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**Stock Exchange Announcement No 12/08**

16 July 2008

Dear Sirs

**Sydbank's acquisition of bankTrelleborg**

Stock Exchange Announcement No 01/08 – issued on 21 January 2008 – provided information on Sydbank's acquisition of bankTrelleborg in accordance with a conditional merger agreement. The merger between Sydbank and bankTrelleborg became effective on 27 March 2008, cf Stock Exchange Announcement No 04/2008.

**2007 Interim Report bankTrelleborg**

On 31 August 2007 bankTrelleborg issued a stock exchange announcement concerning the 2007 Interim Report. The Interim Report, which was signed by the board of directors and executive management of bankTrelleborg, recorded a profit after tax of the group and of the parent, of DKK 30.0m and DKK 26.6m, respectively, as well as shareholders' equity of DKK 679m and DKK 667m, respectively. A subsequent review of the interim financial statements has disclosed that the interim financial statements were not presented correctly. Therefore Sydbank must disclose that as a consequence of the errors found, which predominantly comprise a number of minor adjustments to the impairment charges of bankTrelleborg as well as the measurement of investment property, the interim report of the group and of the parent must be reduced by DKK 87,000 and DKK 3.8m, respectively, after tax, due to the above-mentioned errors. Finally it can be noted that as a result of an erroneous accounting treatment of the bank's guarantee capital, shareholders' equity as made up for the first six months is DKK 4.7m less in the group as well as the parent. In addition the adjustments imply that the balance sheet total is reduced by DKK 3.1m in the group and the parent, bringing the balance sheet total to DKK 7,586m and DKK 7,594m, respectively.

**2007 Annual Report bankTrelleborg**

On 26 February 2008 the 2007 Annual Report of bankTrelleborg was released. Compared with this previous information a number of additional disclosures are stated below to illustrate the acquired loan portfolio which as stated previously is greatly characterised by the very strong involvement of bankTrelleborg in property-related exposures. The released finan-

cial statements as well as the below corrective/supplementary disclosures show that 56% of bankTrelleborg's total corporate credit portfolio has been granted to this category and that the share of exposures exceeding DKK 60m total around DKK 4,5bn, including weak and risky exposures of around 35%. In addition it can be noted that at year-end 2007 bankTrelleborg had more than 55 exposures in the category of property-related exposures, each constituting more than 5% of the shareholders' equity of bankTrelleborg.

At the same time it must be emphasised that a renewed review of the 2007 Annual Report of bankTrelleborg has not had any impact on profit or balance sheet total as regards the annual report released on 26 February 2008.

#### Implementation of bankTrelleborg

The implementation of bankTrelleborg is largely according to schedule. The branch networks of bankTrelleborg in Copenhagen, Hillerød, Aarhus as well as 1 of 2 branches in Odense have been closed/sold. Moreover 3 of bankTrelleborg's partly or wholly owned subsidiaries have been sold. The organisation is in place and the staff number target of Sydbank's new Zealand Region is within reach. Net client defection stands at approximately 1,500 clients since Sydbank's acquisition.

Property market developments since Sydbank's acquisition have confirmed the necessity of the market value adjustment of the acquired credit portfolio. However it is still the opinion of Sydbank that the value adjustment is sufficient. In future Sydbank will submit half-yearly reports in this respect.

Yours faithfully



Carsten Andersen  
Group Chief Executive

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Corrective/supplementary disclosures

bankTrelleborg A/S

2007 Interim Report

Sydbank





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### Introductory remarks

The Danish Securities Council has ordered Sydbank A/S to prepare corrective/supplementary disclosures concerning the 2007 Interim Report of bankTrelleborg A/S (the financial statements of the parent as well as the consolidated financial statements) concerning the following:

- misstatements concerning impairment as regards 7 minor exposures
- misstatements concerning impairment and provisions as regards an exposure to a bankruptcy estate
- misstatements concerning impairment as regards 5 exposures
- misstatements concerning the measurement of investment property.

The Danish Securities Council has ordered Sydbank A/S in its corrective/supplementary disclosures concerning the 2007 Interim Report of bankTrelleborg A/S (the financial statements of the parent as well as the consolidated financial statements) to incorporate disclosures as regards the pledge of assets to Spar Nord since 2006.

Consequently the following adjustments have been made with respect to the 2007 Interim Report (the financial statements of the parent as well as the consolidated financial statements):

The measurement of investment property has been reassessed, which has resulted in a revaluation of DKK 1,589,000. The adjustment has increased market value adjustments, the asset line item: investment property, and shareholders' equity (Tier 1) by an equivalent amount in the group as well as in the parent.

Finally the reassessment of impairment and provisions concerning 13 exposures has resulted in the following adjustments to the group as well as to the parent:

- Increase of DKK 6,947,000 in impairment charges
- Reversal of DKK 524,000 in impairment charges
- Reduction of DKK 5,923,000 in loans and advances
- Increase of DKK 500,000 in provisions for guarantees.

Apart from the adjustments ordered, the corrective/supplementary disclosures contain adjustments compared with the previously published interim report:

- The published 2007 Interim Report of the group has been restated to IFRS to the effect that interest expense to guarantee capital of DKK 4,967,000 is recognised as dividend and as a result interest expense is reduced by this amount which is instead recognised directly in equity.

Moreover the published 2007 Interim Report of the group and of the parent contained the following misstatements which have been amended in the corrective/supplementary disclosures as regards the 2007 Interim Report:

- In 2006 up-front fees in connection with the issue of senior loans
- were charged to income immediately following the issue. In the 2007 Annual Report, the up-front fees were accrued and comparative figures for 2006 were restated, resulting in an increase of DKK 1,887,000 in shareholders' equity (Tier 1). Compared with the published 2007 Interim Report, the accrual has resulted in an increase of DKK 249,000 in interest expense and a reduction of DKK 1,638,000 in amounts owed to credit institutions as well as an increase of DKK 1,638,000 in shareholders' equity (Tier 1).
- Accrued payment to minority shareholders of DKK 5,400,000 for services provided has been reclassified from intangible assets to the asset line item: prepayments.
- The remaining guarantee capital of DKK 2,774,000 was included under shareholders' equity (Tier 1) by mistake and is now reclassified as subordinated capital (Tier 2).

