

# Sydbank's Q1-Q3 2007 Report

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## **Very satisfactory core earnings**

Sydbank recorded a pre-tax profit of DKK 1,620m for the first nine months of 2007 – an increase of DKK 135m compared with Q1-Q3 2006. The result equals a return of 35% p.a. on average shareholders' equity (Tier 1).

Core earnings before impairment have improved by DKK 189m to DKK 1,357m. The increase is mainly ascribable to continued growth in loans and advances and income from interest margins. Moreover, trading income has risen by 15%.

Also, an impairment loss of DKK 357m on loans and advances has been reversed and recognised in the income statement. Core earnings represent DKK 1,714m.

Loss on investment portfolios amounts to DKK 149m. Moreover an extraordinary gain on the sale of non-current assets makes up DKK 55m.

Post-tax profit represents DKK 1,233m, equal to a return of 26% p.a. on average shareholders' equity (Tier 1). Earnings per share for the period have gone up by 13% from DKK 16.1 to DKK 18.2.

As a whole performance and business developments are considered very satisfactory.

## **2007 core earnings outlook raised by DKK 100m**

On the basis of realized core earnings in Q1-Q3 as well as current business and earnings developments, core earnings for 2007 are forecast to make up around DKK 2.1-2.3bn. At the release of the Bank's 2007 Interim Report core earnings for the year were projected to represent around DKK 2.0-2.2bn.

Yours faithfully

Carsten Andersen  
Group Chief Executive

Enquiries concerning this Announcement to  
Carsten Andersen, Group Chief Executive, tel +45 74 36 20 00  
Mogens Asmund, Group Executive Vice President, tel +45 74 36 20 50

# Quarterly Report Q1-Q3 2007

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## Contents

### Financial Review

Group Financial Highlights	3
Review	4
Management Statement	9

### Financial Statements – Sydbank Group

Accounting Policies	10
Income Statement	11
Balance Sheet	12
Group Financial Highlights – Quarterly	13
Shareholders' Equity (Tier 1)	14
Own Holdings and Solvency	15
Cash Flow Statement	16
Segment Statements	17
Notes	18

## Group Financial Highlights

	Q1-Q3 2007	Q1-Q3 2006	Index 07/06	Full year 2006
<b>Income statement (DKKm)</b>				
Core income excl trading income	1,871	1,681	111	2,298
Trading income	1,114	970	115	1,319
<b>Total core income</b>	<b>2,985</b>	<b>2,651</b>	<b>113</b>	<b>3,617</b>
Costs and depreciation	1,628	1,483	110	2,030
<b>Core earnings before impairment</b>	<b>1,357</b>	<b>1,168</b>	<b>116</b>	<b>1,587</b>
Impairment of loans and advances etc	(357)	(85)	420	(171)
<b>Core earnings</b>	<b>1,714</b>	<b>1,253</b>	<b>137</b>	<b>1,758</b>
Profit/(Loss) on investment portfolios	(149)	112	-	173
<b>Profit before gain on sale of non-current assets</b>	<b>1,565</b>	<b>1,365</b>	<b>115</b>	<b>1,931</b>
Gain on sale of non-current assets	55	120	-	120
<b>Profit before tax</b>	<b>1,620</b>	<b>1,485</b>	<b>109</b>	<b>2,051</b>
Tax	387	381	102	537
<b>Profit for the period</b>	<b>1,233</b>	<b>1,104</b>	<b>112</b>	<b>1,514</b>
<b>Balance sheet highlights (DKKbn)</b>				
Loans and advances at amortised cost	71.6	61.5	116	65.5
Loans and advances at fair value	7.6	7.1	107	7.7
Deposits and other debt	57.9	48.4	120	50.0
Bonds issued at amortised cost	10.0	8.6	116	10.0
Subordinated capital (Tier 2)	3.8	3.5	109	3.5
Shareholders' equity (Tier 1)	6.2	5.9	105	6.3
Total assets	127.1	108.0	118	114.8
<b>Financial ratios per share (DKK per share of DKK 10)</b>				
EPS Basic	18.2	16.1		22.1
EPS Diluted	18.2	16.1		22.1
Share price end of period	227.5	216.5		270.0
Book value	96.0	86.2		92.1
Share price/book value	2.37	2.51		2.93
Average number of shares outstanding (millions)	67.6	68.4		68.5
<b>Other financial ratios and key figures</b>				
Solvency (total capital) ratio **	11.7	12.0		11.8
Core capital (Tier 1) ratio **	8.7	9.3		9.0
Pre-tax profit as % of avg shareholders' equity	25.9	27.2		36.2
Post-tax profit as % of avg shareholders' equity	19.7	20.2		26.7
Income/cost ratio (DKK)	2.27	2.06		2.10
Interest rate risk	1.4	(1.3)		2.0
Foreign exchange position	9.3	8.2		10.3
Foreign exchange risk	0.3	0.1		0.1
Loans and advances relative to deposits *	1.1	1.1		1.2
Loans and advances relative to shareholders' equity *	11.6	10.4		10.3
Growth in loans and advances during the period *	9.3	14.8		22.4
Excess cover relative to statutory liquidity requirements	63.9	19.7		74.0
Total large exposures	61.4	22.0		34.7
Accumulated impairment ratio	1.2	1.8		1.6
Impairment ratio for the period	(0.40)	(0.10)		(0.19)
Number of full-time staff end of period	2,266	2,203	103	2,190

Financial ratios prepared according to "Recommendations & Financial Ratios 2005" published by the Danish Society of Financial Analysts.

