

Interim Report – Q1-Q3 2009

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Group Financial Highlights

	Q1-Q3 2009	Q1-Q3 2008	Index 09/08	Full year 2008
Income statement (DKK m)				
Core income excl trading income	2,450	2,236	110	3,066
Trading income	970	858	113	1,159
Total core income	3,420	3,094	111	4,225
Costs and depreciation	1,874	1,867	100	2,484
Core earnings before impairment	1,546	1,227	126	1,741
Impairment of loans and advances etc	849	85	-	544
Core earnings	697	1,142	61	1,197
Profit/(Loss) on investment portfolios	382	(362)	-	(385)
Profit before non-recurring items	1,079	780	138	812
Non-recurring items, net	-	180	-	162
Profit before contribution to the Danish Contingency Committee	1,079	960	112	974
Contribution to the Danish Contingency Committee	327	-	-	163
Profit before tax	752	960	78	811
Tax	188	216	87	205
Profit for the period	564	744	76	606
Balance sheet highlights (DKK bn)				
Loans and advances at amortised cost	73.9	81.8	90	82.5
Loans and advances at fair value	9.1	10.2	89	13.3
Deposits and other debt	65.3	63.4	103	75.0
Bonds issued at amortised cost	10.1	10.1	100	10.1
Subordinated capital (Tier 2)	3.2	4.2	76	4.2
Shareholders' equity (Tier 1)	8.9	7.2	123	7.1
Total assets	153.4	143.5	107	156.0
Financial ratios per share (DKK per share of DKK 10)				
EPS Basic	8.7	11.7		9.5
EPS Diluted	8.7	11.7		9.5
Share price at end of period	133.3	156.3		64.3
Book value	120.8	113.3		112.5
Share price/book value	1.10	1.38		0.57
Average number of shares outstanding (millions)	64.8	63.5		63.4
Other financial ratios and key figures				
Solvency (total capital) ratio	14.8	15.5		14.7
Core capital (Tier 1) ratio	12.9	11.2		10.8
Pre-tax profit as % of average shareholders' equity	9.4	13.8		11.8
Post-tax profit as % of average shareholders' equity	7.1	10.7		8.8
Income/cost ratio (DKK)	1.25	1.46		1.24
Interest rate risk	0.4	1.0		1.4
Foreign exchange position	1.4	9.7		11.4
Foreign exchange risk	0.0	0.0		0.0
Loans and advances relative to deposits *	1.0	1.2		1.0
Loans and advances relative to shareholders' equity *	8.4	11.4		11.6
Growth in loans and advances during the period *	(10.4)	9.8		10.7
Excess cover relative to statutory liquidity requirements	93.8	56.2		89.4
Total large exposures	20.1	53.3		23.8
Accumulated impairment ratio	1.5	0.9		1.0
Impairment ratio for the period	1.04	0.08		0.60
Number of full-time staff at end of period	2,385	2,487	96	2,479

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

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

Summary

Considering the difficult economic situation, pre-tax profit of DKK 752m for the first nine months of 2009 is considered satisfactory. Pre-tax profit equals a return of 12.6% p.a. on average shareholders' equity (Tier 1).

The Interim Report is characterised by:

- 10% increase in core income excl trading income
- 13% rise in trading income
- Total core income of DKK 3,420m – an all-time high so far
- Unchanged level of costs (core earnings)
- Impairment of loans and advances of DKK 849m
- Profit on investment portfolios of DKK 382m
- Contribution of DKK 327m to the Danish Contingency Committee
- 10% reduction in bank loans and advances to DKK 73.9bn
- 13% decline in deposits to DKK 65.3bn
- 25% increase in shareholders' equity (Tier 1)
- Core capital (Tier 1) ratio of 12.9%
- Solvency (total capital) ratio of 14.8%.

Income statement – Q1-Q3 (DKKm)	2009	2008
Core income excl trading income	2,450	2,236
Trading income	970	858
Total core income	3,420	3,094
Costs and depreciation	1,874	1,867
Core earnings before impairment	1,546	1,227
Impairment of loans and advances etc	849	85
Core earnings	697	1,142
Profit/(Loss) on investment portfolios	382	(362)
Profit before non-recurring items	1,079	780
Non-recurring items, net	-	180
Profit before contribution to the Danish Contingency Committee	1,079	960
Contribution to the Danish Contingency Committee	327	-
Profit before tax	752	960
Tax	188	216
Profit for the period	564	744

Core earnings before impairment represent DKK 1,546m against DKK 1,227m for the first nine months of 2008. The improvement of DKK 319m consists of a rise in core income excl trading income of DKK 214m, an increase in trading income of DKK 112m and a DKK 7m growth in costs (core earnings).

