

# Interim Report – First Half 2010

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Company Announcement No 7/2010  
17 August 2010

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## Group Financial Highlights

	1H 2010	1H 2009	Index 10/09	Full year 2009
<b>Income statement (DKKm)</b>				
Core income excl trading income	1,660	1,641	101	3,320
Trading income	726	641	113	1,266
<b>Total core income</b>	<b>2,386</b>	<b>2,282</b>	<b>105</b>	<b>4,586</b>
Costs, core earnings	1,281	1,288	99	2,466
<b>Core earnings before impairment</b>	<b>1,105</b>	<b>994</b>	<b>111</b>	<b>2,120</b>
Impairment of loans and advances etc	633	565	112	1,195
<b>Core earnings</b>	<b>472</b>	<b>429</b>	<b>110</b>	<b>925</b>
Profit on investment portfolios	124	211	59	430
<b>Profit before non-recurring items</b>	<b>596</b>	<b>640</b>	<b>93</b>	<b>1,355</b>
Non-recurring items, net	-	-	-	86
<b>Profit before contribution to Private Contingency Association etc</b>	<b>596</b>	<b>640</b>	<b>93</b>	<b>1,441</b>
Contribution to Private Contingency Association etc	261	214	122	443
<b>Profit before tax</b>	<b>335</b>	<b>426</b>	<b>79</b>	<b>998</b>
Tax	84	107	79	217
<b>Profit for the period</b>	<b>251</b>	<b>319</b>	<b>79</b>	<b>781</b>
<b>Balance sheet highlights (DKKbn)</b>				
Loans and advances at amortised cost	74.1	75.6	98	74.5
Loans and advances at fair value	6.6	12.9	51	12.9
Deposits and other debt	64.9	71.6	91	68.8
Bonds issued at amortised cost	8.6	10.1	85	8.6
Subordinated capital	3.1	3.5	89	3.1
Shareholders' equity	9.4	7.5	125	9.1
Total assets	154.4	160.1	96	157.8
<b>Financial ratios per share (DKK per share of DKK 10)</b>				
EPS Basic **	3.4	5.0		11.7
EPS Diluted **	3.4	5.0		11.7
Share price at end of period	124.8	122.3		133.8
Book value	127.5	116.2		124.1
Share price/book value	0.98	1.05		1.08
Average number of shares outstanding (millions)	73.7	63.6		66.9
<b>Other financial ratios and key figures</b>				
Solvency ratio	15.7	13.8		15.2
Core capital ratio	13.5	11.4		13.1
Pre-tax profit as % of average shareholders' equity **	3.6	5.8		12.3
Post-tax profit as % of average shareholders' equity **	2.7	4.4		9.6
Costs (core earnings) as % of core income	53.7	56.4		53.8
Interest rate risk	0.2	2.2		1.0
Foreign exchange position	1.5	3.4		1.1
Foreign exchange risk	0.0	0.1		0.0
Loans and advances relative to deposits *	1.0	1.0		1.0
Loans and advances relative to shareholders' equity *	7.9	10.1		8.2
Growth in loans and advances for the period *	(0.6)	(8.3)		(9.6)
Excess cover relative to statutory liquidity requirements	96.8	106.8		94.4
Total large exposures	0.0	34.6		17.2
Accumulated impairment ratio excl PCA **	2.1	1.3		1.7
Impairment ratio for the period excl PCA **	0.77	0.63		1.34
Number of full-time staff at end of period	2,323	2,414	96	2,369

Financial ratios prepared according to "Recommendations & Financial Ratios 2010" published by the Danish Society of Financial Analysts.

\* Financial ratios calculated on the basis of loans and advances at amortised cost.

\*\* Half-year ratios have not been converted to a full-year basis.

## Summary

Considering the ongoing difficult economic situation, profit before tax of DKK 335m for the first six months of 2010 is considered satisfactory. Pre-tax profit equals a return of 7.2% p.a. on average shareholders' equity.

The Interim Report is characterised by:

- 1% increase in core income excl trading income
- 13% rise in trading income
- Total core income of DKK 2,386m – an all-time high so far
- Unchanged level of costs (core earnings)
- Impairment of loans and advances of DKK 633m
- Profit on investment portfolios of DKK 124m
- Contribution of DKK 261m to the Private Contingency Association etc
- 2% reduction in bank loans and advances to DKK 74.1bn
- 9% decline in deposits to DKK 64.9bn
- Core capital ratio of 13.5%
- Solvency ratio of 15.7%.

<b>Income statement – 1H (DKKm)</b>	<b>2010</b>	<b>2009</b>
Core income excl trading income	1,660	1,641
Trading income	726	641
<b>Total core income</b>	<b>2,386</b>	<b>2,282</b>
Costs, core earnings	1,281	1,288
<b>Core earnings before impairment</b>	<b>1,105</b>	<b>994</b>
Impairment of loans and advances etc	633	565
<b>Core earnings</b>	<b>472</b>	<b>429</b>
Profit on investment portfolios	124	211
<b>Profit before contribution to Private Contingency Association etc</b>	<b>596</b>	<b>640</b>
Contribution to Private Contingency Association etc	261	214
<b>Profit before tax</b>	<b>335</b>	<b>426</b>
Tax	84	107
<b>Profit for the period</b>	<b>251</b>	<b>319</b>

Core earnings before impairment represent DKK 1,105m against DKK 994m in 1H 2009. The increase of DKK 111m consists of a rise in core income excl trading income of DKK 19m, an increase in trading income of DKK 85m and a decline of DKK 7m in costs (core earnings).

Core earnings before impairment are in the upper end of the range as announced in the Interim Report for Q1 2010.

Impairment of loans and advances etc represents DKK 633m (1H 2009: DKK 565m).

Profit on investment portfolios amounts to DKK 124m and the expense to the Private Contingency Association etc totals DKK 261m. Less a calculated tax charge of DKK 84m, profit for the period stands at DKK 251m.

Profit for the period equals a return on average shareholders' equity of 5.4% p.a. compared with 8.8% p.a. in 2009. Earnings per share stands at DKK 3.4 compared with DKK 5.0 in 2009.

The Group's solvency ratio stands at 15.7%, including a core capital ratio of 13.5 percentage points compared with 15.2% and 13.1 percentage points, respectively, at end-2009. Since the beginning of the year the core capital ratio excluding hybrid core capital has risen from 11.5% to 11.9%.

The Group's liquidity measured under the 15% and 10% statutory requirements constitutes 33.8% and 19.7%, respectively, at 30 June 2010.

In 1H the number of Sydbank clients grew – a highly satisfactory trend. The influx of new clients has doubled compared with previously. The rise in the number of clients in 1H is equivalent to just under 2%.

The Group continues to project core earnings before impairment of loans and advances in the region of DKK 1.9-2.1bn in 2010 – unchanged compared with previous announcements.

## Financial Review

### Core income excl trading income

Total core income excl trading income grew by 1% to DKK 1,660m.

Core income excl trading income – 1H (DKKm)	2010	2009
Interest margins etc	1,381	1,378
Mortgage credit	110	109
Payment services	73	75
Remortgaging and loan fees	44	40
Other commission	42	28
Other operating income	10	11
<b>Total</b>	<b>1,660</b>	<b>1,641</b>

Due to a decline in bank loans and advances of 2% and in deposits of 9% compared with one year ago, income from interest margins etc continues to show significant robustness with a slight increase of DKK 3m to DKK 1,381m.

