic growth and low interest rates is bound to limit our earnings.

Earnings from investment portfolios will of course be very much dependent on the trend in the financial markets.

We expect the Group's tax rate to be 29 per cent of pre-tax profit.

Before we turn to your questions, I would like to take the occasion to tell you a little about the new Investor Relations section on our Web site. It was already easy for analysts to cover Danske Bank. We feel that we offer comprehensive services. Now we have decided to automate some of them.

Slide 36: New IR Web site section

Many of you have requested better and more informative Investor Relations material on our Web site. Today we are launching a much-improved version of the IR site. You can now find information on corporate governance and share price history as well as a convenient fact sheet. You can determine the periods you wish to evaluate with interactive features. You can manipulate graphic and tabular columns, and you can compare our share price performance with that of our competitors. Altogether, you will have a much more detailed picture of Danske Bank and its individual business areas.

Take a look at the site – it's worth a visit.

Thank you for your attention.

Now I will turn over the discussion to you. Please make use of the microphones built into the armrests between your seats.