

# Sydbank

## Notice convening the Annual General Meeting of Sydbank A/S

On Thursday 10 March 2011 at 3pm, Sydbank's Annual General Meeting will be held at Folkehjem, Haderslevvej 7, 6200 Aabenraa.

Agenda according to Article 8 of the Articles of Association:

1. Report of the Board of Directors on the Bank's activities in 2010.
2. Submission of the audited annual report for adoption.
3. Motion for the allocation of profit or cover of loss according to the adopted annual report.
4. Election of members to the Shareholders' Committee.
5. Appointment of auditor.
6. Proposals to amend the Articles of Association:
  - a. Amendment of Article 8 (2) 6 to: "Authority to the Board of Directors to allow the Bank to acquire own shares."
  - b. Insertion in Article 9 (2): "A shareholder may moreover vote by postal vote".
7. Decision on whether the Bank wishes to declare whether it would use the winding-up scheme under the Danish Act on Financial Stability if the Bank were to become distressed.
8. Submission of the remuneration policy for adoption.
9. Authority to the Board of Directors to allow the Bank to acquire own shares.
10. Any other business.

The agenda, complete proposals and audited annual report will be available for inspection by the shareholders at [sydbank.com/generalmeeting](http://sydbank.com/generalmeeting) and at Sydbank's branches no later than three weeks before the General Meeting.

The Bank's share capital totals DKK 742,499,990.

As regards shareholders' voting rights, reference is made to Article 10 of the Bank's Articles of Association.

Shareholders are entitled to attend and to vote in respect of the shares of the shareholder with respect to the shares held by the shareholder on the date of registration. The date of registration is 3 March 2011.

Admission cards for the General Meeting can be ordered at any of Sydbank's branches or at [sydbank.dk](http://sydbank.dk) or [sydbank.com](http://sydbank.com) no later than Monday 7 March 2011. Admission cards will be sent by post after the date of registration.

If a shareholder wishes to vote by postal vote or to issue an instrument of proxy to the Board of Directors or others, the necessary documents are available at the Bank's websites. Instruments of proxy must have been received by the Bank no later than 7 March 2011 and postal votes must have been received by the Bank no later than the day before the General Meeting, ie no later than 9 March 2011.

Aabenraa, 9 February 2011

The Board of Directors of Sydbank A/S  
Kresten Philipsen, Chairman

**re agenda item 4**

<b>Region</b>	<b>It is proposed that the following members of the Shareholders' Committee be re-elected</b>	<b>It is proposed that the following be elected new members of the Shareholders' Committee</b>
Esbjerg	Dine Nielsen	Willy Stöckler
Horsens		Thomas Iversen
Copenhagen	Svend Erik Kriby	Morten Pedersen
Herning		Orla Dahl Jepsen
Padborg	Kjeld Hansen	
Sønderborg	Mogens Christensen Peter Jørgensen	
Tønder		Jan Müller
Varde	Erik Steen Kristensen	
Vejle	Bjarne Hessel Paul Adler Juul	
Aabenraa		Michael Madsen
Aalborg	Jørgen Kjær Jacobsen	
Aarhus	Torben Bech Anders Thoustrup	Henrik Lind