Core earnings before impairment are in the upper end of the range as announced in the Interim Report for 1H 2009.

Impairment of loans and advances and amounts owed represents DKK 849m (Q1-Q3 2008: DKK 85m).

Profit on investment portfolios amounts to DKK 382m and the expense to the Danish Contingency Committee totals DKK 327m. Less a calculated tax charge of DKK 188m, profit for the period stands at DKK 564m.

Profit for the period equals a return of 9.4% p.a. on average shareholders' equity (Tier 1). Earnings per share stands at DKK 8.7 compared with DKK 11.7 in 2008.

In June and September 2009, the Group prepaid supplementary capital (Tier 2) representing EUR 140m. Subordinated capital (Tier 2) totals DKK 3,175m at end-September 2009. The Group's core capital (Tier 1) ratio has risen to 12.9% due to a successful share issue, a reduction in the portfolio of own shares and a core capital strengthened via income. The solvency (total capital) ratio stands at 14.8%.

The Group's liquidity measured under the 15% and 10% statutory requirements constitutes 31.9% and 19.4%, respectively, at 30 September 2009.

The Group projects core earnings before impairment of loans and advances in the region of DKK 1,900-2,100m in 2009. The estimate represents a positive change in level compared with previous announcements of DKK 1,800-2,000m.

Financial Review

Core income excl trading income

Total core income excl trading income grew by 10% to DKK 2,450m.

Core income excl trading income – Q1-Q3 (DKKm)	2009	2008
Interest margins etc	2,058	1,880
Mortgage credit	166	131
Payment services	108	105
Remortgaging and loan fees	61	54
Other commission	41	47
Other operating income	16	19
Total	2,450	2,236

Despite a 10% decline in bank loans and advances, income from interest margins etc continues to show significant robustness with an increase of DKK 178m to DKK 2,058m, a 9% rise.

The remaining income components of core income excl trading income have gone up by a total of 10% compared with Q1-Q3 2008.

Trading income

Total trading income rose by 13% – from DKK 858m in 2008 to DKK 970m in 2009.

The level of activity within Sydbank Markets, made up as the number of customer transactions, is in line with or above that of Q1-Q3 2008.

Bond trading within the Group has benefited from a considerable increase in business volume with institutional clients. The Group's income from asset management is affected by reductions in volume triggered by the markets.

Trading income – Q1-Q3 (DKKm)	2009	2008
Bonds	243	88
Shares	192	160
Foreign exchange	185	217
Money market	138	81
Asset management	212	312
Total	970	858

Costs and depreciation

The Group's total costs and depreciation recorded DKK 2,082m against DKK 1,998m in 2008. In 2009 DKK 200m can be ascribed to guarantee commission to the Danish Contingency Committee and in 2008 DKK 124m can be ascribed to the integration of bankTrelleborg.

Costs and depreciation – Q1-Q3 (DKKm)	2009	2008
Staff costs	1,099	1,087
Other administrative expenses	698	794
Depreciation and impairment of property, plant and equipment	85	117
Other operating expenses	200	1
Total costs and depreciation	2,082	1,998
Distributed as follows:		
Costs, core earnings	1,874	1,867
Costs, investment portfolio earnings	8	7
Costs, integration of bankTrelleborg	-	124
Costs, guarantee commission to the Danish Contingency Committee	200	-

Costs (core earnings) in 2009 are virtually unchanged compared with one year ago. At end-Q3 2009 the Group's staff numbered 2,385 (full-time equivalent) compared with 2,487 at 30 September 2008.

Core earnings before impairment of loans and advances

Core earnings before impairment of loans and advances represent DKK 1,546m – an increase of DKK 319m or 26% compared with one year ago.