\* Ratios calculated on the basis of loans and advances at amortised cost.

\*\* Until 31 December 2006 the solvency (total capital) ratio and core capital (Tier 1) ratio were calculated in accordance with the former executive order on capital adequacy.

## Review

### Summary

- **Post-tax profit amounts to DKK 1,233m (2006: DKK 1,104m)**
- **Earnings per share rose 13%**
- **Income from interest margins etc went up by 13%**
- **Rise in trading income of 15% to DKK 1,114m**
- **Growth in costs of just under 10%**
- **Reversal of impairment loss of DKK 357m on loans and advances**
- **Core earnings of DKK 1,714m**
- **Loss on investment portfolios of DKK 149m**
- **Gain on sale of non-current assets of DKK 55m**
- **Growth in ordinary loans and advances of 16%**
- **Solvency (total capital) ratio of 11.7%.**

In Q1-Q3 2007 Sydbank generated a pre-tax profit of DKK 1,620m, an improvement of DKK 135m compared with Q1-Q3 2006. The result equals a 35% return p.a. on average shareholders' equity (Tier 1).

Core earnings before impairment have improved by DKK 189m to DKK 1,357m. The increase is mainly ascribable to continued growth in loans and advances and income from interest margins. Moreover, trading income has risen by 15%.

Also, an impairment loss of DKK 357m on loans and advances has been reversed and recognised in the income statement. Core earnings represent DKK 1,714m.

Investment portfolios generated a loss of DKK 149m. Moreover an extraordinary gain on the sale of non-current assets makes up DKK 55m.

Post-tax profit represents DKK 1,233m, equal to a return of 26% p.a. on average shareholders' equity (Tier 1). Earnings per share for the period have gone up by 13% from DKK 16.1 to DKK 18.2.

As a whole performance and business developments are considered very satisfactory.

On the basis of realized core earnings in Q1-Q3 as well as current business and earnings developments, core earnings for 2007 are forecast to make up around DKK 2.1-2.3bn. At the release of the Bank's 2007 Interim Report core earnings for the year were projected to represent around DKK 2.0-2.2bn.

<b>Income statement Q1-Q3 (DKKm)</b>		
	<b>2007</b>	<b>2006</b>
Core income excl trading income	1,871	1,681
Trading income	1,114	970
<b>Total core income</b>	<b>2,985</b>	<b>2,651</b>
Costs and depreciation	1,628	1,483
<b>Core earnings before impairment</b>	<b>1,357</b>	<b>1,168</b>
Impairment of loans and advances etc	(357)	(85)
<b>Core earnings</b>	<b>1,714</b>	<b>1,253</b>
Profit/(Loss) on investment portfolios	(149)	112
<b>Profit before gain on sale of non-current assets</b>	<b>1,565</b>	<b>1,365</b>
Gain on sale of non-current assets	55	120
<b>Profit before tax</b>	<b>1,620</b>	<b>1,485</b>
Tax	387	381
<b>Profit for the period</b>	<b>1,233</b>	<b>1,104</b>

### Income statement

Core income excl trading income represents DKK 1,871m (2006: DKK 1,681m).

Income from interest margins etc rose by 13% to DKK 1,513m, favourably supported by a rise in ordinary loans and advances of 16%, in contrast to interest margins which have been slightly falling.

Trading income has risen by 15% from DKK 970m to DKK 1,114m.

Total core income makes up DKK 2,985m, equal to a rise of 13%.

Costs and depreciation recorded DKK 1,628m, an increase of just below 10%. The number of employees (full-time equivalent) has risen by 63 to 2,266 over the past 12 months.

Core earnings before impairment have improved by DKK 189m to DKK 1,357m, ie a rise of 16%.

In Q1-Q3 2007, an impairment loss of DKK 357m on loans and advances has been reversed and recognised in the income statement; in Q1-Q3 2006 the reversal amounted to DKK 85m. This is the result of several factors, including the favourable business conditions in Denmark, lower portfolio credit risk and an unexpected positive settlement of several major accounts.

Total core earnings represent DKK 1,714m compared with DKK 1,253m during the same period in 2006.

For the first nine months of 2007, investment portfolios less funding charges and costs generated a loss of DKK 149m, a loss of DKK 119m concerns Q3. The result is adversely affected by an unrealized price loss of DKK 86m on the Bank's portfolio of CDOs. The market value of the CDO portfolio represents DKK 236m as of 30 September 2007.