After a set-off of DKK 4m – triggered by a loss as regards the share guaranteed by Sydbank in connection with the Totalkredit mortgage credit cooperation – net income totals DKK 86m (2009: DKK 74m). The cooperation with DLR Kredit has generated an income of DKK 19m (2009: DKK 31m). Total mortgage credit income represents DKK 110m (2009: DKK 109m).

The remaining income components of core income excl trading income have gone up by a total of 10% compared with 1H 2009.

### Trading income

Total trading income rose by 13% – from DKK 641m in 2009 to DKK 726m in 2010.

The Group has seen a favourable development in demand from clients. Retail as well as institutional segments have performed satisfactorily and the high level of income in Q1 was maintained in these segments. The uncertainty surrounding Southern European countries in Q2 has had an adverse impact on trading portfolio income. The Group has not had positions in any of the Southern European bond markets.

Trading income – 1H (DKKm)	2010	2009
Bonds	180	155
Shares	147	125
Foreign exchange	121	134
Money market	73	93
Asset management	205	134
<b>Total</b>	<b>726</b>	<b>641</b>

### Costs and depreciation

The Group's total costs and depreciation recorded DKK 1,443m (2009: DKK 1,423m). DKK 5m is ascribable to investment portfolio earnings and DKK 157m (2009: DKK 130m) to the Private Contingency Association etc.

<b>Costs and depreciation – 1H (DKKm)</b>	<b>2010</b>	<b>2009</b>
Staff costs	744	753
Other administrative expenses	512	484
Depreciation and impairment of property, plant and equipment	46	57
Other operating expenses	141	129
<b>Total costs and depreciation</b>	<b>1,443</b>	<b>1,423</b>
Distributed as follows:		
Costs, core earnings	1,281	1,288
Costs, investment portfolio earnings	5	5
Costs, guarantee commission to the Private Contingency Association etc	157	130

Costs (core earnings) of DKK 1,281m decreased by DKK 7m compared with one year ago. At end-1H 2010 the Group's staff numbered 2,323 (full-time equivalent) compared with 2,414 at 30 June 2009. Five small branches were closed in 2010, bringing the number of branches to 105 in Denmark and unchanged three in Germany.

### **Core earnings before impairment of loans and advances**

Core earnings before impairment of loans and advances represent DKK 1,105m – an increase of DKK 111m or 11% compared with one year ago.

### **Impairment of loans and advances etc**

Impairment of loans and advances constitutes DKK 633m (2009: DKK 565m). As at 30 June 2010 the impairment ratio (excl the provision for the Private Contingency Association) relative to bank loans and advances represents 0.83% and 0.72% relative to bank loans and advances and guarantees. At end-June accumulated impairment and provisions (excl the provision of DKK 325m for the Private Contingency Association) amount to DKK 1,767m, a rise of DKK 209m compared with the beginning of the year.

### **Core earnings**

Core earnings represent DKK 472m compared with DKK 429m in 2009.

### **Investment portfolio earnings**

Less funding charges and less related costs of DKK 5m, investment portfolios generated a profit of DKK 124m (2009: DKK 211m).

The Group's interest rate risk comprises DKK 19m at 30 June 2010. The Group's exchange rate risk continues to be very low and its equity position is modest.

### **Contribution to the Private Contingency Association etc**

Guarantee commission and the provision for the guarantee to the Private Contingency Association amount to DKK 141m and DKK 104m, respectively, totalling DKK 245m for the first six months of 2010. In addition DKK 16m has been charged to income to cover the expected additional minimum payment to the credit institution department ("Pengeinstitutafdelingen") under the Guarantee Fund for Depositors and Investors for the purpose of restoring the liquid resources of the Fund's capital following the bankruptcy of Capinordic Bank.

### **Subsidiaries**

The subsidiary bank, Sydbank (Schweiz) AG, which conducts private banking activities in St. Gallen, Switzerland, recorded a profit after tax of DKK 4m (2009: loss of DKK 6m). Ejendomsselskabet recorded a profit after tax of DKK 1m (2009: loss of DKK 1m).

### **Profit for the period**

Profit before tax amounts to DKK 335m. Less a calculated tax charge of DKK 84m, profit for the period stands at DKK 251m compared with DKK 319m in 2009.

## Return

Return on average shareholders' equity represents 5.4% p.a. against 8.8% p.a. in 2009. Earnings per share stands at DKK 3.4 compared with DKK 5.0 in 2009.

## Q2 compared with Q1

- Core income excl trading income rose by DKK 2m.
- Trading income decreased by 18%.
- Costs (core earnings) declined by 5%.
- Impairment of loans and advances etc fell by 4%.
- Profit on investment portfolios decreased from DKK 116m to DKK 8m.
- Contribution to the Private Contingency Association etc declined by 12%.

Profit for the period (DKKm)	2010		2009			
	Q2	Q1	Q4	Q3	Q2	Q1
Core income excl trading income	831	829	849	830	819	822
Trading income	327	399	296	329	369	272
<b>Core income</b>	<b>1,158</b>	<b>1,228</b>	<b>1,145</b>	<b>1,159</b>	<b>1,188</b>	<b>1,094</b>
Costs, core earnings	625	656	592	586	629	659
<b>Core earnings before impairment</b>	<b>533</b>	<b>572</b>	<b>553</b>	<b>573</b>	<b>559</b>	<b>435</b>
Impairment of loans and advances etc	310	323	346	284	295	270
<b>Core earnings</b>	<b>223</b>	<b>249</b>	<b>207</b>	<b>289</b>	<b>264</b>	<b>165</b>
Profit on investment portfolios	8	116	69	150	139	72
<b>Profit before non-recurring items</b>	<b>231</b>	<b>365</b>	<b>276</b>	<b>439</b>	<b>403</b>	<b>237</b>
Non-recurring items, net	-	-	86	-	-	-
<b>Profit before contribution to PCA etc</b>	<b>231</b>	<b>365</b>	<b>362</b>	<b>439</b>	<b>403</b>	<b>237</b>
Contribution to Private Contingency Association etc	122	139	116	113	142	72
<b>Profit before tax</b>	<b>109</b>	<b>226</b>	<b>246</b>	<b>326</b>	<b>261</b>	<b>165</b>
Tax	27	57	29	81	66	41
<b>Profit for the period</b>	<b>82</b>	<b>169</b>	<b>217</b>	<b>245</b>	<b>195</b>	<b>124</b>

After tax, profit for Q2 amounts to DKK 82m compared with DKK 169m in Q1.

## Balance sheet

The Group's total assets made up DKK 154.4bn at 30 June 2010 against DKK 157.8bn at year-end 2009.

Assets (DKKbn)	30 Jun 2010	31 Dec 2009
Amounts owed by credit institutions etc	18.3	14.5
Loans and advances at fair value (reverse transactions)	6.6	12.9
Loans and advances at amortised cost (bank loans and advances)	74.1	74.5
Securities and holdings etc	33.2	38.5
Assets related to pooled plans	7.4	6.7
Other assets etc	14.8	10.7
<b>Total</b>	<b>154.4</b>	<b>157.8</b>

The Group's bank loans and advances total DKK 74.1bn – a decline of DKK 0.4bn compared with year-end 2009 and 2% compared with 30 June 2009.