As a result of the overall adjustments to the remaining part of the income statement, tax has been reduced by DKK 29,000 and DKK 1,271,000 in the group and the parent, respectively.

The adjustments to the income statement of the group and of the parent constitute an overall reduction in profit after tax of DKK 87,000 and DKK 3,812,000, respectively, comprising both the adjustments ordered as well as other adjustments made.

<b>Income statement 1H 2007 – group DKK 1,000</b>	<b>Note</b>	<b>Original</b>	<b>Adjusted</b>	<b>Change</b>
Interest income		213,681	213,681	
Interest expense	1	(104,189)	(99,471)	4,718
<b>Net interest income</b>		<b>109,492</b>	<b>114,210</b>	<b>4,718</b>
Dividends on shares etc		5,000	5,000	
Fee and commission income		51,156	51,156	
Fee and commission expense		(3,388)	(3,388)	
<b>Net interest and fee income</b>		<b>162,260</b>	<b>166,978</b>	<b>4,718</b>
Market value adjustments	2	2,727	4,316	1,589
Other operating income		4,348	4,348	
Staff costs and administrative expenses		(105,840)	(105,840)	
Amortisation and depreciation of intangible and tangible assets		(7,820)	(7,820)	
Other operating expenses		(865)	(865)	
Impairment of loans and advances etc	3	(14,386)	(20,809)	(6,423)
<b>Profit before tax</b>		<b>40,424</b>	<b>40,308</b>	<b>(116)</b>
Tax		(10,155)	(10,126)	29
<b>Profit after tax</b>		<b>30,269</b>	<b>30,182</b>	<b>(87)</b>

<b>Balance sheet at 30 June 2007 – group DKK 1,000</b>	<b>Note</b>	<b>Original</b>	<b>Adjusted</b>	<b>Change</b>
<b>Assets</b>				
Cash and balances on demand at central banks		862,261	862,261	
Amounts owed by credit institutions and central banks		1,007,064	1,007,064	
Loans and advances other amounts owed at amortised cost		4,902,596	4,896,673	(5,923)
Bonds at fair value		371,138	371,138	
Shares etc		246,382	246,382	
Assets related to pooled plans		102,087	102,087	
Intangible assets		7,734	2,334	(5,400)
Total land and buildings		14,996	16,585	
Investment property		5,434	7,023	1,589
Owner-occupied property		9,562	9,562	
Other property, plant and equipment		21,551	21,551	
Current tax assets		0	0	
Deferred tax assets		9,909	11,180	1,271
Assets temporarily acquired		427	427	
Other assets		36,509	36,509	
Prepayments		6,654	12,054	5,400
<b>Total assets</b>		<b>7,589,308</b>	<b>7,586,245</b>	<b>(3,063)</b>
<b>Shareholders' equity and liabilities</b>				
Amounts owed to credit institutions and central banks		2,999,301	2,997,663	(1,638)
Deposits and other debt		3,299,984	3,299,984	
Deposits in pooled plans		102,523	102,523	
Current tax liabilities		7,360	7,360	
Other liabilities		106,286	106,286	
Deferred income		1,773	1,773	
<b>Total debt</b>		<b>6,517,227</b>	<b>6,515,589</b>	<b>(1,638)</b>
Provisions for pensions and similar obligations				
Provisions for guarantees		0	500	500
Total provisions		2,461	2,461	
Subordinated capital (Tier 2)		390,685	393,459	2,774
<b>Total liabilities</b>		<b>393,146</b>	<b>396,420</b>	<b>3,274</b>
Share capital		91,876	91,876	
Guarantee capital		2,774	0	(2,774)
Share premium account		275,787	275,787	
Retained earnings		296,738	294,813	(1,925)
Minority interests		11,760	11,760	
<b>Total shareholders' equity (Tier 1)</b>		<b>678,935</b>	<b>674,236</b>	<b>(4,699)</b>
<b>Total shareholders' equity and liabilities</b>		<b>7,589,308</b>	<b>7,586,245</b>	<b>(3,063)</b>

## Statement of changes in equity – group

DKK 1,000	Guarantee capital	Share capital	Share premium account	Retained earnings	Proposed dividend etc	Shareholders' equity belonging to		Total
						shareholders - parent	minority interests	
<b>Shareholders' equity 31 Dec 2006</b>	<b>270,939</b>			<b>429,133</b>		<b>700,072</b>	<b>11,483</b>	<b>711,555</b>
Adjustment of fee and commission expense				1,887		1,887		1,887
<b>Shareholders' equity 1 Jan 2007</b>	<b>270,939</b>			<b>431,020</b>		<b>701,959</b>	<b>11,483</b>	<b>713,442</b>
Profit for the period - original				29,992		29,992	277	30,269
Profit for the period - change				(5,054)	4,967	(87)		(87)
Profit for the period - adjusted				24,938	4,967	29,905	277	30,182
Net income and expense recognised directly in equity				(3,400)		(3,400)		(3,400)
Tax on equity items				1,242		1,242		1,242
<b>Total income and expense</b>				<b>22,780</b>	<b>4,967</b>	<b>27,747</b>	<b>277</b>	<b>28,024</b>
Guarantee capital paid up	41,400					41,400		41,400
Paid guarantee capital	(309,565)					(309,565)		(309,565)
Transferred to subordinated capital	(2,774)					(2,774)		(2,774)
Acquisition through merger		500		(500)		0		0
Conversion into A/S		47,563		(47,563)		0		0
Issue of bonus shares		19,832		(19,832)		0		0
Share-based payment				2,596		2,596		2,596
Capital increase		23,981	275,787			299,768		299,768
Adopted dividend					(4,967)	(4,967)		(4,967)
Purchase of own shares				(119,425)		(119,425)		(119,425)
Sale of own shares				25,737		25,737		25,737
<b>Other transactions</b>	<b>(270,939)</b>	<b>91,876</b>	<b>275,787</b>	<b>(161,145)</b>	<b>(4,967)</b>	<b>(69,388)</b>		<b>(69,388)</b>
<b>Shareholders' equity 30 Jun 2007</b>	<b>0</b>	<b>91,876</b>	<b>275,787</b>	<b>294,813</b>	<b>0</b>	<b>662,476</b>	<b>11,760</b>	<b>674,236</b>

