

Interim Report – Q1 2009

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Group Financial Highlights

	Q1 2009	Q1 2008	Index 09/08	Full year 2008
Income statement (DKKm)				
Core income excl trading income	822	704	117	3,066
Trading income	272	315	86	1,159
Total core income	1,094	1,019	107	4,225
Costs and depreciation	659	659	100	2,484
Core earnings before impairment	435	360	121	1,741
Impairment of loans and advances etc	270	(19)	-	544
Core earnings	165	379	44	1,197
Profit/(Loss) on investment portfolios	72	(55)	-	(385)
Profit before non-recurring items	237	324	73	812
Non-recurring items, net	-	198	-	162
Profit before contribution to the Danish Contingency Committee	237	522	45	974
Contribution to the Danish Contingency Committee	72	-	-	163
Profit before tax	165	522	32	811
Tax	41	101	41	205
Profit for the period	124	421	29	606
Balance sheet highlights (DKKbn)				
Loans and advances at amortised cost	78.2	81.3	96	82.5
Loans and advances at fair value	15.8	8.0	198	13.3
Deposits and other debt	73.5	70.1	105	75.0
Bonds issued at amortised cost	10.1	10.1	100	10.1
Subordinated capital (Tier 2)	4.2	4.2	100	4.2
Shareholders' equity (Tier 1)	7.2	6.8	106	7.1
Total assets	161.4	141.1	114	156.0
Financial ratios per share (DKK per share of DKK 10)				
EPS Basic	2.0	6.6		9.5
EPS Diluted	2.0	6.6		9.5
Share price at end of period	71.5	171.8		64.3
Book value	114.0	107.5		112.5
Share price/book value	0.63	1.60		0.57
Average number of shares outstanding (in millions)	63.0	63.4		63.4
Other financial ratios and key figures				
Solvency (total capital) ratio	15.0	14.3		14.7
Core capital (Tier 1) ratio	11.3	10.1		10.8
Profit before tax as % of average shareholders' equity	2.3	7.7		11.8
Profit after tax as % of average shareholders' equity	1.7	6.2		8.8
Income/cost ratio (DKK)	1.16	1.70		1.24
Interest rate risk	2.3	2.4		1.4
Foreign exchange position	1.5	5.6		11.4
Foreign exchange risk	0.0	0.0		0.0
Loans and advances relative to deposits *	1.0	1.1		1.0
Loans and advances relative to shareholders' equity *	10.8	12.0		11.6
Growth in loans and advances during the period *	(5.2)	9.2		10.7
Excess cover relative to statutory liquidity requirements	66.6	78.5		89.4
Total large exposures	21.4	44.7		23.8
Accumulated impairment ratio	1.3	0.9		1.0
Impairment ratio for the period	0.27	(0.02)		0.60
Number of full-time staff at end of period	2,429	2,469	98	2,479

Financial ratios are prepared according to the "Recommendations & Financial Ratios 2005" published by the Danish Society of Financial Analysts.

* Ratios calculated on the basis of loans and advances at amortised cost.

Summary

Profit for the first three months of 2009 is adversely impacted by the financial crisis and by the decline in economic growth. In this light profit before tax of DKK 165m is considered satisfactory. The result equals a return of 9.2% p.a. on average shareholders' equity (Tier 1).

The income statement for Q1 2009 is characterised by:

- 17% increase in core income excl trading income
- 14% decline in trading income
- Unchanged costs (core earnings)
- Impairment of loans and advances of DKK 270m
- Profit on investment portfolios of DKK 72m
- Contribution of DKK 72m to the Danish Contingency Committee.

Income statement – Q1 (DKKm)	2009	2008
Core income excl trading income	822	704
Trading income	272	315
Total core income	1,094	1,019
Costs and depreciation	659	659
Core earnings before impairment	435	360
Impairment of loans and advances etc	270	(19)
Core earnings	165	379
Profit/(Loss) on investment portfolios	72	(55)
Profit before non-recurring items	237	324
Non-recurring items, net	-	198
Profit before contribution to the Danish Contingency Committee	237	522
Contribution to the Danish Contingency Committee	72	-
Profit before tax	165	522
Tax	41	101
Profit for the period	124	421

Core earnings before impairment represent DKK 435m against DKK 360m for the first three months of 2008. The increase of DKK 75m consists of a rise in core income excl trading income of DKK 118m, a decline in trading income of DKK 43m and unchanged costs (core earnings).

Core earnings before impairment are in line with our announcement in the 2008 Annual Report.

Impairment of loans and advances and amounts owed represents DKK 270m compared with a reversal of impairment charges of DKK 19m in Q1 2008.

Profit on investment portfolios amounts to DKK 72m, which is identical to an expense of DKK 72m to the Danish Contingency Committee. Less a calculated tax charge of DKK 41m, the Group's profit after tax stands at DKK 124m.