Shareholders' equity and liabilities (DKKbn)	30 Jun 2010	31 Dec 2009
Amounts owed to credit institutions etc	42.9	45.4
Deposits and other debt	64.9	68.8
Deposits in pooled plans	7.4	6.7
Bonds issued	8.6	8.6
Other liabilities etc	17.5	15.6
Provisions	0.6	0.5
Subordinated capital	3.1	3.1
Shareholders' equity	9.4	9.1
<b>Total</b>	<b>154.4</b>	<b>157.8</b>

The Group's deposits make up DKK 64.9bn against DKK 68.8bn at year-end 2009 and DKK 71.6bn at end-June 2009. The decline in deposits is predominantly ascribable to time deposits.

## Capital

The Danish Financial Supervisory Authority has granted the Bank permission to prepay supplementary capital of EUR 108m, equivalent to DKK 800m in October 2010.

At end-1H 2010, shareholders' equity constitutes DKK 9,366m – an increase of DKK 248m since year-end 2009. The change appears as net purchase of own shares of DKK 3m and profit for the period of DKK 251m.

Since year-end 2009, risk-weighted items have decreased by DKK 0.1bn to DKK 77.8bn.

The Group's solvency ratio stands at 15.7%, including a core capital ratio of 13.5 percentage points compared with 15.2% and 13.1 percentage points, respectively, at end-2009. During the same period the core capital ratio excluding hybrid core capital rose from 11.5% to 11.9%.

The solvency need is determined on the basis of the regulatory requirement of 8.0%. For precautionary reasons, an estimated buffer of one percentage point has been added to the regulatory requirement and the Group's solvency need at 30 June 2010 remains unchanged at 9%.

The Committee of European Banking Supervisors (CEBS) included Sydbank in the group of 91 banks from the EU covered by the stress test.

The stress test uses three distinct macroeconomic scenarios. The scenarios do not express the current or expected trend in the economy but are designed to assess the resilience of the banking sector against an unexpected deterioration of macroeconomic conditions.

The CEBS has set the limit for passing the stress test at a core capital ratio of 6%. In the most adverse scenario Sydbank's core capital ratio at end-2011 is calculated at 13.2%. Sydbank is pleased with the outcome of the EU-wide stress test and the Group's individual results indicating

- great resilience to adverse economic developments in the period 2010-2011
- insignificant exposure to rising interest rates on government bonds and
- sufficient Tier 1 capital and capital base.

The outcome of the EU-wide stress test appears from Company Announcement No 06/10.

## Liquidity

The Group's liquidity measured under the 15% and 10% statutory requirements constitutes 33.8% and 19.7%, respectively, at 30 June 2010.

## **Rating**

Sydbank's rating – A1 (long-term debt), P-1 (short-term debt) and C+ (financial strength) – was maintained in 1H.

## **Regulation**

Efforts to expand and tighten the regulation and supervision of banks are conducted nationally as well as internationally. The EU Commission and the Basel Committee are working on new and stricter requirements concerning liquidity, capital definitions, leverage ratios, impairment charges etc (CRD IV).

Via participation in working groups under the Danish Bankers' Association etc and in international quantitative impact studies (QIS) Sydbank is closely monitoring the developments in the scope and content of any future requirements and consequently it becomes possible for the Bank to affect the content.

## **Expiry of the government guarantee**

On 1 June 2010 the Danish parliament passed legislation on the management of distressed banks after the expiry of the general government guarantee on 30 September 2010.

Under the new scheme distressed banks will be allowed to transfer continuing assets at their net realisable value to the Financial Stability Company. Any additional losses incurred on the resale of the assets are guaranteed by a new unit of the Guarantee Fund for Depositors and Investors. The capital of the new unit derives from guarantee commitments from the sector totalling DKK 3.2bn. Losses on these commitments will be covered by the sector.

After 1 October 2010 the Bank's payment of guarantee commission as well as its commitment to cover the losses of distressed banks will cease, an expected total of DKK 367m for the first nine months.

## **Clients**

In 1H the number of Sydbank clients grew – a highly satisfactory trend. The influx of new clients has doubled compared with previously. The rise in the number of clients in 1H is equivalent to just under 2%.

## **Outlook for 2010**

The Group continues to project core earnings before impairment of loans and advances in the region of DKK 1.9-2.1bn in 2010 – unchanged compared with previous announcements.

## Income Statement

DKKm	Note	Sydbank Group		Sydbank A/S	
		1H 2010	1H 2009	1H 2010	1H 2009
Interest income	2	2,149	3,262	2,144	3,262
Interest expense	3	484	1,569	485	1,571
<b>Net interest income</b>		<b>1,665</b>	<b>1,693</b>	<b>1,659</b>	<b>1,691</b>
Dividends on shares		16	31	16	31
Fee and commission income	4	668	529	648	518
Fee and commission expense		93	82	93	81
<b>Net interest and fee income</b>		<b>2,256</b>	<b>2,171</b>	<b>2,230</b>	<b>2,159</b>
Market value adjustments	5	245	297	240	295
Other operating income		10	11	10	11
Staff costs and administrative expenses	6	1,256	1,237	1,232	1,218
Depreciation and impairment of property, plant and equipment		46	57	44	55
Other operating expenses		141	129	141	129
Impairment of loans and advances etc	8	737	650	737	650
Profit on holdings in associates and subsidiaries	9	4	20	9	13
<b>Profit before tax</b>		<b>335</b>	<b>426</b>	<b>335</b>	<b>426</b>
Tax	10	84	107	84	107
<b>Profit for the period</b>		<b>251</b>	<b>319</b>	<b>251</b>	<b>319</b>
EPS Basic (DKK) *				3.4	5.0
EPS Diluted (DKK) *				3.4	5.0
Dividend per share (DKK)				-	-

\* Based on average number of shares outstanding, see page 16.

## Statement of Comprehensive Income

<b>Profit for the period</b>	<b>251</b>	<b>319</b>	<b>251</b>	<b>319</b>
<b>Other comprehensive income</b>				
Translation of foreign entities	25	(4)	25	(4)
Hedge of net investment in foreign entities	(25)	4	(25)	4
<b>Other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Comprehensive income for the period</b>	<b>251</b>	<b>319</b>	<b>251</b>	<b>319</b>

## Balance Sheet

DKKm	Note	Sydbank Group		Sydbank A/S	
		30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
<b>Assets</b>					
Cash and balances on demand at central banks		1,771	862	1,757	849
Amounts owed by credit institutions and central banks	11	16,550	13,637	16,947	13,942
Loans and advances at fair value		6,580	12,930	6,580	12,930
Loans and advances at amortised cost		74,102	74,544	73,383	73,998
Bonds at fair value		31,255	36,642	31,255	36,642
Shares etc		1,679	1,552	1,679	1,552
Holdings in associates etc		309	310	309	310
Holdings in subsidiaries etc		-	-	255	225
Assets related to pooled plans		7,338	6,735	7,338	6,735
Intangible assets		13	14	13	14
Total land and buildings		1,044	1,046	827	828
investment property		2	2	2	2
owner-occupied property		1,042	1,044	825	826
Other property, plant and equipment		124	139	117	132
Current tax assets		40	32	40	32
Deferred tax assets		12	11	7	7
Other assets	12	13,541	9,316	13,539	9,313
Prepayments		61	51	59	51
<b>Total assets</b>		<b>154,419</b>	<b>157,821</b>	<b>154,105</b>	<b>157,560</b>
<b>Shareholders' equity and liabilities</b>					
Amounts owed to credit institutions and central banks	13	42,926	45,406	43,273	45,460
Deposits and other debt	14	64,937	68,780	64,289	68,479
Deposits in pooled plans		7,338	6,735	7,339	6,735
Bonds issued at amortised cost		8,633	8,622	8,633	8,622
Current tax liabilities		9	8	9	8
Other liabilities	15	17,492	15,524	17,482	15,513
Deferred income		9	27	9	27
<b>Total liabilities</b>		<b>141,344</b>	<b>145,102</b>	<b>141,034</b>	<b>144,844</b>
Provisions	16	581	477	577	474
Subordinated capital	17	3,128	3,124	3,128	3,124
Shareholders' equity:					
Share capital		742	742	742	742
Revaluation reserves		112	112	112	112
Other reserves:					
Reserves according to articles of association		418	418	418	418
Reserve for net revaluation according to the equity method		33	33	33	33
Retained earnings		8,061	7,813	8,061	7,813
<b>Total shareholders' equity</b>		<b>9,366</b>	<b>9,118</b>	<b>9,366</b>	<b>9,118</b>
<b>Total shareholders' equity and liabilities</b>		<b>154,419</b>	<b>157,821</b>	<b>154,105</b>	<b>157,560</b>

