

# Sydbank's Quarterly Report – Q1 2008

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## Summary

### **Satisfactory profit**

The Sydbank Group recorded a pre-tax profit of DKK 522m for the first three months of 2008 against DKK 611m in Q1 2007. The result equals a return of 31% p.a. on average shareholders' equity (Tier 1).

Core earnings before impairment represent DKK 360m against DKK 422m for the first quarter of 2007. The decline is caused by a reduction in trading income and a rise in costs. DKK 19m concerning impairment of loans and advances was recognised as net income in the period.

Investment portfolio earnings represent a loss of DKK 55m and non-recurring items amounting to DKK 198m were recognised as net income. Post-tax profit amounts to DKK 421m. The result equals a return of 25% p.a. on average shareholders' equity (Tier 1). Earnings per share for the period rose from DKK 6.5 to DKK 6.6.

Performance and business developments are considered satisfactory and the Bank still projects core earnings before impairment in the region of DKK 1.6-1.9bn for the full year.

### **The acquisition of bankTrelleborg**

In Q1 2008 Sydbank acquired bankTrelleborg, which on 1 February became a wholly-owned subsidiary of the Sydbank Group and which on 27 March merged with Sydbank with accounting effect as of 1 February.

As a result the Sydbank Group's core earnings before impairment for Q1 2008 were favourably affected by an amount of DKK 13m and bank loans and advances at quarter-end rose by DKK 4.9bn and deposits by DKK 2.9bn. Moreover Sydbank's quarterly report is affected by the acquisition of bankTrelleborg via a number of non-recurring items with a preliminary net effect of DKK +13m on the result.

The data correlation of bankTrelleborg and Sydbank is according to schedule. Integration with Sydbank's IT platform will be implemented in early October 2008.

### **Capital targets**

The Group's capital targets have been adjusted following transition to IRB which has resulted in a reduction of just over 20% of risk-weighted items to DKK 76bn at end-March 2008.

The Group's capital base (Tiers 1+2) represents DKK 10.9bn, equivalent to 14.3% of risk-weighted items. The difference between the capital base (Tiers 1+2) and the Bank's internal capital target of DKK 9.9bn – equivalent to a solvency (total capital) ratio of 13% – is made up of free capital of DKK 1bn; the difference between the internal capital target and the minimum capital (equivalent to the 8% requirement) is made up of buffer capital of DKK 3.9bn.

## Group Executive Management

As of 1 May 2008 Sydbank's Group Executive Management will include the Bank's Head of Legal Department, Karen Frøsig.

Karen Frøsig, 49, has worked at Sydbank since 1994 and was previously employed by Topdanmark and Aktivbanken.

Karen Frøsig's responsibilities in the Group Executive Management will comprise Retail & Corporate Clients, Human Resources/IT, Global Payments & Cash Management and Business Processes.

As of 1 May 2008 Sydbank's Group Executive Management consists of Carsten Andersen, Group Chief Executive, Preben L. Hansen, Deputy Group Chief Executive, Torben A. Nielsen, Deputy Group Chief Executive and Karen Frøsig, Deputy Group Chief Executive.

Yours faithfully



Kresten Philipsen  
Chairman of  
the Board of Directors



Carsten Andersen  
Group Chief Executive

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## Group Financial Highlights

	Q1 2008	Q1 2007	Index 08/07	Full year 2007
<b>Income statement (DKK m)</b>				
Core income excl trading income	704	615	114	2,539
Trading income	315	377	84	1,488
<b>Total core income</b>	<b>1,019</b>	<b>992</b>	<b>103</b>	<b>4,027</b>
Costs and depreciation	659	570	116	2,200
<b>Core earnings before impairment</b>	<b>360</b>	<b>422</b>	<b>85</b>	<b>1,827</b>
Impairment of loans and advances etc	(19)	(137)	14	(568)
<b>Core earnings</b>	<b>379</b>	<b>559</b>	<b>68</b>	<b>2,395</b>
Profit/(Loss) on investment portfolios	(55)	14	-	(193)
<b>Profit before non-recurring items</b>	<b>324</b>	<b>573</b>	<b>57</b>	<b>2,202</b>
Non-recurring items, net	198	38	-	55
<b>Profit before tax</b>	<b>522</b>	<b>611</b>	<b>85</b>	<b>2,257</b>
Tax	101	164	62	547
<b>Profit for the period</b>	<b>421</b>	<b>447</b>	<b>94</b>	<b>1,710</b>
<b>Balance sheet highlights (DKK bn)</b>				
Loans and advances at amortised cost	81.3	67.5	120	74.5
Loans and advances at fair value	8.0	7.4	108	8.6
Deposits and other debt	70.1	56.5	124	66.0
Bonds issued at amortised cost	10.1	10.0	101	10.1
Subordinated capital (Tier 2)	4.2	3.8	111	3.8
Shareholders' equity (Tier 1)	6.8	6.5	105	6.7
Total assets	141.1	119.2	118	132.3
<b>Financial ratios per share (DKK per share of DKK 10)</b>				
EPS Basic	6.6	6.5		25.6
EPS Diluted	6.6	6.5		25.6
Share price at period-end	171.8	300.0		219.3
Book value	107.5	94.7		104.6
Share price/book value	1.60	3.17		2.10
Average number of shares outstanding (millions)	63.4	68.9		66.7
<b>Other financial ratios and key figures</b>				
Solvency (total capital) ratio	14.3	13.1		11.9
Core capital (Tier 1) ratio	10.1	9.8		8.9
Pre-tax profit as % of average shareholders' equity	7.7	9.5		34.6
Post-tax profit as % of average shareholders' equity	6.2	7.0		26.2
Income/cost ratio (DKK)	1.70	2.40		2.37
Interest rate risk	2.4	2.5		2.6
Foreign exchange position	5.6	9.0		1.7
Foreign exchange risk	0.0	0.1		0.0
Loans and advances relative to deposits *	1.1	1.1		1.0
Loans and advances relative to shareholders' equity *	12.0	10.4		11.1
Growth in loans and advances during the period *	9.2	3.0		13.7
Excess cover relative to statutory liquidity requirements	78.5	53.8		103.1
Total large exposures	44.7	-		46.4
Accumulated impairment ratio	0.9	1.5		0.9
Impairment ratio for the period	(0.02)	(0.15)		(0.60)
Number of full-time staff at period-end	2,469	2,208	112	2,276

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

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

## Review

- The Sydbank Group recorded a pre-tax profit of DKK 522m for the first three months of 2008 against DKK 611m in Q1 2007. The result equals a return of 31% p.a. on average shareholders' equity (Tier 1).
- Income from interest margins etc rose by DKK 101m to DKK 587m.
- Trading income declined by DKK 62m to DKK 315m.
- Costs grew by DKK 89m to DKK 659m.
- Core earnings before impairment represent DKK 360m against DKK 422m for the first quarter of 2007.
- Net income from impairment of loans and advances of DKK 19m.
- Loss on investment portfolios of DKK 55m.
- Non-recurring items recognised as income of net DKK 198m.
- Post-tax profit amounts to DKK 421m (2007: DKK 447m). The result equals a return of 25% p.a. on average shareholders' equity (Tier 1). Earnings per share for the period rose from DKK 6.5 to DKK 6.6.
- Bank loans and advances have increased by DKK 13.8bn to DKK 81.3bn since Q1 2007.