Profit for the period equals a return of 6.9% on average shareholders' equity (Tier 1). Earnings per share stands at DKK 2.0 compared with DKK 6.6 in 2008.

Group balance sheet highlights in Q1 2009 compare to Q1 2008 as follows:

- 4% reduction in bank loans and advances to DKK 78.2bn
- 5% growth in deposits to DKK 73.5bn.

The Group's solvency (total capital) ratio stands at 15.0%, including a core capital (Tier 1) ratio of 11.3%. The Group's internal capital target is still set at DKK 9,900m, equal to 13.5% of risk-weighted items.

The Group's liquidity measured under the 15% and 10% statutory requirements constitutes 27.6% and 16.7%, respectively, at end-Q1 2009.

The Group continues to project core earnings before impairment of loans and advances in the region of DKK 1,600-1,900m in 2009 – unchanged compared with the figure announced in the 2008 Annual Report.

Today Sydbank filed an application with the Danish Ministry of Economic and Business Affairs for government capital injection of up to DKK 1.2bn by way of hybrid core capital before the end of 2009. The Bank estimates that the intended solvency and core capital ratios, following a government capital injection of DKK 1.2bn, will be adequate and comfortable in view of the financial crisis. The amount constitutes just over half of the maximum possible injection of just over DKK 2.2bn.

Financial Review

Core income excl trading income

Total core income excl trading income grew by 17% to DKK 822m.

Group (DKKm)	2009	2008
Interest margins etc	699	587
Mortgage credit	48	48
Payment services	32	30
Remortgaging and loan fees	19	18
Other commission	17	15
Other operating income	7	6
Total	822	704

During Q1 2009, income from interest margins etc continued to show significant robustness with an increase of DKK 112m to DKK 699m due to a rise in interest margins and despite a 4% decline in bank loans and advances.

The remaining income components of core income excl trading income have gone up by a total of 5% compared with Q1 2008.

Trading income

Total trading income fell by 14% – from DKK 315m in 2008 to DKK 272m in 2009 – essentially ascribable to a smaller volume of asset management activities.

Group (DKKm)	2009	2008
Bonds	61	40
Shares	47	64
Foreign exchange	77	74
Money market	26	33
Asset management	61	104
Total	272	315

Costs and depreciation

The Group's total costs and depreciation recorded DKK 721m against DKK 768m in 2008. In 2009 DKK 59m can be ascribed to guarantee commission to the Danish Contingency Committee and in 2008 DKK 107m can be ascribed to the integration of bankTrelleborg.

Group (DKKm)	2009	2008
Staff costs	380	383
Other administrative expenses	251	344
Depreciation and impairment of property, plant and equipment	31	41
Other operating expenses	59	0
Total costs	721	768
Distributed as follows:		
Costs, core earnings	659	659
Costs, investment portfolio earnings	3	2
Costs, integration of bankTrelleborg	-	107
Costs, guarantee commission to the Danish Contingency Committee	59	-

Costs (core earnings) are unchanged in 2009 compared with one year ago. At end-Q1 2009 the Group's staff numbered 2,429 (full-time equivalent) compared with 2,469 at 31 March 2008. During the first three months of 2009 staffing was reduced by 50.

Core earnings before impairment of loans and advances

Core earnings before impairment of loans and advances total DKK 435m – an increase of DKK 75m or 21% compared with Q1 2008.

Impairment of loans and advances etc

Impairment of loans and advances constitutes DKK 270m compared with a reversal of impairment charges of DKK 19m in 2008.

Core earnings

Core earnings represent DKK 165m compared with DKK 379m in 2008.

Investment portfolio earnings

Less funding charges and less related costs of DKK 3m, investment portfolios generated a profit of DKK 72m (2008: loss of DKK 55m). The overall result is adversely affected by an unrealised capital loss of DKK 30m on the Group's portfolio of CDOs. The market value of the CDO portfolio represents DKK 40m as of 31 March 2009. The Group does not reclassify securities as offered under IAS 39.

Contribution to the Danish Contingency Committee

Member contribution rates to the Danish Contingency Committee have been determined. The Group's share for Q4 2008 represents 4% and 3.74% for 2009 and 2010.

Consequently guarantee commission of DKK 11m and the proportionate share of the guarantee to the Danish Contingency Committee of DKK 6m which were expensed in Q4 2008 were reversed in Q1 2009.

Guarantee commission and the provision for the guarantee to the Danish Contingency Committee amount to DKK 70m and DKK 19m, respectively, in Q1 2009, bringing net expenses to DKK 72m in Q1 2009.

