



Sydbank's Quarterly Report – Q1 2007

Dear Sirs

In Q1 2007 Sydbank generated a pre-tax profit of DKK 611m, an improvement of DKK 136m or 29% compared with Q1 2006. The result equals a 38% return p.a. on average shareholders' equity (Tier 1).

Core earnings improved by DKK 163m (41%) to DKK 559m. The increase is mainly ascribable to continued growth in loans and advances and rising income from interest margins. Furthermore the very high level of trading income of Q1 2006 has continued. Also, DKK 137m concerning impairment of loans and advances etc was recognized as income.

Profit from investment portfolios amounts to DKK 14m. Moreover an extraordinary gain of DKK 38m has been realized from the sale of non-current assets.

Post-tax profit represents DKK 447m, equal to a return of 28% p.a. on average shareholders' equity (Tier 1). Earnings per share for the period has gone up by 30% from DKK 5.0 to DKK 6.5.

Performance and business developments are considered very satisfactory.

Based on developments in Q1, core earnings for 2007 are projected to lie in the upper end of DKK 1.6-1.9bn, which was announced in Sydbank's 2006 Annual Report.

Stock Exchange Announcement No 10/2007 concerning the quarterly report is attached and is also accessible on Sydbank's website www.sydbank.com together with Sydbank's other stock exchange announcements and announcement of financial statements. A printed version of the quarterly report is available at Sydbank's branches.

Yours faithfully

Carsten Andersen
Group Chief Executive

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SYDBANK



Quarterly Report – Q1 2007

Stock Exchange Announcement No 10/07
24 April 2007

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Group Financial Highlights

	Q1 2007	Q1 2006	Index 07/06	Full year 2006
Income statement (DKKm)				
Core income excl trading income	615	533	115	2,298
Trading income	377	389	97	1,319
Total core income	992	922	108	3,617
Costs and depreciation	570	534	107	2,030
Impairment of loans and advances etc	(137)	(8)	1,713	(171)
Core earnings	559	396	141	1,758
Profit from investment portfolios	14	79	18	173
Profit before gain on sale of non-current assets	573	475	121	1,931
Gain on sale of non-current assets	38	-	-	120
Profit before tax	611	475	129	2,051
Tax	164	133	123	537
Profit for the period	447	342	131	1,514
Balance sheet highlights (DKKbn)				
Loans and advances at amortised cost	67.5	57.4	118	65.5
Loans and advances at fair value	7.4	7.3	101	7.7
Deposits and other debt	56.5	47.0	120	50.0
Bonds issued at amortised cost	10.0	6.7	149	10.0
Subordinated capital (Tier 2)	3.8	2.7	141	3.5
Shareholders' equity (Tier 1)	6.5	5.2	126	6.3
Total assets	119.2	103.5	115	114.8
Financial ratios per share (DKK per share of DKK 10)				
EPS Basic	6.5	5.0		22.1
EPS Diluted	6.5	5.0		22.1
Share price end of period	300.0	193.0		270.0
Book value	94.7	75.2		92.1
Share price/book value	3.17	2.57		2.93
Average number of shares outstanding (millions)	68.9	68.3		68.5
Other financial ratios				
Solvency (total capital) ratio	13.1	10.0		11.8
Core capital (Tier 1) ratio	9.8	7.6		9.0
Pre-tax profit as % of avg shareholders' equity	9.5	9.3		36.2
Post-tax profit as % of avg shareholders' equity	7.0	6.7		26.7
Income/cost ratio (DKK)	2.40	1.90		2.10
Interest rate risk	2.5	1.0		2.0
Foreign exchange position	9.0	28.5		10.3
Foreign exchange risk	0.1	0.1		0.1
Loans and advances relative to deposits *	1.1	1.1		1.2
Loans and advances relative to shareholders' equity *	10.4	11.1		10.3
Growth in loans and advances during the period *	3.0	7.2		22.4
Excess cover relative to statutory liquidity requirements	53.8	53.5		74.0
Accumulated impairment ratio	1.5	2.0		1.6
Impairment ratio for the period	(0.15)	(0.01)		(0.19)
Number of full-time staff end of period	2,208	2,124	104	2,190

The financial ratios are 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.

