

# Interim Report – First Half 2011

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Company Announcement No 13/2011  
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## Group Financial Highlights

	1H 2011	1H 2010	Index 11/10	Full year 2010
<b>Income statement (DKKm)</b>				
Core income excl trading income	1,588	1,660	96	3,304
Trading income	534	726	74	1,290
<b>Total core income</b>	<b>2,122</b>	<b>2,386</b>	<b>89</b>	<b>4,594</b>
Costs, core earnings	1,303	1,281	102	2,479
<b>Core earnings before impairment</b>	<b>819</b>	<b>1,105</b>	<b>74</b>	<b>2,115</b>
Impairment of loans and advances etc	490	633	77	1,400
<b>Core earnings</b>	<b>329</b>	<b>472</b>	<b>70</b>	<b>715</b>
Profit on investment portfolios	13	124	10	227
<b>Profit before contributions to deposit guarantee and PCA</b>	<b>342</b>	<b>596</b>	<b>57</b>	<b>942</b>
Contributions to deposit guarantee and the Private Contingency Association (PCA)	161	261	62	384
<b>Profit before tax</b>	<b>181</b>	<b>335</b>	<b>54</b>	<b>558</b>
Tax	45	84	54	147
<b>Profit for the period</b>	<b>136</b>	<b>251</b>	<b>54</b>	<b>411</b>
<b>Balance sheet highlights (DKKbn)</b>				
Loans and advances at amortised cost	71.9	74.1	97	73.0
Loans and advances at fair value	12.0	6.6	182	10.7
Deposits and other debt	67.4	64.9	104	64.2
Bonds issued at amortised cost	7.5	8.6	87	11.2
Subordinated capital	2.3	3.1	74	2.3
Shareholders' equity	9.5	9.4	100	9.6
Total assets	145.7	154.4	94	150.8
<b>Financial ratios per share (DKK per share of DKK 10)</b>				
EPS Basic **	1.9	3.4		5.6
EPS Diluted **	1.9	3.4		5.6
Share price at end of period	114.8	124.8		151.3
Book value	128.6	127.5		129.8
Share price/book value	0.89	0.98		1.17
Average number of shares outstanding (millions)	73.5	73.7		73.5
Dividend per share	-	-		1.0
<b>Other financial ratios and key figures</b>				
Solvency ratio	15.1	15.7		15.4
Core capital ratio	14.1	13.5		14.3
Pre-tax profit as % of average shareholders' equity **	1.9	3.6		6.0
Post-tax profit as % of average shareholders' equity **	1.4	2.7		4.4
Costs (core earnings) as % of core income	61.4	53.7		54.0
Interest rate risk	0.9	0.2		1.5
Foreign exchange position	2.7	1.5		1.2
Foreign exchange risk	0.0	0.0		0.0
Loans and advances relative to deposits *	1.0	1.0		1.0
Loans and advances relative to shareholders' equity *	7.5	7.9		7.6
Growth in loans and advances for the period *	(1.5)	(0.6)		(2.0)
Excess cover relative to statutory liquidity requirements	99.5	96.8		106.3
Total large exposures	34.6	0.0		54.4
Accumulated impairment ratio excl PCA **	2.0	2.1		2.0
Impairment ratio for the period excl PCA **	0.57	0.77		1.70
Number of full-time staff at end of period	2,274	2,323	98	2,284

Financial ratios are 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

The Sydbank Group recorded a pre-tax profit of DKK 181m. The result is adversely affected by a provision for the Deposit Guarantee Fund in connection with the bankruptcies of Amagerbanken and Fjordbank Mors.

The return on average shareholders' equity before tax of 3.8% p.a. is not satisfactory in absolute terms albeit acceptable given the current market conditions.

The development is slightly below the expectations at the beginning of the year.

The Interim Report is characterised by:

- 4% decrease in core income excl trading income
- 26% decline in trading income
- Growth in costs (core earnings) of just under 2%
- Decrease in impairment charges of 23% to DKK 490m as well as improved credit quality
- Profit on investment portfolios of DKK 13m
- Provision for the Deposit Guarantee Fund etc of DKK 161m
- 3% reduction in bank loans and advances to DKK 71.9bn
- 4% growth in deposits to DKK 67.4bn
- Core capital ratio of 14.1%
- Solvency ratio of 15.1%
- Satisfactory influx of clients
- Sydbank's good performance in the EU-wide stress test which confirms the robust capital structure.

Income statement – 1H (DKKm)	2011	2010
Core income excl trading income	1,588	1,660
Trading income	534	726
<b>Total core income</b>	<b>2,122</b>	<b>2,386</b>
Costs, core earnings	1,303	1,281
<b>Core earnings before impairment</b>	<b>819</b>	<b>1,105</b>
Impairment of loans and advances etc	490	633
<b>Core earnings</b>	<b>329</b>	<b>472</b>
Profit on investment portfolios	13	124
<b>Profit before contributions to deposit guarantee and PCA</b>	<b>342</b>	<b>596</b>
Contributions to deposit guarantee and the Private Contingency Association (PCA)	161	261
<b>Profit before tax</b>	<b>181</b>	<b>335</b>
Tax	45	84
<b>Profit for the period</b>	<b>136</b>	<b>251</b>

Core earnings before impairment represent DKK 819m against DKK 1,105m for the first six months of 2010. The reduction of DKK 286m consists of a decline in core income excl trading income of DKK 72m, a decrease in trading income of DKK 192m and a rise in costs (core earnings) of DKK 22m.

Core earnings before impairment are slightly below our announcement in the 2010 Annual Report. The difference can be ascribed to lower trading income.

Impairment charges for loans and advances etc represent DKK 490m (1H 2010: DKK 633m). Impairment charges for loans and advances are at their lowest level since 2008 and credit quality continues to improve.

Investment portfolio earnings constitute DKK 13m and the provision for the Deposit Guarantee Fund etc amounts to DKK 161m. Less a calculated tax charge of DKK 45m, profit for the period stands at DKK 136m.

Profit for the period equals a return on average shareholders' equity of 2.8% p.a. against 5.4% p.a. in 2010. Earnings per share represents DKK 1.9 compared with DKK 3.4 in 2010.

The Group's solvency ratio stands at 15.1%, of which 14.1 percentage points are ascribable to core capital, compared with 15.4% and 14.3 percentage points, respectively, at end-2010. The core capital ratio excluding hybrid core capital is 12.5% compared with 12.7% at the beginning of the year.

Sydbank and 89 other banks have participated in an EU-wide stress test conducted at the request of the European Banking Authority (EBA). Sydbank performed well in the test.

The Group's liquidity measured under the 15% and 10% statutory requirements constitutes 31.3% and 20.0%, respectively, at 30 June 2011.

Sydbank recorded a highly satisfactory influx of clients in the first six months.

The Group continues to project core earnings before impairment charges for loans and advances in the region of DKK 1.7-2.0bn in 2011 – unchanged compared with previous announcements. In 2011 the international as well as Danish economic climate has deteriorated and the market conditions for banking have changed, causing greater uncertainty about the Group's trading income in particular. However the range announced has not been narrowed given the Group's expectations of:

- Higher income from interest margins in 2H 2011 as a consequence of interest rate increases
- Lower costs in 2H 2011 as a consequence of continued tight cost control.

## Financial Review

### Core income excl trading income

Total core income excl trading income declined by 4% to DKK 1,588m.

Core income excl trading income – 1H (DKKm)	2011	2010
Interest margins etc	1,333	1,381
Mortgage credit	87	110
Payment services	75	73
Remortgaging and loan fees	41	44
Other commission	41	42
Other operating income	11	10
<b>Total</b>	<b>1,588</b>	<b>1,660</b>

Income from interest margins went down by DKK 48m due to a decline in bank loans and advances of 3% and a rise in deposits of 4% compared with 30 June 2010.

Net income from the cooperation with Totalkredit represents DKK 69m (2010: DKK 86m). Total mortgage credit income amounts to DKK 87m (2010: DKK 110m).

The remaining income components of core income excl trading income are unchanged compared with 1H 2010.

### Trading income

Total trading income decreased by 26% – from DKK 726m in 2010 to DKK 534m in 2011.