In Q1 2008 Sydbank acquired bankTrelleborg, which on 1 February became a wholly-owned subsidiary of the Sydbank Group and which on 27 March merged with Sydbank with accounting effect as of 1 February. As a result the Sydbank Group's core earnings before impairment for Q1 2008 were favourably affected by an amount of DKK 13m and bank loans and advances at quarter-end rose by DKK 4.9bn and deposits by DKK 2.9bn. Moreover Sydbank's quarterly report is affected by the acquisition of bankTrelleborg via a number of non-recurring items with a preliminary net effect of DKK +13m on the result.

Performance and business developments are considered satisfactory and core earnings before impairment for 2008 are forecast to make up around DKK 1.6-1.9bn.

Income statement – Q1 (DKKm)	2008	2007
Core income excl trading income	704	615
Trading income	315	377
<b>Total core income</b>	<b>1,019</b>	<b>992</b>
Costs and depreciation	659	570
<b>Core earnings before impairment of loans and advances</b>	<b>360</b>	<b>422</b>
Impairment of loans and advances etc	(19)	(137)
<b>Core earnings</b>	<b>379</b>	<b>559</b>
Profit/(Loss) on investment portfolios	(55)	14
<b>Profit before non-recurring items</b>	<b>324</b>	<b>573</b>
Non-recurring items, net	198	38
<b>Profit before tax</b>	<b>522</b>	<b>611</b>
Tax	101	164
<b>Profit after tax</b>	<b>421</b>	<b>447</b>

Core income excl trading income represents DKK 704m (2007: DKK 615m).

Income from interest margins etc rose by DKK 101m to DKK 587m, favourably supported by a rise in bank loans and advances.

Trading income declined from DKK 377m in Q1 2007 to DKK 315m as a result of reduced securities trading as well as capital losses on the trading portfolio.

Core income totals DKK 1,019m against DKK 992m for the first quarter of 2007, including DKK 41m from bankTrelleborg.

Costs and depreciation recorded DKK 659m against DKK 570m. The rise of DKK 89m includes DKK 28m which is attributable to the bankTrelleborg addition for the months of February and March 2008. The remaining increase corresponds to the originally budgeted rise for Sydbank. Costs include DKK 18m for the Group's employee share scheme.

At the end of Q1 2008, staff members numbered 2,469 compared with 2,208 at the same time in 2007. 208 are former bankTrelleborg employees.

Since year-end Sydbank has closed three small branches. The bankTrelleborg branch network numbered 16. Of these the branch in Aarhus has been disposed of; four branches in the metropolitan area and in Odense will be amalgamated with existing Sydbank branches in these areas.

bankTrelleborg has been incorporated into Sydbank's organisation and the remaining former bankTrelleborg branches constitute a new independent region Zealand with its own regional management. The integration of bankTrelleborg to Sydbank's systems, products and processes, including credit grant and financial management is according to schedule. The operations of bankTrelleborg are expected to be integrated into Sydbank's IT platform during the first weekend of October 2008.

Core earnings before impairment of loans and advances represent DKK 360m compared with DKK 422m during the same period in 2007.

In Q1 2008, DKK 19m concerning impairment of loans and advances etc was recognised as net income; in Q1 2007 DKK 137m was recognised as income.

Investment portfolio earnings recorded a loss of DKK 55m for Q1 2008 (2007: profit of 14m). Overall investment portfolio earnings are affected by an unrealised capital loss of DKK 41m on the Group's portfolio of CDOs. The market value of the CDO portfolio represents DKK 199m as of 31 March 2008.

In Q1 2008 non-recurring items amounting to DKK 198m (2007: DKK 38m) were recognised as net income. The main items include: an adjustment of the purchase sum concerning Totalcredit of DKK 185m, negative goodwill of DKK 119m recognised as income and integration costs of DKK 106m in relation to bankTrelleborg. The remaining integration costs are projected to make up around DKK 34m and will be charged to income over the existing financial year.

The subsidiary, Sydbank (Schweiz) AG, contributes a pre-tax loss of DKK 2m (2007: profit of DKK 7m).

The Group's profit before tax makes up DKK 522m. Less a calculated tax charge of DKK 101m, profit stands at DKK 421m.

Return on shareholders' equity (Tier 1) represents 25% against 28% in Q1 2007. Earnings per share for the period rose from DKK 6.5 to DKK 6.6.

## Balance sheet

The Group's total assets recorded DKK 141bn (31 December 2007: DKK 132bn).

Assets (DKKbn)	31 Mar 2008	31 Dec 2007
Amounts owed by credit institutions etc	16.1	19.1
Loans and advances at fair value (reverse repo transactions)	8.0	8.6
Loans and advances at amortised cost (bank loans and advances)	81.3	74.5
Securities and holdings etc	20.4	17.6
Assets related to pooled plans	6.5	6.8
Other assets etc	8.8	5.7
<b>Total</b>	<b>141.1</b>	<b>132.3</b>

Bank loans and advances – loans and advances at amortised cost – have grown by DKK 6.8bn to DKK 81.3bn since 31 December 2007, comprising loans and advances of DKK 4.9bn from bankTrelleborg. The rise constitutes DKK 13.8bn compared with Q1 2007.

Shareholders' equity and liabilities (DKKbn)	31 Mar 2008	31 Dec 2007
Amounts owed to credit institutions and central banks	29.5	26.5
Deposits	70.1	66.0
Deposits in pooled plans	6.5	6.8
Bonds issued	10.1	10.1
Other liabilities etc	13.8	12.2
Provisions	0.1	0.2
Subordinated capital (Tier 2)	4.2	3.8
Shareholders' equity (Tier 1)	6.8	6.7
<b>Total</b>	<b>141.1</b>	<b>132.3</b>

Since year-end, deposits have gone up by DKK 4.1bn to DKK 70.1bn, including deposits of DKK 2.9bn from bankTrelleborg. The rise constitutes DKK 13.6bn compared with Q1 2007.

## Capital

Supplementary capital (Tier 2) represents DKK 2,840m and hybrid Tier 1 capital DKK 1,382m. The increases of DKK 308m and DKK 85m, respectively, compared with the beginning of the year are solely ascribable to the acquisition of bankTrelleborg. Subordinated capital (Tier 2) totals DKK 4,222m.