Subsidiaries

The subsidiary bank, Sydbank (Schweiz) AG, which conducts private banking activities in St. Gallen, Switzerland, recorded a loss after tax of DKK 1m (2008: loss of DKK 2m). Ejendomsselskabet recorded a loss after tax of DKK 1m (2008: DKK 0m).

Profit for the period

Pre-tax profit amounts to DKK 165m. Less a calculated tax charge of DKK 41m (2008: DKK 101m), profit for the period stands at DKK 124m compared with DKK 421m in 2008, the most significant difference being ascribable to a net income of non-recurring items of DKK 198m in Q1 2008.

Return

Return on shareholders' equity (Tier 1) represents 6.9% p.a. against 25.0% p.a. in 2008. Earnings per share decreased from DKK 6.6 to DKK 2.0.

Developments from Q4 2008 to Q1 2009

Total core income dropped by DKK 37m in Q1 2009 (Q4-08: DKK 1,131m), where trading income decreased by DKK 29m (Q4-08: DKK 301m) and core income excl trading income by DKK 8m (Q4-08: DKK 830m). Costs rose by DKK 42m (Q4-08: DKK 617m), which is a recurring seasonal adjustment.

During the same period, impairment of loans and advances etc went down by DKK 189m from DKK 459m, and investment portfolio earnings improved from a loss of DKK 23m in Q4 2008 to a profit of DKK 72m in Q1 2009.

In Q1 2008, the Group recorded a net income from non-recurring items of DKK 198m; in contrast the Group recognised an expense of DKK 72m to the Danish Contingency Committee in Q1 2009. After tax, profit for the first three months amounts to DKK 124m compared with a loss of DKK 138m in Q4 2008.

Balance sheet

The Group's total assets made up DKK 161.4bn at end-Q1 2009 against DKK 156.0bn at year-end 2008.

Assets (DKKbn)	31 Mar 2009	31 Dec 2008
Amounts owed by credit institutions etc	13.4	12.9
Loans and advances at fair value (reverse repo transactions)	15.8	13.3
Loans and advances at amortised cost (bank loans and advances)	78.2	82.5
Securities and holdings etc	35.4	28.3
Assets related to pooled plans	5.5	5.8
Other assets etc	13.1	13.2
Total	161.4	156.0

The Group's bank loans and advances total DKK 78.2bn – a decline of 5% compared with year-end 2008 and 4% compared with Q1 2008.

Shareholders' equity and liabilities (DKKbn)	31 Mar 2009	31 Dec 2008
Amounts owed to credit institutions etc	45.3	38.9
Deposits and other debt	73.5	75.0
Deposits in pooled plans	5.5	5.8
Bonds issued	10.1	10.1
Other liabilities etc	15.5	14.8
Provisions	0.1	0.1
Subordinated capital (Tier 2)	4.2	4.2
Shareholders' equity (Tier 1)	7.2	7.1
Total	161.4	156.0

The Group's deposits make up DKK 73.5bn against DKK 75.0bn at end-2008.

Subordinated capital (Tier 2)

Subordinated capital (Tier 2) totals DKK 4,218m – unchanged compared with year-end 2008.

The Bank has filed an application with the Danish Financial Supervisory Authority for the prepayment of subordinated loan capital on the dates in parentheses concerning the following loans: EUR 100m (29 June 2009), EUR 40m (17 September 2009) and DKK 50m (29 October 2009), totalling DKK 1,093m.

As a result of an amendment to the Danish Financial Business Act in connection with Bank Rescue Package II, hybrid core capital which is not subject to conditions regarding interest rate increases may be included in the core capital (Tier 1) in addition to the 15% requirement. Consequently the Group's core capital (Tier 1) has risen by DKK 138m at end-Q1 2009 without affecting the capital base (Tiers 1+2).

Shareholders' equity (Tier 1)

At end-Q1 2009, shareholders' equity constitutes DKK 7,239m – an increase of DKK 151m since year-end 2008. The change comprises additions concerning profit for the period of DKK 124m, net sale of own shares of DKK 37m and less tax concerning equity items of DKK 10m.

Group solvency

At end-Q1 2009, the solvency (total capital) ratio stands at 15.0%, including a core capital (Tier 1) ratio of 11.3 percentage points, compared with 14.7% and 10.8 percentage points, respectively, at year-end 2008. The core capital (Tier 1) ratio excluding hybrid core capital has risen from 9.3% to 9.7%.

Capital targets

Today, the Board of Directors adopted the Group's capital targets composed as follows:

The Group's overall capital requirement is based on its assessment of the statutory capital requirements and its aim to maintain the Aa3 rating. In connection with the determination of the Group's capital targets the following elements are considered:

- Expected statutory capital requirement
- Ratings target
- Projected developments in business volume and income
- Stress test scenarios.