The development must be seen in light of the fact that income in 1H 2010 was exceptionally high in a favourable market whereas income in 1H 2011 was adversely affected by lower trading activity and high volatility in financial markets.

Trading income – 1H (DKKm)	2011	2010
Bonds	83	180
Equities	109	147
Currency	92	121
Money market	22	73
Asset management	228	205
<b>Total</b>	<b>534</b>	<b>726</b>

### Costs and depreciation

The Group's total costs and depreciation recorded DKK 1,464m, which is largely unchanged compared with 2010. This includes unchanged DKK 5m which can be ascribed to investment portfolio earnings and DKK 156m for the provision for the Deposit Guarantee Fund. In 1H 2010 costs included a guarantee commission of DKK 157m to the Private Contingency Association.

Costs and depreciation – 1H (DKKm)	2011	2010
Staff costs	769	744
Other administrative expenses	500	495
Depreciation and impairment of property, plant and equipment	38	46
Other operating expenses	157	158
<b>Total costs and depreciation</b>	<b>1,464</b>	<b>1,443</b>
Distributed as follows:		
Costs, core earnings	1,303	1,281
Costs, investment portfolio earnings	5	5
Costs, deposit guarantee and the Private Contingency Association	156	157

Costs (core earnings) of DKK 1,303m have increased by DKK 22m compared with one year ago, which corresponds to the expectations for the half-year. At end-1H 2011 the Group's staff numbers 2,274 (full-time equivalent) compared with 2,323 at 30 June 2010.

Sydbank has closed one small branch in 2011. As part of the continuing expansion in Zealand, Q2 2011 saw the opening of two new branches in Amager – in Amagerbrogade and in Dragør – as well as a new branch in Hørsholm. Sydbank's branches total 104 in Denmark and unchanged three in Germany.

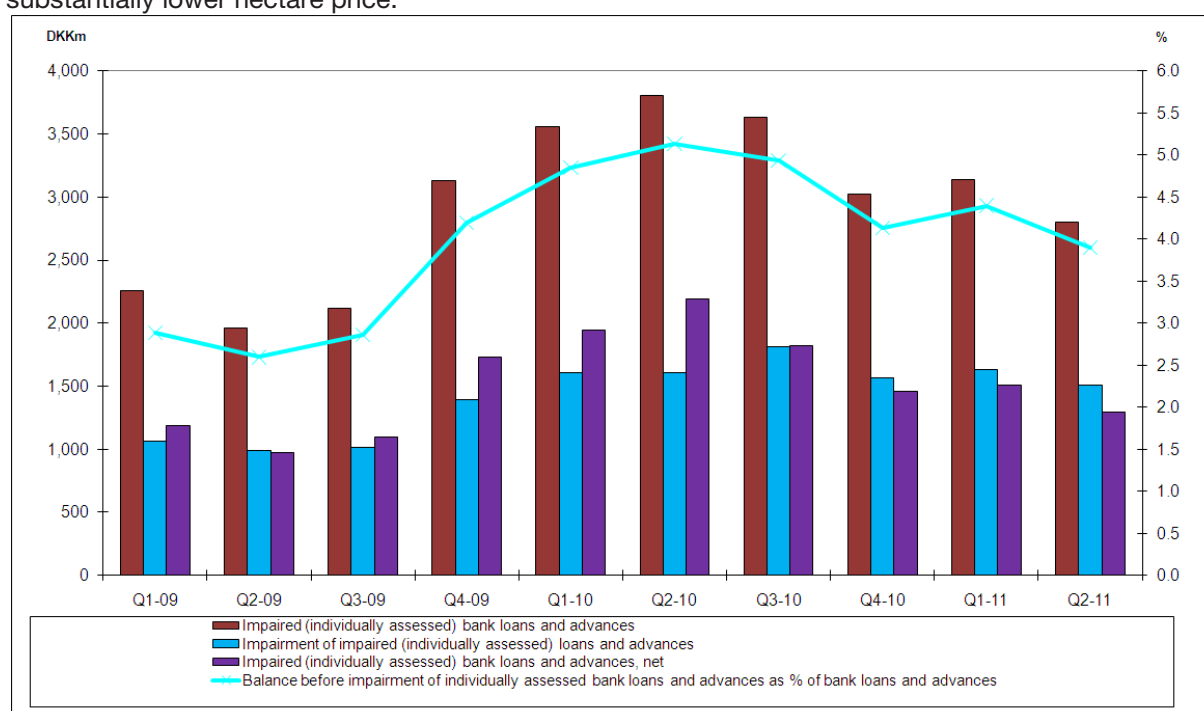
### Core earnings before impairment of loans and advances

Core earnings before impairment of loans and advances represent DKK 819m – a decrease of DKK 286m or 26% compared with one year ago.

### Impairment of loans and advances etc

Impairment charges for loans and advances constitute DKK 490m (2010: DKK 633m). The impairment ratio represents 0.67% relative to bank loans and advances at 30 June 2011 and 0.60% relative to bank loans and advances and guarantees. At end-June 2011 accumulated impairment and provisions amount to DKK 1,707m. A decline of DKK 56m compared with the beginning of the year.

For a number of years the Group has been tightening its credit management of the agricultural sector and therefore the Group does not have significant, risky agricultural exposures with exposure to CHF. Moreover impairment charges and the individual solvency need take into account the result of the Group's internal stress test of agricultural exposures based on a 2 percentage point interest rate increase and on a substantially lower hectare price.



Compared with 30 June 2010 impaired bank loans and advances before impairment charges have decreased by DKK 997m to DKK 2,804m, equal to 26%. During the same period individually impaired bank loans and advances after impairment charges have declined by DKK 897m, equal to 41%. Impairment charges for bank loans and advances subject to individual impairment constitute 53.8% at 30 June 2011 compared with 42.3% one year ago and 51.8% at year-end 2010.

Individually impaired bank loans and advances (DKKm)	30 Jun 2011	30 Jun 2010
Non-defaulted bank loans and advances	1,684	1,990
Defaulted bank loans and advances	1,120	1,811
Impaired bank loans and advances	2,804	3,801
Impairment charges for bank loans and advances subject to individual impairment	1,509	1,609
Impaired bank loans and advances after impairment charges	1,295	2,192
Impaired bank loans and advances as % of bank loans and advances before impairment charges	3.8	5.0
Impairment charges as % of bank loans and advances before impairment charges	2.1	2.1
Impaired as % of impaired bank loans and advances	53.8	42.3

Impairment charges for loans and advances are at their lowest level since 2008 and credit quality continues to improve.

### Core earnings

Core earnings represent DKK 329m compared with DKK 472m in 2010.

### Investment portfolio earnings

Less funding charges and less related costs of DKK 5m, investment portfolios generated a profit of DKK 13m (2010: DKK 124m).

The Group's interest rate risk comprises DKK 93m at 30 June 2011. Moreover the Group's exchange rate risk continues to be very low and its equity portfolio remains modest.

### Contributions to deposit guarantee/the Private Contingency Association

In connection with the bankruptcies of Amagerbanken and Fjordbank Mors a provision of DKK 156m has been made to cover the Bank's expected contribution to the Deposit Guarantee Fund. Finally an amount of DKK 5m has been charged to income, representing the Group's share of Amagerbanken's outstanding payment of the guarantee to the Private Contingency Association. In 1H 2010 the guarantee commission and provision concerning the Private Contingency Association constituted DKK 141m and DKK 104m, respectively, and the provision for the Deposit Guarantee Fund in connection with the bankruptcy of Capinordic Bank amounted to DKK 16m, or a total of DKK 261m.

The Group's total costs relating to the Private Contingency Association and the Deposit Guarantee Fund since autumn 2008 amount to DKK 1,151m.

### Subsidiaries

The subsidiary bank, Sydbank (Schweiz) AG, which conducts private banking activities in St. Gallen, Switzerland, recorded a loss after tax of DKK 2m (2010: profit of DKK 4m). Profit after tax of Ejendomsselskabet represents DKK 2m compared with DKK 1m in 2010.

### Profit for the period

Profit before tax amounts to DKK 181m. Less a calculated tax charge of DKK 45m, profit for the period stands at DKK 136m compared with DKK 251m in 2010.