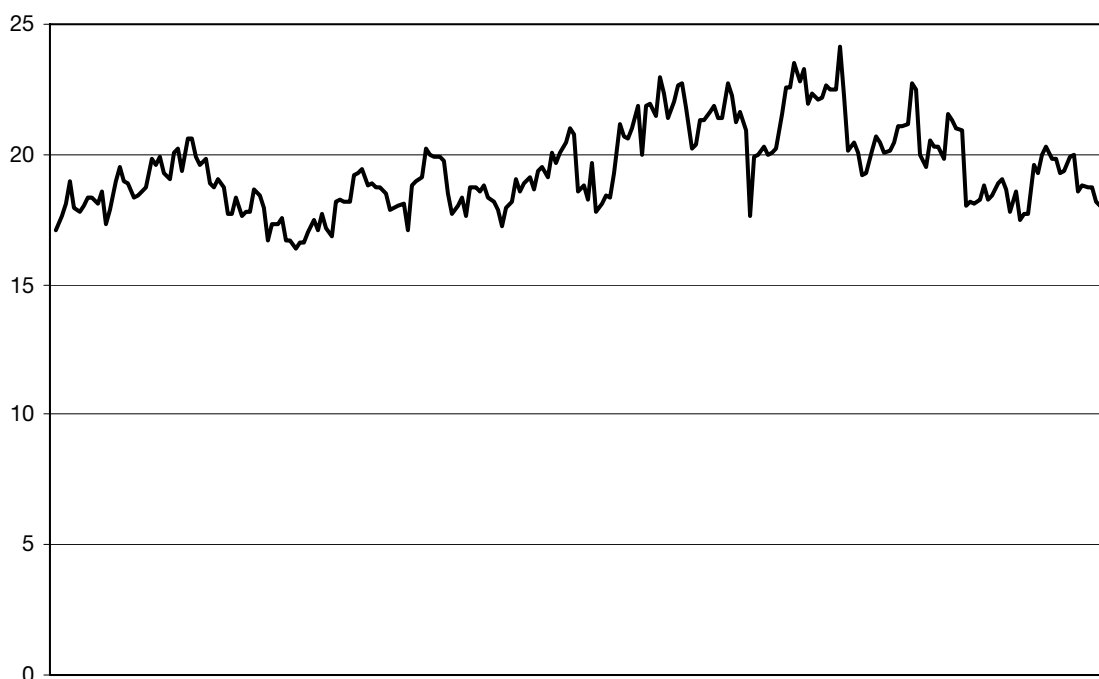
Shareholders' equity (Tier 1) has been increased by DKK 98m since year-end and constitutes DKK 6,795m as of 31 March 2008. The change comprises disposals deriving from dividend distribution etc of net DKK 207m, net purchase of own shares totalling DKK 163m and value adjustment of the purchase price concerning bankTrelleborg of DKK 5m as well as additions concerning tax on equity items of DKK 52m and profit for the period of DKK 421m.

## Liquidity

The Bank's free liquid assets, which in accordance with section 152 of the Danish Financial Business Act must make up at least 10% of financial liabilities, represented DKK 25.4bn as of 31 March 2008, equivalent to 16.9%. The Bank's policy of producing, both now and in the future, a significant excess cover relative to the statutory requirements has, as illustrated by the chart below, been followed throughout the past 12 months.



Liquidity as % of financial liabilities



31 Mar 2007

31 Mar 2008

The crisis on the international financial and money markets has not weakened the Bank's comfortable liquidity situation.

As of 31 March 2008 the Group's untapped cash resources under the Global MTN Programme represent EUR 2,310m.

### Capital management

As of 1 January 2008 the Group applies the IRB approach in connection with the calculation of capital adequacy. The development in capital adequacy calculated in accordance with the Standardised Approach as at 31 December 2007 compared with the calculations according to IRB as at 1 January 2008 and 31 March 2008 is shown below.

According to the calculation as at 1 January 2008 risk-weighted items have decreased by DKK 18.6bn and the core capital (Tier 1) ratio (excl hybrid capital), the core capital (Tier 1) ratio and the solvency (total capital) ratio have increased by 2.2, 2.6, 3.9 percentage points, respectively, compared with the calculation according to the approach previously applied.

Incorporating profit for the period the solvency (total capital) ratio as of 31 March 2008 stands at 14.3%, of which 10.1 percentage points is ascribable to the Group's core capital (Tier 1). The core capital (Tier 1) ratio excluding hybrid core capital constitutes 8.8%. Risk-weighted items total DKK 76.0bn at the end of Q1 2008. The rise in risk-weighted items from 1 January through 31 March 2008 is mainly attributable to the merger with bankTrelleborg.

DKKm	IRB		Standardised Approach
	2008		2007
	31 Mar		31 Dec
Shareholders' equity (Tier 1) excl revaluation reserve	6,704	6,606	6,606
Proposed dividend	-	(223)	(223)
Intangible assets	(15)	-	-
Capitalised tax assets	(24)	(23)	(23)
<b>Core capital (Tier 1) (excl hybrid core capital)</b>	<b>6,665</b>	<b>6,360</b>	<b>6,360</b>
Hybrid core capital	1,176	1,123	1,123
Deductions for holdings	(164)	(224)	(224)
<b>Core capital (Tier 1)</b>	<b>7,677</b>	<b>7,259</b>	<b>7,259</b>
Subordinated capital (Tier 2)	2,928	2,535	2,535
Hybrid core capital	129	182	182
Revaluation reserve	91	91	91
Difference between expected losses and value accounting adjustments and accounting provisions	258	244	-
Deductions for holdings	(223)	(281)	(281)
<b>Capital base (Tiers 1+2)</b>	<b>10,860</b>	<b>10,030</b>	<b>9,786</b>

Risk-weighted items	76,034	63,300	81,917
Core capital (Tier 1) ratio (excl hybrid core capital)	8.8	10.0	7.8
Core capital (Tier 1) ratio	10.1	11.5	8.9
Solvency (total capital) ratio	14.3	15.8	11.9

As mentioned in the 2007 Annual Report, during a transition period the Group will continue to apply the Standardised Approach to credit risk in relation to a few portfolios – mainly exposures via the Group's foreign entities – totalling around DKK 5bn. Furthermore, the credit risk in relation to bankTrelleborg totalling DKK 7bn will be calculated in accordance with the Standardised Approach during a transition period until year-end 2009.

### Capital targets

For a number of years the Group's capital targets have implied a core capital (Tier 1) ratio (excl hybrid core capital) of 7.0%, a hybrid core capital ratio of 1.0% and a solvency (total capital) ratio of 10.0%.

Following the transition to IRB the future capital targets will be adjusted. As a result of the transition from the Standardised Approach to IRB, risk-weighted items have decreased by just over 20%.

In accordance with legislation the effects of the application of IRB will be gradually incorporated in 2008 and 2009 when the decline in capital adequacy may not exceed 10% in each year. The remaining effects equivalent to the full reduction in risk-weighted items will be achieved from 1 January 2010.

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

- Statutory capital requirement
- Ratings target
- Projected growth and income
- Stress test scenarios

In future the Group's capital management will be subject to an internal capital target. The determination thereof will be based on Pillar I calculations. In addition the Bank has a buffer capital to cover requirements under Pillar II and fluctuations in Pillar I calculations etc. The Group will not necessarily change its capital target every time conditions change.

As at 31 March 2008 risk-weighted items total DKK 76bn. The minimum capital requirement of 8% thereof represents DKK 6.0bn. Including a buffer capital of DKK 3.9bn, the Group's internal capital target totals DKK 9.9bn which is equivalent to a solvency (total capital) ratio of 13.0%. The difference between the internal capital target and the capital base (Tiers 1+2) of DKK 10.9bn is represented by free capital of DKK 1.0bn.