The Group's capital management will remain subject to an internal capital target whose determination will continue to be based on Pillar I. In addition, the Group has a buffer capital to cover requirements under Pillar II and fluctuations in Pillar I calculations etc. The Group will not change its capital targets in connection with minor changes in assumptions.

At 31 March 2009, risk-weighted items total DKK 73.6bn. The necessary solvency (total capital) ratio stands at 8.0%, equal to DKK 5.9bn. The Group's internal capital target is unchanged at DKK 9.9bn, currently equal to 13.5%. The buffer capital represents DKK 4.0bn. The difference between the internal capital target and the capital base (Tiers 1+2) of DKK 11.0bn is represented by free capital.

(DKKm)	31 Mar 2009
Minimum capital – 8.0%	5,887
Buffer capital	4,013
Internal capital target – currently 13.5%	9,900
Free capital	1,128
Capital base – currently 15.0%	11,028

In connection with the continued repayment of supplementary capital (Tier 2), it is aimed that:

- Core capital (Tier 1) (excl hybrid core capital) will represent 70-80% of the capital base
- Hybrid core capital will account for around 20-30% of core capital.

The capital targets will continue to be adjusted whenever required and at least once a year.

Outlook for 2009

The Group's bank loans and advances are projected to decline moderately.

The Group projects core earnings before impairment of loans and advances in the region of DKK 1,600-1,900m in 2009 – unchanged compared with the figure announced in the 2008 Annual Report.

It is expected that guarantee commission to the Danish Contingency Committee will be reduced by DKK 20m to DKK 280m compared with previous expectations. To this must be added the Bank's share of the Committee's payment to cover any further loss of the Winding-Up Company.

Government capital injection

On 3 February 2009 the Danish parliament passed a bill according to which Danish credit institutions complying with the statutory solvency requirements may apply to the government for the injection of hybrid core capital not later than 30 June 2009.

Today Sydbank filed an application with the Danish Ministry of Economic and Business Affairs for government capital injection of up to DKK 1.2bn by way of hybrid core capital before the end of 2009. The Bank estimates that the intended solvency and core capital ratios, following a government capital injection of DKK 1.2bn, will be adequate and comfortable in view of the financial crisis. The amount constitutes just over half of the maximum possible injection of just over DKK 2.2bn.

Management Statement

Today we have reviewed and approved the Interim Report – Q1 2009 of Sydbank A/S.

The consolidated interim financial statements for Q1 2009 have been prepared in accordance with the International Financial Reporting Standards as approved 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 31 March 2009 and of the results of the Group's operations and consolidated cash flows for the accounting period 1 January – 31 March 2009 as well as a description of the most significant risks and elements of uncertainty which may affect the Group.

Aabenraa, 28 April 2009

Group Executive Management

Carsten Andersen
(Group Chief Executive)

Karen Frøsig

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

Per Olesen

Sven Rosenmeyer Paulsen

Jan Uldahl-Jensen

Margrethe Weber

Income Statement – Sydbank Group

DKKm	Note	Q1 2009	Q1 2008	Full year 2008
Interest income	2	1,789	1,654	7,457
Interest expense	3	967	1,033	4,692
Net interest income		822	621	2,765
Dividends on shares		8	7	31
Fee and commission income	4	254	337	1,256
Fee and commission expense		35	44	172
Net interest and fee income		1,049	921	3,880
Market value adjustments	5	94	220	115
Other operating income		7	125	143
Staff costs and administrative expenses	6	631	727	2,449
Depreciation and impairment of property, plant and equipment		31	41	187
Other operating expenses		59	0	86
Impairment of loans and advances etc	8	282	(19)	622
Profit on holdings in associates		18	5	17
Profit on assets temporarily acquired		0	0	0
Profit before tax		165	522	811
Tax		41	101	205
Profit for the period		124	421	606
EPS Basic for the period (DKK) *		2.0	6.6	9.5
EPS Diluted for the period (DKK) *		2.0	6.6	9.5
Dividend per share (DKK)		-	-	-

* Based on average number of shares outstanding, see page 14.

Statement of Comprehensive Income – Sydbank Group

Profit for the period	124	421	606
Other comprehensive income:			
Translation of foreign entities	(3)	12	23
Hedge of net investment in foreign entities	3	(12)	(23)
Other comprehensive income after tax	0	0	0
Comprehensive income after tax	124	421	606