## Holdings in Subsidiaries and Associates etc

30 June 2010

Sydbank Group

DKKm	Activity	Ownership share (%)	Shareholders' equity	Total assets	Total liabilities	Income	Result
<b>Consolidated subsidiaries</b>							
Sydbank (Schweiz) AG, St. Gallen, Switzerland	Banking	100	207				0
Ejendomsselskabet af 1. juni 1986 A/S, Aabenraa	Real property	100	8				1
<b>Associates</b>							
Value-Call S.A., Luxembourg	Investment and finance	50	43	50	5	43	29
Foreningen Bankdata, Fredericia	IT	50	371	489	118	652	(6)
Core Property Management A/S, Copenhagen	Real property	20	28	35	7	22	7
<b>Other entities in which the Group owns more than 10% of the share capital</b>							
PRAS A/S, Copenhagen	Investment and finance	11	1,649	1,649	0	30	29
ValueInvest Asset Management S.A., Luxembourg	Investment and finance	14	37	58	21	36	14
Scandinavian Private Equity Partners A/S, Copenhagen	Investment and finance	17	9	10	1	2	0
Hedeforeningen Sydinvest, afdeling Aktie & ObligationsMix II, Aabenraa	Investment and finance	28	67	165	97	35	34
BI Holding A/S, Copenhagen	Investment and finance	10	252	407	154	425	32
Berlin KGI A/S, Nyborg	Real property	13	183	186	3	0	4

Financial data according to the most recently published annual report.

## Group Financial Highlights – Quarterly

	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
<b>Income statement (DKK m)</b>						
Core income excl trading income	831	829	849	830	819	822
Trading income	327	399	296	329	369	272
<b>Total core income</b>	<b>1,158</b>	<b>1,228</b>	<b>1,145</b>	<b>1,159</b>	<b>1,188</b>	<b>1,094</b>
Costs, core earnings	625	656	592	586	629	659
<b>Core earnings before impairment</b>	<b>533</b>	<b>572</b>	<b>553</b>	<b>573</b>	<b>559</b>	<b>435</b>
Impairment of loans and advances etc	310	323	346	284	295	270
<b>Core earnings</b>	<b>223</b>	<b>249</b>	<b>207</b>	<b>289</b>	<b>264</b>	<b>165</b>
Profit on investment portfolios	8	116	69	150	139	72
<b>Profit before non-recurring items</b>	<b>231</b>	<b>365</b>	<b>276</b>	<b>439</b>	<b>403</b>	<b>237</b>
Non-recurring items, net	-	-	86	-	-	-
<b>Profit before contribution to Private Contingency Association etc</b>	<b>231</b>	<b>365</b>	<b>362</b>	<b>439</b>	<b>403</b>	<b>237</b>
Contribution to Private Contingency Association etc	122	139	116	113	142	72
<b>Profit before tax</b>	<b>109</b>	<b>226</b>	<b>246</b>	<b>326</b>	<b>261</b>	<b>165</b>
Tax	27	57	29	81	66	41
<b>Profit for the period</b>	<b>82</b>	<b>169</b>	<b>217</b>	<b>245</b>	<b>195</b>	<b>124</b>
<b>Balance sheet highlights (DKK bn)</b>						
Loans and advances at amortised cost	74.1	73.3	74.5	73.9	75.6	78.2
Loans and advances at fair value	6.6	7.4	12.9	9.1	12.9	15.8
Deposits and other debt	64.9	62.2	68.8	65.3	71.6	73.5
Bonds issued at amortised cost	8.6	8.6	8.6	10.1	10.1	10.1
Subordinated capital	3.1	3.1	3.1	3.2	3.5	4.2
Shareholders' equity	9.4	9.3	9.1	8.9	7.5	7.2
Total assets	154.4	149.0	157.8	153.4	160.1	161.4
<b>Financial ratios per share (DKK per share of DKK 10)</b>						
EPS Basic **	1.1	2.3	3.0	3.7	3.0	2.0
EPS Diluted **	1.1	2.3	3.0	3.7	3.0	2.0
Share price at end of period	124.8	147.8	133.8	133.3	122.3	71.5
Book value	127.5	126.5	124.1	120.8	116.2	114.0
Share price/book value	0.98	1.17	1.08	1.10	1.05	0.63
Average number of shares outstanding (millions)	73.7	73.7	73.3	67.0	64.3	63.0
<b>Other financial ratios and key figures</b>						
Solvency ratio	15.7	15.3	15.2	14.8	13.8	15.0
Core capital ratio	13.5	13.1	13.1	12.9	11.4	11.3
Pre-tax profit as % of average shareholders' equity **	1.2	2.4	2.7	4.0	3.5	2.3
Post-tax profit as % of average shareholders' equity **	0.9	1.8	2.4	3.0	2.7	1.7
Costs (core earnings) as % of core income	54.0	53.4	51.7	50.6	52.9	60.2
Interest rate risk	0.2	1.0	1.0	0.4	2.2	2.3
Foreign exchange position	1.5	2.8	1.1	1.4	3.4	1.5
Foreign exchange risk	0.0	0.0	0.0	0.0	0.1	0.0
Loans and advances relative to deposits *	1.0	1.1	1.0	1.0	1.0	1.0
Loans and advances relative to shareholders' equity *	7.9	7.9	8.2	8.4	10.1	10.8
Growth in loans and advances for the period *	1.1	(1.7)	0.8	(2.2)	(3.3)	(5.2)
Excess cover relative to statutory liquidity requirements	96.8	121.1	94.4	93.8	106.8	66.6
Total large exposures	0.0	13.6	17.2	20.1	34.6	21.4
Accumulated impairment ratio excl PCA **	2.1	2.1	1.8	1.5	1.3	1.3
Accumulated impairment ratio for the period excl PCA **	0.38	0.39	0.39	0.34	0.33	0.28
Number of full-time staff at end of period	2,323	2,344	2,369	2,385	2,414	2,429

Financial ratios prepared according to "Recommendations & Financial Ratios 2010" published by the Danish Society of Financial Analysts.

\* Financial ratios calculated on the basis of loans and advances at amortised cost.

\*\* Quarterly ratios have not been converted to a full-year basis.