31 March 2008 – DKKm	
Minimum capital requirement at 31 March 2008 – 8%	6,037
Buffer capital	3,863
<b>Internal capital target – currently 13%</b>	<b>9,900</b>
Free capital	960
Capital base (Tiers 1+2) – currently 14.3%	10,860

It is aimed that

- Core capital (Tier 1) (excl hybrid core capital) represents 60-70% of the capital base
- Hybrid core capital accounts for around 10% of the capital base
- Supplementary capital (Tier 2) makes up 20-30% of the capital base.

The Group plans to maintain its current level of dividends combined with capital reductions provided that the level of capital exceeds the capital necessary for its projected future growth.

The capital targets will be adjusted when required and will be announced at least once a year.

### Acquisition of bankTrelleborg – merger with Sydbank

On 21 January 2008 Fonden for bankTrelleborg and Sydbank concluded an agreement for the acquisition of the share capital of bankTrelleborg at a price of DKK 250m to be paid in Sydbank shares at the current market price based on the average of all trades on 22 January 2008.

On 1 February 2008 Sydbank acquired the share capital of bankTrelleborg and bankTrelleborg became a wholly-owned subsidiary. The purchase price is fixed as at the date of acquisition, 1 February 2008, and the purchase price is therefore subject to the following market value adjustment:

DKKm	
Contractual purchase price (1,347,201 shares at price 185.57)	250.0
Market value adjustment of purchase price (at price 181.50 at 1 February 2008)	(5.5)
<b>Purchase price subject to market value adjustment at date of acquisition 1 February 2008</b>	<b>244.5</b>

The market value adjustment of the shares/purchase price has been recognised directly in equity.

On 27 March Sydbank and bankTrelleborg merged with retrospective accounting effect from 1 February 2008.

Shareholders' equity of bankTrelleborg amounted to DKK 600m at 31 January 2008 following the below movements in equity since the presentation of the 2007 annual report:

DKKm	
<b>Shareholders' equity (Tier 1) at 31 December 2007</b>	<b>606.8</b>
Purchase and sale of own holdings in January 2008	(0.5)
Loss in January 2008	(6.7)
<b>Shareholders' equity (Tier 1) at 31 January 2008</b>	<b>599.6</b>

In connection with the acquisition the difference between the shareholders' equity of the acquired company and the purchase price must be allocated on assets and liabilities at fair value as well as identifiable intangible assets. Following this allocation a negative balance exists in connection with the acquisition of bankTrelleborg – negative goodwill – which is recognised directly in income.

DKKm	
<b>Shareholders' equity (Tier 1) at 31 January 2008</b>	<b>599.6</b>
Loans and advances	(324.0)
Employee benefits	(10.6)
Deferred tax	79.9
Subsidiaries	7.7
Strategic shares	(3.4)
Provision	(0.7)
Investment property and owner-occupied property	(0.6)
Goodwill concerning customer relations	15.7
Negative goodwill	(119.1)
<b>Purchase price</b>	<b>244.5</b>

In connection with the acquisition, the loans and advances of bankTrelleborg at 1 February 2008 were measured at fair value. Overall adjustment at fair value comprises the following elements:

DKKm	
Adjustment to cover expected cash flow changes	(293.0)
Adjustment to cover normal market rate (discounting)	(31.0)
<b>Total fair value adjustment of loans and advances</b>	<b>(324.0)</b>

All loans and advances with objective evidence of impairment were written down as of 31 January 2008 in accordance with the accounting policies in force. Expectations as to the changed cash flows do not meet impairment accounting requirements. Any fluctuations in the adjustment to cover expected cash flow changes will be recognised via impairment of loans and advances.

The adjustment to cover the normal market rate (discounting) represents a negative DKK 31m. The contractual interest rate of part of the portfolio acquired does not correspond to the market rate of similar exposures and consequently these have been acquired at a discount. This discount will be recognised as income in the period from 1 February 2008 through 31 January 2009.

The loans and advances at fair value of bankTrelleborg as of 1 February are as follows:

DKKm	
Loans and advances at amortised cost according to interim statements at 31 Jan 2008	5,275.1
Total fair value adjustment of loans and advances	(324.0)
<b>Loans and advances at fair value at 1 February 2008</b>	<b>4,951.1</b>

As a consequence of the initial recognition at fair value, neither bankTrelleborg's accumulated impairment of DKK 201m as of 31 January 2008 nor the overall fair value adjustment of loans and advances of DKK 324m will be included in Sydbank's accumulated impairment in connection with the merger.

Holiday pay at bankTrelleborg as of 1 February 2008 has been calculated in accordance with accepted policies. Moreover a liability regarding jubilee benefits has been determined. The total negative adjustment of employee benefits represents DKK 11m.

The Tax Assessment Council has approved that the merger between Sydbank and bankTrelleborg be implemented as a tax-free merger in accordance with the Danish Merger Tax Act. The fair value adjustment is not in compliance with impairment accounting under the ordinary rules of measurement of loans and advances as of 31 January 2008 and consequently no impairment for tax purposes as of this date will be made regardless of the fact that the fair value is lower than at 1 February 2008. Therefore deferred tax must be determined on the fair value adjustment of loans and advances. Moreover deferred tax must be determined on employee benefits, the provision concerning legal actions and goodwill. Calculated on this basis the deferred tax asset represents DKK 80m.

In connection with the purchase of bankTrelleborg a decision was made to dispose of the three active subsidiaries: boligTrelleborg, finansTrelleborg and fmsTrelleborg. In connection with the merger they were reclassified from holdings in subsidiaries to assets in temporary possession and subsequently measured at fair value.

DKKm	Book value 31 Jan 2008	Fair value 1 Feb 2008	Difference
fmsTrelleborg	14.5	14.5	0
finansTrelleborg	9.9	17.7	7.8
boligTrelleborg	3.3	3.2	(0.1)
<b>Total</b>	<b>27.7</b>	<b>35.4</b>	<b>7.7</b>

According to a separate item in the instrument of transfer, Fonden for bankTrelleborg is under an obligation to reimburse any expenses that Sydbank may have in connection with the sale of fmsTrelleborg, which as of 1 February 2008 totals the book value of the shareholding etc, equal to the fair value of DKK 15m.

At the end of February 2008 boligTrelleborg and finansTrelleborg were disposed of at fair value.

In connection with the measurement of strategic shares at fair value the net adjustment totals a minus of DKK 3m.

An appendix to the instrument of transfer mentions six legal actions. One legal action has been fully provided for. Another legal action concerns an existing exposure whose risk has been included in the fair value measurement of the loan. As regards the remaining four legal actions, the provision concerning pending and imminent legal actions represents DKK 1m based on estimated probabilities of loss.

In accordance with the instrument of transfer, any future expenses for other unknown legal actions, arbitration proceedings or proceedings before the Financial Services Complaints Board relating to the period before the acquisition will be adjusted in the purchase price and paid by Fonden for bankTrelleborg.

As regards investment property and owner-occupied property, the measurement at fair value will result in a net adjustment of minus DKK 1m.

Goodwill concerning customer relations has been determined at DKK 16m. The determination has been reviewed by external experts.