The portfolio comprises 13 CDOs. Two of them with an original nominal principal amount of the equivalent of DKK 38m include a maximum of 30% of US mortgages. Following the price loss in Q3, the Bank's remaining exposure to US mortgages constitutes around DKK 3m.

In 2007 DMK-Holding and three properties were sold at a profit of DKK 26m and DKK 29m, respectively. The subsidiary, Sydbank (Schweiz) AG, contributes a pre-tax profit of DKK 17m (2006: DKK 5m).

The Group's pre-tax profit represents DKK 1,620m. Less a calculated tax charge of 25%, equal to DKK 387m, profit stands at DKK 1,233m.

Return on shareholders' equity (Tier 1) represents 26.3% p.a. against 27.0% p.a. in Q1-Q3 2006. Earnings per share for the period rose from DKK 16.1 to DKK 18.2, equal to an increase of 13%.

### Balance sheet

The Group's total assets recorded DKK 127bn (31 December 2006: DKK 115bn).

<b>Assets (DKKbn)</b>	<b>30 Sep 2007</b>	<b>31 Dec 2006</b>
Amounts owed by credit institutions etc	13.9	16.3
Loans and advances at fair value (reverse repo transactions)	7.6	7.7
Loans and advances at amortised cost (ordinary loans and advances)	71.6	65.5
Securities and holdings etc	18.7	14.4
Assets related to pooled plans	6.7	6.5
Other assets etc	8.6	4.4
<b>Total</b>	<b>127.1</b>	<b>114.8</b>

Ordinary loans and advances – loans and advances at amortised cost – have grown by DKK 6.1bn to DKK 71.6bn since the beginning of the year. The rise constitutes DKK 10.1bn or 16% compared with 30 September 2006.

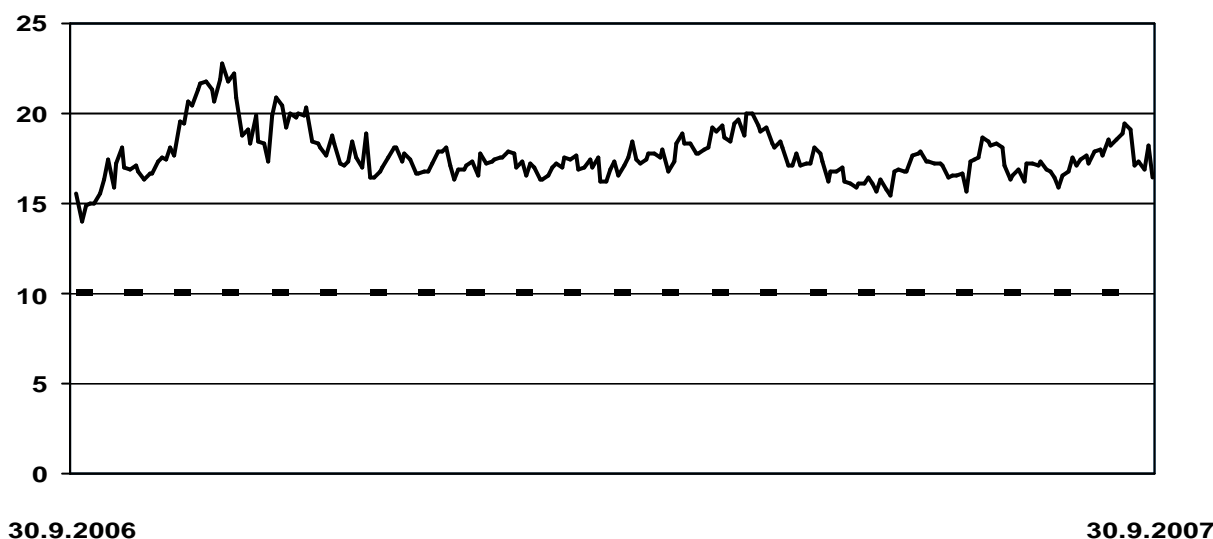
<b>Shareholders' equity and liabilities (DKKbn)</b>	<b>30 Sep 2007</b>	<b>31 Dec 2006</b>
Amounts owed to credit institutions	27.3	26.5
Deposits and other debt	57.9	50.0
Deposits in pooled plans	6.7	6.5
Bonds issued	10.0	10.0
Other liabilities etc	15.0	11.6
Provisions	0.2	0.4
Subordinated capital (Tier 2)	3.8	3.5
Shareholders' equity (Tier 1)	6.2	6.3
<b>Total</b>	<b>127.1</b>	<b>114.8</b>

Since year-end 2006 deposits and other debt has gone up by DKK 7.9bn to DKK 57.9bn. The rise constitutes DKK 9.5bn or 20% compared with 30 September 2006.

**Liquidity**

The Bank's free liquid assets which in accordance with section 152 of the Danish Financial Business Act must make up at least 10% of the financial liabilities represented DKK 21bn as of 30 September 2007, equal to 16.4%. The Bank's policy of producing, both now and in the future, a significant excess cover relative to the statutory requirements has, as illustrated by the chart below, been followed throughout the past 12 months.