## Group Financial Highlights – Half-yearly

	1H 2010	1H 2009	1H 2008	1H 2007	1H 2006
<b>Income statement (DKKm)</b>					
Core income excl trading income	1,660	1,641	1,482	1,235	1,101
Trading income	726	641	635	772	705
<b>Total core income</b>	<b>2,386</b>	<b>2,282</b>	<b>2,117</b>	<b>2,007</b>	<b>1,806</b>
Costs, core earnings	1,281	1,288	1,276	1,116	1,020
<b>Core earnings before impairment</b>	<b>1,105</b>	<b>994</b>	<b>841</b>	<b>891</b>	<b>786</b>
Impairment of loans and advances etc	633	565	(13)	(270)	(22)
<b>Core earnings</b>	<b>472</b>	<b>429</b>	<b>854</b>	<b>1,161</b>	<b>808</b>
Profit/(Loss) on investment portfolios	124	211	(192)	(30)	58
<b>Profit before non-recurring items</b>	<b>596</b>	<b>640</b>	<b>662</b>	<b>1,131</b>	<b>866</b>
Non-recurring items, net	-	-	196	46	-
<b>Profit before contribution to Private Contingency Association etc</b>	<b>596</b>	<b>640</b>	<b>858</b>	<b>1,177</b>	<b>866</b>
Contribution to Private Contingency Association etc	261	214	-	-	-
<b>Profit before tax</b>	<b>335</b>	<b>426</b>	<b>858</b>	<b>1,177</b>	<b>866</b>
Tax	84	107	190	276	241
<b>Profit for the period</b>	<b>251</b>	<b>319</b>	<b>668</b>	<b>901</b>	<b>625</b>
<b>Balance sheet highlights (DKKbn)</b>					
Loans and advances at amortised cost	74.1	75.6	82.5	68.9	61.1
Loans and advances at fair value	6.6	12.9	11.5	8.0	7.2
Deposits and other debt	64.9	71.6	67.6	57.1	46.0
Bonds issued at amortised cost	8.6	10.1	10.1	10.0	10.4
Subordinated capital	3.1	3.5	4.2	3.8	3.5
Shareholders' equity	9.4	7.5	7.1	6.2	5.2
Total assets	154.4	160.1	149.8	121.1	107.5
<b>Financial ratios per share (DKK per share of DKK 10)</b>					
EPS Basic **	3.4	5.0	10.5	13.1	9.1
EPS Diluted **	3.4	5.0	10.5	13.1	9.1
Share price at end of period	124.8	122.3	180.5	264.0	193.5
Book value	127.5	116.2	112.0	94.2	76.8
Share price/book value	0.98	1.05	1.61	2.80	2.52
Average number of shares outstanding (millions)	73.7	63.6	63.5	68.6	68.4
<b>Other financial ratios and key figures</b>					
Solvency ratio	15.7	13.8	14.8	12.6	10.4
Core capital ratio	13.5	11.4	10.7	9.3	7.3
Pre-tax profit as % of average shareholders' equity **	3.6	5.8	12.4	18.7	17.0
Post-tax profit as % of average shareholders' equity **	2.7	4.4	9.7	14.3	12.3
Costs (core earnings) as % of core income	53.7	56.4	60.3	55.6	56.5
Interest rate risk	0.2	2.2	3.0	0.3	2.2
Foreign exchange position	1.5	3.4	12.9	16.1	10.9
Foreign exchange risk	0.0	0.1	0.0	0.2	0.1
Loans and advances relative to deposits *	1.0	1.0	1.1	1.1	1.2
Loans and advances relative to shareholders' equity *	7.9	10.1	11.6	11.1	11.8
Growth in loans and advances for the period *	(0.6)	(8.3)	10.8	5.2	14.1
Excess cover relative to statutory liquidity requirements	96.8	106.8	69.7	48.4	38.8
Total large exposures	0.0	34.6	39.5	29.5	64.9
Accumulated impairment ratio excl PCA **	2.1	1.3	0.9	1.5	2.3
Accumulated impairment ratio for the period excl PCA **	0.77	0.63	(0.01)	(0.35)	(0.03)
Number of full-time staff at end of period	2,323	2,414	2,457	2,237	2,172

Financial ratios prepared according to "Recommendations & Financial Ratios 2010" published by the Danish Society of Financial Analysts.

\* Financial ratios calculated on the basis of loans and advances at amortised cost.

\*\* Half-year ratios have not been converted to a full-year basis.

## Capital – Sydbank Group

DKKm	Share capital	Revaluation reserves	Reserves acc to articles of association	Reserve for net reval. acc to equity method	Retained earnings	Total
Shareholders' equity at 1 Jan 2010	742	112	418	33	7,813	9,118
<b>Changes in equity in 2010</b>						
Purchase of own shares	-	-	-	-	(1,033)	(1,033)
Sale of own shares	-	-	-	-	1,030	1,030
Comprehensive income for the period	-	-	-	-	251	251
Total changes in equity	-	-	-	-	248	248
<b>Shareholders' equity at 30 Jun 2010</b>	<b>742</b>	<b>112</b>	<b>418</b>	<b>33</b>	<b>8,061</b>	<b>9,366</b>
Shareholders' equity at 1 Jan 2009	675	91	411	20	5,891	7,088
<b>Changes in equity in 2009</b>						
Purchase of own shares	-	-	-	-	(655)	(655)
Sale of own shares	-	-	-	-	791	791
Tax on equity items	-	-	-	-	(56)	(56)
Comprehensive income for the period	-	-	-	-	319	319
Total changes in equity	-	-	-	-	399	399
<b>Shareholders' equity at 30 Jun 2009</b>	<b>675</b>	<b>91</b>	<b>411</b>	<b>20</b>	<b>6,290</b>	<b>7,487</b>
<hr/>						
The Sydbank share			1H 2010	Full year 2009		1H 2009
Share capital (DKK)			742,499,990	742,499,990		675,000,000
Shares issued (number)			74,249,999	74,249,999		67,500,000
Shares outstanding at end of period			73,438,476	73,471,636		64,433,558
Average number of shares outstanding			73,673,196	66,926,690		63,641,304

The Bank has only one class of shares as all shares carry the same rights.



## Capital – Sydbank Group

DKKm	30 Jun 2010	31 Dec 2009	30 Jun 2009
<b>Solvency</b>			
Solvency ratio	15.7	15.2	13.8
Core capital ratio	13.5	13.1	11.4
<b>Capital base after deductions</b>			
Shareholders' equity	9,366	9,118	7,487
Revaluation reserves	(112)	(112)	(91)
Proposed dividend	-	-	-
Intangible assets and capitalised tax assets	(25)	(25)	(25)
Core capital (excl hybrid core capital)	9,229	8,981	7,371
Hybrid core capital	1,383	1,386	1,388
50% of holdings > 10%	(135)	(105)	(102)
50% of total holdings etc > 10%	-	-	(12)
50% of difference between expected losses and accounting value adjustments and accounting provision	-	(33)	(184)
50% of the value of transferred payments etc with delivery risk	-	(5)	-
Core capital (incl hybrid core capital) after deductions	10,477	10,224	8,461
Subordinated loan capital	1,745	1,744	2,093
Revaluation reserves	112	112	91
Difference between expected losses and impairment charges	151	-	-
Capital base before deductions	12,485	12,080	10,645
50% of holdings > 10%	(135)	(105)	(102)
50% of total holdings etc > 10%	-	-	(13)
50% of difference between expected losses and accounting value adjustments and accounting provision	-	(33)	(184)
50% of the value of transferred payments etc with delivery risk	-	(5)	-
Holdings in associates	(125)	(128)	(54)
<b>Capital base after deductions</b>	<b>12,225</b>	<b>11,809</b>	<b>10,292</b>
Credit risk	63,985	62,608	60,475
Market risk	6,437	8,764	7,432
Operational risk	7,378	6,537	6,537
<b>Risk-weighted items</b>	<b>77,800</b>	<b>77,909</b>	<b>74,444</b>
Regulatory solvency requirement	6,224	6,233	5,956
Adequate capital base	7,002	7,012	5,956