### Return

Profit for the period equals a return on average shareholders' equity of 2.8% p.a. against 5.4% p.a. in 2010. Earnings per share stands at DKK 1.9 compared with DKK 3.4 in 2010.



## Q2 compared with Q1

Pre-tax profit for Q2 has declined by DKK 169m and reflects:

- A decrease in core income excl trading income of DKK 10m.
- A decline in trading income of DKK 64m due to lower trading activity and high volatility in the financial markets.
- A rise in costs (core earnings) of DKK 3m, which corresponds to the expectations for the quarter.
- A decrease in impairment charges for loans and advances of DKK 10m.
- A decline in investment portfolio earnings from DKK 75m in the preceding quarter to a loss of DKK 62m.
- An additional provision for the Deposit Guarantee Fund etc of DKK 63m where the amount for Q1 2011 represented DKK 98m.

Profit for the period (DKK m)	2011		2010			
	Q2	Q1	Q4	Q3	Q2	Q1
Core income excl trading income	789	799	812	832	831	829
Trading income	235	299	239	325	327	399
<b>Core income</b>	<b>1,024</b>	<b>1,098</b>	<b>1,051</b>	<b>1,157</b>	<b>1,158</b>	<b>1,228</b>
Costs, core earnings	653	650	610	588	625	656
<b>Core earnings before impairment</b>	<b>371</b>	<b>448</b>	<b>441</b>	<b>569</b>	<b>533</b>	<b>572</b>
Impairment of loans and advances etc	240	250	456	311	310	323
<b>Core earnings</b>	<b>131</b>	<b>198</b>	<b>(15)</b>	<b>258</b>	<b>223</b>	<b>249</b>
Profit/(Loss) on investment portfolios	(62)	75	(8)	111	8	116
<b>Profit before contributions to deposit guarantee and PCA</b>	<b>69</b>	<b>273</b>	<b>(23)</b>	<b>369</b>	<b>231</b>	<b>365</b>
Contributions to deposit guarantee and the Private Contingency Association (PCA)	63	98	-	123	122	139
<b>Profit before tax</b>	<b>6</b>	<b>175</b>	<b>(23)</b>	<b>246</b>	<b>109</b>	<b>226</b>
Tax	1	44	2	61	27	57
<b>Profit for the period</b>	<b>5</b>	<b>131</b>	<b>(25)</b>	<b>185</b>	<b>82</b>	<b>169</b>

## Balance sheet

The Group's total assets made up DKK 145.7bn at 30 June 2011 against DKK 150.8bn at year-end 2010.

Assets (DKKbn)	30 Jun 2011	31 Dec 2010
Amounts owed by credit institutions etc	9.7	8.4
Loans and advances at fair value (reverse transactions)	12.0	10.7
Loans and advances at amortised cost (bank loans and advances)	71.9	73.0
Securities and holdings etc	33.0	37.2
Assets related to pooled plans	8.1	7.9
Other assets etc	11.0	13.6
<b>Total</b>	<b>145.7</b>	<b>150.8</b>

The Group's bank loans and advances total DKK 71.9bn – a decline of DKK 1.1bn compared with year-end 2010 and DKK 2.2bn compared with 30 June 2010. The development in bank loans and advances derives from a positive trend in loans and advances to retail clients and a cyclical decline in corporate lending.

Shareholders' equity and liabilities (DKKbn)	30 Jun 2011	31 Dec 2010
Amounts owed to credit institutions etc	37.2	40.2
Deposits and other debt	67.4	64.2
Deposits in pooled plans	8.1	7.9

Bonds issued	7.5	11.2
Other liabilities etc	13.4	15.1
Provisions	0.3	0.3
Subordinated capital	2.3	2.3
Shareholders' equity	9.5	9.6
<b>Total</b>	<b>145.7</b>	<b>150.8</b>

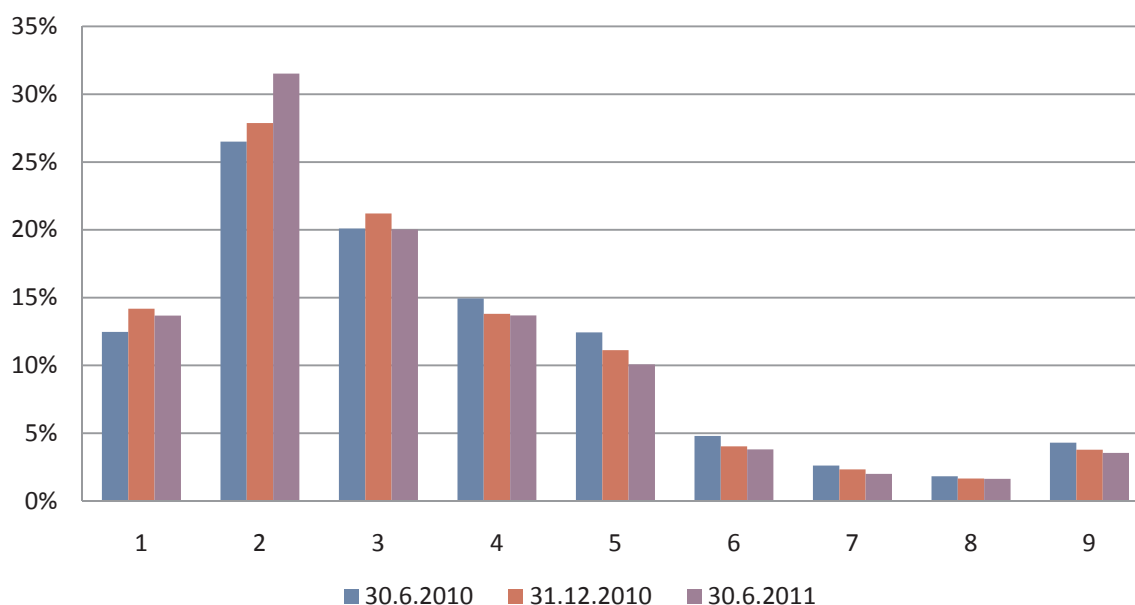
The Group's deposits make up DKK 67.4bn against DKK 64.2bn at year-end 2010 and DKK 64.9bn at end-June 2010.

## Capital

At end-1H 2011, shareholders' equity constitutes DKK 9,546m – a decline of DKK 8m since year-end 2010. The change comprises additions from dividends on own shares of DKK 4m, profit for the period of DKK 136m as well as disposals deriving from dividend distribution etc of DKK 84m and net purchase of own shares of DKK 64m.

Since year-end 2010, risk-weighted assets have increased by DKK 1.8bn to DKK 75.5bn. The increase consists of a decrease in credit risk of DKK 1.9bn and a rise in market risk and operational risk of DKK 3.0bn and DKK 0.7bn, respectively. The decrease in credit risk is ascribable to a decline in loans and advances and guarantees as well as a positive trend in the average rating of the exposures covered by IRB. The development in the distribution at 30 June 2010, 31 December 2010 and 30 June 2011 appears below.

### Gross exposures by rating category



Gross exposures consist of loans and advances, undrawn credit commitments, interest receivable, guarantees and counterparty risk on derivatives. The graph comprises exposures treated according to IRB. Exposures relating to clients in default are not included in the breakdown. Impairment charges for exposures have not been deducted from the exposures.

The transition to IRB of exposures relating to corporate and retail clients in Germany took place in Q2 2011. As a result more than 98% of the Group's exposures are covered by IRB.

The Group's solvency ratio stands at 15.1%, of which 14.1 percentage points are ascribable to core capital, compared with 15.4% and 14.3 percentage points, respectively, at end-2010. The core capital ratio excluding hybrid core capital is 12.5% compared with 12.7% at the beginning of the year.

At 30 June 2011 the individual solvency need remained unchanged at 9.6% compared with 31 December 2010.

Sydbank and 89 other banks have participated in an EU-wide stress test conducted at the request of the European Banking Authority (EBA), the results of which were published on 15 July 2011.

The stress test uses two scenarios subject to different assumptions of macro-economic developments. The scenarios do not reflect the current or expected economic developments, rather they seek to assess the resilience of the banking sector to an unexpected deterioration in the macro-economy.