<b>Summary cash flow statement – group</b>				
<b>DKK 1,000</b>				
		<b>Original</b>	<b>Adjusted</b>	<b>Change</b>
Profit for the period		29,992	30,182	190
Cash flows from operating activities		(220,680)	(233,878)	(13,198)
Cash flows from investing activities		(72,090)	(61,856)	10,234
Cash flows from financing activities		84,765	87,539	2,774
Changes in cash equivalent positions		(178,013)	(178,013)	0
Cash equivalent positions at 1 Jan		1,040,274	1,040,274	0
<b>Cash equivalent positions at 31 Dec</b>		<b>862,261</b>	<b>862,261</b>	<b>0</b>
<b>Notes – group</b>				
<b>DKK 1,000</b>				
		<b>Original</b>	<b>Adjusted</b>	<b>Change</b>
<b>1 Interest expense</b>				
Credit institutions and central banks		43,192	43,441	249
Deposits and other debt		47,187	47,187	
Subordinated capital (Tier 2)		8,840	8,840	
Guarantee capital		4,967	0	(4,967)
Other interest expense		3	3	
<b>Total</b>		<b>104,189</b>	<b>99,471</b>	<b>(4,718)</b>
<b>2 Market value adjustments</b>				
Other loans and advances at fair value		(469)	(469)	
Bonds		(4,389)	(4,389)	
Shares etc		4,685	4,685	
Investment property		0	1,589	1,589
Foreign exchange		(710)	(710)	
Derivatives, trading portfolio		3,605	3,605	
Assets related to pooled plans		4,679	4,679	
Deposits in pooled plans		(4,679)	(4,679)	
Other assets		5	5	
<b>Total</b>		<b>2,727</b>	<b>4,316</b>	<b>1,589</b>
<b>3 Impairment of loans and advances etc</b>				
Individual impairment during the year		14,642	21,589	6,947
Reversal of individual impairment made in previous years		(1,008)	(1,532)	(524)
Collective impairment during the year		0	0	
Reversal of collective impairment made in previous years		0	0	
Write-offs not covered by impairment		752	752	
Recovered from debt previously written off		0	0	
<b>Total</b>		<b>14,386</b>	<b>20,809</b>	<b>6,423</b>
<b>4 Segment reporting</b>				
The bankTrelleborg group can be divided into three business segments which are considered to be the bank's primary segments.				
The activities of the three business segments are as follows:				

	Branch network	Securities and Intl division	Management support and other	Total
Net interest and fee income	134,652	17,708	9,900	162,260
Profit before tax – original	74,323	10,244	(44,143)	40,424
Profit before tax – adjusted	67,900	10,244	(37,836)	40,308
Profit before tax – change	(6,423)		6,307	(116)
<b>5 Collateral</b>				
As at 30 June 2007 the group has deposited DKK 826,472,000 with a Danish bank as security for an outstanding account, ie debt and guarantees issued in connection with foreign loans.				

<b>Income statement 1H 2007 – parent DKK 1,000</b>	<b>Note</b>	<b>Original</b>	<b>Adjusted</b>	<b>Change</b>
Interest income		206,377	206,377	
Interest expense	1	(102,626)	(102,875)	(249)
<b>Net interest income</b>		<b>103,751</b>	<b>103,502</b>	<b>(249)</b>
Dividends on shares etc		5,000	5,000	
Fee and commission income		47,713	47,713	
Fee and commission expense		(3,388)	(3,388)	
<b>Net interest and fee income</b>		<b>153,076</b>	<b>152,827</b>	<b>(249)</b>
Market value adjustments	2	2,727	4,316	1,589
Other operating income		457	457	
Staff costs and administrative expenses		(102,571)	(102,571)	
Amortisation and depreciation of intangible and tangible assets		(7,174)	(7,174)	
Other operating expenses		(495)	(495)	
Profit on holdings in associated and group undertakings		1,328	1,328	
Impairment of loans and advances etc	3	(11,826)	(18,249)	(6,423)
<b>Profit before tax</b>		<b>35,522</b>	<b>30,439</b>	<b>(5,083)</b>
Tax		(8,930)	(7,659)	1,271
<b>Profit after tax</b>		<b>26,592</b>	<b>22,780</b>	<b>(3,812)</b>
<b>Profit for the period</b>				
Issue of bonus shares		19,832	19,832	
Profit for the year brought forward		6,760	2,948	(3,812)
<b>Total amount allocated</b>		<b>26,592</b>	<b>22,780</b>	<b>(3,812)</b>
EPS Basic (DKK)		1.47	4.96	3.49
EPS Diluted (DKK)		1.47	4.96	3.49