**Liquidity as % of financial liabilities**



The crisis on the international financial and money markets over the past few months has not weakened the Bank's comfortable liquidity situation.

**Capital**

Shareholders' equity (Tier 1) has been reduced by DKK 177m since year-end and constitutes DKK 6,172m as of 30 September 2007. The change appears as dividend distribution etc of net DKK 222m, net purchase of own shares of DKK 1,246m, tax income on equity items of DKK 58m and profit for the period of DKK 1,233m.

The proposal of the Board of Directors to reduce the Bank's share capital by DKK 25m nominal to DKK 675m nominal was adopted by an extraordinary general meeting held on 12 September 2007. The capital reduction is effected through the repayment of part of the Bank's portfolio of own shares. It is expected that it will have been finally implemented in December 2007 – on expiry of the three months' notice.

**Capital adequacy**

Sydbank has filed an application with the Danish Financial Supervisory Authority (FSA) for approval of models to determine the capital requirement in accordance with Basel II for the purpose of measuring credit risk outside the trading portfolio in accordance with the Internal Ratings Based Approach (IRB) as from 1 January 2008. As regards retail customers, the application concerns approval for the use of the advanced approach and as regards corporate clients the application initially concerns approval for the use of the foundation approach. It is expected that the application will have been finally processed at the end of 2007.

Incorporating profit for the period the solvency (total capital) ratio as of 30 September 2007 stands at 11.7%, of which 8.7% is ascribable to the Group's core capital (Tier 1). The core capital (Tier 1) ratio excluding hybrid core capital constitutes 7.3%. Risk-weighted items total DKK 80.5bn at the end of Q3 2007.

**Other issues**

Moody's ratings remain unchanged: Aa3 (long-term), P-1 (short-term) and C+ (financial strength).

**Outlook for 2007**

On the basis of realized core earnings in Q1-Q3 as well as current business and earnings developments, the core earnings forecast for 2007 is upgraded to around DKK 2.1-2.3bn. Previously core earnings were projected to represent around DKK 2.0-2.2bn.

**Financial calendar**

The Group's annual results for 2007 are scheduled for 29 January 2008.

## Management Statement

Today we have prepared the quarterly report for Q1-Q3 2007 of the Sydbank Group.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as approved by the EU. Furthermore, the quarterly report has been prepared in compliance with additional Danish disclosure requirements for quarterly reports of listed financial companies. The quarterly report has not been audited or reviewed.

We consider the accounting policies applied to be appropriate and the quarterly report gives a true and fair view of the Group's assets, liabilities and financial position at 30 September 2007 and of the results of the Group's operations and the Group's cash flows for the accounting period 1 January – 30 September 2007.

Aabenraa, 23 October 2007

### Group Executive Management

Carsten Andersen  
(Group Chief Executive)

Preben L. Hansen

Torben A. Nielsen

### Board of Directors

Kresten Philipsen  
(Chairman)

Anders Thoustrup  
(Vice-Chairman)

Otto Christensen

Vagn F. Christensen

Peder Damgaard

Harry Max Friedrichsen

Peter Gæmelke

Hanni Toosbuy Kasprzak

Per Olesen

Sven Rosenmeyer Paulsen

Jan Uldahl-Jensen

Margrethe Weber

## **Accounting Policies**

The consolidated financial statements for Q1-Q3 2007 have been prepared in accordance with IAS 34 Interim Financial Reporting as well as additional Danish disclosure requirements for interim reports. As a result of the use of IAS 34, the presentation is limited compared with the presentation of a complete annual report and the measurement principles are in compliance with IFRS.

The accounting policies applied are consistent with those adopted in the 2006 Annual Report.

At the time of the release of this quarterly report, a series of new and amended financial reporting standards, including IFRS 7 Financial Instruments: Disclosures, and interpretations have come into force. The application of these new and amended financial reporting standards and interpretations has not resulted in any changes in the accounting policies in terms of recognition and measurement.

The measurement of certain assets and liabilities require managerial estimates as to how future events will affect the value of such assets and liabilities. Estimates significant to the presentation of the financial statements are made for instance in connection with impairment of loans and advances, fair values of unlisted financial instruments as well as provisions.

Estimates are based on assumptions that are considered reasonable by management but which by their nature are uncertain.