**re agenda item 6**

**Articles of Association of Sydbank A/S**

<b>Current wording:</b>	<b>Proposed amendment:</b>
<p style="text-align: center;">Article 8</p> <p>(1) The Annual General Meeting shall be held each year before the end of April.</p> <p>(2) The agenda for the Annual General Meeting shall include the following:</p> <ol style="list-style-type: none"> <li>1. Report of the Board of Directors on the Bank’s activities for the year ended.</li> <li>2. Submission of the audited annual report for adoption.</li> <li>3. Motion for the allocation of profit or cover of loss according to the adopted annual report.</li> <li>4. Election of members to the Shareholders’ Committee.</li> <li>5. Appointment of auditor.</li> <li>6. Authority to the Board of Directors to allow the Bank to acquire own shares in the period until the next Annual General Meeting.</li> <li>7. Motions, if any, submitted by the Board of Directors or shareholders.</li> <li>8. Any other business.</li> </ol> <p>(3) Proposals submitted by shareholders for discussion at the Annual General Meeting shall be placed on the agenda if they have been received in writing no later than 6 weeks before the General Meeting.</p>	<p style="text-align: center;">Article 8</p> <p>(1) The Annual General Meeting shall be held each year before the end of April.</p> <p>(2) The agenda for the Annual General Meeting shall include the following:</p> <ol style="list-style-type: none"> <li>1. Report of the Board of Directors on the Bank’s activities for the year ended.</li> <li>2. Submission of the audited annual report for adoption.</li> <li>3. Motion for the allocation of profit or cover of loss according to the adopted annual report.</li> <li>4. Election of members to the Shareholders’ Committee.</li> <li>5. Appointment of auditor.</li> <li>6. Authority to the Board of Directors to allow the Bank to acquire own shares <del>in the period until the next Annual General Meeting.</del></li> <li>7. Motions, if any, submitted by the Board of Directors or shareholders.</li> <li>8. Any other business.</li> </ol> <p>(3) Proposals submitted by shareholders for discussion at the Annual General Meeting shall be placed on the agenda if they have been received in writing no later than 6 weeks before the General Meeting.</p>
<p style="text-align: center;">Article 9</p> <p>(1) A chairman appointed by the Board of Directors shall preside over the General Meeting and shall decide on all matters relating to the manner in which business shall be transacted and voting procedures etc, including matters stated in Article 10 (2) below.</p> <p>(2) Any shareholder shall be entitled to attend the General Meeting and to vote in respect of the shares of the shareholder with respect to the shares held by the shareholder on the date of registration. Notification of the participation of the shareholder in the General Meeting shall be given not later than 3 days prior to the General Meeting. The shareholder shall be entitled to attend the General Meeting by proxy. The instrument of proxy shall be in writing and dated. An instrument of proxy to the company management may not be given for a period exceeding 12 months and shall moreover be given in respect of a specific General Meeting where the agenda has been communicated in</p>	<p style="text-align: center;">Article 9</p> <p>(1) A chairman appointed by the Board of Directors shall preside over the General Meeting and shall decide on all matters relating to the manner in which business shall be transacted and voting procedures etc, including matters stated in Article 10 (2) below.</p> <p>(2) Any shareholder shall be entitled to attend the General Meeting and to vote in respect of the shares of the shareholder with respect to the shares held by the shareholder on the date of registration. Notification of the participation of the shareholder in the General Meeting shall be given not later than 3 days prior to the General Meeting. The shareholder shall be entitled to attend the General Meeting by proxy. The instrument of proxy shall be in writing and dated. An instrument of proxy to the company management may not be given for a period exceeding 12 months and shall moreover be given in respect of a specific General Meeting where the agenda has been communicated in</p>

advance.	advance. <i>A shareholder may moreover vote by postal vote.</i>
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**re agenda item 7**

**Decision on whether the Bank wishes to declare whether the Bank would use the winding-up scheme under the Danish Act on Financial Stability if the Bank were to become distressed.**

Pursuant to section 16f (3) of the Danish Act on Financial Stability, banks are required at the first general meeting after 30 September 2010 to submit to the general meeting the question of whether the general meeting wishes to declare whether the bank would use the winding-up scheme under the Danish Act on Financial Stability if the bank were to become distressed.

The General Meeting is to decide whether the Bank wishes to declare whether the Bank would use the winding-up scheme under the Danish Act on Financial Stability if the Bank were to become distressed.

If the General Meeting votes in favour of the above, the General Meeting must moreover decide whether the Bank would use the winding-up scheme or not.

**re agenda item 8**

**Submission of the remuneration policy for adoption**

Pursuant to Danish executive order no 1665 of 21 December 2010 on remuneration policy and disclosure requirements concerning remuneration in financial undertakings and financial holding companies, cf section 77d (1) of the Danish Financial Business Act, general meetings in financial undertakings/holding companies are required to approve the remuneration policy of the undertaking/company with regard to the remuneration of the bank's board of directors, executive board and other employees whose activities have a material impact on the risk profile of the enterprise.

The General Meeting is to decide whether the Bank's remuneration policy for the Board of Directors, the Group Executive Management and other employees whose activities have a material impact on the Bank's risk profile can be approved. The remuneration policy is attached as Appendix 1.

**re agenda item 9**

**Proposal by the Board of Directors concerning the authority to allow the Bank to acquire own shares. The authority is given until the next Annual General Meeting.**

In compliance with section 198 of the Danish Companies Act, the following proposal is submitted by the Board of Directors:

The General Meeting authorises the Board of Directors to allow the Bank to acquire own shares within a total nominal value of 10% of the Bank's share capital, cf the provisions of section 198 of the Danish Companies Act. The authority is given until the next Annual General Meeting. The amount paid may not deviate from the closing price quoted by the NASDAQ OMX Copenhagen at the time of acquisition by more than 10%.