Balance Sheet – Sydbank Group

DKKkm	Note	Q1 2009	Q1 2008	Full year 2008
Assets				
Cash and balances on demand at central banks		1,309	1,252	752
Amounts owed by credit institutions and central banks		12,056	14,836	12,165
Loans and advances at fair value		15,845	7,998	13,282
Loans and advances at amortised cost		78,203	81,327	82,476
Bonds at fair value		33,842	18,869	26,749
Shares etc		1,330	1,280	1,315
Holdings in associates etc		249	206	232
Assets related to pooled plans		5,543	6,500	5,777
Intangible assets		14	16	15
Total land and buildings		1,021	879	1,009
investment property		9	9	8
owner-occupied property		1,012	870	1,001
Other property, plant and equipment		144	120	158
Current tax assets		247	94	186
Deferred tax assets		10	24	10
Assets in temporary possession		5	15	5
Other assets		11,543	7,587	11,796
Prepayments		58	55	48
Total assets		161,419	141,058	155,975
Shareholders' equity and liabilities				
Amounts owed to credit institutions and central banks		45,336	29,469	38,889
Deposits and other debt		73,513	70,078	75,007
Deposits in pooled plans		5,543	6,500	5,777
Bonds issued at amortised cost		10,094	10,077	10,096
Current tax liabilities		10	48	13
Other liabilities		15,321	13,665	14,764
Deferred income		12	85	19
Total liabilities		149,829	129,922	144,565
Provisions	9	133	119	103
Subordinated capital (Tier 2)		4,218	4,222	4,219
Shareholders' equity (Tier 1):				
Share capital		675	675	675
Revaluation reserves		91	91	91
Other reserves:				
Reserves according to articles of association		411	375	411
Other reserves		20	8	20
Retained earnings		6,042	5,646	5,891
Total shareholders' equity (Tier 1)		7,239	6,795	7,088
Total shareholders' equity and liabilities		161,419	141,058	155,975

Group Financial Highlights – Quarterly

	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Full year 2008
Income statement (DKKm)						
Core income excl trading income	822	830	754	778	704	3,066
Trading income	272	301	223	320	315	1,159
Total core income	1,094	1,131	977	1,098	1,019	4,225
Costs and depreciation	659	617	591	617	659	2,484
Core earnings before impairment	435	514	386	481	360	1,741
Impairment of loans and advances etc	270	459	98	6	(19)	544
Core earnings	165	55	288	475	379	1,197
Profit/(Loss) on investment portfolios	72	(23)	(170)	(137)	(55)	(385)
Profit before non-recurring items	237	32	118	338	324	812
Non-recurring items, net	-	(18)	(16)	(2)	198	162
Profit before contribution to the Danish Contingency Committee	237	14	102	336	522	974
Contribution to Danish Contingency Committee	72	163	0	0	0	163
Profit before tax	165	(149)	102	336	522	811
Tax	41	(11)	26	89	101	205
Profit for the period	124	(138)	76	247	421	606
Balance sheet highlights (DKKbn)						
Loans and advances at amortised cost	78.2	82.5	81.8	82.5	81.3	82.5
Loans and advances at fair value	15.8	13.3	10.2	11.5	8.0	13.3
Deposits and other debt	73.5	75.0	63.4	67.6	70.1	75.0
Bonds issued at amortised cost	10.1	10.1	10.1	10.1	10.1	10.1
Subordinated capital (Tier 2)	4.2	4.2	4.2	4.2	4.2	4.2
Shareholders' equity (Tier 1)	7.2	7.1	7.2	7.1	6.8	7.1
Total assets	161.4	156.0	143.5	149.8	141.1	156.0
Financial ratios per share (DKK per share of DKK 10)						
EPS Basic	2.0	(2.2)	1.2	3.9	6.6	9.5
EPS Diluted	2.0	(2.2)	1.2	3.9	6.6	9.5
Share price at end of period	71.5	64.3	156.3	180.5	171.8	64.3
Book value	114.0	112.5	113.3	112.0	107.5	112.5
Share price/book value	0.63	0.57	1.38	1.61	1.60	0.57
Avg number of shares outstanding (in millions)	63.0	63.2	63.7	63.5	63.4	63.4
Other financial ratios and key figures						
Solvency (total capital) ratio	15.0	14.7	15.5	14.8	14.3	14.7
Core capital (Tier 1) ratio	11.3	10.8	11.2	10.7	10.1	10.8
Profit before tax as % of avg shareholders' equity	2.3	(2.1)	1.4	4.8	7.7	11.8
Profit after tax as % of avg shareholders' equity	1.7	(1.9)	1.1	3.5	6.2	8.8
Income/cost ratio (DKK)	1.16	0.88	1.14	1.53	1.70	1.24
Interest rate risk	2.3	1.4	1.0	3.0	2.4	1.4
Foreign exchange position	1.5	11.4	9.7	12.9	5.6	11.4
Foreign exchange risk	0.0	0.0	0.0	0.0	0.0	0.0
Loans and advances relative to deposits *	1.0	1.0	1.2	1.1	1.1	1.0
Loans and advances relative to shareholders' equity *	10.8	11.6	11.4	11.6	12.0	11.6
Growth in loans and advances during the period *	(5.2)	0.8	(0.9)	1.5	9.2	10.7
Excess cover relative to statutory liquidity requirements	66.6	89.4	56.2	69.7	78.5	89.4
Total large exposures	21.4	23.8	53.3	39.5	44.7	23.8
Accumulated impairment ratio	1.3	1.0	0.9	0.8	0.9	1.0
Impairment ratio for the period	0.27	0.50	0.10	0.01	(0.02)	0.60
Number of full-time staff at end of period	2,429	2,479	2,487	2,457	2,469	2,479

Financial ratios are prepared according to the "Recommendations & Financial Ratios 2005" published by the Danish Society of Financial Analysts.