<b>Balance sheet at 30 Jun 2007 – parent DKK 1,000</b>	<b>Note</b>	<b>Original</b>	<b>Adjusted</b>	<b>Change</b>
<b>Assets</b>				
Cash and balances on demand at central banks		862,261	862,261	
Amounts owed by credit institutions and central banks		1,007,064	1,007,064	
Loans and advances and other amounts owed at amortised cost		4,898,473	4,892,550	(5,923)
Bonds at fair value		371,138	371,138	
Shares etc		248,061	248,061	
Holdings in subsidiaries		23,282	23,282	
Assets related to pooled plans		102,087	102,087	
Intangible assets		6,146	746	(5,400)
Total land and buildings		12,679	12,679	
Investment property		5,434	7,023	1,589
Owner-occupied property		7,245	7,245	
Other property, plant and equipment		21,526	21,526	
Deferred tax assets		9,909	11,180	1,271
Assets temporarily acquired		427	427	
Other assets		28,048	28,048	
Prepayments		6,073	11,473	5,400
<b>Total assets</b>		<b>7,597,174</b>	<b>7,594,111</b>	<b>(3,063)</b>
<b>Shareholders' equity and liabilities</b>				
Amounts owed to credit institutions and central banks		2,999,301	2,997,663	(1,638)
Deposits and other debt		3,319,917	3,319,917	
Deposits in pooled plans		102,523	102,523	
Current tax liabilities		7,123	7,123	
Other liabilities		106,216	106,216	
Deferred income		1,773	1,773	
<b>Total debt</b>		<b>6,536,853</b>	<b>6,535,215</b>	<b>(1,638)</b>
Provisions for pensions and similar obligations				
Provisions for guarantees		0	500	500
Total provisions		2,461	2,461	
Subordinated capital (Tier 2)		390,685	393,459	2,774
<b>Total liabilities</b>		<b>393,146</b>	<b>396,420</b>	<b>3,274</b>
Share capital		91,876	91,876	
Guarantee capital		2,774	0	(2,774)
Share premium account		275,787	275,787	
Statutory reserves		8,282	8,282	
Retained earnings		288,456	286,531	(1,925)
<b>Total shareholders' equity (Tier 1)</b>		<b>667,175</b>	<b>662,476</b>	<b>(4,699)</b>
<b>Total shareholders' equity and liabilities</b>		<b>7,597,174</b>	<b>7,594,111</b>	<b>(3,063)</b>

Statement of changes in equity – parent						
DKK 1,000	Guarantee capital	Share capital	Share premium account	Retained earnings	Reserve for net revaluation according to equity method	Total
<b>Shareholders' equity 31 Dec 2006</b>	<b>270,939</b>			<b>422,179</b>	<b>6,954</b>	<b>700,072</b>
Adjustment of fee and commission expense				1,887		1,887
<b>Shareholders' equity 1 Jan 2007</b>	<b>270,939</b>			<b>424,066</b>	<b>6,954</b>	<b>701,959</b>
Profit for the period - original				25,264	1,328	26,592
Profit for the period - change				(3,812)		(3,812)
Profit for the period - adjusted				21,452	1,328	22,780
<b>Total income and expense</b>				<b>21,452</b>	<b>1,328</b>	<b>22,780</b>
Guarantee capital paid up	41,400					41,400
Paid guarantee capital	(309,565)					(309,565)
Transferred to subordinated capital	(2,774)					(2,774)
Acquisition through merger		500		(500)		0
Conversion to A/S		47,563		(47,563)		0
Issue of bonus shares		19,832		(19,832)		0
Share-based payment				2,596		2,596
Capital increase		23,981	275,787			299,768
Adopted dividend						0
Purchase of own shares				(119,425)		(119,425)
Sale of own shares				25,737		25,737
<b>Other transactions</b>	<b>(270,939)</b>	<b>91,876</b>	<b>275,787</b>	<b>(158,987)</b>	<b>0</b>	<b>(62,263)</b>
<b>Shareholders' equity 30 Jun 2007</b>	<b>0</b>	<b>91,876</b>	<b>275,787</b>	<b>286,531</b>	<b>8,282</b>	<b>662,476</b>

<b>Summary cash flow statement – parent DKK 1,000</b>	<b>Original</b>	<b>Adjusted</b>	<b>Change</b>
Profit for the period	26,592	26,505	(87)
Cash flows from operating activities	(204,985)	(217,906)	(12,921)
Cash flows from investing activities	(84,385)	(74,151)	10,234
Cash flows from financing activities	84,765	87,539	2,774
Changes in cash equivalent positions	(178,013)	(178,013)	0
Cash equivalent positions at 1 Jan	1,040,274	1,040,274	0
<b>Cash equivalent positions at 31 Dec</b>	<b>862,261</b>	<b>862,261</b>	<b>0</b>

<b>Notes – parent DKK 1,000</b>	<b>Original</b>	<b>Adjusted</b>	<b>Change</b>
<b>1 Interest expense</b>			
Credit institutions and central banks	43,192	43,441	249
Deposits and other debt	45,627	45,627	
Subordinated capital (Tier 2)	8,840	8,840	
Guarantee capital	4,967	4,967	
Other interest expense	0	0	
<b>Total</b>	<b>102,626</b>	<b>102,875</b>	<b>249</b>
<b>2 Market value adjustments</b>			
Other loans and advances at fair value	(469)	(469)	
Bonds	(4,389)	(4,389)	
Shares etc	4,685	4,685	
Investment property	0	1,589	1,589
Foreign exchange	(710)	(710)	
Derivatives, trading portfolio	3,605	3,605	
Assets related to pooled plans	4,679	4,679	
Deposits in pooled plans	(4,679)	(4,679)	
Other assets	5	5	
<b>Total</b>	<b>2,727</b>	<b>4,316</b>	<b>1,589</b>
<b>3 Impairment of loans and advances etc</b>			
Individual impairment during the year	12,082	19,029	6,947
Reversal of individual impairment made in previous years	(945)	(1,469)	(524)
Collective impairment during the year	0	0	
Reversal of collective impairment made in previous years	0	0	
Write-offs not covered by impairment	799	799	
Recovered from debt previously written off	(110)	(110)	
<b>Total</b>	<b>11,826</b>	<b>18,249</b>	<b>6,423</b>

#### 4 Segment reporting

bankTrelleborg a/s can be divided into three business segments which are considered to be the bank's primary segments. The activities of the three segments are as follows:

	<b>Branch network</b>	<b>Securities and Intl Division</b>	<b>Management support and other</b>	<b>Total</b>
Net interest and fee income	134,652	17,708	716	153,076
Profit before tax – original	74,323	10,244	(49,045)	35,522
Profit before tax – adjusted	67,900	10,244	(42,738)	35,406
Profit before tax – change	(6,423)		6,307	(116)

#### 5 Collateral

At 30 June 2007 the parent has deposited DKK 826,472,000 with a Danish bank as security for an outstanding account, ie debt and guarantees issued in connection with foreign loans.



**Management statement**

It is our opinion that the corrective/supplementary disclosures concerning the 2007 Interim Report of bankTrelleborg A/S have been prepared in accordance with the orders issued in the decision of the Danish Securities Council of 26 June 2008.