Impairment of loans and advances etc

Impairment of loans and advances constitutes DKK 849m (2008: DKK 85m). Relative to loans and advances and guarantees made up at 30 September 2009, the impairment ratio stands at 1.04%. At end-September accumulated impairment and provisions (excl the provision of DKK 175m for the Danish Contingency Committee) amount to DKK 1,230m, a rise of DKK 171m compared with the beginning of the year.

Core earnings

Core earnings represent DKK 697m compared with DKK 1,142m in 2008.

Investment portfolio earnings

Less funding charges and less related costs of DKK 8m, investment portfolios generated a profit of DKK 382m (2008: loss of DKK 362m). The overall result is adversely affected by an unrealised capital loss of DKK 26m on the Group's portfolio of CDOs. The market value of the CDO portfolio represents DKK 45m as of 30 September 2009.

The Group's interest rate risk comprises DKK 34m at 30 September. The Group's exchange rate risk continues to be very low and its equity position is modest.

Contribution to the Danish Contingency Committee

In Q1-Q3 2009, guarantee commission and the provision for the guarantee to the Danish Contingency Committee amount to DKK 200m and DKK 127m, respectively, totalling DKK 327m.

Subsidiaries

The subsidiary bank, Sydbank (Schweiz) AG, which conducts private banking activities in St. Gallen, Switzerland, recorded a loss after tax of DKK 7m (2008: loss of DKK 4m). Ejendomsselskabet recorded a loss after tax of DKK 1m (2008: loss of DKK 2m).

Profit for the period

Pre-tax profit amounts to DKK 752m. Less a calculated tax charge of DKK 188m, profit for the period stands at DKK 564m compared with DKK 744m in 2008.

Return

Return on shareholders' equity (Tier 1) represents 9.4% p.a. against 14.3% p.a. in 2008. Earnings per share decreased from DKK 11.7 to DKK 8.7.

Developments in Q3 2009

Total core income decreased by DKK 50m in Q3 compared with Q2. DKK 10m can be ascribed to core income excl trading income and DKK 40m can be attributed to trading income.

Costs decreased by DKK 43m compared with Q2, owing to a recurring seasonal adjustment.

During the same period, impairment of loans and advances etc went down by DKK 11m, and investment portfolio earnings improved from DKK 139m in Q2 to DKK 171m in Q3.

The contribution to the Danish Contingency Committee decreased by DKK 29m in Q3 from DKK 142m in Q2. After tax, profit for Q3 amounts to DKK 245m compared with DKK 195m in Q2.

Balance sheet

The Group's total assets made up DKK 153.4bn at 30 September 2009 against DKK 156.0bn at year-end 2008.

Assets (DKKbn)	30 Sep 2009	31 Dec 2008
Amounts owed by credit institutions etc	14.5	12.9
Loans and advances at fair value (reverse repo transactions)	9.1	13.3
Loans and advances at amortised cost (bank loans and advances)	73.9	82.5
Securities and holdings etc	38.2	28.3
Assets related to pooled plans	6.4	5.8
Other assets etc	11.3	13.2
Total	153.4	156.0

The Group's bank loans and advances total DKK 73.9bn – a decline of 10% compared with year-end 2008 and 30 September 2008.

Shareholders' equity and liabilities (DKKbn)	30 Sep 2009	31 Dec 2008
Amounts owed to credit institutions etc	45.1	38.9
Deposits and other debt	65.3	75.0
Deposits in pooled plans	6.4	5.8
Bonds issued	10.1	10.1
Other liabilities etc	14.2	14.8
Provisions	0.2	0.1
Subordinated capital (Tier 2)	3.2	4.2
Shareholders' equity (Tier 1)	8.9	7.1
Total	153.4	156.0

The Group's deposits make up DKK 65.3bn against DKK 75.0bn at year-end 2008 and DKK 63.4bn at end-September 2008. The decline in deposits in 2009 is solely ascribable to time deposits.

Capital

In June and September 2009, the Group prepaid supplementary capital (Tier 2) of EUR 100m and EUR 40m, respectively. Subordinated capital (Tier 2) totals DKK 3,175m.

On 29 October 2009 a further DKK 50m in supplementary capital will be repaid.

At end-Q3 2009, shareholders' equity (Tier 1) constitutes DKK 8,853m – an increase of DKK 1,765m equal to 25% since year-end 2008. The change comprises additions concerning the share issue in September of net DKK 855m, net sale of own shares of DKK 408m, profit for the period of DKK 564m and less tax concerning equity items of DKK 62m.