Review

Summary

- Post-tax profit amounts to DKK 447m against DKK 342m in Q1 2006
- Earnings per share rose 30%
- Income from interest margins etc went up by 16%
- Continued high level of trading income of DKK 377m
- Growth in costs of just under 7%
- Income recognition of DKK 137m of impairment of loans and advances
- Gain on sale of non-current assets of DKK 38m
- Growth in ordinary loans and advances of 18%.

Sydbank recorded a pre-tax profit of DKK 611m for the first three months of 2007 – an increase of DKK 136m or 29% compared with Q1 2006. Profit equals a return of 38% p.a. on average shareholders' equity (Tier 1).

Core earnings improved by DKK 163m to DKK 559m, equivalent to 41%. The increase is mainly ascribable to continued growth in loans and advances and rising income from interest margins. Furthermore the very high level of trading income of Q1 2006 has continued. Also, DKK 137m concerning impairment of loans and advances etc was recognized as income.

Profit from investment portfolios amounts to DKK 14m. Moreover an extraordinary gain of DKK 38m has been realized from the sale of non-current assets.

Post-tax profit represents DKK 447m, equal to a return of 28% p.a. on average shareholders' equity (Tier 1).

Earnings per share has gone up by 30% from DKK 5.0 to DKK 6.5.

Performance and business developments are considered very satisfactory.

Based on developments in Q1, core earnings for 2007 are projected to lie in the upper end of DKK 1.6-1.9bn, which was announced in Sydbank's 2006 Annual Report.

Income statement – Q1 (DKKm)		
	2007	2006
Core income excl trading income	615	533
Trading income	377	389
Total core income	992	922
Costs and depreciation	570	534
Impairment of loans and advances etc	(137)	(8)
Core earnings	559	396
Profit from investment portfolios	14	79
Profit before gain on non-current assets	573	475
Gain on sale of non-current assets	38	-
Profit before tax	611	475
Tax	164	133
Profit after tax	447	342

Income statement

Core income excl trading income represents DKK 615m (2006: DKK 533m).

Income from interest margins etc rose by 16% to DKK 486m, favourably supported by a rise in ordinary loans and advances of 18%. During Q1 interest margins were stable to slightly receding.

The level of trading income remains high and represents DKK 377m (2006: DKK 389m).

Total core income makes up DKK 992m, a rise of almost 8%.

Costs and depreciation recorded DKK 570m, an increase of just below 7%. Costs include DKK 18m for the Group's employee share scheme. At the end of Q1 2007, staff members numbered 2,208 compared with 2,124 at the same time in 2006. The number of Danish Sydbank branches remains unchanged at 108.

On 1 April 2007 Sydbank opened its third German branch – in Kiel – as the Bank took over the retail banking segment of the Kiel based bank, BCN. From the outset Sydbank's branch in Kiel had around 3,500 customers and a business volume of around EUR 100m.

In Q1 2007, DKK 137m concerning impairment of loans and advances etc was recognised as net income; in Q1 2006 DKK 8m was recognised as income. This is the result of several factors, including the favourable business conditions in Denmark, lower portfolio credit risk and an unexpected positive settlement of a few major accounts.

Total core earnings represent DKK 559m compared with DKK 396m in Q1 2006, equivalent to an increase of 41%.

Profit from investment portfolios amounts to DKK 14m for Q1 2007 (2006: DKK 79m).

In Q1 2007 DMK-Holding and an owner-occupied property on Østerbrogade in Copenhagen were sold at a profit of DKK 26m and DKK 12m, respectively. The gain on the sale of DMK-Holding is tax-exempt.

The subsidiary, Sydbank (Schweiz) AG, contributes a pre-tax profit of DKK 7m (2006: DKK 0m). The subsidiary, Sydleasing A/S (formerly SBK-Invest A/S), has merged with Sydbank A/S.