**Income Statement – Sydbank Group**

DKKm	Q1-Q3 2007	Q1-Q3 2006	Full year 2006
Interest income	4,044	2,846	4,012
Interest expense	2,477	1,466	2,126
<b>Net interest income</b>	<b>1,567</b>	<b>1,380</b>	<b>1,886</b>
Dividends on shares	22	20	26
Fee and commission income	1,095	1,053	1,397
Fee and commission expense	132	173	219
<b>Net interest and fee income</b>	<b>2,552</b>	<b>2,280</b>	<b>3,090</b>
Market value adjustments	289	594	802
Other operating income	26	15	24
Staff costs and administrative expenses	1,555	1,418	1,926
Depreciation and impairment of property, plant and equipment	74	70	111
Other operating expenses	9	2	2
Impairment of loans and advances etc	(357)	(85)	(171)
Profit on holdings in associates and subsidiaries	34	1	3
<b>Profit before tax</b>	<b>1,620</b>	<b>1,485</b>	<b>2,051</b>
Tax	387	381	537
<b>Profit for the period</b>	<b>1,233</b>	<b>1,104</b>	<b>1,514</b>
EPS Basic for the period (DKK) *	18.2	16.1	22.1
EPS Diluted for the period (DKK) *	18.2	16.1	22.1

\* Calculation based on the average number of shares outstanding, see page 15.

**Balance Sheet – Sydbank Group**

DKKm	Q1-Q3 2007	Q1-Q3 2006	Full year 2006
<b>Assets</b>			
Cash and balances on demand at central banks	630	605	571
Amounts owed by credit institutions and central banks	13,287	12,080	15,708
Loans and advances at fair value	7,603	7,050	7,671
Loans and advances at amortised cost	71,633	61,481	65,512
Bonds at fair value	17,226	14,435	13,112
Shares etc	1,249	1,565	1,159
Holdings in associates etc	205	145	149
Assets related to pooled plans	6,735	6,199	6,522
Total land and buildings	762	780	769
– investment property	10	45	44
– owner-occupied property	752	735	725
Other property, plant and equipment	111	93	108
Current tax assets	0	5	55
Deferred tax assets	6	0	6
Other assets	7,622	3,557	3,379
Prepayments	44	44	37
<b>Total assets</b>	<b>127,113</b>	<b>108,039</b>	<b>114,758</b>
<b>Shareholders' equity and liabilities</b>			
Amounts owed to credit institutions and central banks	27,279	23,416	26,498
Deposits and other debt	57,895	48,395	49,991
Deposits in pooled plans	6,735	6,199	6,522
Bonds issued at amortised cost	10,050	8,568	10,049
Current tax liabilities	220	278	28
Other liabilities	14,640	11,384	11,433
Deferred income	78	61	67
<b>Total liabilities</b>	<b>116,897</b>	<b>98,301</b>	<b>104,588</b>
Provisions	215	333	346
Subordinated capital (Tier 2)	3,829	3,472	3,475
Shareholders' equity (Tier 1):			
Share capital	700	700	700
Other reserves:			
Reserves according to articles of association	388	381	388
Other reserves	8	8	8
Retained earnings	5,076	4,844	5,253
Total shareholders' equity (Tier 1) *	6,172	5,933	6,349
<b>Total shareholders' equity and liabilities</b>	<b>127,113</b>	<b>108,039</b>	<b>114,758</b>
* Including proposed dividend	-	-	230