* Ratios calculated on the basis of loans and advances at amortised cost.

Capital – Sydbank Group

DKKm	Share capital	Revaluation reserves	Reserves acc to art of association	Reserve for net revaluation acc to equity method	Retained earnings	Proposed dividend etc	Total
Shareholders' equity at 1 Jan 2009	675	91	411	20	5,891	-	7,088
Changes in equity in 2009:							
Purchase of own shares	-	-	-	-	(273)	-	(273)
Sale of own shares	-	-	-	-	310	-	310
Tax on equity items	-	-	-	-	(10)	-	(10)
Comprehensive income for the period	-	-	-	-	124	-	124
Total changes in equity	-	-	-	-	151	-	151
Shareholders' equity at 31 Mar 2009	675	91	411	20	6,042	-	7,239
Shareholders' equity at 1 Jan 2008	675	91	399	11	5,298	223	6,697
Changes in equity in 2008:							
Purchase of own shares	-	-	-	-	(1,303)	-	(1,303)
Sale of own shares	-	-	-	-	1,122	-	1,122
Adjusted purchase price bankTrelleborg	-	-	-	-	(5)	-	(5)
Employee shares	-	-	-	-	18	-	18
Adopted dividend etc	-	-	-	-	-	(223)	(223)
Tax on equity items	-	-	-	-	52	-	52
Dividends, own shares	-	-	-	-	16	-	16
Comprehensive income for the period	-	-	-	-	421	-	421
Total changes in equity	-	-	-	-	321	(223)	98
Shareholders' equity at 31 Mar 2008	675	91	399	11	5,619	-	6,795
The Sydbank share				Q1 2009	Q1 2008	Full year 2008	
Share capital (DKK)				675,000,000	675,000,000	675,000,000	
Shares issued at end of period (number)				67,500,000	67,500,000	67,500,000	
Shares outstanding at end of period (number)				63,455,402	63,219,826	64,034,059	
Average number of shares outstanding				63,015,301	63,446,424	66,741,416	

Capital – Sydbank Group

DKKm	Q1 2009	Q1 2008	Full year 2008
Solvency:			
Shareholders' equity (Tier 1)	7,239	6,795	7,088
Revaluation reserves	(91)	(91)	(91)
Intangible assets and capitalised tax assets	(25)	(39)	(26)
Core capital (excl hybrid core capital)	7,123	6,665	6,971
Hybrid core capital	1,388	1,176	1,230
50% of holdings > 10%	(99)	(101)	(98)
50% of total holdings etc > 10%	(33)	(63)	(34)
50% of difference between expected losses and accounting value adjustments and accounting provisions	(42)	-	-
Core capital	8,337	7,677	8,069
Subordinated loan capital (Tier 2)	2,839	2,928	2,839
Revaluation reserves	91	91	91
Hybrid core capital	-	129	158
Difference between expected losses and impairment charges	-	258	26
Capital base before deductions	11,267	11,083	11,183
50% of holdings > 10%	(99)	(101)	(98)
50% of total holdings etc > 10%	(33)	(63)	(34)
50% of difference between expected losses and accounting value adjustments and accounting provisions	(42)	-	-
Holdings in associates	(65)	(59)	(62)
Capital base (Tiers 1+2) after deductions	11,028	10,860	10,989
Credit risk	59,839	61,532	60,616
Market risk	7,212	7,787	7,261
Operational risk	6,537	6,715	6,731
Risk-weighted items	73,588	76,034	74,608
Capital requirement under Pillar I	5,887	6,083	5,968
Pillar II and transitional rules	-	1,027	711
Capital requirement	5,887	7,110	6,679
Core capital (Tier 1) ratio (excl hybrid core capital)	9.7	8.8	9.3
Core capital (Tier 1) ratio	11.3	10.1	10.8
Solvency (total capital) ratio	15.0	14.3	14.7