In order to pass the stress test banks must post a Core Tier 1 capital of a minimum of 5%, which has been fixed by the EBA. Under the adverse scenario Sydbank's Core Tier 1 capital stands at 13.6% at end-2012. Sydbank performed well in the test and the Group's individual results indicate:

- great resilience to adverse economic developments in the period 2011-2012
- no appreciable exposure to governments and banks in countries with increased risk
- a very robust capital structure.

For the results of the stress test, reference is made to Company Announcement No 12/11.

## Liquidity

The Group's liquidity measured under the 15% and 10% statutory requirements constitutes 31.3% and 20.0%, respectively, at 30 June 2011.

## Rating

Effective 19 May 2011, Moody's changed the rating of the Bank's long-term debt from A1 (negative outlook) to A2 (stable outlook) and its individual financial strength (BFSR) from C+ (negative outlook) to C (stable outlook).

Sydbank's ratings are:

- Long-term debt: A2 (stable outlook)
- Short-term debt: P-1
- Individual financial strength: C (stable outlook)

## Clients

In 1H 2011 Sydbank recorded a highly satisfactory influx of clients. The number of clients rose by 3% in the first six months of 2011.

## Regulation

In July 2011, the European Commission published its proposal for a revision of the Capital Requirements Directives (CRD IV). The main purpose of the proposal is to implement the Basel III rules in the EU. The draft directive must now be considered by the European Parliament and the Council of Ministers. The final directive will be adopted in 2012. The general rules will come into force in early 2013, but decisions on detailed rules regarding liquidity, for example, will be made subsequently, and transitional rules on capital requirements will apply for a number of years.

The proposal does not appear to significantly change the capital requirements introduced by the Basel III rules as described in the 2010 Annual Report. The Group estimates that its core capital ratio (excl hybrid core capital) of currently 12.5% will be impacted only marginally when the Directive has been fully phased in. The Group thus already complies with the future minimum capital requirements.

However as regards liquidity the proposal differs from Basel III in that Danish mortgage bonds can be accommodated to a greater extent.

## Outlook for 2011

The Group continues to project core earnings before impairment charges for loans and advances in the region of DKK 1.7-2.0bn in 2011 – unchanged compared with previous announcements. In 2011 the international as well as Danish economic climate has deteriorated and the market conditions for banking have changed, causing greater uncertainty about the Group's trading income in particular. However the range announced has not been narrowed given the Group's expectations of:

- Higher income from interest margins in 2H 2011 as a consequence of interest rate increases
- Lower costs in 2H 2011 as a consequence of continued tight cost control.

## Income Statement

DKKm	Note	Sydbank Group		Sydbank A/S	
		1H 2011	1H 2010	1H 2011	1H 2010
Interest income	2	2,069	2,149	2,063	2,144
Interest expense	3	561	484	561	485
<b>Net interest income</b>		<b>1,508</b>	<b>1,665</b>	<b>1,502</b>	<b>1,659</b>
Dividends on shares		18	16	18	16
Fee and commission income	4	680	668	664	648
Fee and commission expense		107	93	106	93
<b>Net interest and fee income</b>		<b>2,099</b>	<b>2,256</b>	<b>2,078</b>	<b>2,230</b>
Market value adjustments	5	39	245	35	240
Other operating income		11	10	11	10
Staff costs and administrative expenses	6	1,269	1,239	1,247	1,215
Depreciation and impairment of property, plant and equipment		38	46	36	44
Other operating expenses		157	158	156	158
Impairment of loans and advances etc	8	495	737	495	737
Profit on holdings in associates and subsidiaries	9	(9)	4	(9)	9
Profit on assets temporarily acquired		0	0	0	0
<b>Profit before tax</b>		<b>181</b>	<b>335</b>	<b>181</b>	<b>335</b>
Tax	10	45	84	45	84
<b>Profit for the period</b>		<b>136</b>	<b>251</b>	<b>136</b>	<b>251</b>
EPS Basic (DKK) *				1.9	3.4
EPS Diluted (DKK) *				1.9	3.4
Dividend per share (DKK)				-	-

\* Based on average number of shares outstanding, see page 17.

## Statement of Comprehensive Income

<b>Profit for the period</b>	<b>136</b>	<b>251</b>	<b>136</b>	<b>251</b>
<b>Other comprehensive income</b>				
Translation of foreign entities	9	25	9	25
Hedge of net investment in foreign entities	(9)	(25)	(9)	(25)
Property revaluation	-	-	-	-
<b>Other comprehensive income after tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Comprehensive income after tax</b>	<b>136</b>	<b>251</b>	<b>136</b>	<b>251</b>

## Balance Sheet

DKKm	Note	Sydbank Group		Sydbank A/S	
		30 Jun 2011	31 Dec 2010	30 Jun 2011	31 Dec 2010
<b>Assets</b>					
Cash and balances on demand at central banks		1,575	855	1,559	840
Amounts owed by credit institutions and central banks	11	8,092	7,527	8,638	8,017
Loans and advances at fair value		11,973	10,724	11,973	10,724
Loans and advances at amortised cost		71,904	73,028	71,052	72,228
Bonds at fair value		31,053	35,021	31,052	35,021
Shares etc		1,609	1,894	1,609	1,894
Holdings in associates etc		298	307	298	307
Holdings in subsidiaries etc		-	-	275	257
Assets related to pooled plans		8,065	7,923	8,065	7,923
Intangible assets		12	13	12	13
Total land and buildings		1,047	1,045	843	840
investment property		-	-	-	-
owner-occupied property		1,047	1,045	843	840
Other property, plant and equipment		88	105	83	99
Current tax assets		83	82	83	83
Deferred tax assets		11	11	7	7
Assets held for sale		2	1	2	1
Other assets	12	9,848	12,256	9,847	12,253
Prepayments		62	51	60	51
<b>Total assets</b>		<b>145,722</b>	<b>150,843</b>	<b>145,458</b>	<b>150,558</b>
<b>Shareholders' equity and liabilities</b>					
Amounts owed to credit institutions and central banks	13	37,174	40,250	37,612	40,327
Deposits and other debt	14	67,419	64,161	66,731	63,815
Deposits in pooled plans		8,065	7,923	8,065	7,923
Bonds issued at amortised cost		7,522	11,242	7,522	11,242
Current tax liabilities		8	8	7	8
Other liabilities	15	13,385	15,084	13,375	15,071
Deferred income		9	11	9	11
<b>Total liabilities</b>		<b>133,582</b>	<b>138,679</b>	<b>133,321</b>	<b>138,397</b>
Provisions	16	263	281	260	278
Subordinated capital	17	2,331	2,329	2,331	2,329
Shareholders' equity:					
Share capital		742	742	742	742
Revaluation reserves		110	110	110	110
Other reserves:					
Reserves according to articles of association		423	423	423	423
Other reserves		26	26	26	26
Retained earnings		8,245	8,169	8,245	8,169
Proposed dividend etc		-	84	-	84
Total shareholders' equity		9,546	9,554	9,546	9,554
<b>Total shareholders' equity and liabilities</b>		<b>145,722</b>	<b>150,843</b>	<b>145,458</b>	<b>150,558</b>

## Holdings in Subsidiaries and Associates etc

**Sydbank Group**

DKKkm	Activity	Ownership share (%)	Shareholders' equity (DKKkm)	Total assets	Total liabilities	Income	Result
<b>Consolidated subsidiaries</b>							
Sydbank (Schweiz) AG, St. Gallen, Switzerland	Banking	100	250				3
Ejendomsselskabet af 1. juni 1986 A/S, Aabenraa	Real property	100	7				(10)
<b>Associates</b>							
Value-Call S.A., Luxembourg	Investment and finance	50	31	39	8	27	16
Foreningen Bankdata, Fredericia	IT	31	373	460	87	668	1
Core Property Management A/S, Copenhagen	Real property	20	30	32	2	21	5
<b>Other enterprises in which the Group owns more than 10% of the share capital</b>							
PRAS A/S, Copenhagen	Investment and finance	11	1,782	1,782	0	134	133
ValueInvest Asset Management S.A., Luxembourg	Investment and finance	14	60	69	9	62	33
Scandinavian Private Equity Partners A/S, Copenhagen	Investment and finance	17	10	11	1	4	1
BI Holding A/S, Copenhagen	Investment and finance	12	290	358	68	134	37

Financial information according to the most recently published annual report of the companies.