**Group Financial Highlights – Quarterly**

	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006
<b>Income statement (DKK m)</b>							
Core income excl trading income	636	620	615	617	580	568	533
Trading income	342	395	377	349	265	316	389
<b>Total core income</b>	<b>978</b>	<b>1,015</b>	<b>992</b>	<b>966</b>	<b>845</b>	<b>884</b>	<b>922</b>
Costs and depreciation	512	546	570	547	463	486	534
<b>Core earnings before impairment</b>	<b>466</b>	<b>469</b>	<b>422</b>	<b>419</b>	<b>382</b>	<b>398</b>	<b>388</b>
Impairment of loans and advances etc	(87)	(133)	(137)	(86)	(63)	(14)	(8)
<b>Core earnings</b>	<b>553</b>	<b>602</b>	<b>559</b>	<b>505</b>	<b>445</b>	<b>412</b>	<b>396</b>
Profit/(Loss) on investment portfolios	(119)	(44)	14	61	54	(21)	79
<b>Profit before gain on sale of non-current assets</b>	<b>434</b>	<b>558</b>	<b>573</b>	<b>566</b>	<b>499</b>	<b>391</b>	<b>475</b>
Gain on sale of non-current assets	9	8	38	-	120	-	-
<b>Profit before tax</b>	<b>443</b>	<b>566</b>	<b>611</b>	<b>566</b>	<b>619</b>	<b>391</b>	<b>475</b>
Tax	111	112	164	156	140	108	133
<b>Profit for the period</b>	<b>332</b>	<b>454</b>	<b>447</b>	<b>410</b>	<b>479</b>	<b>283</b>	<b>342</b>
<b>Balance sheet highlights (DKK bn)</b>							
Loans and advances at amortised cost	71.6	68.9	67.5	65.5	61.5	61.1	57.4
Loans and advances at fair value	7.6	8.0	7.4	7.7	7.1	7.2	7.3
Deposits and other debt	57.9	57.1	56.5	50.0	48.4	46.0	47.0
Bonds issued at amortised cost	10.0	10.0	10.0	10.0	8.6	10.4	6.7
Subordinated capital (Tier 2)	3.8	3.8	3.8	3.5	3.5	3.5	2.7
Shareholders' equity (Tier 1)	6.2	6.2	6.5	6.3	5.9	5.2	5.2
Total assets	127.1	121.1	119.2	114.8	108.0	107.5	103.5
<b>Financial ratios per share (DKK per share of DKK 10)</b>							
EPS Basic	5.1	6.7	6.5	5.9	7.0	4.1	5.0
EPS Diluted	5.1	6.7	6.5	5.9	7.0	4.1	5.0
Share price end of period	227.5	264.0	300.0	270.0	216.5	193.5	193.0
Book value	96.0	94.2	94.7	92.1	86.2	76.8	75.2
Share price/book value	2.37	2.80	3.17	2.93	2.51	2.52	2.57
Average number of shares outstanding (millions)	65.7	68.2	68.9	68.9	68.3	68.4	68.3
<b>Other financial ratios and key figures</b>							
Solvency (total capital) ratio **	11.7	12.6	13.1	11.8	12.0	10.4	10.0
Core capital (Tier 1) ratio **	8.7	9.3	9.8	9.0	9.3	7.3	7.6
Pre-tax profit as % of avg shareholders' equity	7.2	8.9	9.5	9.2	11.1	7.6	9.3
Post-tax profit as % of avg shareholders' equity	5.4	7.1	7.0	6.7	8.6	5.5	6.7
Income/cost ratio (DKK)	2.03	2.36	2.40	2.22	2.54	1.83	1.90
Interest rate risk	1.4	0.3	2.5	2.0	(1.3)	2.2	1.0
Foreign exchange position	9.3	16.1	9.0	10.3	8.2	10.9	28.5
Foreign exchange risk	0.3	0.2	0.1	0.1	0.1	0.1	0.1
Loans and advances relative to deposits *	1.1	1.1	1.1	1.2	1.1	1.2	1.1
Loans and advances relative to shareholders' equity *	11.6	11.1	10.4	10.3	10.4	11.8	11.1
Growth in loans and advances during the period *	3.9	2.2	3.0	6.6	0.6	6.4	7.2
Excess cover relative to statutory liquidity requirements	63.9	48.4	53.8	74.0	19.7	38.8	53.5
Total large exposures	61.4	29.5	-	34.7	22.0	64.9	121.4
Accumulated impairment ratio	1.2	1.4	1.5	1.6	1.8	1.9	2.0
Impairment ratio for the period	(0.10)	(0.16)	(0.15)	(0.10)	(0.07)	(0.02)	(0.01)
Number of full-time staff end of period	2,266	2,237	2,208	2,190	2,203	2,172	2,124

Financial ratios prepared according to "Recommendations & Financial Ratios 2005" published by the Danish Society of Financial Analysts.

\* Ratios calculated on the basis of loans and advances at amortised cost.

\*\* As of 30 September 2006 the solvency (total capital) ratio and core capital (Tier 1) ratio include profit for the period.

**Shareholders' Equity (Tier 1) – Sydbank Group**

DKKkm	Share capital	Restricted savings bank reserve	Reserve for net revaluation according to equity method	Retained earnings	Proposed dividend etc	Total
<b>Shareholders' equity 1 Jan 2007</b>	700	388	8	5,023	230	6,349
<b>Changes in equity in 2007:</b>						
Translation of foreign entities	-	-	-	(6)	-	(6)
Hedge of net investment in foreign entities	-	-	-	6	-	6
Profit for the period	-	-	-	1,233	-	1,233
<b>Total income</b>	-	-	-	1,233	-	1,233
Purchase of own shares	-	-	-	(4,281)	-	(4,281)
Sale of own shares	-	-	-	3,017	-	3,017
Employee shares	-	-	-	18	-	18
Tax on equity items	-	-	-	58	-	58
Adopted dividend etc	-	-	-	-	(230)	(230)
Dividends, own shares	-	-	-	8	-	8
<b>Total changes in equity</b>	-	-	-	53	(230)	(177)
<b>Shareholders' equity 30 Sep 2007</b>	<b>700</b>	<b>388</b>	<b>8</b>	<b>5,076</b>	<b>-</b>	<b>6,172</b>
<b>Shareholders' equity 1 Jan 2006</b>	700	381	8	3,677	220	4,986
<b>Changes in equity in 2006:</b>						
Translation of foreign entities	-	-	-	(4)	-	(4)
Hedge of net investment in foreign entities	-	-	-	4	-	4
Profit for the period	-	-	-	1,104	-	1,104
<b>Total income</b>	-	-	-	1,104	-	1,104
Purchase of own shares	-	-	-	(2,554)	-	(2,554)
Sale of own shares	-	-	-	2,619	-	2,619
Employee shares	-	-	-	16	-	16
Tax on equity items	-	-	-	(24)	-	(24)
Adopted dividend etc	-	-	-	-	(220)	(220)
Dividends, own shares	-	-	-	6	-	6
<b>Total changes in equity</b>	-	-	-	1,167	(220)	947
<b>Shareholders' equity 30 Sep 2006</b>	<b>700</b>	<b>381</b>	<b>8</b>	<b>4,844</b>	<b>-</b>	<b>5,933</b>