## **Appendix 1 - Remuneration policy – for the Board of Directors, Group Executive Management, material risk takers and others**

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### Background

This policy is determined by the Bank's Board of Directors and describes Syd-bank's positions on the remuneration of a group of the Bank's employees, including the Board of Directors, the Group Executive Management, material risk takers as well as staff engaged in control functions.

The remuneration policy is to support the Bank's aim of being a good workplace, of complying with the corporate governance rules on remuneration policy in listed companies and of creating value for the Bank's shareholders. The remuneration policy must be consistent with and promote sound and effective risk management which does not encourage excessive risk taking.

The remuneration policy is reviewed by the Board of Directors at least once a year. In connection with remuneration policy adjustments, the Board of Directors will ensure that the revised remuneration policy is submitted to the general meeting for adoption.

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### Remuneration of the Board of Directors

The Bank's directors receive a fixed fee. The directors are not covered by any type of bonus scheme.

The remuneration of the Board of Directors is determined on the basis of the extent of responsibilities and the number of board meetings relative to the competencies required of directors and the contribution required during the year.

The Shareholders' Committee fixes the remuneration of the Board of Directors.

The remuneration of the Board of Directors is adjusted in accordance with the adjustment made for employees at grade 87 in the collective agreement concluded by the Danish Employers' Association for the Financial Sector (FA) and Finance Services Union Denmark (Finansforbundet).

In addition directors receive a fee for being a member of committees under the Board of Directors, eg the Audit Committee and the Remuneration Committee.

The remuneration of the Board of Directors appears from the Bank's annual report.

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### Remuneration of the Group Executive Management

The remuneration of the Group Executive Management is reviewed once a year. The remuneration is determined on the basis of a wish to attract and retain the right persons in the Group Executive Management so that the Bank's Group Executive Management is at all times composed of the right Group Executive Management members.

In connection with the annual review of the remuneration of the Group Executive Management, an assessment of the market level is made. The remuneration of the

Group Executive Management is moreover adjusted in accordance with the adjustment made for employees at grade 87 in the collective agreement concluded by the Danish Employers' Association for the Financial Sector (FA) and Finance Services Union Denmark (Finansforbundet).

No bonus schemes have been agreed as regards the Group Executive Management.

The decision to pay any bonuses is made once a year. The assessment is based on work performance as well as results achieved over an extended period at the Bank.

Any bonus may not exceed 50% of the fixed basic salary.

During years when the Bank's result does not contribute to consolidation, bonuses may not exceed 25%.

If a decision to pay a bonus is made, the payment will be subject to the rules in force from time to time, including the provisions of the Danish Financial Business Act. Any deferred bonus can be withheld if the determination of bonus has been made on an erroneous basis.

Share options are not currently offered as a bonus element and may only in exceptional cases be included as such, subject to a unanimous decision by the Board of Directors.

Group Executive Management members receive a company car and telephone.

Within the framework of the remuneration policy, the Board of Directors determines the total remuneration of the Group Executive Management, including any severance terms.

The remuneration of the Group Executive Management appears from the Bank's annual report.

Severance pay:

Severance pay may not exceed two years' salary.

The payment of any severance pay is subject to current legislation on remuneration policy.

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#### Material risk takers

The following applies to "material risk takers" and others in control functions etc. The group of "material risk takers" and others in control functions are determined by the Board of Directors and registered on a list, see Appendix 1. The list comprises the job functions which in the opinion of the Board of Directors are defined as material risk takers.

The group receives a fixed basic salary/fee which

- is reviewed as a minimum every second year
- is adjusted in accordance with the adjustment made for employees at grade 87 in the collective agreement concluded by the Danish Employers' Association for the Financial Sector (FA) and Finance Services Union Denmark (Finansforbundet).

No bonus schemes have been agreed as regards the group.

The decision to pay any bonuses is made once a year. The assessment is based on work performance as well as results achieved over an extended period in the department and in the Bank.

Any bonus may not exceed 50% of the fixed basic salary.

During years when the Bank's result does not contribute to consolidation, bonuses may not exceed 25%.

If a decision to pay a bonus is made, the payment will be subject to the rules in force from time to time, including the provisions of the Danish Financial Business Act. Any deferred bonus can be withheld if the determination of bonus has been made on an erroneous basis.

Share options are not currently offered as a bonus element and may only in exceptional cases be included as such, subject to a unanimous decision by the Board of Directors.

Severance pay:

Severance pay may not exceed two years' salary.

The payment of any severance pay is subject to current legislation on remuneration policy.

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#### Management of control functions:

The following applies to the management of control functions and the management is registered on the list, cf Appendix 1.

