

Sydbank's preliminary announcement of 2007 annual results

Dear Sirs

In 2007 the Sydbank Group generated a highly satisfactory pre-tax profit of DKK 2,257m, equalling a 35% return on average shareholders' equity (Tier 1).

The income statement for 2007 is characterised by:

- 11% increase in core income excl trading income
- 13% rise in trading income
- Growth in costs of 8%
- Income recognition of DKK 568m concerning impairment of loans and advances
- Loss on investment portfolios of DKK 193m
- Gain on sale of non-current assets of DKK 55m.

Core earnings of DKK 2,395m are within the most recent expectations announced on 11 December 2007.

Profit after tax makes up DKK 1,710m against DKK 1,514m in 2006, equal to a return of 26% on average shareholders' equity (Tier 1). Earnings per share has gone up by 16%. Profit after tax is the best in the Group's history.

The Group projects core earnings before impairment of loans and advances in the region of DKK 1,600-1,900m in 2008.

In early 2008 Sydbank will acquire bankTrelleborg. The acquisition is expected to contribute approx DKK 40m to the Group's profit before tax in 2008.

The following proposals will be put before the AGM scheduled for 28 February 2008: that a dividend of DKK 3 per share be distributed and DKK 20m be allocated to the sponsorship fund, "Sydbank Sønderjyllands Fond".

Sydbank's 2007 Annual Report is scheduled for 19 February 2008.

Yours faithfully



Carsten Andersen
Group Chief Executive

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SYDBANK

Preliminary announcement of 2007 annual results

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Group Financial Highlights

	2007	2006	2005	2004	2003
Income statement (DKKm)					
Core income excl trading income	2,539	2,298	2,013	1,965	1,865
Trading income	1,488	1,319	1,079	712	638
Total core income	4,027	3,617	3,092	2,677	2,503
Costs and depreciation	2,200	2,030	1,853	1,714	1,654
Core earnings before impairment	1,827	1,587	1,239	963	849
Impairment of loans and advances etc	(568)	(171)	65	225	300
Core earnings	2,395	1,758	1,174	738	549
Profit/(Loss) on investment portfolios	(193)	173	139	160	217
Profit before gain on sale of non-current assets	2,202	1,931	1,313	898	766
Gain on sale of non-current assets	55	120	-	87	282
Profit before tax	2,257	2,051	1,313	985	1,048
Tax	547	537	377	235	376
Profit for the year	1,710	1,514	936	750	672
Balance sheet highlights (DKKbn)					
Loans and advances at amortised cost	74.5	65.5	53.5	41.8	34.9
Loans and advances at fair value	8.6	7.7	7.2	5.7	4.7
Deposits and other debt	66.0	50.0	43.6	38.6	37.8
Bonds issued at amortised cost	10.1	10.0	6.7	1.9	1.9
Subordinated capital (Tier 2)	3.8	3.5	2.8	1.8	1.3
Shareholders' equity (Tier 1)	6.7	6.3	5.0	4.4	4.3
Total assets	132.3	114.8	98.9	78.6	73.5
Financial ratios per share (DKK per share of DKK 10)					
EPS Basic	25.6	22.1	13.7	10.7	9.1
EPS Diluted	25.6	22.1	13.7	10.7	9.1
Share price at year-end	219.3	270.0	151.0	107.8	80.3
Book value	104.6	92.1	72.9	63.6	57.8
Share price/book value	2.10	2.93	2.07	1.69	1.39
Average number of shares outstanding (in millions)	66.7	68.5	68.6	70.3	73.6
Proposed dividend	3.0	3.0	3.0	3.0	2.0
Other financial ratios and key figures					
Solvency (total capital) ratio	11.9	11.8	11.1	11.4	11.1
Core capital (Tier 1) ratio	8.9	9.0	8.1	9.3	8.9
Pre-tax profit as % of avg shareholders' equity	34.6	36.2	27.9	22.3	25.7
Post-tax profit as % of avg shareholders' equity	26.2	26.7	19.9	17.0	16.5
Income/cost ratio (DKK)	2.37	2.10	1.68	1.51	1.53
Interest rate risk	2.5	2.0	2.3	3.4	4.8
Foreign exchange position	1.6	10.3	2.8	1.5	4.1
Foreign exchange risk	0.0	0.1	0.1	0.0	0.1
Loans and advances relative to deposits	1.0	1.2	1.1	1.1	0.9
Loans and advances relative to shareholders' equity	11.1	10.3	10.7	9.4	8.1
Growth in loans and advances for the year	13.7	22.4	28.0	19.9	3.1
Excess cover relative to statutory liquidity requirements	103.3	74.0	95.1	114.2	139.4
Total large exposures	46.4	34.7	93.9	61.5	79.1
Accumulated impairment ratio	0.9	1.6	2.1	2.6	2.9
Impairment ratio for the year	(0.6)	(0.2)	0.1	0.4	0.6
Number of full-time staff at year-end	2,276	2,190	2,123	2,075	1,988