Negative goodwill is the difference between the fair value of net assets acquired (including identified intangible assets by way of goodwill concerning customer relations) and the purchase price. Negative goodwill totals DKK 119m which is recognised as income. Negative goodwill is cancelled out by integration costs. In Q1 2008 integration costs of DKK 106m were charged to income and are expected to represent DKK 140m for the 2008 financial year.

### Other issues

The association of minority shareholders of bankTrelleborg has filed a class action against Fonden for bankTrelleborg, Sydbank, the Danish FSA and bankTrelleborg (now merged with Sydbank) regarding the compulsory redemption of shares held by minority shareholders, etc.

Moody's rating of Sydbank's long-term debt remains unchanged Aa3. The ratings concerning short-term debt and financial strength remain unchanged at P-1 and C+, respectively.

### Outlook for 2008

Regardless of the fact that core earnings before impairment for Q1 2008 are below the Group's expectations due to reduced trading income and increased costs, the outlook for 2008 in the region of DKK 1,600-1,900m as announced in the 2007 Annual Report is maintained. All other expectations remain unchanged.

Sydbank's 2008 Interim Report is scheduled for 12 August 2008.

## Management Statement

Today we have reviewed and approved the quarterly report for Q1 2008 of Sydbank A/S.

The consolidated financial statements for Q1 2008 have been prepared in accordance with IAS 34 Interim Financial Reporting as approved by the EU. Furthermore, the quarterly report has been prepared in compliance with additional Danish disclosure requirements for quarterly reports of listed financial companies. The quarterly report has not been audited or reviewed.

We consider the accounting policies applied to be appropriate and the quarterly report gives a true and fair view of the Group's assets, shareholders' equity and liabilities and financial position at 31 March 2008 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 31 March 2008.

Aabenraa, 22 April 2008

### Group Executive Management

Carsten Andersen  
(Group Chief Executive)

Preben L. Hansen

Torben A. Nielsen

### Board of Directors

Kresten Philipsen  
(Chairman)

Anders Thoustrup  
(Vice-Chairman)

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 2008	Q1 2007	Full year 2007
Interest income	3	1,654	1,250	5,601
Interest expense	4	1,033	752	3,474
<b>Net interest income</b>		<b>621</b>	<b>498</b>	<b>2,127</b>
Dividends on shares		7	5	24
Fee and commission income	5	337	351	1,454
Fee and commission expense		44	44	172
<b>Net interest and fee income</b>		<b>921</b>	<b>810</b>	<b>3,433</b>
Market value adjustments	6	220	189	400
Other operating income		125	17	33
Staff costs and administrative expenses	7	727	550	2,067
Depreciation and impairment of property, plant and equipment		41	23	136
Other operating expenses		0	0	11
Impairment of loans and advances etc	9	(19)	(137)	(568)
Profit on holdings in associates		5	31	37
Profit on assets temporarily acquired		0	-	-
<b>Profit before tax</b>		<b>522</b>	<b>611</b>	<b>2,257</b>
Tax		101	164	547
<b>Profit for the period</b>		<b>421</b>	<b>447</b>	<b>1,710</b>
EPS Basic for the period (DKK) *		6.6	6.5	25.6
EPS Diluted for the period (DKK) *		6.6	6.5	25.6
Dividend per share (DKK)				3

\* Based on average number of shares outstanding, see page 19.

## Balance Sheet – Sydbank Group

DKKkm	Note	Q1 2008	Q1 2007	Full year 2007
<b>Assets</b>				
Cash and balances on demand at central banks		1,252	505	677
Amounts owed by credit institutions and central banks		14,836	16,081	18,450
Loans and advances at fair value		7,998	7,371	8,552
Loans and advances at amortised cost		81,327	67,479	74,475
Bonds at fair value		18,869	15,480	16,145
Shares etc		1,280	914	1,311
Holdings in associates etc		206	204	201
Assets related to pooled plans		6,500	6,591	6,789
Intangible assets		16	-	-
Total land and buildings		879	754	852
- investment property		9	43	3
- owner-occupied property		870	711	849
Other property, plant and equipment		120	106	116
Current tax assets		94	3	35
Deferred tax assets		24	6	23
Assets in temporary possession		15	-	-
Other assets		7,587	3,616	4,656
Prepayments		55	41	41
<b>Total assets</b>		<b>141,058</b>	<b>119,151</b>	<b>132,323</b>
<b>Shareholders' equity and liabilities</b>				
Amounts owed to credit institutions and central banks		29,469	23,849	26,523
Deposits and other debt		70,078	56,503	66,037
Deposits in pooled plans		6,500	6,591	6,789
Bonds issued at amortised cost		10,077	10,043	10,076
Current tax liabilities		48	86	19
Other liabilities		13,665	11,375	12,083
Deferred income		85	67	85
<b>Total liabilities</b>		<b>129,922</b>	<b>108,514</b>	<b>121,612</b>
Provisions	10	119	310	185
Subordinated capital (Tier 2)		4,222	3,826	3,829
Shareholders' equity (Tier 1):				
Share capital		675	700	675
Revaluation reserve		91	-	91
Other reserves:				
Reserves according to articles of association		375	388	399
Other reserves		8	8	11
Retained earnings		5,646	5,405	5,521
<b>Total shareholders' equity (Tier 1) *</b>		<b>6,795</b>	<b>6,501</b>	<b>6,697</b>
<b>Total shareholders' equity and liabilities</b>		<b>141,058</b>	<b>119,151</b>	<b>132,323</b>

\* Including proposed dividend etc.

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## Group Financial Highlights – Quarterly