## Cash Flow Statement – Sydbank Group

DKKm	1H 2010	Full year 2009	1H 2009
<b>Operating activities</b>			
Pre-tax profit for the period	335	998	426
Taxes paid	(79)	86	(111)
Adjustment of non-cash operating items	882	1,867	421
Cash flows from working capital	(6,290)	(193)	2,993
Cash flows from operating activities	(5,152)	2,758	3,729
<b>Investing activities</b>			
Purchase and sale of holdings in associates	4	(67)	12
Purchase and sale of property, plant and equipment	(29)	(128)	(62)
Cash flows from investing activities	(25)	(195)	(50)
<b>Financing activities</b>			
Purchase and sale of own holdings	(3)	371	80
Share issue	-	855	-
Raising of subordinated capital	4	(1,095)	(745)
Issue of bonds	10	(1,473)	(3)
Cash flows from financing activities	11	(1,342)	(668)
<b>Cash flows for the period</b>	<b>(5,166)</b>	<b>1,221</b>	<b>3,011</b>
Cash equivalent positions at 1 Jan	7,421	6,200	6,200
Cash flows for the period	(5,166)	1,221	3,011
<b>Total cash equivalent positions at end of period</b>	<b>2,255</b>	<b>7,421</b>	<b>9,211</b>

## Segment Statements – Sydbank Group

DKKm	Banking	Sydbank Markets	Treasury	Other	Total
<b>Business segments 1H 2010</b>					
Core income excl trading income	1,677	(17)	-	-	<b>1,660</b>
Trading income	406	320	-	-	<b>726</b>
<b>Core income</b>	<b>2,083</b>	<b>303</b>	-	-	<b>2,386</b>
Costs, core earnings	1,095	160	5	26	<b>1,286</b>
<b>Core earnings before impairment</b>	<b>988</b>	<b>143</b>	<b>(5)</b>	<b>(26)</b>	<b>1,100</b>
Impairment of loans and advances etc	633	-	-	-	<b>633</b>
<b>Core earnings</b>	<b>355</b>	<b>143</b>	<b>(5)</b>	<b>(26)</b>	<b>467</b>
Investment portfolio income	-	-	121	8	<b>129</b>
<b>Profit/(Loss) before non-recurring items</b>	<b>355</b>	<b>143</b>	<b>116</b>	<b>(18)</b>	<b>596</b>
Non-recurring items, net	-	-	-	-	-
<b>Profit before contribution to Private Contingency Association etc</b>	<b>355</b>	<b>143</b>	<b>116</b>	<b>(18)</b>	<b>596</b>
Contribution to Private Contingency Association etc	-	-	-	261	<b>261</b>
<b>Profit before tax</b>	<b>355</b>	<b>143</b>	<b>116</b>	<b>(279)</b>	<b>335</b>
<b>Business segments 1H 2009</b>					
Core income excl trading income	1,682	(41)	-	-	<b>1,641</b>
Trading income	288	353	-	-	<b>641</b>
<b>Core income</b>	<b>1,970</b>	<b>312</b>	-	-	<b>2,282</b>
Costs, core earnings	1,103	158	5	27	<b>1,293</b>
<b>Core earnings before impairment</b>	<b>867</b>	<b>154</b>	<b>(5)</b>	<b>(27)</b>	<b>989</b>
Impairment of loans and advances etc	571	(6)	-	-	<b>565</b>
<b>Core earnings</b>	<b>296</b>	<b>160</b>	<b>(5)</b>	<b>(27)</b>	<b>424</b>
Investment portfolio income	-	-	217	(1)	<b>216</b>
<b>Profit/(Loss) before non-recurring items</b>	<b>296</b>	<b>160</b>	<b>212</b>	<b>(28)</b>	<b>640</b>
Non-recurring items, net	-	-	-	-	-
<b>Profit before contribution to Private Contingency Association etc</b>	<b>296</b>	<b>160</b>	<b>212</b>	<b>(28)</b>	<b>640</b>
Contribution to Private Contingency Association etc	-	-	-	214	<b>214</b>
<b>Profit before tax</b>	<b>296</b>	<b>160</b>	<b>212</b>	<b>(242)</b>	<b>426</b>

## Notes

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### Note 1

#### **Accounting policies**

The Interim Report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and in compliance with additional Danish disclosure requirements for interim reports. As a result of the application of IAS 34, the presentation is less complete compared with the presentation of an annual report and the recognition and measurement principles are in compliance with IFRS.

The accounting policies are consistent with those adopted in the 2009 Annual Report, to which reference is made.

The 2009 Annual Report provides a comprehensive description of the accounting policies applied.

The measurement of certain assets and liabilities requires managerial estimates as to how future events will affect the value of such assets and liabilities. The significant estimates made by the management in the application of the Group’s accounting policies and the inherent considerable uncertainty of such estimates used in the preparation of the condensed interim report are identical to those used in the preparation of the annual report as at 31 December 2009.

The Group’s significant risks and the external elements which may affect the Group are described in detail in the 2009 Annual Report.

## Notes

	Sydbank Group		Sydbank A/S	
	1H 2010	1H 2009	1H 2010	1H 2009
DKKm				

### Note 2

#### Interest income

Reverse transactions with credit institutions and central banks	14	28	14	28
Amounts owed by credit institutions and central banks	43	114	44	115
Reverse loans and advances	45	228	45	228
Loans and advances and other amounts owed	1,585	2,074	1,579	2,073
Bonds	406	654	406	654
Derivatives	45	159	45	159
Other interest income	11	5	11	5
<b>Total</b>	<b>2,149</b>	<b>3,262</b>	<b>2,144</b>	<b>3,262</b>

### Note 3

#### Interest expense

Repo transactions with credit institutions and central banks	63	14	63	14
Credit institutions and central banks	95	426	96	428
Repo deposits	1	6	1	6
Deposits and other debt	257	922	257	922
Bonds issued	37	129	37	129
Subordinated capital	31	72	31	72
Other interest expense	0	0	0	0
<b>Total</b>	<b>484</b>	<b>1,569</b>	<b>485</b>	<b>1,571</b>

### Note 4

#### Fee and commission income

Securities trading and custody accounts	369	279	354	270
Payment services	95	78	95	78
Loan fees	46	39	46	39
Guarantee commission	61	43	61	43
Other fees and commission	97	90	92	88
<b>Total</b>	<b>668</b>	<b>529</b>	<b>648</b>	<b>518</b>

### Note 5

#### Market value adjustments

Other loans and advances and amounts owed at fair value	1	(2)	1	(2)
Bonds	351	198	351	198
Shares etc	(81)	41	(81)	41
Investment property	-	0	-	0
Foreign exchange	133	133	128	132
Derivatives	(159)	(73)	(159)	(74)
Assets related to pooled plans	268	275	268	275
Deposits in pooled plans	(268)	(275)	(268)	(275)
Other assets/liabilities	0	0	0	0
<b>Total</b>	<b>245</b>	<b>297</b>	<b>240</b>	<b>295</b>