Aabenraa, 16 July 2008

**Group Executive Management**

**Carsten Andersen  
(CEO)**

**Karen Frøsig**

**Preben L. Hansen**

**Torben A. Nielsen**

**Board Chairman**

**Kresten Philipsen**



Corrective/supplementary disclosures

bankTrelleborg A/S

2007 Annual Report



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### **Introductory remarks**

The Danish Securities Council has ordered Sydbank A/S to prepare corrective/supplementary disclosures concerning the 2007 Annual Report of bankTrelleborg A/S.

The Danish Securities Council has ordered Sydbank A/S in its corrective/supplementary disclosures concerning the 2007 Annual Report (the financial statements of the parent as well as the consolidated financial statements) to incorporate the following:

- a total account of the disclosures of financial risks and capital, see IFRS 7 and IAS 1, incorporating the non-disclosed information in the 2007 Annual Report in relation to IFRS 7, paragraphs 24, 31, 36 and 37 as well as IAS 1, notes 124 A and B
- a new note 24 to the consolidated financial statements concerning the fair value of financial instruments where the fair value of loans and advances at amortised cost has been disclosed in compliance with the provisions.

The Danish Securities Council has ordered Sydbank A/S to subject the measurement at amortised cost of the relevant exposures according to the 2007 Annual Report to a new collective assessment and to incorporate in the corrective/supplementary disclosures any changes to the Annual Report (the financial statements of the parent as well as the consolidated financial statements) brought about by a renewed assessment.

In accordance with the order of the Danish Securities Council a new review has been conducted of the collective assessment of the measurement at amortised cost of the relevant exposures in the 2007 Annual Report.

The renewed review has not given rise to any changes in the original assessment which is considered to be in conformity with the industry and in full compliance with the collective impairment model issued by "Lokale Pengeinstitutter" (The Association of Local Banks, Savings Banks and Co-operative Banks in Denmark) with the necessary changes for which documentation is provided in the management's completion of an accompanying checklist.

In accordance with the order of the Danish Securities Council a total account of the disclosures of financial risks and capital, of IFRS 7 and IAS 1, is given below.

## Capital and capital management

### Subordinated capital (Tier 2)

During the year subordinated capital (Tier 2) was increased by DKK 2m to DKK 308m at year-end 2007.

To further strengthen the bank's capital structure, DKK 85m hybrid Tier 1 capital was raised in May. The loan was granted by Fonden for bankTrelleborg. In connection with the issue of this loan, the bank purchased 339,472 own shares from Fonden for bankTrelleborg, corresponding to a purchase price of DKK 85m.

Subordinated capital (Tier 2) totals DKK 393m at year-end 2007 (2006: DKK 306m).

### Share capital

On 28 March 2007 there was a conversion to a public limited company by way of a merger with the fully owned subsidiary sTB 1 A/S. The merger was carried out according to the so-called fund model whereby the fund established at the same time, Fonden for bankTrelleborg, received the full remuneration regarding the company's shareholders' equity in the form of all shares of the company. In connection with the merger new shares of 47,562,900 nominal were issued.

On 4 April 2007 the share capital was raised by DKK 19,624,020 nominal by issuing bonus shares. On 10 April 2007 the share capital was increased by DKK 207,640 nominal by issuing bonus shares and shares at a favourable price to employees. In May 2007 there was a capital increase of DKK 23,981,520 nominal by the conversion of guarantee capital and cash payment.

bankTrelleborg was listed on 7 June 2007 and changed its name in this connection from Sparekassen sparTrelleborg to bankTrelleborg A/S. 95% of the bank's guarantors converted their guarantee capital into shares.

At year-end 2007 the share capital represents DKK 91,876,080, corresponding to 4,593,804 shares of DKK 20 each.

bankTrelleborg shares	Number of shares	Ownership (%)	Votes (%)
Fonden for bankTrelleborg	3,093,170	67.33	73.33
Own shares	375,714	8.18	0.00
Other shareholders	1,124,920	24.49	26.67
Total	4,593,804	100.00	100.00

Fonden for bankTrelleborg owns 67.33% of the shares, own shares represent 8.18%, and other shareholders, numbering approx 15,000, own

24.49% of the shares. Fonden for bankTrelleborg owns 73.33% of the voting share capital and other shareholders own 26.67%, cf section 67 (3) of the Danish Companies Act.

The bankTrelleborg share's book value excluding the share of minority shareholders represents 143.84. At year-end 2007 the closing price of the bankTrelleborg share stood at 249.52 and price/book value at 1.73.

### **Shareholders' equity (Tier 1)**

At year-end 2007 shareholders' equity (Tier 1) constituted DKK 623m – a reduction of DKK 91m since the beginning of 2007. The change comprises disposals deriving from:

- loss for the year of DKK 20m
- net paid guarantee capital of DKK 268m
- net purchase of own shares of DKK 98m
- dividend distribution ("guarantee capital interest") of DKK 5m
- net income and expense recognised directly in equity of DKK 3m

as well as additions deriving from:

- capital increase of DKK 300m
- property revaluation of DKK 2m
- tax on equity items of DKK 1m.

### **Capital management**

The group's capital management aims to ensure a correlation between the group's risks and capital and is based on the regulatory determination of the group's capital requirements (capital adequacy requirements).

As of 1 January 2007 new capital adequacy requirements (Basel II) were implemented to calculate credit, market and operational risks. For 2007 the group has decided to apply the transitional rules and introduce Basel II on 1 January 2008.

Under the capital adequacy requirements, the bank's solvency must make up at least 8% of risk-weighted assets. The group has met this requirement throughout the financial year.

