

OMX Copenhagen Stock Exchange
London Stock Exchange
Bourse de Luxembourg
Other stakeholders

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Dear Sirs

New Totalkredit cooperation model to give capital relief for Sydbank

The basis for calculating Sydbank's solvency ratio to change as at 30 June 2007.

This will take place because the Bank is going to make use of a possibility in the cooperation agreement with Totalkredit of adopting a new model for distributing guarantees. As a result the Bank is not obligated to record – and provide adequate capital for – a significant amount of Totalkredit guarantees. Therefore the Bank's capital ratios will strengthen. Other things being equal the Bank's total capital ratio will be increased by 0.4 percentage points.

According to the guarantee model applied so far, guarantees issued by Sydbank as regards the Totalkredit loans provided by the Bank represent DKK 6bn at the end of Q1 2007.

In future Totalkredit will have access to set off any losses on Totalkredit loans provided by Sydbank against the commission earned by the Bank under the cooperation.

Sydbank's continued income from the Totalkredit cooperation will be affected only marginally by the transition from the guarantee model to the set-off model.

The lapse of the TK guarantees would as at end-March 2007 imply a reduction by DKK 2bn in the Bank's risk-weighted items. As a consequence the solvency ratio will be increased by the above-mentioned 0.4 percentage points.

Yours faithfully



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