Cash Flow Statement – Sydbank Group

DKKm	Q1 2009	Q1 2008	Full year 2008
Operating activities:			
Pre-tax profit for the period	165	522	811
Taxes paid	(109)	(88)	(128)
Adjustment of non-cash operating items	326	(50)	731
Cash flows from working capital	93	344	(85)
Cash flows from operating activities	475	728	1,329
Investing activities:			
Purchase and sale of holdings in associates	0	0	(22)
Purchase and sale of intangible assets	-	(15)	(16)
Purchase and sale of property, plant and equipment	(27)	(71)	(370)
Cash flows from investing activities	(27)	(86)	(408)
Financing activities:			
Purchase and sale of own holdings	28	(101)	8
Dividend	-	(223)	(223)
Raising of subordinated capital (Tier 2)	(1)	394	390
Issue of bonds	(2)	1	20
Cash flows from financing activities	25	71	195
Cash flows for the period	473	713	1,116
Cash equivalent positions at 1 Jan	6,200	5,084	5,084
Cash flows for the period	473	713	1,116
Cash equivalent positions at end of period	6,673	5,797	6,200

Segment Statements – Sydbank Group

DKKm	Banking	Markets	Treasury	Other	Total
Business segments Q1 2009:					
Core income excl trading income	849	(27)	-	-	822
Trading income	143	129	-	-	272
Core income	992	102	-	-	1,094
Costs and depreciation	560	85	3	14	662
Impairment of loans and advances etc	270	(1)	-	-	269
Core earnings	162	18	(3)	(14)	163
Profit/(Loss) on investment portfolios	-	-	76	(2)	74
Profit before non-recurring items	162	18	73	(16)	237
Non-recurring items, net	-	-	-	-	-
Profit before contribution to the Danish Contingency Committee	162	18	73	(16)	237
Contribution to the Danish Contingency Committee	-	-	-	72	72
Profit before tax	162	18	73	(88)	165

Notes – Sydbank Group

Note 1

Accounting policies:

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

With the exception of the below, the accounting policies are consistent with those adopted in the 2008 Annual Report, to which reference is made.

The 2008 Annual Report provides a comprehensive description of the accounting policies applied.

As from 1 January 2009, the Group has implemented IAS 1 (Revised 2007) “Presentation of Financial Statements”, IAS 23 (Revised 2007) “Borrowing Costs”, and IFRS 8 “Operating Segments”.

The implementation of the new reporting standards has not had any impact on recognition or measurement. IAS 1 and IFRS 8 have resulted in changes only in the notes and format. Any comparative figures in the notes have been restated.

IAS 1 has changed the presentation of the primary statements. The Group has decided to present two statements: an income statement and a statement of comprehensive income which shows profit for the period and the elements of other comprehensive income.

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 use 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 2008.

The Group’s significant risks and the external elements which may impact the Group are described in detail in the 2008 Annual Report.

Notes – Sydbank Group

DKKm	Q1 2009	Q1 2008	Full year 2008
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Note 2

Interest income/forward premium of:

Amounts owed by credit institutions and central banks	86	179	628
Loans and advances and other amounts owed	1,258	1,250	5,525
Bonds	330	108	750
Total derivatives comprising	111	111	519
Foreign exchange contracts	116	127	531
Interest rate contracts	(5)	(16)	(12)
Other interest income	4	6	35
Total	1,789	1,654	7,457

Of which income from genuine purchase and resale transactions stated under:

Amounts owed by credit institutions and central banks	13	80	264
Loans and advances and other amounts owed	132	87	445

Note 3

Interest expense to:

Credit institutions and central banks	278	214	1,224
Deposits and other debt	563	645	2,737
Bonds issued	84	119	492
Subordinated capital (Tier 2)	42	54	232
Other interest expense	0	1	7
Total	967	1,033	4,692

Of which expense to genuine sale and repurchase transactions stated under:

Amounts owed to credit institutions and central banks	10	7	52
Deposits and other debt	4	2	15

Notes – Sydbank Group

DKKm	Q1 2009	Q1 2008	Full year 2008
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Note 4

Fee and commission income:

Securities trading and custody accounts	132	210	751
Payment services	40	40	166
Loan fees	18	17	72
Guarantee commission	21	25	96
Other fees and commission	43	45	171
Total	254	337	1,256

Note 5

Market value adjustments:

Other loans and advances and amounts owed at fair value	11	(1)	6
Bonds	161	68	139
Shares etc	(37)	26	(151)
Investment property	-	-	0
Foreign exchange	76	15	250
Total derivatives	(117)	112	(129)
Assets related to pooled plans	(79)	(332)	(1,281)
Deposits in pooled plans	79	332	1,281
Other assets/liabilities	0	0	0
Total	94	220	115
Trading portfolio	90	203	65
Equity investments	4	17	50
Total	94	220	115

Notes – Sydbank Group

DKKm	Q1 2009	Q1 2008	Full year 2008
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Note 6

Staff costs and administrative expenses:

Salaries and emoluments to:

Group Executive Management:

Salaries	3	8	15
Pensions	0	0	2
Board of Directors	1	1	3
Shareholders' Committee	1	1	2
Total	5	10	22