The Group's pre-tax profit makes up DKK 611m. Less a calculated tax charge of DKK 164m, profit stands at DKK 447m.

Return on shareholders' equity (Tier 1) represents 27.8% p.a. against 26.9% in Q1 2006. Earnings per share rose from DKK 5.0 to DKK 6.5, equal to an increase of 30%.

Balance Sheet

The Group's total assets recorded DKK 119bn (31 December 2006: DKK 115bn).

Assets (DKKbn)	31 Mar 2007	31 Dec 2006
Amounts owed by credit institutions etc	16.6	16.3
Loans and advances at fair value (reverse repo transactions)	7.4	7.7
Loans and advances at amortised cost (ordinary loans and advances)	67.5	65.5
Securities and holdings etc	16.6	14.4
Assets related to pooled plans	6.6	6.5
Other assets etc	4.5	4.4
Total	119.2	114.8

Ordinary loans and advances – loans and advances at amortised cost – have grown by DKK 2.0bn to DKK 67.5bn. The rise constitutes DKK 10.1bn or 18% compared with Q1 2006.

Shareholders' equity and liabilities (DKKbn)	31 Mar 2007	31 Dec 2006
Amounts owed to credit institutions	23.9	26.5
Deposits and other debt	56.5	50.0
Deposits in pooled plans	6.6	6.5
Bonds issued	10.0	10.0
Other liabilities etc	11.6	11.6
Provisions	0.3	0.4
Subordinated capital (Tier 2)	3.8	3.5
Shareholders' equity (Tier 1)	6.5	6.3
Total	119.2	114.8

Since year-end 2006 deposits and other debt has gone up by DKK 6.5bn to DKK 56.5bn. The rise constitutes DKK 9.6bn or 20% compared with Q1 2006.

Capital

To further strengthen and optimize the Group's capital structure, EUR 49m hybrid Tier 1 capital was raised under the Global MTN Programme in Q1 2007, which is an increase of the loan raised in 2006 to EUR 100m.

As of 31 March 2007 shareholders' equity (Tier 1) constitutes DKK 6,501m, an increase of DKK 152m since year-end 2006. The rise appears as the net result of dividend distribution etc of DKK 222m, the net purchase of own shares of DKK 60m, tax on equity items of DKK 13m and profit for the three months of DKK 447m.

New capital adequacy rules

New capital adequacy rules came into force as of 1 January 2007 as regards the measurement of credit, market and operational risks.

In autumn 2006 Sydbank 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. A solution to the application process is expected to be found during 2H 2007.

For the 2007 financial year Sydbank has decided to apply the Standardised Approach to measure credit risk outside the trading portfolio. Moreover the Bank has decided to continue to apply the Standardised Approach to market risk. The Standardised Approach will be applied to measure operational risk.

Incorporating profit for the period the solvency (total capital) ratio as of 31 March 2007 stands at 13.1%, of which 9.8% is ascribable to the Group's core capital (Tier 1). The core capital (Tier 1) ratio excluding hybrid core capital constitutes 8.5%. Risk-weighted items total DKK 76.2bn at the end of Q1 2007.

The table below shows the figures as at 31 March 2007 made up according to the old method as well as deviations compared with the new method.

31 March 2007	Total weighted items DKKm	Solvency ratio (%)	Core capital ratio (%)	Core capital ratio excl hybrid capital (%)
Old method	80,350	12.4	9.5	8.1
Additional collateral	(5,137)			
Changed weight – retail customers	(5,235)			
Operational risk	5,746			
Other – net	432			
New method	76,156	13.1	9.8	8.5

According to the table above, weighted items have decreased by DKK 4.2bn according to the new method applied in 2007. Furthermore the solvency (total capital) ratio, core capital (Tier 1) ratio and core capital (Tier 1) ratio (excl hybrid capital) have increased by 0.7%, 0.3% and 0.4%, respectively, compared with the old method.