## Group Financial Highlights – Quarterly

	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
<b>Income statement (DKKm)</b>						
Core income excl trading income	789	799	812	832	831	829
Trading income	235	299	239	325	327	399
<b>Total core income</b>	<b>1,024</b>	<b>1,098</b>	<b>1,051</b>	<b>1,157</b>	<b>1,158</b>	<b>1,228</b>
Costs, core earnings	653	650	610	588	625	656
<b>Core earnings before impairment</b>	<b>371</b>	<b>448</b>	<b>441</b>	<b>569</b>	<b>533</b>	<b>572</b>
Impairment of loans and advances etc	240	250	456	311	310	323
<b>Core earnings</b>	<b>131</b>	<b>198</b>	<b>(15)</b>	<b>258</b>	<b>223</b>	<b>249</b>
Profit/(Loss) on investment portfolios	(62)	75	(8)	111	8	116
<b>Profit before deposit guarantee and PCA</b>	<b>69</b>	<b>273</b>	<b>(23)</b>	<b>369</b>	<b>231</b>	<b>365</b>
Deposit guarantee and contribution to the Private Contingency Association (PCA)	63	98	-	123	122	139
<b>Profit before tax</b>	<b>6</b>	<b>175</b>	<b>(23)</b>	<b>246</b>	<b>109</b>	<b>226</b>
Tax	1	44	2	61	27	57
<b>Profit for the period</b>	<b>5</b>	<b>131</b>	<b>(25)</b>	<b>185</b>	<b>82</b>	<b>169</b>
<b>Balance sheet highlights (DKKbn)</b>						
Loans and advances at amortised cost	71.9	71.4	73.0	73.6	74.1	73.3
Loans and advances at fair value	12.0	9.3	10.7	6.5	6.6	7.4
Deposits and other debt	67.4	64.6	64.2	61.5	64.9	62.2
Bonds issued at amortised cost	7.5	11.2	11.2	16.1	8.6	8.6
Subordinated capital	2.3	2.3	2.3	3.1	3.1	3.1
Shareholders' equity	9.5	9.6	9.6	9.5	9.4	9.3
Total assets	145.7	140.6	150.8	153.7	154.4	149.0
<b>Financial ratios per share (DKK per share of DKK 10)</b>						
EPS Basic **	0.1	1.8	(0.3)	2.5	1.1	2.3
EPS Diluted **	0.1	1.8	1.1	2.5	1.1	2.3
Share price at end of period	114.8	132.8	151.3	127.4	124.8	147.8
Book value	128.6	130.5	129.8	130.1	127.5	126.5
Share price/book value	0.89	1.02	1.17	0.98	0.98	1.17
Average number of shares outstanding (millions)	73.4	73.5	73.5	73.4	73.7	73.7
Dividend per share	-	-	1.0	-	-	-
<b>Other financial ratios and key figures</b>						
Solvency ratio	15.1	15.4	15.4	16.1	15.7	15.3
Core capital ratio	14.1	14.4	14.3	14.1	13.5	13.1
Pre-tax profit as % of average equity **	0.1	1.8	(0.2)	2.6	1.2	2.4
Post-tax profit as % of average equity **	0.1	1.4	(0.3)	2.0	0.9	1.8
Costs (core earnings) as % of core income	63.8	59.2	58.0	50.9	54.0	53.4
Interest rate risk	0.9	1.1	1.5	0.4	0.2	1.0
Foreign exchange position	2.7	4.5	1.2	1.4	1.5	2.8
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	1.0	1.1	1.0	1.1
Loans and advances relative to equity *	7.5	7.5	7.6	7.7	7.9	7.9
Growth in loans and advances for the period *	0.6	(2.2)	(0.8)	(0.7)	1.1	(1.7)
Excess cover relative to statutory liquidity req.	99.5	110.3	106.3	126.3	96.8	121.1
Total large exposures	34.6	23.9	54.4	19.6	0.0	13.6
Accumulated impairment ratio excl PCA **	2.0	2.2	2.0	2.4	2.1	2.1
Impairment ratio for the period excl PCA **	0.28	0.30	0.40	0.38	0.38	0.39
Number of full-time staff at end of period	2,274	2,285	2,284	2,303	2,323	2,344

Financial ratios are 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 2011	1H 2010	1H 2009	1H 2008	1H 2007
<b>Income statement (DKKm)</b>					
Core income excl trading income	1,588	1,660	1,641	1,482	1,235
Trading income	534	726	641	635	772
<b>Total core income</b>	<b>2,122</b>	<b>2,386</b>	<b>2,282</b>	<b>2,117</b>	<b>2,007</b>
Costs, core earnings	1,303	1,281	1,288	1,276	1,116
<b>Core earnings before impairment</b>	<b>819</b>	<b>1,105</b>	<b>994</b>	<b>841</b>	<b>891</b>
Impairment of loans and advances etc	490	633	565	(13)	(270)
<b>Core earnings</b>	<b>329</b>	<b>472</b>	<b>429</b>	<b>854</b>	<b>1,161</b>
Profit/(Loss) on investment portfolios	13	124	211	(192)	(30)
<b>Profit before non-recurring items</b>	<b>342</b>	<b>596</b>	<b>640</b>	<b>662</b>	<b>1,131</b>
Non-recurring items, net	-	-	-	196	46
<b>Profit before contributions to deposit guarantee and PCA</b>	<b>342</b>	<b>596</b>	<b>640</b>	<b>858</b>	<b>1,177</b>
Contributions to deposit guarantee and the Private Contingency Association (PCA)	161	261	214	-	-
<b>Profit before tax</b>	<b>181</b>	<b>335</b>	<b>426</b>	<b>858</b>	<b>1,177</b>
Tax	45	84	107	190	276
<b>Profit for the period</b>	<b>136</b>	<b>251</b>	<b>319</b>	<b>668</b>	<b>901</b>
<b>Balance sheet highlights (DKKbn)</b>					
Loans and advances at amortised cost	71.9	74.1	75.6	82.5	68.9
Loans and advances at fair value	12.0	6.6	12.9	11.5	8.0
Deposits and other debt	67.4	64.9	71.6	67.6	57.1
Bonds issued at amortised cost	7.5	8.6	10.1	10.1	10.0
Subordinated capital	2.3	3.1	3.5	4.2	3.8
Shareholders' equity	9.5	9.4	7.5	7.1	6.2
Total assets	145.7	154.4	160.1	149.8	121.1
<b>Financial ratios per share (DKK per share of DKK 10)</b>					
EPS Basic **	1.9	3.4	5.0	10.5	13.1
EPS Diluted **	1.9	3.4	5.0	10.5	13.1
Share price at end of period	114.8	124.8	122.3	180.5	264.0
Book value	128.6	127.5	116.2	112.0	94.2
Share price/book value	0.89	0.98	1.05	1.61	2.80
Average number of shares outstanding (millions)	73.5	73.7	63.6	63.5	68.6
Dividend per share	-	-	-	-	-
<b>Other financial ratios and key figures</b>					
Solvency ratio	15.1	15.7	13.8	14.8	12.6
Core capital ratio	14.1	13.5	11.4	10.7	9.3
Pre-tax profit as % of average shareholders' equity **	1.9	3.6	5.8	12.4	18.7
Post-tax profit as % of average shareholders' equity **	1.4	2.7	4.4	9.7	14.3
Costs (core earnings) as % of core income	61.4	53.7	56.4	60.3	55.6
Interest rate risk	0.9	0.2	2.2	3.0	0.3
Foreign exchange position	2.7	1.5	3.4	12.9	16.1
Foreign exchange risk	0.0	0.0	0.1	0.0	0.2
Loans and advances relative to deposits *	1.0	1.0	1.0	1.1	1.1
Loans and advances relative to shareholders' equity *	7.5	7.9	10.1	11.6	11.1
Growth in loans and advances for the period *	(1.5)	(0.6)	(8.3)	10.8	5.2
Excess cover relative to statutory liquidity requirements	99.5	96.8	106.8	69.7	48.4
Total large exposures	34.6	0.0	34.6	39.5	29.5
Accumulated impairment ratio excl PCA **	2.0	2.1	1.3	0.9	1.5
Impairment ratio for the period excl PCA **	0.57	0.77	0.63	(0.01)	(0.35)
Number of full-time staff at end of period	2,274	2,323	2,414	2,457	2,237
Financial ratios are 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 revaluation acc to equity method	Retained earnings	Proposed dividend etc	Total
Shareholders' equity at 1 Jan 2011	742	110	423	26	8,169	84	9,554
<b>Changes in equity in 2011</b>							
Purchase of own shares	-	-	-	-	(1,617)	-	(1,617)
Sale of own shares	-	-	-	-	1,553	-	1,553
Adopted dividend etc	-	-	-	-	-	(84)	(84)
Dividends, own shares	-	-	-	-	4	-	4
Comprehensive income for the period	-	-	-	-	136	-	136
Total changes in equity	-	-	-	-	76	(84)	(8)
<b>Shareholders' equity at 30 Jun 2011</b>	<b>742</b>	<b>110</b>	<b>423</b>	<b>26</b>	<b>8,245</b>	<b>-</b>	<b>9,546</b>
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>-</b>	<b>9,366</b>
The Sydbank share					1H 2011	Full year 2010	1H 2010
Share capital (DKK)					742,499,990	742,499,990	742,499,990
Shares issued (number)					74,249,999	74,249,999	74,249,999
Shares outstanding at end of period (number)					73,105,347	73,588,089	73,438,476
Average number of shares outstanding (number)					73,450,563	73,522,284	73,673,196