## Own Holdings and Solvency – Sydbank Group

DKKm	Q1-Q3 2007	Q1-Q3 2006	Full year 2006
<b>Own holdings:</b>			
Nominal portfolio of own holdings	57	12	11
Nominal portfolio of own holdings as % of share capital	8.2	1.7	1.5
Shares outstanding (number)	64,275,609	68,838,942	68,926,051
Holding of own shares (number)	5,724,391	1,161,058	1,073,949
<b>Total share capital (number)</b>	<b>70,000,000</b>	<b>70,000,000</b>	<b>70,000,000</b>
Average number of shares outstanding	67,617,545	68,386,760	68,519,463
<b>Solvency (total capital) ratio and capital base (Tiers 1+2):</b>			
<b>Solvency (total capital) ratio:</b>			
Solvency (total capital) ratio	11.7	12.0	11.8
Core capital (Tier 1) ratio (incl hybrid core capital)	8.7	9.3	9.0
Core capital (Tier 1) ratio	7.3	8.0	7.8
<b>Composition of capital and weighted items:</b>			
Core capital (Tier 1)	6,173	5,933	6,349
Proposed dividend	-	-	230
Deferred tax assets	6	-	6
Core capital (Tier 1) after deductions	6,167	5,933	6,113
Hybrid core capital	1,088	940	939
Core capital (Tier 1) (including hybrid core capital) after primary deductions	7,255	6,873	7,052
Other deductions	251	-	-
Core capital (Tier 1) (incl hybrid core capital) after deductions	7,004	6,873	7,052
Subordinated capital (Tier 2) (excl hybrid core capital)	2,535	2,536	2,536
Hybrid core capital	216	0	-
Capital base (Tiers 1+2) before deductions	9,755	9,409	9,588
Deductions in capital base (Tiers 1+2)	313	526	344
<b>Capital base (Tiers 1+2) after deductions</b>	<b>9,442</b>	<b>8,883</b>	<b>9,244</b>
<b>Capital base requirement</b> (solvency requirement 8%)	6,440	5,942	6,290
Weighted items with credit, counterparty, dilution and delivery risks	69,001	65,926	69,023
Weighted items with market risk	5,854	8,349	9,597
Weighted items with operational risk	5,648	-	-
<b>Total weighted items</b>	<b>80,503</b>	<b>74,275</b>	<b>78,620</b>

**Cash Flow Statement – Sydbank Group**

DKKm	Q1-Q3 2007	Q1-Q3 2006	Full year 2006
<b>Operating activities:</b>			
Pre-tax profit for the period	1,620	1,485	2,051
Taxes paid	(80)	(53)	(471)
Adjustment of non-cash operating income	(393)	69	(59)
Cash flows from working capital	(2,046)	(7,859)	(6,449)
<b>Cash flows from operating activities</b>	<b>(899)</b>	<b>(6,358)</b>	<b>(4,928)</b>
<b>Investing activities:</b>			
Purchase and sale of holdings in associates	(47)	(2)	(3)
Purchase and sale of property, plant and equipment	(70)	(102)	(146)
<b>Cash flows from investing activities</b>	<b>(117)</b>	<b>(104)</b>	<b>(149)</b>
<b>Financing activities:</b>			
Purchase and sale of own holdings	(1,180)	64	69
Dividends	(230)	(220)	(220)
Raising of subordinated capital (Tier 2)	354	641	644
Issue of bonds	0	1,868	3,348
<b>Cash flows from financing activities</b>	<b>(1,056)</b>	<b>2,353</b>	<b>3,841</b>
<b>Cash flows for the period</b>	<b>(2,072)</b>	<b>(4,109)</b>	<b>(1,236)</b>
Cash equivalent positions beginning of period	6,079	7,315	7,315
Cash flows for the year (changes during the period)	(2,072)	(4,109)	(1,236)
<b>Cash equivalent positions end of period</b>	<b>4,007</b>	<b>3,206</b>	<b>6,079</b>