In 2009, the core capital (Tier 1) ratio has grown from 10.8% to 12.9%. During the same period, the core capital (Tier 1) ratio excluding hybrid core capital has risen from 9.3% to 11.5%.

At end-Q3 2009, the solvency (total capital) ratio stands at 14.8% compared with 14.7% at year-end 2008.

Outlook for 2009

The Group projects core earnings before impairment of loans and advances in the region of DKK 1,900-2,100m in 2009. The estimate represents a positive change in level compared with previous announcements of DKK 1,800-2,000m.

The Danish Contingency Committee

Guarantee commission to the Danish Contingency Committee will represent DKK 70m in Q4 2009. To this must be added the Bank's share of the Committee's payment to cover any further loss of the Winding-Up Company – ranging from the loss of DKK 4.6bn so far up to DKK 10.0bn. Sydbank's share of this risk constitutes DKK 202m.

Management Statement

Today we have reviewed and approved the Interim Report – Q1-Q3 2009 of Sydbank A/S.

The consolidated interim financial statements for Q1-Q3 2009 have been prepared in accordance with the International Financial Reporting Standards as approved by the EU. Furthermore, the Interim Report has been prepared in compliance with additional Danish disclosure requirements for interim reports of listed financial companies. The Interim Report has not been audited or reviewed.

We consider the accounting policies applied to be appropriate and the Interim Report gives a true and fair view of the Group's assets, shareholders' equity and liabilities and financial position at 30 September 2009 and of the results of the Group's operations and consolidated cash flows for the accounting period 1 January – 30 September 2009 as well as a description of the most significant risks and elements of uncertainty which may affect the Group.

Aabenraa, 27 October 2009

Group Executive Management

Carsten Andersen
(Group Chief Executive)

Karen Frøsig

Preben L. Hansen

Allan Nørholm

Board of Directors

Kresten Philipsen
(Chairman)

Anders Thoustrup
(Vice-Chairman)

Svend Erik Busk

Otto Christensen

Peder Damgaard

Harry Max Friedrichsen

Peter Gæmelke

Hanni Toosbuy Kasprzak

Per Olesen

Sven Rosenmeyer Paulsen

Jan Uldahl-Jensen

Margrethe Weber

Income Statement – Sydbank Group

DKKm	Note	Q1-Q3 2009	Q1-Q3 2008	Q3 2009	Q3 2008
Interest income	2	4,543	5,391	1,281	1,929
Interest expense	3	1,982	3,391	413	1,225
Net interest income		2,561	2,000	868	704
Dividends on shares		32	25	1	3
Fee and commission income	4	808	971	279	298
Fee and commission expense		120	122	38	39
Net interest and fee income		3,281	2,874	1,110	966
Market value adjustments	5	494	17	198	(167)
Other operating income	6	16	138	5	7
Staff costs and administrative expenses	7	1,797	1,881	561	567
Depreciation and impairment of property, plant and equipment		85	117	28	42
Other operating expenses		200	0	71	0
Impairment of loans and advances etc	9	976	85	327	98
Profit on holdings in associates and subsidiaries	10	19	14	0	3
Profit on assets temporarily acquired		0	0	0	0
Profit before tax		752	960	326	102
Tax	11	188	216	82	26
Profit for the period		564	744	244	76
EPS Basic for the period (DKK) *		8.7	11.7	3.7	1.2
EPS Diluted for the period (DKK) *		8.7	11.7	3.7	1.2
Dividend per share (DKK)		-	-	-	-

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

Statement of Comprehensive Income – Sydbank Group

Profit for the period	564	744	244	76
Other comprehensive income:				
Translation of foreign entities	2	11	(2)	4
Hedge of net investment in foreign entities	(2)	(11)	2	(4)
Other comprehensive income after tax	0	0	0	0
Comprehensive income after tax	564	744	244	76