Other issues

Following the sale of DMK-Holding and the merger between the Bank and the subsidiary, Sydleasing, effective 1 January 2007, the Group comprises the parent, Sydbank, and the subsidiaries, Sydbank (Schweiz) AG and Ejendoms-selskabet af 1. juni 1986 A/S.

In Q1 the Bank increased its ownership share from 10% to 25% in Value-Call S.á r.l., Luxembourg.

Moody's rating of Sydbank's long-term debt has been changed to Aa3. The ratings concerning short-term debt and financial strength remain unchanged at P-1 and C+.

Outlook for 2007

In connection with the release of the 2006 Annual Report the core earnings outlook for 2007 was DKK 1.6-1.9bn. Developments in Q1 2007 indicate core earnings at the upper end of the interval. After Q2 Sydbank will address its core earnings outlook and make any necessary revisions. Sydbank's 2007 Interim Report is scheduled for 14 August 2007.

Management Statement

Today we have prepared the quarterly report for Q1 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.

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 31 March 2007 and of the results of the Group's operations and consolidated cash flows for the financial year 1 January – 31 March 2007.

Aabenraa, 24 April 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

Audit

The quarterly report has not been audited or reviewed.

Accounting Policies

The consolidated financial statements for Q1 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.

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

DKKm	Note	Q1 2007	Q1 2006	Full year 2006
Interest income	1	1,250	841	4,012
Interest expense	2	752	398	2,126
Net interest income		498	443	1,886
Dividends on shares		5	7	26
Fee and commission income	3	351	385	1,397
Fee and commission expense		44	64	219
Net interest and fee income		810	771	3,090
Market value adjustments	4	189	227	802
Other operating income		17	5	24
Staff costs and administrative expenses	5	550	514	1,926
Depreciation and impairment of property, plant and equipment		23	23	111
Other operating expenses		0	0	2
Impairment of loans and advances etc	7	(137)	(8)	(171)
Profit on holdings in associates		31	1	3
Profit on assets temporarily acquired		-	-	0
Profit before tax		611	475	2,051
Tax		164	133	537
Profit after tax		447	342	1,514
EPS Basic (DKK) *		6.5	5.0	22.1
EPS Diluted (DKK) *		6.5	5.0	22.1
Dividend per share (DKK)				3

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

Balance Sheet

DKKm	Note	Q1 2007	Q1 2006	Full year 2006
Assets				
Cash and balances on demand at central banks		505	628	571
Amounts owed by credit institutions and central banks		16,081	14,882	15,708
Loans and advances at fair value		7,371	7,308	7,671
Loans and advances at amortised cost		67,479	57,404	65,512
Bonds at fair value		15,480	12,631	13,112
Shares etc		914	1,019	1,159
Holdings in associates etc		204	144	149
Assets related to pooled plans		6,591	5,846	6,522
Total land and buildings		754	762	769
– investment property		43	45	44
– owner-occupied property		711	717	725
Other property, plant and equipment		106	88	108
Current tax assets		3	2	55
Deferred tax assets		6	-	6
Other assets		3,616	2,703	3,379
Prepayments		41	46	37
Total assets		119,151	103,463	114,758
Shareholders' equity and liabilities				
Amounts owed to credit institutions and central banks		23,849	25,478	26,498
Deposits and other debt		56,503	46,956	49,991
Deposits in pooled plans		6,591	5,846	6,522
Bonds issued at amortised cost		10,043	6,703	10,049
Current tax liabilities		86	66	28
Other liabilities		11,375	10,212	11,433
Prepayments		67	56	67
Total liabilities		108,514	95,317	104,588
Provisions	9	310	247	346
Subordinated capital (Tier 2)		3,826	2,720	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		5,405	4,090	5,253
Total shareholders' equity (Tier 1) *		6,501	5,179	6,349
Total shareholders' equity and liabilities		119,151	103,463	114,758
* Including proposed dividend etc.				230