As at 31 December 2007 the group's solvency ratio has been determined in accordance with Basel I and stands at 10.5%:

	Year-end	
	2007	2006
<b>DKK m</b>		
<b>Risk-weighted items</b>	<b>9,355</b>	<b>7,207</b>
Shareholders' equity excl revaluation reserve	618	714
Intangible assets and tax assets	(12)	(13)
Hybrid core capital	85	0
50% of holdings > 10%	(8)	0
<b>Core capital incl hybrid capital after deductions</b>	<b>683</b>	<b>701</b>
Subordinate loan capital	308	306
Revaluation reserve	2	0
50% of holdings > 10%	(8)	(64)
<b>Capital base after deductions</b>	<b>985</b>	<b>943</b>
<b>Solvency ratio (%)</b>	<b>10.5</b>	<b>9.7</b>

The group has regularly calculated the solvency requirement using the model of "Lokale Pengeinstitutter" and the group's management has established an internal requirement that the bank's solvency ratio must exceed this solvency requirement by 2 percentage points. In connection with calculations made during the 2007 financial year, the solvency ratio has exceeded the solvency requirement as well as the internal requirement.

As a result of the group's problems following the expiry of the financial year, consisting primarily of the liquidity problems in relation to section 152 of the Danish Financial Business Act, the solvency requirement was significantly raised twice during January 2008. On 15 January the bank reported a solvency requirement of 11%. On 18 January the Danish Financial Supervisory Authority was informed by the bank that it did not meet the liquidity requirements of section 152 (1) of the Danish Financial Business Act. The Danish Financial Supervisory Authority gave the bank until 8 am Monday 21 January to comply with the requirements stipulated in section 152 (1) of the Danish Financial Business Act. At 11 pm on Sunday 20 January, the bank's board of directors decided, in light of the bank's liquidity situation, to raise the solvency requirement by an additional 1-2% to a solvency requirement of between 12% and 13%. When the solvency ratio was determined at 10.8%, the board of directors recognised that the bank was failing and subsequently notified the Danish Financial Supervisory Authority.

On 21 January bankTrelleborg accepted an agreement entered into between Fonden for bankTrelleborg and Sydbank to acquire the share capital of bankTrelleborg. On the same day Fonden for bankTrelleborg requested that the board of directors of bankTrelleborg made a decision concerning the redemption of the shares of the minority shareholders. The board of directors of bankTrelleborg complied with the request of Fonden for bankTrelleborg. On the same day

- the Danish Financial Supervisory Authority approved the decision of the board of directors concerning the compulsory redemption of the shares of the minority shareholders of bankTrelleborg
- the Danish Commerce and Companies Agency (the commercial foundations supervisory authority of Fonden for bankTrelleborg) sanctioned the implementation of a compulsory redemption of the shares of the minority shareholders of bankTrelleborg by Fonden for bankTrelleborg and the subsequent sale of these shares to Sydbank for the purpose of a future merger, and
- the Danish Financial Supervisory Authority approved Sydbank's acquisition of all shares of bankTrelleborg
- Sydbank placed the necessary liquidity – in the region of DKK 1,800m – at the disposal of bankTrelleborg.

On 1 February 2008 Sydbank purchased the share capital of bankTrelleborg after which bankTrelleborg became a fully owned subsidiary. On 27 March 2008 Sydbank and bankTrelleborg merged with retrospective accounting effect as of 1 February 2008.

## Financial risks

### Market risks

Market risk is the risk of loss as a result of changes in the market value of the group's assets and liabilities caused by changes in market conditions, for instance changes in market rates, equity prices and exchange rates.

The board of directors and executive management of the bank have established guidelines on which risks the group wishes to assume, including amount limits. According to the underlying strategy, the bank will not assume any significant risks which are outside the scope of ordinary business.

### Interest rate risks

The group's overall interest rate risk represents DKK 9.2m at 31 December 2007, determined as the loss resulting from a rise in the overall interest rate level of 1 percentage point.

The group's interest rate risk is predominantly on the bond portfolio. The bond portfolio comprises mainly Danish bonds which are managed by external portfolio managers on the basis of established benchmark guidelines. The interest rate risk of the bond portfolio stands at DKK 7.2m at 31 December 2007.

Moreover the group has an interest rate risk on a number of fixed-rate loans and advances. This risk is to the extent possible hedged by financial instruments, ie interest rate swaps. The net interest rate risk of fixed-rate loans and advances and interest rate swaps constitutes DKK 2.0m at 31 December 2007.

The group has applied the rules of hedge accounting in connection with the preparation of the 2007 financial statements in relation to hedging the exchange rate risk of fixed-rate loans. Hedge accounting rules aim to ensure symmetry of the financial statements and as a consequence hereof the group has charged DKK 263,000 to income at 31 December 2007 (year-end 2006: DKK 26,000) as a market value adjustment of the bank's loans and advances, corresponding to the net gain on hedging transactions of DKK 265,000 (2006: DKK 27,000).

In addition the interest rate risk is reduced mainly by accepting floating-rate deposits and loans and advances; the issue of loans and capital injection are exclusively in the form of floating-rate loans.

### **Equity price risks**

The group has a share portfolio partly in listed shares and units and partly in unlisted shares in a number of industry companies (strategic business partners).

The price risk of the unlisted shares in the industry companies is relatively limited. The group's strategy regarding the portfolio of listed shares and units is that investments must be made with focus on Denmark and Scandinavia. Moreover there must be satisfactory diversification across industries as well as companies and investment funds. The portfolio of listed shares and units represents DKK 138m at 31 December 2007. A price drop of 10% would therefore cause a loss of around DKK 13m-14m.

### **Foreign exchange risks**

The group's foreign exchange position can in all material respects be ascribed to positions in EUR deriving from funding via deposits from other banks. The risk of major exchange rate fluctuations in EUR is considered to be relatively low. To the extent possible the foreign exchange risk of other currencies is hedged by continuously holding assets in foreign currency equivalent to the liabilities in foreign currency. The group's positions and turnover in foreign currency have however increased in recent years and therefore the foreign exchange risk, measured by the exchange rate indicator, see the FSA guidelines, has also risen. The foreign exchange position represents 152% at year-end 2007 (year-end 2006: 13%).

### **Liquidity risks**

Liquidity risk comprises the risk that payment obligations cannot be honoured by means of the cash resources.

In accordance with the liquidity instructions of the board of directors to the group executive management, the group's overall policy is to have an excess cover of a minimum of 50% relative to the requirements stipulated in section 152 of the Danish Financial Business Act.