## Capital – Sydbank Group

DKKm	30 Jun 2011	31 Dec 2010	30 Jun 2010
<b>Solvency</b>			
Solvency ratio	15.1	15.4	15.7
Core capital ratio	14.1	14.3	13.5
<b>Capital base after deductions</b>			
Shareholders' equity	9,546	9,554	9,366
Revaluation reserves	(109)	(110)	(112)
Proposed dividend	-	(84)	-
Intangible assets and capitalised tax assets	(24)	(24)	(25)
Core capital (excluding hybrid core capital)	9,413	9,336	9,229
Hybrid core capital	1,385	1,384	1,383
50% of holdings > 10%	(158)	(161)	(135)
Core capital (including hybrid core capital) after deductions	10,640	10,559	10,477
Subordinated loan capital	946	945	1,745
Revaluation reserves	109	110	112
Difference between expected losses and impairment charges	-	-	151
Capital base before deductions	11,695	11,614	12,485
50% of holdings > 10%	(158)	(161)	(135)
Holdings in associates	(112)	(124)	(125)
<b>Capital base after deductions</b>	<b>11,425</b>	<b>11,329</b>	<b>12,225</b>
Credit risk	56,121	58,040	63,985
Market risk	11,306	8,298	6,437
Operational risk	8,071	7,378	7,378
<b>Risk-weighted assets</b>	<b>75,498</b>	<b>73,716</b>	<b>77,800</b>
<b>Capital requirement under Pillar I</b>	<b>6,040</b>	<b>5,897</b>	<b>6,224</b>

## Cash Flow Statement – Sydbank Group

DKKm	1H 2011	Full year 2010	1H 2010
<b>Operating activities</b>			
Pre-tax profit for the period	181	558	335
Taxes paid	(46)	(187)	(79)
Adjustment of non-cash operating items	515	1,519	882
Cash flows from working capital	6,459	(8,344)	(6,290)
Cash flows from operating activities	7,109	(6,454)	(5,152)
<b>Investing activities</b>			
Purchase and sale of holdings in associates	9	(4)	4
Purchase and sale of property, plant and equipment	(22)	(119)	(29)
Cash flows from investing activities	(13)	(123)	(25)
<b>Financing activities</b>			
Purchase and sale of own holdings	(60)	26	(3)
Dividend etc	(84)	-	-
Raising of subordinated capital	2	(795)	4
Issue of bonds	(3,720)	2,620	10
Cash flows from financing activities	(3,862)	1,851	11
<b>Cash flows for the period</b>	<b>3,234</b>	<b>(4,726)</b>	<b>(5,166)</b>
Cash equivalent positions at 1 Jan	2,695	7,421	7,421
Cash flows for the period	3,234	(4,726)	(5,166)
<b>Total cash equivalent positions at end of period</b>	<b>5,929</b>	<b>2,695</b>	<b>2,255</b>

## Segment Statements – Sydbank Group

DKKkm	Banking	Sydbank Markets	Treasury	Other	Total
<b>Business segments 1H 2011:</b>					
Core income excl trading income	1,564	24	-	-	1,588
Trading income	382	152	-	-	534
<b>Core income</b>	<b>1,946</b>	<b>176</b>	<b>-</b>	<b>-</b>	<b>2,122</b>
Costs and depreciation	1,114	161	5	28	1,308
<b>Core earnings before impairment</b>	<b>832</b>	<b>15</b>	<b>(5)</b>	<b>(28)</b>	<b>814</b>
Impairment of loans and advances etc	490	-	-	-	490
<b>Core earnings</b>	<b>342</b>	<b>15</b>	<b>(5)</b>	<b>(28)</b>	<b>324</b>
Investment portfolio income	-	-	10	8	18
<b>Profit before contributions to deposit guarantee and PCA</b>	<b>342</b>	<b>15</b>	<b>5</b>	<b>(20)</b>	<b>342</b>
Contributions to deposit guarantee and the Private Contingency Association (PCA)	-	-	-	161	161
<b>Profit before tax</b>	<b>342</b>	<b>15</b>	<b>5</b>	<b>(181)</b>	<b>181</b>

DKKkm	Banking	Sydbank Markets	Treasury	Other	Total
<b>Business segments 1H 2010:</b>					
Core income excl trading income	1,677	(17)	-	-	1,660
Trading income	406	320	-	-	726
<b>Core income</b>	<b>2,083</b>	<b>303</b>	<b>-</b>	<b>-</b>	<b>2,386</b>
Costs and depreciation	1,095	160	5	26	1,286
<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	-	-	-	633
<b>Core earnings</b>	<b>355</b>	<b>143</b>	<b>(5)</b>	<b>(26)</b>	<b>467</b>
Investment portfolio income	-	-	121	8	129
<b>Profit before contributions to deposit guarantee and PCA</b>	<b>355</b>	<b>143</b>	<b>116</b>	<b>(18)</b>	<b>596</b>
Contributions to deposit guarantee and the Private Contingency Association (PCA)	-	-	-	261	261
<b>Profit before tax</b>	<b>355</b>	<b>143</b>	<b>116</b>	<b>(279)</b>	<b>335</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 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.

The accounting policies are consistent with those adopted in the 2010 Annual Report, to which reference is made.

The 2010 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 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 2010.

The Group’s significant risks and the external elements which may affect the Group are described in detail in the 2010 Annual Report.