	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Full year 2007
<b>Income statement (DKK m)</b>						
Core income excl trading income	704	668	636	620	615	2,539
Trading income	315	374	342	395	377	1,488
<b>Total core income</b>	<b>1,019</b>	<b>1,042</b>	<b>978</b>	<b>1,015</b>	<b>992</b>	<b>4,027</b>
Costs and depreciation	659	572	512	546	570	2,200
<b>Core earnings before impairment</b>	<b>360</b>	<b>470</b>	<b>466</b>	<b>469</b>	<b>422</b>	<b>1,827</b>
Impairment of loans and advances etc	(19)	40	(338)	(133)	(137)	(568)
<b>Core earnings</b>	<b>379</b>	<b>430</b>	<b>804</b>	<b>602</b>	<b>559</b>	<b>2,395</b>
Profit/(Loss) on investment portfolios	(55)	(44)	(119)	(44)	14	(193)
<b>Profit before non-recurring items</b>	<b>324</b>	<b>386</b>	<b>685</b>	<b>558</b>	<b>573</b>	<b>2,202</b>
Non-recurring items, net	198	-	9	8	38	55
<b>Profit before tax</b>	<b>522</b>	<b>386</b>	<b>694</b>	<b>566</b>	<b>611</b>	<b>2,257</b>
Tax	101	97	174	112	164	547
<b>Profit for the period</b>	<b>421</b>	<b>289</b>	<b>520</b>	<b>454</b>	<b>447</b>	<b>1,710</b>
<b>Balance sheet highlights (DKK bn)</b>						
Loans and advances at amortised cost	81.3	74.5	71.9	68.9	67.5	74.5
Loans and advances at fair value	8.0	8.6	7.6	8.0	7.4	8.6
Deposits and other debt	70.1	66.0	57.9	57.1	56.5	66.0
Bonds issued at amortised cost	10.1	10.1	10.0	10.0	10.0	10.1
Subordinated capital (Tier 2)	4.2	3.8	3.8	3.8	3.8	3.8
Shareholders' equity (Tier 1)	6.8	6.7	6.4	6.2	6.5	6.7
Total assets	141.1	132.3	127.4	121.1	119.2	132.3
<b>Financial ratios per share (DKK per share of DKK 10)</b>						
EPS Basic	6.6	4.5	7.9	6.7	6.5	25.6
EPS Diluted	6.6	4.5	7.9	6.7	6.5	25.6
Share price at period-end	171.8	219.3	227.5	264.0	300.0	219.3
Book value	107.5	104.6	99.0	94.2	94.7	104.6
Share price/book value	1.60	2.10	2.30	2.80	3.17	2.10
Average number of shares outstanding (millions)	63.4	64.1	65.7	68.2	68.9	66.7
<b>Other financial ratios and key figures</b>						
Solvency (total capital) ratio	14.3	11.9	12.0	12.6	13.1	11.9
Core capital (Tier 1) ratio	10.1	8.9	9.0	9.3	9.8	8.9
Pre-tax profit as % of average shareholders' equity	7.7	5.9	11.0	8.9	9.5	34.6
Post-tax profit as % of average shareholders' equity	6.2	4.4	8.3	7.1	7.0	26.2
Income/cost ratio (DKK)	1.70	1.63	4.91	2.36	2.40	2.37
Interest rate risk	2.4	2.6	1.4	0.3	2.5	2.6
Foreign exchange position	5.6	1.7	9.3	16.1	9.0	1.7
Foreign exchange risk	0.0	0.0	0.3	0.2	0.1	0.0
Loans and advances relative to deposits *	1.1	1.0	1.1	1.1	1.1	1.0
Loans and advances relative to shareholders' equity *	12.0	11.1	11.3	11.1	10.4	11.1
Growth in loans and advances during the period *	9.2	3.6	4.3	2.2	3.0	13.7
Excess cover relative to statutory liquidity requirements	78.5	103.1	63.9	48.4	53.8	103.1
Total large exposures	44.7	46.4	61.4	29.5	-	46.4
Accumulated impairment ratio	0.9	0.9	0.9	1.4	1.5	0.9
Impairment ratio for the period	(0.02)	0.04	(0.39)	(0.16)	(0.15)	(0.60)
Number of full-time staff at period-end	2,469	2,276	2,266	2,237	2,208	2,276

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

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

## Statement of Changes in Equity – Sydbank Group

DKKm	Share capital	Revaluation reserve	Restricted savings bank reserve	Reserve for net revaluation according to equity method	Retained earnings	Proposed dividend etc	Total
Shareholders' equity 1 Jan 2008	675	91	399	11	5,298	223	6,697
<b>Changes in equity in 2008:</b>							
Translation of foreign entities	-	-	-	-	12	-	12
Hedge of net investment in foreign entities	-	-	-	-	(12)	-	(12)
Profit for the year	-	-	-	-	421	-	421
Total income	-	-	-	-	421	-	421
Purchase of own shares	-	-	-	-	(1,303)	-	(1,303)
Sale of own shares	-	-	-	-	1,122	-	1,122
Adjustment of purchase price bankTrelleborg	-	-	-	-	(5)	-	(5)
Employee shares	-	-	-	-	18	-	18
Tax on equity items	-	-	-	-	52	-	52
Adopted dividend etc	-	-	-	-	-	(223)	(223)
Dividends, own shares	-	-	-	-	16	-	16
Total changes in equity	-	-	-	-	321	(223)	98
<b>Shareholders' equity 31 Mar 2008</b>	<b>675</b>	<b>91</b>	<b>399</b>	<b>11</b>	<b>5,619</b>	<b>-</b>	<b>6,795</b>
Shareholders' equity 1 Jan 2007	700	-	388	8	5,023	230	6,349
<b>Changes in equity in 2007:</b>							
Translation of foreign entities	-	-	-	-	(2)	-	(2)
Hedge of net investment in foreign entities	-	-	-	-	2	-	2
Profit for the year	-	-	-	-	447	-	447
Total income	-	-	-	-	447	-	447
Purchase of own shares	-	-	-	-	(1,568)	-	(1,568)
Sale of own shares	-	-	-	-	1,490	-	1,490
Employee shares	-	-	-	-	18	-	18
Tax on equity items	-	-	-	-	(13)	-	(13)
Adopted dividend etc	-	-	-	-	-	(230)	(230)
Dividends, own shares	-	-	-	-	8	-	8
Total changes in equity	-	-	-	-	382	(230)	152
<b>Shareholders' equity 31 Mar 2007</b>	<b>700</b>	<b>-</b>	<b>388</b>	<b>8</b>	<b>5,405</b>	<b>-</b>	<b>6,501</b>

## Own Holdings and Solvency – Sydbank Group

DKKkm	Q1 2008	Q1 2007	Full year 2007	
<b>Own holdings:</b>				
Nominal portfolio of own holdings	43	13	35	
Nominal portfolio of own holdings as % of share capital	6.3	1.9	5.1	
Shares outstanding (number)	63,219,826	68,680,076	64,034,059	
Holding of own shares (number)	4,280,174	1,319,924	3,465,941	
<b>Total share capital (number)</b>	<b>67,500,000</b>	<b>70,000,000</b>	<b>67,500,000</b>	
Average number of shares outstanding	63,446,424	68,948,325	66,741,416	
	IRB Q1 2008	IRB 1 Jan 2008	Standardised Approach Full year 2007	Standardised Approach Q1 2007
DKKkm				
<b>Solvency:</b>				
Shareholders' equity (Tier 1) excl revaluation reserve	6,704	6,606	6,606	6,501
Proposed dividend	-	(223)	(223)	-
Capitalised tax assets	(24)	(23)	(23)	(6)
Intangible assets	(15)	-	-	-
<b>Core capital (Tier 1) (excl hybrid core capital)</b>	<b>6,665</b>	<b>6,360</b>	<b>6,360</b>	<b>6,495</b>
Hybrid core capital	1,176	1,123	1,123	1,146
Deductions for holdings	(164)	(224)	(224)	(173)
<b>Core capital (Tier 1)</b>	<b>7,677</b>	<b>7,259</b>	<b>7,259</b>	<b>7,468</b>
Subordinated capital (Tier 2)	2,928	2,535	2,535	2,533
Hybrid core capital	129	182	182	158
Revaluation reserve	91	91	91	-
Difference between expected losses and value accounting adjustments and accounting provisions	258	244	-	-
Deductions for holdings	(223)	(281)	(281)	(173)
<b>Capital base (Tiers 1+2)</b>	<b>10,860</b>	<b>10,030</b>	<b>9,786</b>	<b>9,986</b>
<b>Risk-weighted items</b>	<b>76,034</b>	<b>63,300</b>	<b>81,917</b>	<b>76,156</b>
Core capital (Tier 1) ratio (excl hybrid core capital)	8.8	10.0	7.8	8.5
Core capital (Tier 1) ratio	10.1	11.5	8.9	9.8
Solvency (total capital) ratio	14.3	15.8	11.9	13.1