Financial figures and ratios for 2003 have not been restated to IFRS.

Review

Summary

In 2007 the Sydbank Group generated a highly satisfactory pre-tax profit of DKK 2,257m, equalling a 35% return on average shareholders' equity (Tier 1).

The income statement for 2007 is characterised by:

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- 13% rise in trading income
- Growth in costs of 8%
- Income recognition of DKK 568m concerning impairment of loans and advances
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- Gain on sale of non-current assets of DKK 55m.

Core earnings of DKK 2,395m are within the most recent expectations announced on 11 December 2007.

Profit after tax makes up DKK 1,710m against DKK 1,514m in 2006, equal to a return of 26% on average shareholders' equity (Tier 1). Earnings per share has gone up by 16%. Profit after tax is the best in the Group's history.

Summary income statement

Group (DKKm)	2007	2006
Core income excl trading income	2,539	2,298
Trading income	1,488	1,319
Total core income	4,027	3,617
Costs and depreciation	2,200	2,030
Core earnings before impairment	1,827	1,587
Impairment of loans and advances etc	(568)	(171)
Core earnings	2,395	1,758
Profit/(Loss) on investment portfolios	(193)	173
Profit before gain on non-current assets	2,202	1,931
Gain on sale of non-current assets	55	120
Profit before tax	2,257	2,051
Tax	547	537
Profit for the year	1,710	1,514

Balance sheet highlights in 2007 include:

- 14% rise in bank loans and advances to DKK 74.5bn
- 32% growth in deposits to DKK 66.0bn.

The solvency (total capital) ratio stands at 11.9%, including a core capital (Tier 1) ratio of 8.9%.

In 2007 Moody's lifted its long-term rating of the Sydbank Group from A2 to Aa3. Other ratings remain unchanged: P-1 (short-term) and C+ (financial strength).

The Group projects core earnings before impairment of loans and advances in the region of DKK 1,600-1,900m in 2008.

In early 2008 Sydbank will acquire bankTrelleborg. The acquisition is expected to contribute approx DKK 40m to the Group's profit before tax in 2008.

The following proposals will be put before the AGM scheduled for 28 February 2008: that a dividend of DKK 3 per share be distributed and DKK 20m be allocated to the sponsorship fund, "Sydbank Sønderjyllands Fond".

Core income excl trading income

Total core income excl trading income grew by DKK 241m to DKK 2,539m.

Group (DKKm)	2007	2006
Interest margins etc	2,060	1,821
Mortgage credit	186	173
Payment services	144	132
Remortgaging and loan fees	73	63
Other commission	55	84
Other operating income	21	25
Total	2,539	2,298

Income from interest margins etc represents DKK 2,060m, equal to a rise of 13%. The positive developments have been generated by a 14% increase in bank loans and advances.

Growth in mortgage credit activities and bank loans and advances in 2007 resulted in rising mortgage credit income as well as remortgaging and loan fees. In addition income from international and national payment services has gone up as a consequence of increased business activity.

Other commission went down by DKK 29m to DKK 55m in 2007, which is ascribable to the cessation of income from company administration as a consequence of the disposal of the subsidiary, DMK-Holding, as of 1 January 2007.

Trading income

Continuing growth in activity within asset management as well as trading in securities etc has generated a 13% rise in trading income – from DKK 1,319m in 2006 to DKK 1,488m in 2007. The favourable business and earnings developments are primarily driven by private banking clients' trading in equities and units. Moreover businesses' foreign exchange and interest rate hedging transactions contribute to the rise in trading income.