Group Structure

	Activity	Share capital (in millions)	Shareholders' equity (DKKm) *	Result DKKm*	Ownership share %
Sydbank A/S – parent		DKK 700			
Consolidated subsidiaries:					
Sydbank (Schweiz) AG, St. Gallen, Switzerland	Banking	CHF 40	188	6	100
Ejendomsselskabet af 1. juni 1986 A/S, Aabenraa	Real property	DKK 7	12	(19)	100
Associates:					
Foreningen Bankdata, Fredericia	IT	DKK 248	282	1	53
Core Property Management A/S, Copenhagen**	Real property	DKK 9	9	-	22
Value-Call S.á r.l., Luxembourg	Investment and finance	EUR 1	5	30	25
Other entities in which the Group owns more than 10% of the company capital:					
Scandinavian Private Equity	Capital funds Investment and finance	DKK 1	1	-	15
PRAS A/S	Investment and finance	DKK 578	1,492	150	10
Linde Partners Asset Management S.A., Luxembourg	Investment and finance	EUR 1	25	16	10

* According to the most recent annual report.

** Established in 2006.

Group Financial Highlights – Quarterly

	Q1 2007	Q1 2006	Q1 2005	Q1 2004	Q1 2003
Income statement (DKK m)					
Core income excl trading income	615	533	479	477	478
Trading income	377	389	230	231	149
Total core income	992	922	709	708	627
Costs and depreciation	570	534	470	459	418
Impairment of loans and advances etc	(137)	(8)	20	75	74
Core earnings	559	396	219	174	135
Profit from investment portfolios	14	79	16	90	38
Profit before gain on sale of non-current assets	573	475	235	264	173
Gain on sale of non-current assets	38	-	-	-	-
Profit before tax	611	475	235	264	173
Tax	164	133	72	81	55
Profit for the period	447	342	163	183	118
Balance sheet highlights (DKK bn)					
Loans and advances at amortised cost	67.5	57.4	43.8	35.8	34.1
Loans and advances at fair value	7.4	7.3	6.2	5.9	5.0
Deposits and other debt	56.5	47.0	38.0	32.5	35.0
Bonds issued at amortised cost	10.0	6.7	1.9	1.9	1.9
Subordinated capital (Tier 2)	3.8	2.7	1.4	1.3	1.8
Shareholders' equity (Tier 1)	6.5	5.2	4.2	4.0	3.9
Total assets	119.2	103.5	77.6	69.7	69.8
Financial ratios per share (DKK per share of DKK 10)					
EPS Basic	6.5	5.0	2.4	2.5	1.6
EPS Diluted	6.5	5.0	2.4	2.5	1.6
Share price end of period	300.0	193.0	116.0	87.0	51.1
Book value	94.7	75.2	62.0	57.0	52.4
Share price/book value	3.17	2.57	1.87	1.53	0.97
Average number of shares outstanding (millions)	68.9	68.3	69.1	71.7	73.1
Other financial ratios and key figures					
Solvency (total capital) ratio	13.1	10.0	9.7	10.2	12.3
Core capital (Tier 1) ratio	9.8	7.6	8.7	8.3	8.3
Pre-tax profit as % of avg shareholders' equity	9.5	9.3	5.4	6.3	4.5
Post-tax profit as % of avg shareholders' equity	7.0	6.7	3.7	4.3	3.0
Income/cost ratio (DKK)	2.40	1.90	1.48	1.49	1.35
Interest rate risk	2.5	1.0	2.4	5.3	5.3
Foreign exchange position	9.0	28.5	5.4	4.0	4.1
Foreign exchange risk	0.1	0.1	0.0	0.1	0.1
Loans and advances relative to deposits *	1.1	1.1	1.2	1.1	1.0
Loans and advances relative to shareholders' equity *	10.4	11.1	10.3	8.9	8.7
Growth in loans and advances during the period *	3.0	7.2	4.7	2.6	0.6
Excess cover relative to statutory liquidity requirements	53.8	53.5	80.6	140.8	131.3
Accumulated impairment ratio	1.5	2.0	2.4	2.8	2.9
Impairment ratio for the period	(0.15)	(0.01)	0.03	0.14	0.15
Number of full-time staff end of period	2,208	2,124	2,084	1,991	1,959

The financial ratios are 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.