## Notes

	Sydbank Group		Sydbank A/S	
	1H 2010	1H 2009	1H 2010	1H 2009
DKKm				
<b>Note 6</b>				
<b>Staff costs and administrative expenses</b>				
Salaries and emoluments to:				
Group Executive Management:				
Salaries	8	5	8	5
Pensions	0	1	0	1
Severance pay	8	-	8	-
Board of Directors	2	2	2	2
Shareholders' Committee	1	1	1	1
<b>Total</b>	<b>19</b>	<b>9</b>	<b>19</b>	<b>9</b>
Staff costs:				
Wages and salaries	598	617	585	607
Pensions	65	70	64	69
Social security contributions	3	3	3	3
Payroll tax etc	59	54	58	53
<b>Total</b>	<b>725</b>	<b>744</b>	<b>710</b>	<b>732</b>
Other administrative expenses:				
IT	258	253	254	251
Rent etc	66	65	68	67
Marketing and entertainment expenses	40	36	38	34
Other expenses	148	130	143	125
<b>Total</b>	<b>512</b>	<b>484</b>	<b>503</b>	<b>477</b>
<b>Total</b>	<b>1,256</b>	<b>1,237</b>	<b>1,232</b>	<b>1,218</b>

## Note 7

### Staff

Average number of staff (full-time equivalent)	2,382	2,484	2,351	2,452
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## Notes

	Sydbank Group		Sydbank A/S	
	1H 2010	1H 2009	1H 2010	1H 2009

### Note 8

#### Impairment of loans and advances recognised in the income statement

Impairment and provisions	551	431	551	431
Write-offs	201	232	201	232
Recovered from debt previously written off	15	13	15	13
<b>Impairment of loans and advances etc</b>	<b>737</b>	<b>650</b>	<b>737</b>	<b>650</b>

#### Impairment and provisions at end of period

Individual impairment and provisions	1,955	1,136	1,955	1,088
Collective impairment and provisions	137	194	137	194
<b>Impairment and provisions at end of period</b>	<b>2,092</b>	<b>1,330</b>	<b>2,092</b>	<b>1,282</b>

#### Individual impairment of loans and advances and provisions for guarantees

Impairment and provisions at 1 Jan	1,637	954	1,605	904
Exchange rate adjustment	4	(1)	0	0
Impairment and provisions during the period	565	411	565	412
Other movements	94	-	94	-
Write-offs covered by impairment and provisions	345	228	309	228
<b>Impairment and provisions at end of period</b>	<b>1,955</b>	<b>1,136</b>	<b>1,955</b>	<b>1,088</b>

#### Individual impairment of loans and advances

Individual impairment of loans and advances	1,609	987	1,609	939
Individual provisions for guarantees	346	149	346	149
<b>Impairment and provisions at end of period</b>	<b>1,955</b>	<b>1,136</b>	<b>1,955</b>	<b>1,088</b>

#### Collective impairment of loans and advances and provisions for guarantees

Impairment and provisions at 1 Jan	141	152	141	152
Impairment and provisions during the period	(4)	42	(4)	42
<b>Impairment and provisions at end of period</b>	<b>137</b>	<b>194</b>	<b>137</b>	<b>194</b>

#### Individual impairment of loans and advances subject to objective evidence of impairment

Balance before impairment of individually assessed loans and advances	3,801	1,963	3,801	1,915
Impairment of individually assessed loans and advances	1,609	987	1,609	939
<b>Balance after impairment of individually assessed loans and advances</b>	<b>2,192</b>	<b>976</b>	<b>2,192</b>	<b>976</b>

### Note 9

#### Profit on holdings in associates and subsidiaries

Profit on holdings in associates etc	4	20	4	20
Profit/(Loss) on holdings in subsidiaries	-	-	5	(7)
<b>Total</b>	<b>4</b>	<b>20</b>	<b>9</b>	<b>13</b>

## Notes

	Sydbank Group		Sydbank A/S	
	1H 2010	1H 2009	1H 2010	1H 2009
DKKkm				

### Note 10

#### Effective tax rate

	25.0	25.0	25.0	25.0
Current tax rate of Sydbank	25.0	25.0	25.0	25.0
Permanent differences	-	-	-	-
Adjustment of prior year tax charges	-	-	-	-
<b>Effective tax rate</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>

	Sydbank Group		Sydbank A/S	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
DKKkm				

### Note 11

#### Amounts owed by credit institutions and central banks

Amounts owed at notice by central banks	3,750	3,554	3,750	3,554
Amounts owed by credit institutions	7,798	5,091	8,195	5,396
Reverse transactions	5,002	4,992	5,002	4,992
<b>Total</b>	<b>16,550</b>	<b>13,637</b>	<b>16,947</b>	<b>13,942</b>

### Note 12

#### Other assets

Positive market value of derivatives etc	12,779	8,330	12,779	8,330
Sundry debtors	396	336	393	332
Interest and commission receivable	364	649	365	650
Other assets	2	1	2	1
<b>Total</b>	<b>13,541</b>	<b>9,316</b>	<b>13,539</b>	<b>9,313</b>

### Note 13

#### Amounts owed to credit institutions and central banks

Amounts owed to central banks	15,218	12,522	15,218	12,522
Amounts owed to credit institutions	22,592	18,928	22,939	18,982
Repo transactions	5,116	13,956	5,116	13,956
<b>Total</b>	<b>42,926</b>	<b>45,406</b>	<b>43,273</b>	<b>45,460</b>



## Notes

	Sydbank Group		Sydbank A/S	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
DKKm				

### Note 14

#### Deposits and other debt

On demand	40,414	40,645	39,766	40,344
At notice	661	697	661	697
Time deposits	18,251	21,526	18,251	21,526
Special categories of deposits	5,460	5,912	5,460	5,912
Repo transactions	151	-	151	-
<b>Total</b>	<b>64,937</b>	<b>68,780</b>	<b>64,289</b>	<b>68,479</b>

### Note 15

#### Other liabilities

Negative market value of derivatives etc	11,813	7,488	11,813	7,488
Sundry creditors	5,515	7,886	5,505	7,880
Interest and commission etc	164	146	164	145
Other liabilities	0	4	0	0
<b>Total</b>	<b>17,492</b>	<b>15,524</b>	<b>17,482</b>	<b>15,513</b>

### Note 16

#### Provisions

Provisions for pensions and similar obligations	3	3	3	3
Provisions for deferred tax	208	208	208	208
Provisions for guarantees *	346	240	346	240
Other provisions	24	26	20	23
<b>Total</b>	<b>581</b>	<b>477</b>	<b>577</b>	<b>474</b>
* Of which the Private Contingency Association	325	220	325	220

## Notes

	Sydbank Group		Sydbank A/S	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
DKKm				

### Note 17

#### Subordinated capital

Interest rate		Nominal (m)		Maturity				
Floating	Bond loan	EUR	100	21.10.2013	745	744	745	744
Floating	Bond loan	DKK	200	14.11.2014	200	200	200	200
Floating	Bond loan	EUR	100	04.04.2015	744	743	744	743
Floating	Bond loan	EUR	8	31.10.2015	56	56	56	56
<b>Total supplementary capital</b>					<b>1,745</b>	<b>1,743</b>	<b>1,745</b>	<b>1,743</b>
Floating	Bond loan	EUR	100	Perpetual	739	738	739	738
Floating	Bond loan	EUR	75	Perpetual	559	558	559	558
6.36	Bond loan	DKK	85	Perpetual	85	85	85	85
<b>Total hybrid core capital</b>					<b>1,383</b>	<b>1,381</b>	<b>1,383</b>	<b>1,381</b>
<b>Total</b>					<b>3,128</b>	<b>3,124</b>	<b>3,128</b>	<b>3,124</b>