Group (DKKm)	2007	2006
Bonds	184	182
Shares	406	448
Foreign exchange	256	220
Money market	119	79
Asset management	523	390
Total	1,488	1,319

Costs and depreciation

The Group's costs and depreciation recorded DKK 2,213m, equal to a rise of 8% compared with 2006.

Group (DKKm)	2007	2006
Staff costs	1,263	1,186
Other administrative expenses	804	740
Depreciation and impairment of property, plant and equipment	135	111
Other operating expenses	11	2
Total costs	2,213	2,039
Of which concerning investment portfolios	13	9

At year-end 2007 the Group's staff numbered 2,276 (full-time equivalent) compared with 2,190 in 2006.

In 2007 two small branches closed – bringing the number of Danish branches to 106.

The Bank's third German branch opened in Kiel on 1 April. Based on the acquired retail banking segment of the Kiel based bank, Bank Companie Nord, the branch with its staff of 15 is off to a good start with a profit in 2007 and a growing business volume.

An impairment charge of net DKK 46m concerns property development.

Core earnings before impairment

Core earnings before impairment total DKK 1,827m – an increase of DKK 240m or 15%.

Impairment of loans and advances etc

DKK 568m concerning impairment of loans and advances etc was recognised as income in 2007. The amount comprises income recognition of impairment of loans and advances of DKK 501m and recovery of debt previously written off of DKK 67m. Similarly an amount of DKK 171m was recognised as income in 2006.

This development is the result of several factors including favourable business conditions in Denmark and lower portfolio credit risk. Moreover several of the Bank's large exposures where objective evidence of impairment existed have been repaid, the collateral coverage of these exposures has increased or developments have otherwise been favourable.

Core earnings

Core earnings total DKK 2,395m – an increase of DKK 637m or 36%.

Investment portfolio earnings

Investment portfolios less funding charges and less related costs of DKK 13m generated a loss of DKK 193m (2006: profit of DKK 173m), of which DKK 44m concerns Q4. The overall result is affected by an unrealised price loss of DKK 80m on the Group's portfolio of CDOs. The market value of the CDO portfolio represents DKK 250m as of 31 December 2007.

Gain on sale of non-current assets

In 2007 DMK-Holding and five properties were sold at a profit of DKK 26m and DKK 29m, respectively.

Subsidiaries

The subsidiary bank, Sydbank (Schweiz) AG, which operates private banking activities in St. Gallen, Switzerland, realised core earnings before impairment of DKK 20m (2006: DKK 7m). Impairment of loans and advances recorded DKK 43m, generating a pre-tax loss of DKK 23m.

Ejendomsselskabet recorded a pre-tax loss of DKK 3m (2006: loss of DKK 20m).

Profit for the year

Profit before tax amounts to DKK 2,257m compared with DKK 2,051m in 2006. The calculated tax charge represents DKK 547m (2006: DKK 537m). Profit for the year amounts to DKK 1,710m compared with DKK 1,514m in 2006.

Return

Return on average shareholders' equity (Tier 1) represents 26.2% against 26.7% in 2006. Earnings per share rose from DKK 22.1 to DKK 25.6, equal to an increase of 16%.

Quarterly Report Q1-Q3 2007

As announced in the stock exchange announcement dated 11 December 2007, the Group's impairment charges have been adjusted as of 30 September 2007.

As a result, the income recognition under impairment of loans and advances is raised by DKK 251m from DKK 357m to DKK 608m, the tax charge is increased from DKK 387m to DKK 450m, and profit for the period is increased from DKK 1,233m to DKK 1,421m. In addition loans and advances at amortised cost are adjusted from DKK 71,633m to DKK 71,884m and shareholders' equity (Tier 1) from DKK 6,172m to DKK 6,360m.

Balance sheet

The Group's total assets made up DKK 132.3bn at year-end 2007 against DKK 114.8bn at year-end 2006.

Assets, year-end (DKKbn)	2007	2006
Amounts owed by credit institutions etc	19.1	16.3
Loans and advances at fair value (reverse repo transactions)	8.6	7.7
Loans and advances at amortised cost (bank loans and advances)	74.5	65.5
Securities and holdings etc	17.7	14.4
Assets related to pooled plans	6.8	6.5
Other assets etc	5.6	4.4
Total	132.3	114.8

The Group's bank loans and advances total DKK 74.5bn – an increase of 14%. Individual and collective impairment and provisions stand at DKK 895m at year-end 2007 (2006: DKK 1,458m), equal to 0.9% of total loans and advances and guarantees (2006: 1.6%).