Shareholders' equity (Tier 1)

DKKkm	Share capital	Restricted savings bank reserve	Reserve for net revaluation according to equity method	Retained earnings	Proposed dividend etc	Total
Shareholders' equity 1 Jan 2007	700	388	8	5,023	230	6,349
Changes in equity in 2007:						
Translation of foreign entities	-	-	-	(2)	-	(2)
Hedge of net investment in foreign entities	-	-	-	2	-	2
Profit for the period	-	-	-	447	-	447
Total income	-	-	-	447	-	447
Purchase of own shares	-	-	-	(1,568)	-	(1,568)
Sale of own shares	-	-	-	1,490	-	1,490
Employee shares	-	-	-	18	-	18
Tax on equity items	-	-	-	(13)	-	(13)
Adopted dividend etc	-	-	-	-	(230)	(230)
Dividends, own shares	-	-	-	8	-	8
Total changes in equity	-	-	-	382	(230)	152
Shareholders' equity 31 Mar 2007	700	388	8	5,405	-	6,501
Shareholders' equity 1 Jan 2006	700	381	8	3,677	220	4,986
Changes in equity in 2006:						
Translation of foreign entities	-	-	-	(3)	-	(3)
Hedge of net investment in foreign entities	-	-	-	3	-	3
Profit for the period	-	-	-	342	-	342
Total income	-	-	-	342	-	342
Purchase of own shares	-	-	-	(791)	-	(791)
Sale of own shares	-	-	-	853	-	853
Employee shares	-	-	-	16	-	16
Tax on equity items	-	-	-	(13)	-	(13)
Adopted dividend etc	-	-	-	-	(220)	(220)
Dividends, own shares	-	-	-	6	-	6
Total changes in equity	-	-	-	413	(220)	193
Shareholders' equity 31 Mar 2006	700	381	8	4,090	-	5,179

Own Holdings – Solvency

DKKm	Q1 2007	Q1 2006	Full year 2006
Own holdings:			
Nominal portfolio of own holdings	13	11	11
Nominal portfolio of own holdings as % of share capital	1.9	1.6	1.5
Shares outstanding (number)	68,680,076	68,874,923	68,926,051
Holding of own shares (number)	1,319,924	1,125,077	1,073,949
Total share capital (number)	70,000,000	70,000,000	70,000,000
Average number of shares outstanding	68,948,325	68,294,016	68,519,463
Solvency (total capital) ratio and capital base (Tiers 1+2):			
Solvency (total capital) ratio:			
Solvency (total capital) ratio	13.1	10.0	11.8
Core capital (Tier 1) ratio	9.8	7.6	9.0
Core capital (Tier 1) ratio (excl hybrid core capital)	8.5	6.8	7.8
Composition of capital and weighted items:			
Shareholders' equity (Tier 1)	6,501	5,179	6,349
Profit for the period	-	(341)	-
Core capital (Tier 1)	6,501	4,838	6,349
Primary deductions	6	-	236
Hybrid core capital	1,146	560	939
Core capital (Tier 1) (including hybrid core capital) after primary deductions	7,641	5,398	7,052
Other deductions	173	-	-
Supplementary capital (Tier 2) included	2,691	2,160	2,536
Capital base (Tiers 1+2) before deductions	10,159	7,558	9,588
Deductions in capital base (Tiers 1+2)	173	434	344
Capital base (Tiers 1+2) after deductions	9,986	7,124	9,244
Capital base requirement (solvency requirement 8%)	6,092	5,682	6,290
Weighted assets and off-balance sheet items	62,823	62,235	69,023
Weighted items with market risk	7,587	8,796	9,597
Weighted items with operational risk	5,746	-	-
Total weighted items	76,156	71,031	78,620