### Note 18

#### Contingent liabilities and other obligating agreements

##### Contingent liabilities

Financial guarantees	3,039	2,702	2,925	2,589
Mortgage finance guarantees	2,615	2,343	2,615	2,343
Registration and remortgaging guarantees	5,002	5,057	5,002	5,057
Loss guarantee/guarantee	427	531	427	531
Other contingent liabilities	1,492	1,420	1,492	1,420
<b>Total</b>	<b>12,575</b>	<b>12,053</b>	<b>12,461</b>	<b>11,940</b>

##### Other obligating agreements

Irrevocable credit commitments	2	14	2	14
Other liabilities *	57	61	113	114
<b>Total</b>	<b>59</b>	<b>75</b>	<b>115</b>	<b>128</b>

\* Including intra-group liabilities in relation to rented premises

	-	-	61	57
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A group of minority shareholders ("Foreningen af Minoritetsaktionærer i bankTrelleborg") has filed a class action regarding the legality of the compulsory redemption against Fonden for bankTrelleborg, Sydbank and the Danish Financial Supervisory Authority. In continuation of the compulsory redemption of the shares in bankTrelleborg, the shares were priced by appraisers in accordance with section 144 (4) of the Danish Financial Business Act. A few shareholders have brought the findings of the appraisers before the courts as regards Fonden for bankTrelleborg and Sydbank.

## Notes

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### Note 18 – continued

Moreover, in 2009 the group of minority shareholders filed an action against Sydbank regarding an inadequate prospectus in connection with the conversion of sparTrelleborg to bankTrelleborg.

In addition, 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.

Sydbank and the majority of Danish banks are participating in the government guarantee scheme which was adopted by the Danish parliament on 10 October 2008. The scheme extends from 5 October 2008 to 30 September 2010 and involves an unconditional government guarantee for the obligations of Danish banks, except for subordinated capital and covered bonds.

### Note 19

#### Repo and reverse transactions

In connection with repo transactions, which involve selling securities to be repurchased at a later date, the securities remain on the balance sheet, and consideration received is recognised as a deposit. Repo transaction securities are treated as assets provided as collateral for liabilities. At 30 June 2010, the fair value of repo transaction securities stood at DKK 5,221m.

In connection with reverse transactions, which involve buying securities to be resold at a later date, the Group is entitled to sell the securities or deposit them as collateral for other loans. The securities are not recognised on the balance sheet and consideration paid is recognised as a loan. At 30 June 2010, the fair value of reverse transaction securities stood at DKK 11,489m.

### Note 20

#### Collateral

At 30 June 2010, the Group had deposited as collateral securities at a market value of DKK 16,785m with Danish and foreign stock exchanges and clearing centres etc in connection with margin calls and securities settlements etc.

### Note 21

#### Related parties

Sydbank is the bank of a number of related parties. Transactions with related parties are settled on an arm's length basis.

No unusual transactions took place with related parties in 1H 2010. Reference is made to the 2009 Annual Report for a detailed description of transactions with related parties.

### Note 22

#### Reporting events occurring after the balance sheet date

After the expiry of the half year no matters of significant impact on the financial position of the Sydbank Group have occurred.

### Note 23

#### Large shareholders

Two shareholders have each reported a holding of at least 5% of Sydbank's share capital:

ATP, Copenhagen  
Nykredit A/S, Copenhagen

## Notes

DKKkm	Sydbank Group			
	1H 2010	1H 2009	Index 10/09	Full year 2009

### Note 24

#### Core income

##### Core income excl trading income

Interest margins etc	1,381	1,378	100	2,776
Mortgage credit	110	109	101	221
Payment services	73	75	97	159
Remortgaging and loan fees	44	40	110	83
Other commission	42	28	150	59
Other operating income	10	11	91	22
<b>Total</b>	<b>1,660</b>	<b>1,641</b>	<b>101</b>	<b>3,320</b>

#### Mortgage credit

Totalkredit cooperation	90	77	117	168
Totalkredit, set-off of loss	4	3	133	8
Totalkredit cooperation, net	86	74	116	160
DLR Kredit	19	31	61	52
Other mortgage credit income	5	4	125	9
<b>Total</b>	<b>110</b>	<b>109</b>	<b>101</b>	<b>221</b>

#### Trading income

Bonds	180	155	116	292
Shares	147	125	118	258
Foreign exchange	121	134	90	234
Money market	73	93	78	178
Asset management	205	134	153	304
<b>Total</b>	<b>726</b>	<b>641</b>	<b>113</b>	<b>1,266</b>

## Notes

DKKm	Sydbank Group					
	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009

### Note 24 – continued

#### Core income

##### Core income excl trading income

Interest margins etc	689	692	697	701	679	699
Mortgage credit	61	49	55	57	61	48
Payment services	33	40	51	33	43	32
Remortgaging and loan fees	21	23	22	21	21	19
Other commission	22	20	18	13	11	17
Other operating income	5	5	6	5	4	7
<b>Total</b>	<b>831</b>	<b>829</b>	<b>849</b>	<b>830</b>	<b>819</b>	<b>822</b>

##### Mortgage credit

Totalkredit cooperation	47	43	45	46	47	30
Totalkredit, set-off of loss	3	1	2	3	3	0
Totalkredit cooperation, net	44	42	43	43	44	30
DLR Kredit	15	4	10	12	15	16
Other mortgage credit income	2	3	2	2	2	2
<b>Total</b>	<b>61</b>	<b>49</b>	<b>55</b>	<b>57</b>	<b>61</b>	<b>48</b>

##### Trading income

Bonds	73	107	49	88	94	61
Shares	66	81	66	67	78	47
Foreign exchange	65	56	49	51	57	77
Money market	23	50	40	45	67	26
Asset management	100	105	92	78	73	61
<b>Total</b>	<b>327</b>	<b>399</b>	<b>296</b>	<b>329</b>	<b>369</b>	<b>272</b>

## Management Statement

Today we have reviewed and approved the Interim Report – First Half 2010 of Sydbank A/S.

The consolidated interim financial statements for 1H 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. Furthermore, the Interim Report has been prepared in compliance with additional Danish disclosure requirements for interim reports of listed financial companies. The Interim Report has not been audited or reviewed.

We consider the accounting policies applied to be appropriate and the Interim Report gives a true and fair view of the Group's assets, shareholders' equity and liabilities and financial position at 30 June 2010 and of the results of the Group's operations and consolidated cash flows for the accounting period 1 January – 30 June 2010 as well as a description of the most significant risks and elements of uncertainty which may affect the Group.

Aabenraa, 17 August 2010

### Group Executive Management

Karen Frøsig  
(Group Chief Executive)

Preben L. Hansen

Allan Nørholm

### Board of Directors

Kresten Philipsen  
(Chairman)

Anders Thoustrup  
(Vice-Chairman)

Svend Erik Busk

Otto Christensen

Peder Damgaard

Harry Max Friedrichsen

Peter Gæmelke

Hanni Toosbuy Kasprzak

Sven Rosenmeyer Paulsen

Steen Tophøj

Jan Uldahl-Jensen

Margrethe Weber

## Supplementary Information

### Financial Calendar

In 2010 the Group's financial statements will be released as follows:

Interim Report – Q1-Q3 2010  
26 October 2010

### Sydbank contacts

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### Relevant links

[sydbank.dk](http://sydbank.dk)  
[sydbank.com](http://sydbank.com)

For further information reference is made to Sydbank's 2009 Annual Report at [sydbank.com/about/ir/finreports](http://sydbank.com/about/ir/finreports).