As regards the Group's owner-occupied property, the year's revaluation has resulted in an increase totalling DKK 91m. The rise has been recognised in "Revaluation reserve" under shareholders' equity (Tier 1).

The Group's deposits and other debt make up DKK 66.0bn against DKK 50.0bn at year-end 2006. The 32% increase derives primarily from deposits on demand and at notice.

Shareholders' equity and liabilities, year-end (DKKbn)	2007	2006
Amounts owed to credit institutions etc	26.5	26.5
Deposits and other debt	66.0	50.0
Deposits in pooled plans	6.8	6.5
Bonds issued	10.1	10.0
Other liabilities etc	12.2	11.6
Provisions	0.2	0.4
Subordinated capital (Tier 2)	3.8	3.5
Shareholders' equity (Tier 1)	6.7	6.3
Total	132.3	114.8

Subordinated capital (Tier 2)

Supplementary capital (Tier 2) continues to represent EUR 340m, corresponding to DKK 2,532m at year-end 2007.

To further strengthen and optimise the Bank's capital structure, EUR 49m hybrid Tier 1 capital was raised under the Global MTN Programme during the year. Total hybrid Tier 1 capital stands at EUR 175m or DKK 1,297m (2006: DKK 939m).

Subordinated capital (Tier 2) totals DKK 3,829m at year-end 2007 (2006: DKK 3,475m).

Share capital

On 19 December 2007 the share capital was reduced by DKK 25,000,000 and represents DKK 675,000,000 at year-end 2007.

The Sydbank share	2007	2006
Average number of shares outstanding	66,741,416	68,519,463
Number of shares outstanding at year-end	64,034,059	68,926,051
Number of shares issued at year-end	67,500,000	70,000,000

The number of shares outstanding decreased from 68,926,051 (98.47%) at the end of 2006 to 64,034,059 (94.87%) at the end of 2007. The Sydbank share's book value represents 105. At year-end 2007 the closing price of the Sydbank share stands at 219.3 and price/book value at 2.10.

Shareholders' equity (Tier 1)

At year-end 2007 shareholders' equity constitutes DKK 6,697m – an increase of DKK 348m since 1 January 2007. The change comprises disposals deriving from dividend distribution etc of net DKK 222m in March 2007, a capital reduction of DKK 579m as well as net purchase of own shares totalling DKK 712m, and additions deriving from revaluation of owner-occupied property of DKK 91m, income recognition of tax concerning equity items of DKK 60m as well as profit for the year of DKK 1,710m.

The Board of Directors recommends to the AGM that a dividend of DKK 3 per share or a total of DKK 202.5m be distributed and that DKK 20m be paid to the sponsorship fund, "Sydbank Sønderjyllands Fond".

Group solvency

During the year the capital base (Tiers 1+2) after deductions rose by DKK 542m to DKK 9,786m at year-end 2007.

Solvency, year-end (DKKm)	2007	2006
Risk-weighted assets	81,917	78,620
Core capital (Tier 1) (incl hybrid core capital) after deductions	7,259	7,052
Supplementary capital (Tier 2) after deductions	2,527	2,192
Capital base (Tiers 1+2)	9,786	9,244
Core capital (Tier 1) ratio	8.9	9.0
Solvency (total capital) ratio	11.9	11.8

The modest rise in risk-weighted items from DKK 78.6bn at year-end 2006 to DKK 81.9bn at year-end 2007 must be seen in connection with the Group's transition to the Standardised Approach as from 1 January 2007, whereby risk-weighted assets were reduced by DKK 4bn, as well as with the cessation of guarantees in connection with the transition to a new cooperation model with Totalkredit, whereby risk-weighted assets were lowered by DKK 2bn. The rise including reductions during the year is mainly ascribable to the growth in loans and advances fostered over the year.

At year-end 2007 the solvency (total capital) ratio stands at 11.9%, including a core capital (Tier 1) ratio (incl hybrid core capital) of 8.9% compared with 11.8% and 9.0%, respectively, at year-end 2006.