## Cash Flow Statement – Sydbank Group

DKK m	Q1 2008	Q1 2007	Full year 2007
<b>Operating activities:</b>			
Pre-tax profit for the period	522	611	2,257
Taxes paid	(88)	(64)	(447)
Adjustment of non-cash operating income	(50)	(86)	(576)
Cash flows from working capital	344	(1,213)	(975)
<b>Cash flows from operating activities</b>	<b>728</b>	<b>(752)</b>	<b>259</b>
<b>Investing activities:</b>			
Purchase and sale of holdings in associates	0	(55)	(54)
Purchase and sale of intangible assets	(15)	-	-
Purchase and sale of property, plant and equipment	(71)	(5)	(128)
<b>Cash flows from investing activities</b>	<b>(86)</b>	<b>(60)</b>	<b>(182)</b>
<b>Financing activities:</b>			
Purchase and sale of own holdings	(101)	(69)	(1,223)
Dividends	(223)	(230)	(230)
Raising of subordinated capital (Tier 2)	394	351	354
Issue of bonds	1	(6)	27
<b>Cash flows from financing activities</b>	<b>71</b>	<b>46</b>	<b>(1,072)</b>
<b>Cash flows for the period</b>	<b>713</b>	<b>(766)</b>	<b>(995)</b>
Cash equivalent positions beginning of period	5,084	6,079	6,079
Cash flows for the period	713	(766)	(995)
<b>Cash equivalent positions end of period</b>	<b>5,797</b>	<b>5,313</b>	<b>5,084</b>

## Segment Statements – Sydbank Group

DKKm	Banking *	Markets	Treasury	Other	Total
<b>Business segments Q1 2008:</b>					
Core income excl trading income	646	6	-	52	<b>704</b>
Trading income	248	60	-	7	<b>315</b>
<b>Core income</b>	<b>894</b>	<b>66</b>	<b>-</b>	<b>59</b>	<b>1,019</b>
Costs and depreciation	471	35	3	153	<b>662</b>
Impairment of loans and advances etc	(19)	-	-	-	<b>(19)</b>
<b>Core earnings</b>	<b>442</b>	<b>31</b>	<b>(3)</b>	<b>(94)</b>	<b>376</b>
Loss on investment portfolios	-	-	(44)	(8)	<b>(52)</b>
<b>Profit before non-recurring items</b>	<b>442</b>	<b>31</b>	<b>(47)</b>	<b>(102)</b>	<b>324</b>
Non-recurring items, net	198	-	-	-	<b>198</b>
<b>Profit for the period</b>	<b>640</b>	<b>31</b>	<b>(47)</b>	<b>(102)</b>	<b>522</b>

### Business segments Q1 2007:

Core income excl trading income	560	7	-	48	<b>615</b>
Trading income	284	93	-	-	<b>377</b>
<b>Core income</b>	<b>844</b>	<b>100</b>	<b>-</b>	<b>48</b>	<b>992</b>
Costs and depreciation	391	29	3	150	<b>573</b>
Impairment of loans and advances etc	(138)	1	-	-	<b>(137)</b>
<b>Core earnings</b>	<b>591</b>	<b>70</b>	<b>(3)</b>	<b>(102)</b>	<b>556</b>
Profit on investment portfolios	-	-	13	4	<b>17</b>
<b>Profit before non-recurring items</b>	<b>591</b>	<b>70</b>	<b>10</b>	<b>(98)</b>	<b>573</b>
Non-recurring items, net	12	-	-	26	<b>38</b>
<b>Profit for the period</b>	<b>603</b>	<b>70</b>	<b>10</b>	<b>(72)</b>	<b>611</b>

\* Including Asset Management.

## Notes – Sydbank Group

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DKK m

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### Note 1

#### Accounting policies:

The consolidated financial statements for Q1 2008 have been prepared in accordance with IAS 34 Interim Financial Reporting as well as additional Danish disclosure requirements for interim financial reports. As a result of the use of IAS 34, the presentation is limited compared with the presentation of a complete annual report and the measurement principles are in compliance with IFRS.

The acquisition method has been applied in connection with the acquisition of bankTrelleborg. Comparative figures have not been restated.

The accounting policies applied are consistent with those adopted in the 2007 Annual Report.

The measurement of certain assets and liabilities require managerial estimates as to how future events will affect the value of such assets and liabilities. Estimates significant to financial reporting are made for instance in connection with impairment of loans and advances, fair values of unlisted financial instruments as well as provisions. Estimates are based on assumptions that are considered reasonable by management but which by their nature are uncertain.

## Notes – Sydbank Group

DKKm	Q1 2008	Q1 2007	Full year 2007
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### Note 2

#### Acquisition of subsidiaries:

In January 2008 Sydbank concluded an agreement for the purchase of the shares of bankTrelleborg a/s. The purchase was executed on 1 February 2008.

Subsequently Sydbank and bankTrelleborg have merged. For accounting purposes the merger has been implemented as of the date of acquisition. If bankTrelleborg had been acquired as from 1 January 2008, it is estimated that the Group's profit would have been DKK 7m lower and total income DKK 21m higher. The profit impact of bankTrelleborg for February and March 2008 totals DKK 13m. The preliminary allocation of the purchase price on net assets, including identified intangible assets and negative goodwill is shown below.

Negative goodwill expresses the difference between the fair value of net assets acquired including identified intangible assets by way of goodwill concerning customer relations and the purchase price.

Negative goodwill was recognised as income in Q1 2008. Negative goodwill is cancelled out by integration costs etc which are expected to amount to DKK 140m for the 2008 financial year, of which DKK 106m was charged to income in Q1 2008. Negative goodwill and integration costs etc are included under "Non-recurring items, net" in Financial Highlights.

The opening balance sheet includes impairment of loans and advances at fair value of DKK 324m compared with the carrying amount before the acquisition.

	Fair value at time of acquisition	Carrying amount before acquisition
Amounts owed by credit institutions	1,441	1,441
Bank loans and advances	4,951	5,275
Bonds	465	465
Shares etc	121	124
Tax assets	104	24
Property, plant and equipment	42	43
Other assets	899	891
<b>Total assets</b>	<b>8,023</b>	<b>8,263</b>
Amounts owed to credit institutions	3,934	3,934
Deposits	3,042	3,042
Subordinated capital (Tier 2)	391	391
Other liabilities	308	296
<b>Total liabilities</b>	<b>7,675</b>	<b>7,663</b>
<b>Net assets acquired</b>	<b>348</b>	<b>600</b>
Goodwill concerning customer relations	16	
Negative goodwill	(119)	
<b>Value adjusted purchase price</b>	<b>245</b>	

The above financial figures have been determined immediately before the time of acquisition in accordance with the accounting policies (IFRS) of bankTrelleborg.