Cash Flow Statement

DKKm	Q1 2007	Q1 2006	Full year 2006
Operating activities:			
Pre-tax profit for the period	611	475	2,051
Taxes paid	(64)	(53)	(471)
Adjustment of non-cash operating income	(86)	(19)	(59)
Cash flows from working capital	(1,213)	(560)	(6,449)
Cash flows from operating activities	(752)	(157)	(4,928)
Investing activities:			
Purchase and sale of holdings in associates	(55)	(2)	(3)
Purchase and sale of property, plant and equipment	(5)	(31)	(146)
Cash flows from investing activities	(60)	(33)	(149)
Financing activities:			
Purchase and sale of own holdings	(69)	68	69
Dividends	(230)	(220)	(220)
Raising of subordinated capital (Tier 2)	351	(111)	644
Issue of bonds	(6)	2	3,348
Cash flows from financing activities	46	(261)	3,841
Cash flows for the period	(766)	(451)	(1,236)
Cash equivalent positions beginning of period	6,079	7,315	7,315
Cash flows for the period	(766)	(451)	(1,236)
Cash equivalent positions end of period	5,313	6,864	6,079

Segment Accounting

DKKm	Banking	Markets *	Treasury	Other	Total
Business segments Q1 2007:					
Core income excl trading income	560	7	-	48	615
Trading income	284	93	-	-	377
Core income	844	100	0	48	992
Costs and depreciation	391	29	3	150	573
Impairment of loans and advances etc	(138)	1	0	0	(137)
Core earnings	591	70	(3)	(102)	556
Investment portfolio income	-	-	13	4	17
Profit before gain on sale of non-current assets	591	70	10	(98)	573
Gain on sale of non-current assets	12	-	-	26	38
Profit before tax	603	70	10	(72)	611
Business segments Q1 2006:					
Core income excl trading income	489	6	-	38	533
Trading income	292	97	-	-	389
Core income	781	103	0	38	922
Costs and depreciation	340	30	2	165	537
Impairment of loans and advances etc	(8)	0	0	0	(8)
Core earnings	449	73	(2)	(127)	393
Investment portfolio income	-	-	73	9	82
Profit before gain on sale of non-current assets	449	73	71	(118)	475
Gain on sale of non-current assets	-	-	-	-	-
Profit before tax	449	73	71	(118)	475

* Excluding Asset Management, which is included in Banking.

Notes

DKKm	Q1 2007	Q1 2006	Full year 2006
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Note 1

Interest income/forward premium of:

Amounts owed by credit institutions and central banks	113	65	378
Loans and advances and other amounts owed	933	610	2,911
Bonds	84	70	258
Total derivatives	118	96	463
comprising			
Foreign exchange contracts	118	113	492
Interest rate contracts	0	(16)	(29)
Other interest income	2	0	2
Total	1,250	841	4,012

Of which income from genuine purchase
and resale transactions stated under:

Amounts owed by credit institutions and central banks	59	29	179
Loans and advances and other amounts owed	71	46	221

Note 2

Interest expense to:

Credit institutions and central banks	190	127	632
Deposits and other debt	427	204	1,100
Bonds issued	96	44	273
Subordinated capital (Tier 2)	38	22	116
Other interest expense	1	1	5
Total	752	398	2,126

Of which interest expense to genuine sale
and repurchase transactions stated under:

Amounts owed to credit institutions and central banks	11	7	56
Deposits and other debt	6	4	15

Notes

	Q1 2007	Q1 2006	Full year 2006
DKKm			

Note 3

Fee and commission income:

Securities trading and custody accounts	238	275	946
Payment services	39	35	149
Loan fees	19	17	70
Guarantee commission	39	36	154
Other fees and commission	16	22	78
Total	351	385	1,397

Note 4

Market value adjustments:

Other loans and advances and amounts owed at fair value	0	1	1
Bonds	62	(29)	34
Shares etc	26	90	351
Foreign exchange	124	62	211
Total derivatives	(22)	103	205
Assets related to pooled plans	18	2	142
Deposits in pooled plans	(18)	(2)	(142)
Other assets/liabilities	(1)	0	0
Total	189	227	802
Trading portfolio	150	208	610
Strategic portfolio	39	19	192
Total	189	227	802