Outlook for 2008

This outlook does not include the effects of the acquisition of bankTrelleborg. It is expected that the acquisition will contribute approx DKK 40m to the Group's profit before tax in 2008.

2008 is forecast to be yet a satisfactory year for the Sydbank Group.

The Group's 2008 budget is based on expectations of subdued growth in the Danish economy in 2008.

The Group's bank loans and advances are projected to grow at around 10%, assisted for example by higher growth in bank loans and advances granted by Sydbank in Germany and Switzerland.

Core income excl trading income is projected to be favourably affected by the growth in bank loans and advances and derived total income is forecast to rise by approx 5%.

The high level of trading income of 2007 is not expected to be maintained but is projected to decrease by up to 10% – albeit highly dependent on financial market developments.

A reduction of 1% in staffing and an increase in costs in the region of 5-6% are provided for in the budget. The rise is mainly ascribable to overall developments in wages and inflation.

Overall the Group projects core earnings before impairment of loans and advances in the region of DKK 1,600-1,900m in 2008.

In contrast to 2007 the Group does not expect to realise any income under impairment of loans and advances. Given the expectations of subdued growth in the Danish economy and the satisfactory credit quality of the lending portfolio, impairment charges for loans and advances are however projected to be relatively modest in 2008.

Investment portfolio earnings will depend on financial market developments but the Groups projects a profit in 2008.

Consequently profit before tax is projected to be somewhat lower than in 2007. The Group's tax charge is budgeted at 25%.

Income Statement

DKKm	2007	2006
Interest income	5,601	4,012
Interest expense	3,474	2,126
Net interest income	2,127	1,886
Dividends on shares	24	26
Fee and commission income	1,454	1,397
Fee and commission expense	172	219
Net interest and fee income	3,433	3,090
Market value adjustments	400	802
Other operating income	33	24
Staff costs and administrative expenses	2,067	1,926
Depreciation and impairment of property, plant and equipment	136	111
Other operating expenses	11	2
Impairment of loans and advances etc	(568)	(171)
Profit on holdings in associates and subsidiaries *	37	3
Profit before tax	2,257	2,051
Tax	547	537
Profit for the year	1,710	1,514

* Including gain of DKK 26m on sale of DMK-Holding.

Distribution of profit for the year including proposed dividend

Profit for the year	1,710	1,514
Total amount to be allocated	1,710	1,514
Proposed dividend	203	210
Proposal for allocation for other purposes	20	20
Transfer to shareholders' equity	1,487	1,284
Total amount allocated	1,710	1,514
EPS Basic (DKK) *	25.6	22.1
EPS Diluted (DKK) *	25.6	22.1
Proposed dividend per share (DKK)	3	3

* Calculated on the basis of average number of shares outstanding.

Balance Sheet

DKKm	2007	2006
ASSETS		
Cash and balances on demand at central banks	677	571
Amounts owed by credit institutions and central banks	18,450	15,708
Loans and advances at fair value	8,552	7,671
Loans and advances at amortised cost	74,475	65,512
Bonds at fair value	16,145	13,112
Shares etc	1,311	1,159
Holdings in associates etc	201	149
Holdings in subsidiaries	-	-
Assets related to pooled plans	6,789	6,522
Total land and buildings	852	769
- investment property	3	44
- owner-occupied property	849	725
Other property, plant and equipment	116	108
Current tax assets	35	55
Deferred tax assets	23	6
Other assets	4,656	3,379
Prepayments	41	37
Total assets	132,323	114,758
SHAREHOLDERS' EQUITY AND LIABILITIES		
Amounts owed to credit institutions and central banks	26,523	26,498
Deposits and other debt	66,037	49,991
Deposits in pooled plans	6,789	6,522
Bonds issued at amortised cost	10,076	10,049
Current tax liabilities	19	28
Other liabilities	12,083	11,433
Deferred income	85	67
Total liabilities	121,612	104,588
Provisions	185	346
Subordinated capital (Tier 2)	3,829	3,475
Shareholders' equity (Tier 1):		
Share capital	675	700
Revaluation reserve	91	-
Other reserves:		
Reserves according to articles of association	399	388
Other reserves	8	8
Retained earnings	5,524	5,253
Total shareholders' equity (Tier 1) *	6,697	6,349
Total shareholders' equity and liabilities	132,323	114,758
* Including proposed dividend etc.	223	230