The group receives a fixed basic salary/fee which

- is reviewed as a minimum every second year
- is adjusted in accordance with the adjustment made for employees at grade 87 in the collective agreement concluded by the Danish Employers' Association for the Financial Sector (FA) and Finance Services Union Denmark (Finansforbundet).

No bonus schemes have been agreed as regards the group.

The decision to pay any bonuses is made once a year. The assessment is based on work performance and not on results achieved in the Bank as a whole or in parts of the Bank. Bonuses may not depend on the results achieved in one or more departments which are subject to control.

Any bonus may not exceed 50% of the fixed basic salary.

During years when the Bank's result does not contribute to consolidation, bonuses may not exceed 25%.

If a decision to pay a bonus is made, the payment will be subject to the rules in force from time to time, including the provisions of the Danish Financial Business Act. Any deferred bonus can be withheld if the determination of bonus has been made on an erroneous basis.

Share options are not currently offered as a bonus element and may only in exceptional cases be included as such, subject to a unanimous decision by the Board of Directors.

Severance pay:

Severance pay may not exceed two years' salary.

The payment of any severance pay is subject to current legislation on remuneration policy.

As a rule employees in control functions are comprised by the general remuneration policy of the Bank. If these employees are recommended for a bonus in con-

nection with the annual overall allocation, such bonus may not depend on the results achieved in the department(s) subject to the control of the employee.

#### Remuneration Committee

The Board of Directors has set up a Remuneration Committee. The Remuneration Committee is composed of three members from the Board of Directors.

The Board of Directors has approved the terms of reference of the Remuneration Committee, setting out the powers and responsibilities of the Committee. The Remuneration Committee monitors remuneration in the Bank as well as informs and prepares discussion and resolutions by the Board of Directors on remuneration issues.

At least once a year the Committee must take a position on any adjustments of the remuneration policy which is subsequently submitted to the Board of Directors. The Board of Directors is responsible for making any necessary adjustments of the remuneration policy and for submitting the revised remuneration policy to the general meeting.

#### Appendix 1 – Remuneration policy – Board of Directors, Group Executive Management etc

##### \*Material risk takers\*

Danish executive order on remuneration policy and disclosure requirements concerning remuneration in financial undertakings and financial holding

Covered	Function	Title	Name	Comments
✓	Head of Sydbank Markets	Group Executive Vice President	Lars Bolding	S. 2 (2), first sentence
✓	Risk - Treasury	Vice President	Henrik Pryds *)	S. 2 (2), second sentence
✓		Senior Vice President	Svend Pedersen *)	S. 2 (2), first sentence
✓		Senior Vice President	Kaj Christensen *)	S. 2 (2), third sentence
✓		Portfolio Manager	Erik Skov Nielsen *)	S. 2 (2), third sentence
✓	Credits	Head of Credits	Per Klitt Jensen	S. 2 (2), sixth sentence
✓	Merchant Bank	Merchant, Group Executive Vice President	Bjarne Larsen	S. 2 (2), third sentence
✓	"Operational risk"	Customer Services, Group Executive Vice President	Jess Olsen	
✓		Wealth & Financial Advisory Services, Group Executive Vice President	Per Olesen	
✓		Business Processes, Group Executive Vice President	Mogens Kristensen	
✓		IT, Group Executive Vice President	Niels Mollegaard	S. 2 (3)
✓		Asset Management, Group Executive Vice President	Michael Andersen	
✓		Global Payments & Cash Management, Group Executive Vice President	Niels Skyldvad	
✓		Head of Legal Department	Karin Sonderbaek	
✓		Human Resources, Group Executive Vice President	Else Guldager	
✓	"Reputational risk"	Group Executive Vice President	Niels Mollegaard	S. 2 (3)
✓		Communications, Group Executive Vice President	Eva Sand	
✓	Risk	Chief Risk Officer	Bettina Petersen	S. 2 (2), fifth sentence

\*) not comprised by CLM (central management r

##### \*Control functions\*

Covered	Function	Title	Name	Comments
✓	Operations	Operations, Group Executive Vice President	Jorgen Moller Madsen	S. 2 (2), fifth sentence
✓	Audit	Head of Internal Audit	Ole Kirkbak	S. 2 (2), fifth sentence, of s. 11
✓	Compliance	Head of Compliance	Stig Westergaard	S. 2 (2), fifth sentence, of s. 11
✓	Accounting	Accounting, Group Executive Vice President	Mogens Sandbaek	S. 2 (2), fifth sentence