## Notes

DKKm	Sydbank Group		Sydbank A/S	
	1H 2011	1H 2010	1H 2011	1H 2010

### Note 2

#### Interest income

Reverse transactions with credit institutions and central banks	10	14	10	14
Amounts owed by credit institutions and central banks	42	43	44	44
Reverse loans and advances	42	45	42	45
Loans and advances and other amounts owed	1,552	1,585	1,544	1,579
Bonds	398	406	398	406
Derivatives	23	45	23	45
Other interest income	2	11	2	11
<b>Total</b>	<b>2,069</b>	<b>2,149</b>	<b>2,063</b>	<b>2,144</b>

### Note 3

#### Interest expense

Repo transactions with credit institutions and central banks	57	63	57	63
Credit institutions and central banks	88	95	88	96
Repo deposits	0	1	0	1
Deposits and other debt	284	257	284	257
Bonds issued	102	37	102	37
Subordinated capital	29	31	29	31
Other interest expense	1	0	1	0
<b>Total</b>	<b>561</b>	<b>484</b>	<b>561</b>	<b>485</b>

### Note 4

#### Fee and commission income

Securities trading and custody accounts	393	369	379	354
Payment services	107	95	107	95
Loan fees	40	46	40	46
Guarantee commission	56	61	56	61
Other fees and commission	84	97	82	92
<b>Total</b>	<b>680</b>	<b>668</b>	<b>664</b>	<b>648</b>

### Note 5

#### Market value adjustments

Other loans and advances and amounts owed at fair value	1	1	1	1
Bonds	(63)	351	(63)	351
Shares etc	(77)	(81)	(77)	(81)
Investment property	-	-	-	-
Currency	91	133	87	128
Total derivatives	87	(159)	87	(159)
Assets related to pooled plans	(176)	268	(176)	268
Deposits in pooled plans	176	(268)	176	(268)
Other assets/liabilities	0	0	0	0
<b>Total</b>	<b>39</b>	<b>245</b>	<b>35</b>	<b>240</b>

## Notes

	Sydbank Group		Sydbank A/S	
	1H 2011	1H 2010	1H 2011	1H 2010
DKKkm				

### Note 6

#### Staff costs and administrative expenses

Salaries and emoluments to:

Executive Management:

Wages	7	8	7	8
Pensions	0	0	0	0
Severance pay	0	8	0	8
Board of Directors	2	2	2	2
Shareholders' Committee	1	1	1	1
<b>Total</b>	<b>10</b>	<b>19</b>	<b>10</b>	<b>19</b>

Staff costs:

Wages and salaries	620	598	608	585
Pensions	67	65	66	64
Social security contributions	6	3	5	3
Payroll tax etc	66	59	66	58
<b>Total</b>	<b>759</b>	<b>725</b>	<b>745</b>	<b>710</b>

Other administrative expenses:

IT	254	258	249	254
Rent etc	75	66	79	68
Marketing and entertainment expenses	40	40	39	38
Other expenses	131	131	125	126
<b>Total</b>	<b>500</b>	<b>495</b>	<b>492</b>	<b>486</b>

<b>Total</b>	<b>1,269</b>	<b>1,239</b>	<b>1,247</b>	<b>1,215</b>
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### Note 7

#### Staff

Average number of staff (full-time equivalent)	2,322	2,382	2,295	2,351
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## Notes

	Sydbank Group		Sydbank A/S	
	1H 2011	1H 2010	1H 2011	1H 2010
DKKm				
<b>Note 8</b>				
<b>Impairment of loans and advances recognised in the income statement</b>				
Impairment and provisions	355	551	355	551
Write-offs	165	201	165	201
Recovered from debt previously written off	25	15	25	15
<b>Impairment of loans and advances etc</b>	<b>495</b>	<b>737</b>	<b>495</b>	<b>737</b>
<b>Impairment and provisions at end of period</b>				
Individual impairment and provisions	1,537	1,955	1,537	1,955
Collective impairment and provisions	170	137	170	137
<b>Impairment and provisions at end of period</b>	<b>1,707</b>	<b>2,092</b>	<b>1,707</b>	<b>2,092</b>
<b>Individual impairment of loans and advances and provisions for guarantees</b>				
Impairment and provisions at 1 Jan	1,597	1,637	1,597	1,605
Exchange rate adjustment	0	4	0	0
Impairment and provisions during the period	362	565	362	565
Other movements	0	94	0	94
Write-offs covered by impairment and provisions	422	345	422	309
<b>Impairment and provisions at end of period</b>	<b>1,537</b>	<b>1,955</b>	<b>1,537</b>	<b>1,955</b>
Individual impairment of loans and advances	1,512	1,609	1,512	1,609
Individual provisions for guarantees	25	346	25	346
<b>Impairment and provisions at end of period</b>	<b>1,537</b>	<b>1,955</b>	<b>1,537</b>	<b>1,955</b>
Sum of loans and advances and amounts owed subject to collective impairment and provisions	11,651	19,758	11,651	19,758
Collective impairment and provisions	170	137	170	137
<b>Loans and advances and amounts owed after collective impairment and provisions</b>	<b>11,821</b>	<b>19,895</b>	<b>11,481</b>	<b>19,895</b>
<b>Collective impairment of loans and advances and provisions for guarantees</b>				
Impairment and provisions at 1 Jan	166	141	166	141
Impairment and provisions during the period	4	(4)	4	(4)
<b>Impairment and provisions at end of period</b>	<b>170</b>	<b>137</b>	<b>170</b>	<b>137</b>
<b>Individual impairment of loans and advances subject to objective evidence of impairment</b>				
Balance before impairment of individually assessed loans and advances	2,804	3,801	2,804	3,801
Impairment of individually assessed loans and advances	1,509	1,609	1,512	1,609
<b>Balance after impairment of individually assessed loans and advances</b>	<b>1,295</b>	<b>2,192</b>	<b>1,292</b>	<b>2,192</b>



## Notes

	Sydbank Group		Sydbank A/S	
	1H 2011	1H 2010	1H 2011	1H 2010
DKKm				

### Note 9

#### Profit on holdings in associates and subsidiaries

Profit on holdings in associates etc	(9)	4	(9)	4
Profit on holdings in subsidiaries etc	-	-	0	5
<b>Total</b>	<b>(9)</b>	<b>4</b>	<b>(9)</b>	<b>9</b>

### Note 10

#### Effective tax rate

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>

### Note 11

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

Amounts owed at notice by central banks	-	215	-	215
Amounts owed by credit institutions	5,149	5,063	5,695	5,553
Reverse transactions	2,943	2,249	2,943	2,249
<b>Total</b>	<b>8,092</b>	<b>7,527</b>	<b>8,638</b>	<b>8,017</b>

### Note 12

#### Other assets

Positive market value of derivatives etc	7,856	9,363	7,856	9,363
Sundry debtors	255	263	254	260
Interest and commission receivable	412	563	412	563
Cash collateral provided, CSA agreements	1,318	2,066	1,318	2,066
Other assets	7	1	7	1
<b>Total</b>	<b>9,848</b>	<b>12,256</b>	<b>9,847</b>	<b>12,253</b>

### Note 13

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

Amounts owed to central banks	7,000	2,700	7,000	2,700
Amounts owed to credit institutions	18,310	18,864	18,748	18,941
Repo transactions	11,864	18,686	11,864	18,686
<b>Total</b>	<b>37,174</b>	<b>40,250</b>	<b>37,612</b>	<b>40,327</b>

## Notes

	Sydbank Group		Sydbank A/S	
	30 Jun 2011	31 Dec 2010	30 Jun 2011	31 Dec 2010
DKKm				

### Note 14

#### Deposits and other debt

On demand	39,987	38,357	39,299	38,012
At notice	538	603	538	603
Time deposits	21,822	19,923	21,822	19,922
Special categories of deposits	5,072	5,278	5,072	5,278
Repo transactions	-	-	-	-
<b>Total</b>	<b>67,419</b>	<b>64,161</b>	<b>66,731</b>	<b>63,815</b>

### Note 15

#### Other liabilities

Negative market value of derivatives etc	7,594	9,138	7,594	9,138
Sundry creditors	1,068	1,886	1,058	1,879
Negative portfolio, reverse transactions	4,092	3,437	4,092	3,437
Interest and commission etc	192	97	192	97
Cash collateral received, CSA agreements	439	520	439	520
Other liabilities	0	6	0	0
<b>Total</b>	<b>13,385</b>	<b>15,084</b>	<b>13,375</b>	<b>15,071</b>

### Note 16

#### Provisions

Provisions for pensions and similar obligations	4	4	4	4
Provisions for deferred tax	225	225	225	225
Provisions for guarantees	25	32	25	32
Other provisions	9	20	6	17
<b>Total</b>	<b>263</b>	<b>281</b>	<b>260</b>	<b>278</b>

## Notes

	Sydbank Group		Sydbank A/S	
	30 Jun 2011	31 Dec 2010	30 Jun 2011	31 Dec 2010
DKK m				