Shareholders' Equity (Tier 1)

DKKkm	Share capital	Revaluation reserve	Restricted savings bank reserve	Reserve for net revaluation according to equity method	Retained earnings	Proposed dividend etc	Total
Shareholders' equity at 1 Jan 2007	700	-	388	8	5,023	230	6,349
Changes in equity in 2007:							
Translation of foreign entities	-	-	-	-	(6)	-	(6)
Hedge of net investment in foreign entities	-	-	-	-	6	-	6
Property revaluation surplus	-	91	-	-	-	-	91
Profit for the year	-	-	11	3	1,473	223	1,710
Total income	-	91	11	11	1,473	223	1,801
Capital reduction	(25)	-	-	-	25	-	-
Purchase of own shares	-	-	-	-	(5,115)	-	(5,115)
Sale of own shares	-	-	-	-	3,806	-	3,806
Employee shares	-	-	-	-	18	-	18
Tax on equity items	-	-	-	-	60	-	60
Adopted dividend etc	-	-	-	-	-	(230)	(230)
Dividends, own shares	-	-	-	-	8	-	8
Total changes in equity in 2007	(25)	91	11	3	275	(7)	348
Shareholders' equity at 31 Dec 2007	675	91	399	11	5,298	223	6,697
Shareholders' equity at 1 Jan 2006	700	-	381	8	3,677	220	4,986
Changes in equity in 2006:							
Translation of foreign entities	-	-	-	-	(6)	-	(6)
Hedge of net investment in foreign entities	-	-	-	-	6	-	6
Profit for the year	-	-	7	-	1,277	230	1,514
Total income	-	-	7	0	1,277	230	1,514
Purchase of own shares	-	-	-	-	(3,378)	-	(3,378)
Sale of own shares	-	-	-	-	3,464	-	3,464
Employee shares	-	-	-	-	17	-	17
Tax on equity items	-	-	-	-	(41)	-	(41)
Adopted dividend etc	-	-	-	-	-	(220)	(220)
Dividends, own shares	-	-	-	-	7	-	7
Total changes in equity in 2006	-	-	7	0	1,346	10	1,363
Shareholders' equity at 31 Dec 2006	700	-	388	8	5,023	230	6,349

Solvency

DKKm	2007	2006
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As of 31 December 2007 the Group has adopted the following methods to calculate solvency:

Credit risk outside trading portfolio	Standardised Approach
Counterparty risk	Mark-to-Market Method
Valuation of collateral	Financial Collateral Comprehensive Method
Market risk	Standardised Approach
Operational risk	Standardised Approach

The Group's strategic portfolio is included under credit risk outside the trading portfolio in the Group's calculation of solvency.

Different types of collateral are applied for the purpose of mitigating the Group's credit portfolio risk. The most significant types of collateral comprise pledges and guarantees.

Pledges represent deposit accounts and financial assets in the form of bonds and shares. The Group ensures that the pledged items are separate from clients' right of disposal and that the pledge is of legal validity. Valuation is ensured via the requirements of the Financial Collateral Comprehensive Method according to the executive order on capital adequacy which mitigate the value of collateral on the basis of issuer, maturity and liquidity.

Counterparties by way of guarantor or surety are credit institutions or other issuers with similar or lower weight.

The Group has concluded netting agreements with all significant counterparties. Any impact thereof has not been taken into account in the calculation of the Group's solvency.

DKKm	2007	2006 *
Solvency (total capital) ratio	11.9	11.8
Core capital (Tier 1) ratio	8.9	9.0
Capital base (Tiers 1+2) after deductions in accordance with the new rules:		
Core capital (Tier 1)	6,606	6,349
Proposed dividend	(223)	(230)
Capitalised tax assets	(23)	(6)
Hybrid core capital	1,123	939
50% of holdings > 10%	(89)	-
50% of total holdings etc > 10%	(135)	-
Core capital (incl hybrid capital) after deductions	7,259	7,052
Subordinate loan capital	2,535	2,536
Revaluation reserve	91	0
Hybrid core capital	182	0
Capital base before deductions	10,067	9,588
50% of holdings > 10%	(89)	(181)
50% of total holdings etc > 10%	(135)	(163)
Holdings in associates	(57)	0
Capital base after deductions	9,786	9,244
Risk-weighted assets	81,917	78,620

* 2006 calculated in accordance with previous rules.