Notes

	Q1 2007	Q1 2006	Full year 2006
DKKm			

Note 5

Staff costs and administrative expenses:

Salaries and emoluments to:			
Group Executive Management	5	2	11
Board of Directors	1	1	2
Shareholders' Committee	1	1	2
Total	7	4	15

Staff costs:			
Wages and salaries	269	255	971
Pensions	26	26	104
Social security contributions (incl payroll tax)	23	23	96
Total	318	304	1,171

Other administrative expenses:			
IT	97	89	369
Rent etc	28	24	122
Marketing and entertainment expenses	20	19	80
Other expenses	80	74	169
Total	225	206	740
Total	550	514	1,926

Note 6

Staff:

Average number of staff (full-time equivalent)	2,248	2,172	2,215
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Notes

	Q1 2007	Q1 2006	Full year 2006
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Note 7

Individual impairment of loans and advances and provisions for guarantees:

Impairment and provisions beginning of period	1,262	1,413	1,407
Exchange rate adjustment	0	0	0
Impairment and provisions during the period	210	262	1,087
Reversal of impairment and provisions made in previous years	273	234	1,196
Write-offs covered by impairment and provisions	12	10	36
Impairment and provisions end of period	1,187	1,431	1,262

Collective impairment of loans and advances and provisions for guarantees:

Impairment and provisions beginning of period	196	156	162
Impairment and provisions during the period	0	0	49
Reversal of impairment and provisions made in previous years	53	5	15
Impairment and provisions end of period	143	151	196

Impairment and provisions end of period:

Individual impairment and provisions	1,187	1,431	1,262
Collective impairment and provisions	143	151	196
Impairment and provisions end of period	1,330	1,582	1,458

Impairment of loans and advances recognised in the income statement:

Impairment and provisions	(134)	4	(149)
Write-offs not covered by impairment and provisions	7	7	36
Recovered from debt previously written off	10	19	58
Impairment of loans and advances etc	(137)	(8)	(171)

Note 8

Effective tax rate:

Current tax rate of the Sydbank Group	28.0	28.0	28.0
Permanent differences	(1.2)	0.0	(1.6)
Adjustment of tax of previous years	0.0	0.0	(0.2)
Effective tax rate	26.8	28.0	26.2

Notes

	Q1	Q1	Full year
DKKm	2007	2006	2006

Note 9

Provisions:

Provisions for pensions and similar obligations	2	1	2
Provisions for deferred tax	110	58	110
Provisions for guarantees	167	147	198
Other provisions	31	41	36
Total	310	247	346

Note 10

Guarantees and other contingent liabilities:

Guarantees:

Financial guarantees	4,205	3,291	3,622
Mortgage finance guarantees	6,202	5,571	6,281
Registration and remortgaging guarantees	3,332	3,196	3,529
Other guarantees	1,497	1,355	1,448
Total	15,236	13,413	14,880

Other contingent liabilities:

Irrevocable credit commitments	237	50	237
Other liabilities	25	23	74
Total	262	73	311

Note 11

This quarter:

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

Note 12

Large shareholders:

Nykredit owns more than 5% of Sydbank's share capital.

Notes

	Q1	Q1	Full year
DKKm	2007	2006	2006

Note 13

Security:

As of 31 March 2007, the Group had deposited securities at a market value of DKK 9,366m with Danish and foreign exchanges and clearing centres etc in connection with margin calls and securities settlements etc.

Note 14

Core income:

Core income excl trading income:

Interest margins etc	486	420	1,821
Mortgage credit	58	41	173
Payment services	32	30	132
Remortgaging and loan fees	20	15	63
Other commission	16	22	84
Other operating income	3	5	25
Total	615	533	2,298

Trading income:

Bonds	67	66	182
Shares	126	146	448
Foreign exchange	60	65	220
Money market	17	23	79
Asset Management	107	89	390
Total	377	389	1,319