Staff costs:

Wages and salaries	317	315	1,199
Pensions	36	29	125
Social security contributions	2	2	8
Payroll tax etc	20	27	98
Total	375	373	1,430

Other administrative expenses:

IT (including withdrawal and conversion in 2008)	116	201	563
Rent etc	31	40	160
Marketing and entertainment expenses	20	22	88
Other expenses	84	81	186
Total	251	344	997
Total	631	727	2,449

Note 7

Staff:

Average number of staff (full-time equivalent)	2,501	2,456	2,504
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Notes – Sydbank Group

DKKm	Q1 2009	Q1 2008	Full year 2008
Note 8			
Impairment of loans and advances recognised in the income statement:			
Impairment and provisions	264	(10)	167
Write-offs	25	6	499
Recovered from debt previously written off	7	15	44
Impairment of loans and advances etc	282	(19)	622
Impairment and provisions at end of period:			
Individual impairment and provisions	1,143	721	954
Collective impairment and provisions	173	165	152
Impairment and provisions at end of period	1,316	886	1,106
Individual impairment of loans and advances and provisions for guarantees:			
Impairment and provisions at 1 Jan	954	738	738
Exchange rate adjustment	(1)	3	5
Impairment and provisions during the period	256	(6)	216
Other movements	-	-	86
Write-offs covered by impairment and provisions	66	14	91
Impairment and provisions at end of period	1,143	721	954
Individual impairment of loans and advances	1,063	693	888
Individual provisions for guarantees	80	28	66
Impairment and provisions at end of period	1,143	721	954
Collective impairment of loans and advances and provisions for guarantees:			
Impairment and provisions at 1 Jan	152	157	157
Impairment and provisions during the period	21	8	(5)
Impairment and provisions at end of period	173	165	152
Sum of loans and advances and amounts owed subject to collective impairment and provisions	16,104	12,984	14,286
Collective impairment and provisions	173	165	152
Loans and advances and amounts owed after collective impairment and provisions	15,931	12,819	14,134
Individual impairment of loans and advances subject to objective evidence of impairment:			
Balance before impairment of individually assessed loans and advances	2,254	1,370	1,959
Impairment of individually assessed loans and advances	1,063	693	888
Balance after impairment of individually assessed loans and advances	1,191	677	1,071

Note 9

Provisions:

Provisions for pensions and similar obligations	4	4	4
Provisions for deferred tax	25	24	24
Provisions for guarantees	80	59	66
Other provisions	24	32	9
Total	133	119	103

Notes – Sydbank Group

	Q1	Q1	Full year
DKKm	2009	2008	2008

Note 10

Contingent liabilities and other obligating agreements:

Contingent liabilities:

Financial guarantees	2,611	5,547	3,050
Mortgage finance guarantees	1,015	1,996	979
Registration and remortgaging guarantees	3,248	3,222	3,239
Loss guarantee/guarantee	691	-	871
Other contingent liabilities	1,426	1,656	1,436
Total	8,991	12,421	9,575

Other obligating agreements:

Irrevocable credit commitments	-	223	5
Other liabilities	56	110	74
Total	56	333	79

Note 11

This quarter:

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

Note 12

Collateral:

As of 31 March 2009, the Group had deposited securities at a market value of DKK 31,159m with Danish and foreign exchanges and clearing centres etc in connection with margin calls and securities settlements etc.

Notes – Sydbank Group

DKKm	Q1 2009	Q1 2008	Full year 2008
Note 13			
Core income:			
Core income excl trading income:			
Interest margins etc	699	587	2,610
Mortgage credit	48	48	176
Payment services	32	30	136
Remortgaging and loan fees	19	18	73
Other commission	17	15	48
Other operating income	7	6	23
Total	822	704	3,066
Trading income:			
Bonds	61	40	156
Shares	47	64	193
Foreign exchange	77	74	311
Money market	26	33	124
Asset management	61	104	375
Total	272	315	1,159

Supplementary Information

Financial Calendar

In 2009 the Group's financial statements will be released as follows:

- Interim Report – First Half 2009
18 August 2009
- Interim Report – Q1-Q3 2009
27 October 2009

Sydbank contacts

Carsten Andersen, Group Chief Executive
Tel +45 74 36 20 00

Mogens Sandbæk, CFO
Tel +45 74 36 24 00

Jakob Aakjær, Head of Executive Secretariat
Tel +45 74 36 20 05

Address

Sydbank A/S
Peberlyk 4
6200 Aabenraa
Denmark
Tel +45 74 36 36 36
CVR No DK 12626509

Relevant links

www.sydbank.dk
www.sydbank.com

For further information reference is made to Sydbank's 2008 Annual Report at www.sydbank.com/sydbankcom/about/ir/finreports.