Cash Flow Statement

DKKm	2007	2006
Operating activities:		
Pre-tax profit for the year	2,257	2,051
Taxes paid	(447)	(471)
Adjustment of non-cash operating items:		
Loss on holdings in associates	(5)	(3)
Depreciation of property, plant and equipment	136	111
Impairment of loans and advances/guarantees	(529)	(149)
Other non-cash operating items	(178)	(18)
Total	1,234	1,521
Changes in working capital:		
Credit institutions and central banks	(3,818)	(1,703)
Trading portfolio	(3,186)	(997)
Other financial instruments at fair value	(90)	(107)
Loans and advances	(9,315)	(12,275)
Deposits	16,046	6,401
Other assets/s hareholders' equity and liabilities	(612)	2,232
Cash flows from operating activities	259	(4,928)
Investing activities:		
Purchase of holdings in associates	(54)	(3)
Sale of holdings in associates	7	0
Purchase of property, plant and equipment	(202)	(152)
Sale of property, plant and equipment	67	6
Cash flows from investing activities	(182)	(149)
Financing activities:		
Purchase and sale of own holdings	(1,223)	69
Dividend	(230)	(220)
Raising of subordinated capital (Tier 2)	354	644
Issue of bonds	27	3,348
Cash flows from financing activities	(1,072)	3,841
Cash flows for the year	(995)	(1,236)
Cash equivalent positions at 1 Jan	6,079	7,315
Cash flows for the year (changes during the year)	(995)	(1,236)
Cash equivalent positions at 31 Dec	5,084	6,079

Notes

DKKm	2007	2006
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Accounting policies:

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

Provisions:

Provisions for pensions and similar obligations	2	2
Provisions for deferred tax	114	110
Provisions for losses on guarantees	40	198
Other provisions	29	36
Total provisions	185	346

Guarantees:

Financial guarantees	3,829	3,622
Mortgage finance guarantees	1,609	6,281
Registration and remortgaging guarantees	3,738	3,529
Other guarantees	1,470	1,448
Total guarantees	10,646	14,880

Other contingent liabilities:

Irrevocable credit commitments	235	237
Other liabilities	87	74
Total other contingent liabilities	322	311

The Group is party to a number of legal actions. These actions are under continuous review and the necessary provisions made are based on an assessment of the risk of loss. Pending legal actions are not expected to have any significant impact on the financial position of the Group.

Notes

DKK m	2007	2006
Impairment of loans and advances and provisions for guarantees		
Individual impairment of loans and advances and provisions for guarantees:		
Impairment and provisions at 1 Jan	1,262	1,407
Exchange rate adjustment	0	0
Impairment and provisions during the year	945	1,087
Reversal of impairment and provisions made in previous years	1,373	1,196
Write-offs covered by impairment and provisions	96	36
Impairment and provisions at 31 Dec	738	1,262
Individual impairment of loans and advances	1,754	1,874
Individual impairment of guarantees	126	405
Individual impairment of loans and advances and guarantees	1,880	2,279
Individual impairment and provisions	738	1,262
Individual impairment of loans and advances and guarantees after impairment	1,142	1,017
Collective impairment of loans and advances and provisions for guarantees:		
Impairment and provisions at 1 Jan	196	162
Impairment and provisions during the year	41	49
Reversal of impairment and provisions made in previous years	80	15
Impairment and provisions at 31 Dec	157	196
Total loans and advances and amounts owed subject to collective impairment and provisions	11,188	9,654
Collective impairment and provisions	157	196
Loans and advances and amounts owed after collective impairment and provisions	11,031	9,458
Impairment and provisions at 31 Dec:		
Individual impairment and provisions	738	1,262
Collective impairment and provisions	157	196
Total impairment and provisions at 31 Dec	895	1,458
Impairment of loans and advances recognised in the income statement:		
Impairment and provisions	(529)	(149)
Write-offs not covered by impairment and provisions	28	36
Recovered from debt previously written off	67	58
Impairment of loans and advances etc	(568)	(171)