## Notes – Sydbank Group

DKKmn	Q1 2008	Q1 2007	Full year 2007
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### Note 3

#### Interest income/forward premium of:

Amounts owed by credit institutions and central banks	179	113	540
Loans and advances and other amounts owed	1,250	933	4,204
Bonds	108	84	420
Total derivatives	111	118	433
comprising			
Foreign exchange contracts	127	118	402
Interest rate contracts	(16)	0	31
Other interest income	6	2	4
<b>Total</b>	<b>1,654</b>	<b>1,250</b>	<b>5,601</b>

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

Amounts owed by credit institutions and central banks	80	59	283
Loans and advances and other amounts owed	87	71	318

### Note 4

#### Interest expense to:

Credit institutions and central banks	214	190	815
Deposits and other debt	645	427	2,036
Bonds issued	119	96	437
Subordinated capital (Tier 2)	54	38	181
Other interest expense	1	1	5
<b>Total</b>	<b>1,033</b>	<b>752</b>	<b>3,474</b>

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

Amounts owed to credit institutions and central banks	7	11	36
Deposits and other debt	2	6	9



## Notes – Sydbank Group

DKK m	Q1 2008	Q1 2007	Full year 2007
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### Note 5

#### Fee and commission income:

Securities trading and custody accounts	210	238	1,004
Payment services	40	39	158
Loan fees	17	19	70
Guarantee commission	25	39	128
Other fees and commission	45	16	94
<b>Total</b>	<b>337</b>	<b>351</b>	<b>1,454</b>

### Note 6

#### Market value adjustments:

Other loans and advances and amounts owed at fair value	(1)	0	1
Bonds	68	62	21
Shares etc	26	26	(9)
Investment property	0	0	17
Foreign exchange	15	124	530
Total derivatives	112	(22)	(160)
Assets related to pooled plans	(332)	18	(105)
Deposits in pooled plans	332	(18)	105
Other assets/liabilities	0	(1)	0
<b>Total</b>	<b>220</b>	<b>189</b>	<b>400</b>
Trading portfolio	203	150	326
Strategic portfolio	17	39	74
<b>Total</b>	<b>220</b>	<b>189</b>	<b>400</b>

## Notes – Sydbank Group

DKK m	Q1 2008	Q1 2007	Full year 2007
<b>Note 7</b>			
<b>Staff costs and administrative expenses:</b>			
Salaries and emoluments to:			
Group Executive Management:			
Wages and salaries	8	5	11
Pensions	0	0	2
Board of Directors	1	1	3
Shareholders' Committee	1	1	2
<b>Total</b>	<b>10</b>	<b>7</b>	<b>18</b>
Staff costs:			
Wages and salaries	315	269	1,030
Pensions	29	26	110
Social security contributions	2	2	8
Payroll tax etc	27	21	97
<b>Total</b>	<b>373</b>	<b>318</b>	<b>1,245</b>
Other administrative expenses:			
IT (including withdrawal and conversion)	201	97	420
Rent etc	40	28	122
Marketing and entertainment expenses	22	20	86
Other expenses	81	80	176
<b>Total</b>	<b>344</b>	<b>225</b>	<b>804</b>
<b>Total</b>	<b>727</b>	<b>550</b>	<b>2,067</b>

## Note 8

### Staff:

Average number of staff (full-time equivalent)	2,456	2,248	2,285
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## Notes – Sydbank Group

DKK m	Q1 2008	Q1 2007	Full year 2007
<b>Note 9</b>			
<b>Individual impairment of loans and advances and provisions for guarantees:</b>			
Impairment and provisions beginning of period	738	1,262	1,262
Exchange rate adjustment	3	0	0
Impairment and provisions during the year	118	210	945
Reversal of impairment and provisions made in previous years	124	273	1,373
Write-offs covered by impairment and provisions	14	12	96
<b>Impairment and provisions end of period</b>	<b>721</b>	<b>1,187</b>	<b>738</b>
Individual impairment of loans and advances	1,370	1,784	1,754
Individual impairment of guarantees	181	359	126
Individual impairment of loans and advances and guarantees	1,551	2,143	1,880
Individual impairment and provisions	721	1,187	738
<b>Individual impairment of loans and advances and guarantees after impairment and provisions</b>	<b>830</b>	<b>956</b>	<b>1,142</b>
<b>Collective impairment of loans and advances and provisions for guarantees:</b>			
Impairment and provisions beginning of period	157	196	196
Impairment and provisions during the year	8	0	41
Reversal of impairment and provisions made in previous years	0	53	80
<b>Impairment and provisions end of period</b>	<b>165</b>	<b>143</b>	<b>157</b>
Sum of loans and advances and amounts owed subject to collective impairment and provisions	12,984	14,809	11,188
Collective impairment and provisions	165	143	157
<b>Loans and advances and amounts owed subject to collective impairment and provisions</b>	<b>12,819</b>	<b>14,666</b>	<b>11,031</b>
<b>Impairment and provisions end of period:</b>			
Individual impairment and provisions	721	1,187	738
Collective impairment and provisions	165	143	157
<b>Impairment and provisions end of period</b>	<b>886</b>	<b>1,330</b>	<b>895</b>
<b>Impairment of loans and advances recognised in the income statement:</b>			
Impairment and provisions	(10)	(134)	(529)
Write-offs not covered by impairment and provisions	6	7	28
Recovered from debt previously written off	15	10	67
<b>Impairment of loans and advances etc</b>	<b>(19)</b>	<b>(137)</b>	<b>(568)</b>

## Note 10

### Provisions:

Provisions for pensions and similar obligations	4	2	2
Provisions for deferred tax	24	110	114
Provisions for guarantees	59	167	40
Other provisions	32	31	29
<b>Total</b>	<b>119</b>	<b>310</b>	<b>185</b>

## Notes – Sydbank Group

DKKm	Q1 2008	Q1 2007	Full year 2007
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### Note 11

#### Guarantees and other contingent liabilities:

##### Guarantees:

Financial guarantees	5,547	4,205	3,829
Mortgage finance guarantees	1,996	6,202	1,609
Registration and remortgaging guarantees	3,222	3,332	3,738
Other guarantees	1,656	1,497	1,470
<b>Total</b>	<b>12,421</b>	<b>15,236</b>	<b>10,646</b>

##### Other contingent liabilities:

Irrevocable credit commitments	223	237	235
Other liabilities	110	25	87
<b>Total</b>	<b>333</b>	<b>262</b>	<b>322</b>

### Note 12

#### This quarter:

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

### Note 13

#### Security:

As of 31 March 2008 the Group had deposited securities at a market value of DKK 7,758m with Danish and foreign exchanges and clearing centres etc in connection with margin calls and securities settlements etc.

## Notes – Sydbank Group

DKKm	Q1 2008	Q1 2007	Full year 2007
<b>Note 14</b>			
<b>Core income:</b>			
<b>Core income excl trading income:</b>			
Interest margins etc	587	486	2,060
Mortgage credit	48	58	186
Payment services	30	32	144
Remortgaging and loan fees	18	20	73
Other commission	15	16	55
Other operating income	6	3	21
<b>Total</b>	<b>704</b>	<b>615</b>	<b>2,539</b>
<b>Trading income:</b>			
Bonds	40	67	184
Shares	64	126	406
Foreign exchange	74	60	256
Money market	33	17	119
Asset management	104	107	523
<b>Total</b>	<b>315</b>	<b>377</b>	<b>1,488</b>