### Note 17

#### Subordinated capital

Interest rate		Nominal (m)	Maturity				
2.80 (floating)	Bond loan	DKK 200	14.11.14	200	200	200	200
1.59 (floating)	Bond loan	EUR 100	04.04.15	746	745	746	745
<b>Total supplementary capital</b>				<b>946</b>	<b>945</b>	<b>946</b>	<b>945</b>
2.45 (floating)	Bond loan	EUR 100	Perpetual	741	740	741	740
3.64 (floating)	Bond loan	EUR 75	Perpetual	559	559	559	559
6.36 (fixed)	Bond loan	DKK 85	Perpetual	85	85	85	85
<b>Total hybrid core capital</b>				<b>1,385</b>	<b>1,384</b>	<b>1,385</b>	<b>1,384</b>
<b>Total</b>				<b>2,331</b>	<b>2,329</b>	<b>2,331</b>	<b>2,329</b>

	Sydbank Group		Sydbank A/S	
	30 Jun 2011	31 Dec 2010	30 Jun 2011	31 Dec 2010
DKK m				

### Note 18

#### Contingent liabilities and other obligating agreements

##### Contingent liabilities

Financial guarantees	2,948	3,037	2,793	2,932
Mortgage finance guarantees	1,037	1,628	1,037	1,628
Registration and remortgaging guarantees	2,662	3,643	2,662	3,643
Other contingent liabilities	1,322	1,443	1,322	1,443
<b>Total</b>	<b>7,969</b>	<b>9,751</b>	<b>7,814</b>	<b>9,646</b>

##### Other obligating agreements

Irrevocable credit commitments	3	99	3	99
Other liabilities *	50	51	96	104
<b>Total</b>	<b>53</b>	<b>150</b>	<b>99</b>	<b>203</b>

\* Including intra-group liabilities in relation to rented premises - - 54 56

## Notes

### Note 18 – continued

In February 2008 a group of minority shareholders (“Foreningen af Minoritetsaktionærer i bankTrelleborg”) filed a class action against Fonden for bankTrelleborg, Sydbank and the Danish FSA. The lawsuit concerns the legality of the compulsory redemption and the pricing of the shares in connection with the compulsory redemption. The shares were priced by appraisers in accordance with section 144 (4) of the Danish Financial Business Act. In late summer 2008 Fonden for bankTrelleborg paid the difference to the minority shareholders. On 7 December 2010 the Eastern High Court ruled that the compulsory redemption was not legal as the conditions of section 144 of the Danish Financial Business Act had not been met. However the Eastern High Court did not find that the minority shareholders had suffered a loss exceeding the consideration they had already received in connection with the compulsory redemption. Consequently the court did not sustain the claim of the minority shareholders for payment of additional consideration. The minority shareholders have filed an appeal with the Supreme Court and have at the same time applied for free legal aid. Oral proceedings have been scheduled for early January 2012.

Moreover, in 2009 the group of minority shareholders – by three named shareholders – filed an action against Sydbank regarding an inadequate prospectus in connection with the conversion of sparTrelleborg to bankTrelleborg. Exchange of pleadings is still ongoing and oral proceedings have been scheduled for end-February 2012.

On 21 January 2011 two class action claims were filed with the City Court of Copenhagen against Sydbank A/S. Both claims concern a potential responsibility over a prospectus regarding bankTrelleborg, now Sydbank A/S, in connection with the conversion of sparTrelleborg to bankTrelleborg in Q2 2007.

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.

### 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 debt. Repo transaction securities are treated as assets provided as collateral for liabilities. At 30 June 2011, the fair value of such securities stood at DKK 11,715m.

In connection with reverse transactions, which involve purchasing securities to be resold at a later date, the Group is entitled to sell or deposit them as collateral for other loans. The securities are not recognised in the balance sheet and consideration paid is recognised as a receivable. At 30 June 2011, the fair value of such securities stood at DKK 14,696m.

Assets received as collateral in connection with reverse transactions may be sold to a third party. In such cases a negative portfolio may arise as a result of the accounting rules. This is recognised under “Other liabilities”.

### Note 20

#### Collateral

As of 30 June 2011 the Group had deposited as collateral securities at a market value of DKK 8,376m with Danish and foreign 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 2011. Reference is made to the Group’s 2010 Annual Report for a detailed description of related party transactions.

## Notes

### 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 announced that they own at least 5% of Sydbank's share capital:

Nykredit A/S, Copenhagen  
Silchester International Investors LLP.

	<b>Sydbank Group</b>			
	1H 2011	1H 2010	Index 11/10	Full year 2010
DKKm				

### Note 24

#### Core income

#### Core income excl trading income

Interest margins etc	1,333	1,381	97	2,757
Mortgage credit	87	110	79	210
Payment services	75	73	103	153
Remortgaging and loan fees	41	44	93	90
Other commission	41	42	98	71
Other operating income	11	10	110	23
<b>Total</b>	<b>1,588</b>	<b>1,660</b>	<b>96</b>	<b>3,304</b>

#### Mortgage credit

Totalkredit cooperation	80	90	89	184
Totalkredit, set-off of loss	11	4	275	17
Totalkredit cooperation, net	69	86	80	167
DLR Kredit	15	19	79	34
Other mortgage credit income	3	5	60	9
<b>Total</b>	<b>87</b>	<b>110</b>	<b>79</b>	<b>210</b>

#### Trading income

Bonds	83	180	46	273
Equities	109	147	74	273
Currency	92	121	76	217
Money market	22	73	30	107
Asset management	228	205	111	420
<b>Total</b>	<b>534</b>	<b>726</b>	<b>74</b>	<b>1,290</b>

## Notes

	Sydbank Group					
	Q2	Q1	Q4	Q3	Q2	Q1
DKKm	2011	2011	2010	2010	2010	2010

### Note 24 - continued

#### Core income

##### Core income excl trading income

Interest margins etc	665	668	684	692	689	692
Mortgage credit	44	43	45	55	61	49
Payment services	38	37	40	40	33	40
Remortgaging and loan fees	20	21	20	26	21	23
Other commission	16	25	17	12	22	20
Other operating income	6	5	6	7	5	5
<b>Total</b>	<b>789</b>	<b>799</b>	<b>812</b>	<b>832</b>	<b>831</b>	<b>829</b>

##### Mortgage credit

Totalkredit cooperation	41	39	45	49	47	43
Totalkredit, set-off of loss	8	3	7	6	3	1
Totalkredit cooperation, net	33	36	38	43	44	42
DLR Kredit	9	6	5	10	15	4
Other mortgage credit income	2	1	2	2	2	3
<b>Total</b>	<b>44</b>	<b>43</b>	<b>45</b>	<b>55</b>	<b>61</b>	<b>49</b>

##### Trading income

Bonds	29	54	16	77	73	107
Equities	43	66	62	64	66	81
Currency	42	50	48	48	65	56
Money market	6	16	3	31	23	50
Asset management	115	113	110	105	100	105
<b>Total</b>	<b>235</b>	<b>299</b>	<b>239</b>	<b>325</b>	<b>327</b>	<b>399</b>

## Management Statement

Today we have reviewed and approved the Interim Report – First Half 2011 of Sydbank A/S.

The Interim Report for 1H 2011 has been prepared in accordance with IAS 34 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.

In our opinion the accounting policies applied are 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 2011 and of the results of the Group's operations and consolidated cash flows for the accounting period 1 January-30 June 2011 as well as a description of the most significant risks and elements of uncertainty which may affect the Group.

Aabenraa, 16 August 2011

### Group Executive Management

Karen Frøsig  
(CEO)

Preben L. Hansen

Allan Nørholm

### Board of Directors

Anders Thoustrup  
(Chairman)

Hanni Toosbuy Kasprzak  
(Vice-Chairman)

Svend Erik Busk

Claus Christensen

Peder Damgaard

Harry Max Friedrichsen

Erik Bank Lauridsen

Sven Rosenmeyer Paulsen

Steen Tophøj

Jan Uldahl-Jensen

Margrethe Weber

## Supplementary Information

### Financial calendar

In 2011 the Group's preliminary announcement of financial statements will be released as follows:

- Interim Report Q1-Q3 2011  
25 October 2011

### Sydbank contacts

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Tel +45 74 37 37 37  
CVR No DK 12626509

### Relevant links

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

For further information reference is made to Sydbank's 2010 Annual Report at [sydbank.com](http://sydbank.com).