**Segment Statements – Sydbank Group**

DKKm	Banking	Markets *	Treasury	Other	Total
<b>Business segments Q1-Q3 2007:</b>					
Core income excl trading income	1,677	21	-	173	<b>1,871</b>
Trading income	887	227	-	-	<b>1,114</b>
<b>Core income</b>	<b>2,564</b>	<b>248</b>	<b>-</b>	<b>173</b>	<b>2,985</b>
Costs and depreciation	1,172	59	10	397	<b>1,638</b>
Impairment of loans and advances etc	(358)	1	-	-	<b>(357)</b>
<b>Core earnings</b>	<b>1,750</b>	<b>188</b>	<b>(10)</b>	<b>(224)</b>	<b>1,704</b>
Investment portfolio income	-	-	(139)	-	<b>(139)</b>
<b>Profit before gain on sale of non-current assets</b>	<b>1,750</b>	<b>188</b>	<b>(149)</b>	<b>(224)</b>	<b>1,565</b>
Gain on sale of non-current assets	55	-	-	-	<b>55</b>
<b>Profit before tax</b>	<b>1,805</b>	<b>188</b>	<b>(149)</b>	<b>(224)</b>	<b>1,620</b>
<b>Business segments Q1-Q3 2006:</b>					
Core income excl trading income	1,524	17	-	141	<b>1,682</b>
Trading income	779	191	-	-	<b>970</b>
<b>Core income</b>	<b>2,303</b>	<b>208</b>	<b>-</b>	<b>141</b>	<b>2,652</b>
Costs and depreciation	1,089	61	7	333	<b>1,490</b>
Impairment of loans and advances etc	(84)	-	-	-	<b>(84)</b>
<b>Core earnings</b>	<b>1,298</b>	<b>147</b>	<b>(7)</b>	<b>(192)</b>	<b>1,246</b>
Investment portfolio income	-	-	109	10	<b>119</b>
<b>Profit before gain on sale of non-current assets</b>	<b>1,298</b>	<b>147</b>	<b>102</b>	<b>(182)</b>	<b>1,365</b>
Gain on sale of non-current assets	120	-	-	-	<b>120</b>
<b>Profit before tax</b>	<b>1,418</b>	<b>147</b>	<b>102</b>	<b>(182)</b>	<b>1,485</b>

\* Excluding Asset Management, which is included in Banking.

## Notes – Sydbank Group

DKKm	Q1-Q3 2007	Q1-Q3 2006	Full year 2006
<b>Individual impairment of loans and advances and provisions for guarantees:</b>			
Impairment and provisions beginning of period	1,262	1,407	1,407
Exchange rate adjustment	0	0	0
Impairment and provisions during the year	713	784	1,087
Reversal of impairment and provisions made in previous years	929	820	1,196
Write-offs covered by impairment and provisions	72	27	36
<b>Impairment and provisions end of period</b>	<b>974</b>	<b>1,344</b>	<b>1,262</b>
<b>Collective impairment of loans and advances and provisions for guarantees:</b>			
Impairment and provisions beginning of period	196	162	162
Impairment and provisions during the year	6	35	49
Reversal of impairment and provisions made in previous years	69	9	15
<b>Impairment and provisions end of period</b>	<b>136</b>	<b>188</b>	<b>196</b>
<b>Impairment and provisions end of period:</b>			
Individual impairment and provisions	974	1,344	1,262
Collective impairment and provisions	136	188	196
<b>Impairment and provisions end of period</b>	<b>1,110</b>	<b>1,532</b>	<b>1,458</b>
<b>Impairment of loans and advances recognised in the income statement:</b>			
Impairment and provisions	(378)	(67)	(149)
Write-offs not covered by impairment and provisions	72	21	36
Recovered from debt previously written off	51	39	58
<b>Impairment of loans and advances etc</b>	<b>(357)</b>	<b>(85)</b>	<b>(171)</b>
<b>Provisions:</b>			
Provisions for pensions and similar obligations	2	2	2
Provisions for deferred tax	98	58	110
Provisions for guarantees	77	241	198
Other provisions	38	32	36
<b>Total</b>	<b>215</b>	<b>333</b>	<b>346</b>
<b>Guarantees and other contingent liabilities:</b>			
<b>Guarantees:</b>			
Financial guarantees	3,705	3,554	3,622
Mortgage finance guarantees	699	6,058	6,281
Registration and remortgaging guarantees	3,893	3,478	3,529
Other guarantees	1,558	1,406	1,448
<b>Total</b>	<b>9,855</b>	<b>14,496</b>	<b>14,880</b>

## Notes – Sydbank Group

DKKm	Q1-Q3 2007	Q1-Q3 2006	Full year 2006
<b>Other contingent liabilities:</b>			
Irrevocable credit commitments	262	186	237
Other liabilities	26	25	74
<b>Total</b>	<b>288</b>	<b>211</b>	<b>311</b>

### This period:

After the expiry of the quarter, no matters of significant impact on the financial position of the Sydbank Group have occurred.

### Security:

As of 30 September 2007 the Group had deposited securities at a market value of DKK 8,215m with Danish and foreign exchanges and clearing centres etc in connection with margin calls and securities settlements etc.

### Core income:

DKKm	Q1-Q3 2007	Q1-Q3 2006	Full year 2006
<b>Core income excl trading income:</b>			
Interest margins etc	1,513	1,336	1,821
Mortgage credit	142	125	173
Payment services	101	94	132
Remortgaging and loan fees	58	47	63
Other commission	43	63	84
Other operating income	14	16	25
<b>Total</b>	<b>1,871</b>	<b>1,681</b>	<b>2,298</b>

### Trading income:

Bonds	143	136	182
Shares	327	338	448
Currencies	183	172	220
Money market	68	48	79
Asset Management	393	276	390
<b>Total</b>	<b>1,114</b>	<b>970</b>	<b>1,319</b>