During the period from 11 October 2006 to 16-20 November 2007 the group has mismanaged and miscalculated its liquidity as the group was

not aware that the pledge of deposits in Spar Nord Bank A/S was wrongfully included in the group's liquidity according to section 152 of the Danish Financial Business Act. Consequently during the mentioned period the group's actual liquidity position was not as good as that determined. As of 20 November 2007 the correct determination of liquidity shows a modest excess cover relative to the statutory requirement of 10%, namely 10.8%. It has not since been possible to improve it significantly.

At the end of the financial year amounts owed to credit institutions and central banks by the group totals DKK 3,585m (year-end 2006: DKK 2,530m). Amounts owed on demand represent 50% (year-end 2006: 44%); amounts owed in 3 months or less constitute 39% (year-end 2006: 55%); and amounts owed over 3 months not exceeding 1 year represent 11% (year-end 2006: 1%). As in 2006 no amounts are owed to credit institutions with a maturity of more than 1 year.

Amounts owed to credit institutions and central banks	Year-end	
	2007	2006
<b>DKKm</b>		
Distribution by maturity:		
On demand	1,804	1,113
3 months or less	1,396	1,380
Over 3 months not exceeding 1 year	385	37
Over 1 year not exceeding 5 years	0	0
Over 5 years	0	0
<b>Total</b>	<b>3,585</b>	<b>2,530</b>

As of 31 December 2007 the group's deposits and other debt total DKK 3,160m (year-end 2006: DKK 3,347m), comprising on demand debt of 76% (year-end 2006: 84%), debt with a maturity of up to 3 months of 16% (year-end 2006: 8%), debt with a maturity of between 3 months and 5 years of 2% (year-end 2006: 3%) and debt with a maturity of more than 5 year of 6% (year-end 2006: 5%).

Deposits and other debt	Year-end	
	2007	2006
<b>DKKm</b>		
Distributed by maturity:		
On demand	2,400	2,807
3 months or less	499	276
Over 3 months not exceeding 1 year	28	61
Over 1 year not exceeding 5 years	37	37
Over 5 years	196	166
<b>Total</b>	<b>3,160</b>	<b>3,347</b>

Compared to year-end 2006 the maturity dates of the group's three loans in the form of supplementary capital (Tier 2) of DKK 50m (29 October 2012), DKK 200m (14 November 2011) and EUR 7.5m (31 October 2015) are unchanged. The hybrid Tier 1 capital of DKK 85m raised during the year has no fixed maturity.

### Credit risks

Credit risk is the risk of loss as a result of a debtor's default on his payment obligations to the group. Moreover credit risk may arise from trading in securities, foreign exchange and derivatives.

Overall credit risk is managed according to policies and limits as determined and adopted by the management of the bankTrelleborg group.

As regards credit facilities to corporate clients as well as retail clients, the client's ability and will to meet obligations assumed are assessed. When granting facilities, full insight into the client's financial situation is required.

As a rule collateral is secured by mortgage on property and securities.

### Distribution by industry/risk diversification

Total large exposures, as stipulated by the Danish Financial Supervisory Authority, represent 209% at 31 December 2007 (year-end 2006: 188%) of the capital base. This level is considered relatively high. A significant part of the large exposures can be related to the industry "Property administration, purchase and sale, and business services". The distribution of the group's overall loans and advances and guarantees as of 31 December is as follows:

Loans and advances and guarantees by sector and industry %	At 31 December	
	2007	2006
<b>Public sector</b>	<b>0</b>	<b>1</b>
<b>Corporates:</b>		
Agriculture, hunting and forestry	2	2
Fisheries	0	0
Manufacturing industries, extraction of raw materials, utilities	2	3
Building and construction	3	9
Trade, restaurants and hotels	5	5
Transport, mail and telephone	1	1
Credit, finance and insurance	9	10
Property administration, purchase and sale, and business services	37	29
Other corporates	7	4
<b>Total</b>	<b>66</b>	<b>63</b>
<b>Retail clients</b>	<b>34</b>	<b>36</b>
<b>Total assets</b>	<b>100</b>	<b>100</b>

The group's total loans and advances and guarantees are broken down as follows: corporate clients 66% and retail clients 34%.

The group's exposure to the industry "property administration, purchase and sale, and business services" has risen throughout 2007 and represents

56% at year-end 2007 (2006: 46%) of total loans and advances and guarantees to corporate clients, which is exceptional relative to comparable banks.

The share of exposures exceeding DKK 60m constitutes around DKK 4.5bn, including weak and risky exposures of around 35%, equivalent to just over DKK 1.5bn. The risk profile of the loan portfolio is considered to be very high.

Maximum exposure to credit risk DKKm	At 31 December	
	2007	2006
<b>Balance sheet items:</b>		
Balances on demand at central banks	752	1,008
Amounts owed by credit institutions and central banks	1,095	803
Loans and advances and other amounts owed at amortised cost	5,331	4,492
<b>Off-balance sheet items:</b>		
Guarantees	3,033	3,045
Credit commitments	1,078	848
<b>Total credit exposure</b>	<b>11,289</b>	<b>10,196</b>

Different types of collateral are applied to mitigate the group's credit portfolio risk. The most significant types of collateral comprise pledges and guarantees.

Pledges comprise deposit accounts and financial assets in the form of bonds and shares. The bank ensures that the pledged items are separate from the clients' right of disposal and that the pledge is of legal validity. Valuation is managed 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.

Credit risk by credit quality DKKm	31 Dec	
	2007	2006
Neither past due nor impaired	11,031	9,912
Past due but not impaired*	69	232
Impaired	189	52
<b>Total</b>	<b>11,289</b>	<b>10,196</b>

\* Only the past due part of the exposure.

<b>Past due amounts</b>				
<b>Past due amounts and debts outstanding etc not subject to individual impairment</b>				
	<b>Past due amounts</b>		<b>Debt outstanding on loans to clients in arrears</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>DKK m at 31 Dec</b>				
1 - 30 days	49	137	2,103	1,544
31 - 60 days	4	50	27	147
61 - 90 days	4	0	28	5
> 90 days	12	45	107	266
<b>Total</b>	<b>69</b>	<b>232</b>	<b>2,265</b>	<b>1,962</b>
Loans and advances etc that would have been past due or impaired if the terms had not been renegotiated			266	87

Amounts owed by credit institutions etc and loans and advances are all assessed individually to determine whether objective evidence of impairment exists. As regards significant amounts owed and loans and advances, assessment is carried out to determine whether there is objective evidence of impairment.

There is objective evidence of impairment of amounts owed and loans and advances if one or more of the following events have occurred:

- Considerable financial difficulties on the part of the debtor.
- Breach of contract by the debtor, for instance by way of failure to fulfil the payment obligations as regards instalments and interest.
- Special terms granted to the debtor by the bankTrelleborg group, which would otherwise not have been considered if the debtor had not been experiencing financial difficulties.
- The likelihood of bankruptcy or other financial restructuring on the part of the debtor.


Impairment charges are determined individually when there is objective evidence of impairment at an individual level.

#### **Note 24 Fair value of financial instruments in the group**

In accordance with the order of the Danish Securities Council a new note 24 to the consolidated financial statements regarding the fair value of financial instruments is shown below, where the fair value of loans and advances at amortised cost has been disclosed in compliance with the provisions.

The carrying amount of loans and advances and other amounts owed and the fair value thereof is stated below:

	<b>Carrying amount</b>	<b>Fair value</b>
<b>31 December 2007 DKK m</b>		
Loans and advances and other amounts owed at amortised cost	5,331	5,007



The carrying amount of other financial assets and liabilities corresponds to the fair value in all material respects. As of 31 December 2006 no significant differences between the carrying amount and the fair value of financial assets and liabilities have been noted.

The fair value determination of loans and advances is based on individual calculation of the individual loans and advances by applying discount rates based on an estimated, current risk premium of the individual loan at 31 December 2007. In connection with the fixing of the discount rate any knowledge gained in connection with the completed transfer of the bank to Sydbank has been taken into account. The fair value determination takes into account all significant market-related aspects as at 31 December 2007. The fair value determination is therefore based on how a qualified, willing and independent market participant would measure the loans and advances, which may deviate from the assessment of bankTrelleborg.

The difference between the carrying amount, made up at amortised cost, and the fair value of loans and advances at 31 December 2007 reflects different methods of determination.

Amortised cost is based on the effective interest rate at the time of origination. The effective interest rate of the loan is applied to discount the expected cash flows. If there is no objective evidence of impairment of a loan or a group of loans since the initial recognition of the loan or group of loans, the expected cash flows will not be reassessed in connection with the determination at amortised cost in accordance with the rules of measurement at amortised cost. Moreover, changes in market-related credit margins will not change the discount rate in connection with the determination of the amortised cost.



**Management statement**

It is our opinion that the corrective/supplementary disclosures concerning the 2007 Annual Report of bankTrelleborg A/S have been prepared in accordance with the orders issued in the decision of the Danish Securities Council of 26 June 2008.

Aabenraa, 16 July 2008

**Group Executive Management**

**Carsten Andersen  
(CEO)**

**Karen Frøsig**

**Preben L. Hansen**

**Torben A. Nielsen**

**Board Chairman**

**Kresten Philipsen**

## Auditors' report

### *Independent auditors' report*

#### **To the former shareholders of bankTrelleborg A/S**

We have audited the correcting/supplementary information to the annual report of bankTrelleborg A/S for 2007 ("correcting/supplementary information"). The correcting/supplementary information has been prepared in accordance with the enforcement order issued by the Danish Securities Council in decision of 26 June 2008.

Following the presentation of the annual report for 2007, bankTrelleborg A/S merged with Sydbank A/S on 27 March 2008 and was subsequently dissolved. Consequently, the Executive and Supervisory Boards of Sydbank A/S are responsible for the correcting/supplementary information. Our responsibility is to express an opinion on the correcting/supplementary information based on our audit.

The annual report of bankTrelleborg A/S for 2007 has been audited by PricewaterhouseCoopers, Statsautoriseret Revisionsaktieselskab. PricewaterhouseCoopers resigned as auditors of bankTrelleborg A/S shortly before the merger with Sydbank A/S. We have not audited the annual report of bankTrelleborg A/S for 2007, and our knowledge of the activities etc. of bankTrelleborg A/S is therefore limited.

After the acquisition by Sydbank of bankTrelleborg and the subsequent dissolution of bankTrelleborg in connection with the merger with Sydbank, the organisation of bankTrelleborg has been integrated in the Sydbank Group, and a number of key personnel have resigned.

These circumstances have caused significant limitations in our possibility to audit the correcting/supplementary information.

#### **Basis of opinion**

We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the correcting/supplementary information is free from material misstatement.

To the extent possible, our audit comprised investigation on a test basis of information supporting the amounts and disclosures included in the correcting/supplementary information. We have discussed the principles applied for the calculation of the fair value of financial assets and liabilities with the Executive and Supervisory Boards of Sydbank, and we have evaluated the appropriateness of these principles.

As a result of our limited knowledge of the activities etc. of bankTrelleborg A/S, our possibility to verify the amounts and disclosures stated has been significantly limited.

Our work has therefore essentially been limited to ensuring whether the correcting/ supplementary information contains information regarding the enforcement order issued by the Danish Securities Council. In a number of areas, it has not been possible to verify the accuracy and completeness of the amounts and disclosures stated.

As a result of these limitations, we believe that the audit does not provide a sufficient and appropriate basis for our audit opinion on the correcting/supplementary information.

#### **Qualification**

As a result of the above significant limitations to our audit, we qualify our opinion for the accuracy and completeness of the correcting/supplementary information.



## Opinion

As a result of the above qualification, we cannot express an opinion as to whether the correcting/supplementary information to the annual report of bankTrelleborg A/S for 2007 has been prepared in accordance with the enforcement order issued by the Danish Securities Council in decision of 26 June 2008.

Aabenraa, 16.July 2008

**KPMG**

Statsautoriseret Revisionspartnerselskab

Sven Jørgensen

State Authorised Public Accountant