Balance Sheet – Sydbank Group

DKKm	Note	30 Sep 2009	31 Dec 2008	30 Sep 2008
Assets				
Cash and balances on demand at central banks		687	752	763
Amounts owed by credit institutions and central banks	12	13,865	12,165	13,513
Loans and advances at fair value		9,058	13,282	10,241
Loans and advances at amortised cost		73,941	82,476	81,798
Bonds at fair value		36,673	26,749	21,235
Shares etc		1,196	1,315	1,107
Holdings in associates etc		307	232	203
Assets related to pooled plans		6,364	5,777	6,131
Intangible assets		14	15	15
Total land and buildings		1,024	1,009	969
investment property		8	8	9
owner-occupied property		1,016	1,001	960
Other property, plant and equipment		128	158	111
Current tax assets		54	186	49
Deferred tax assets		10	10	24
Assets in temporary possession		-	5	4
Other assets	13	10,002	11,796	7,276
Prepayments		55	48	61
Total assets		153,378	155,975	143,500
Shareholders' equity and liabilities				
Amounts owed to credit institutions and central banks	14	45,097	38,889	39,844
Deposits and other debt	15	65,281	75,007	63,406
Deposits in pooled plans		6,364	5,777	6,131
Bonds issued at amortised cost		10,090	10,096	10,085
Current tax liabilities		10	13	7
Other liabilities	16	14,256	14,764	12,395
Deferred income		6	19	97
Total liabilities		141,104	144,565	131,965
Provisions	17	246	103	124
Subordinated capital (Tier 2)	18	3,175	4,219	4,224
Shareholders' equity (Tier 1):				
Share capital		742	675	675
Revaluation reserves		90	91	91
Other reserves:				
Reserves according to articles of association		411	411	399
Reserve for net revaluation according to the equity method		20	20	11
Retained earnings		7,590	5,891	6,011
Total shareholders' equity (Tier 1)		8,853	7,088	7,187
Total shareholders' equity and liabilities		153,378	155,975	143,500

Group Financial Highlights – Quarterly

	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Income statement (DKKm)							
Core income excl trading income	809	819	822	830	754	778	704
Trading income	329	369	272	301	223	320	315
Total core income	1,138	1,188	1,094	1,131	977	1,098	1,019
Costs and depreciation	586	629	659	617	591	617	659
Core earnings before impairment	552	559	435	514	386	481	360
Impairment of loans and advances etc	284	295	270	459	98	6	(19)
Core earnings	268	264	165	55	288	475	379
Profit/(Loss) on investment portfolios	171	139	72	(23)	(170)	(137)	(55)
Profit before non-recurring items	439	403	237	32	118	338	324
Non-recurring items, net	-	-	-	(18)	(16)	(2)	198
Profit before contribution to the Danish Contingency Committee	439	403	237	14	102	336	522
Contribution to the Danish Contingency Committee	113	142	72	163	-	-	-
Profit before tax	326	261	165	(149)	102	336	522
Tax	81	66	41	(11)	26	89	101
Profit for the period	245	195	124	(138)	76	247	421

Balance sheet highlights (DKKbn)

Loans and advances at amortised cost	73.9	75.6	78.2	82.5	81.8	82.5	81.3
Loans and advances at fair value	9.1	12.9	15.8	13.3	10.2	11.5	8.0
Deposits and other debt	65.3	71.6	73.5	75.0	63.4	67.6	70.1
Bonds issued at amortised cost	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Subordinated capital (Tier 2)	3.2	3.5	4.2	4.2	4.2	4.2	4.2
Shareholders' equity (Tier 1)	8.9	7.5	7.2	7.1	7.2	7.1	6.8
Total assets	153.4	160.1	161.4	156.0	143.5	149.8	141.1

Financial ratios per share (DKK per share of DKK 10)

EPS Basic	3.7	3.0	2.0	(2.2)	1.2	3.9	6.6
EPS Diluted	3.7	3.0	2.0	(2.2)	1.2	3.9	6.6
Share price at end of period	133.3	122.5	71.5	64.3	156.3	180.5	171.8
Book value	120.8	116.2	114.0	112.5	113.3	112.0	107.5
Share price/book value	1.10	1.05	0.63	0.57	1.38	1.61	1.60
Average number of shares outstanding (millions)	67.0	64.3	63.0	63.2	63.7	63.5	63.4

Other financial ratios and key figures

Solvency (total capital) ratio	14.8	13.8	15.0	14.7	15.5	14.8	14.3
Core capital (Tier 1) ratio	12.9	11.4	11.3	10.8	11.2	10.7	10.1
Pre-tax profit as % of average equity	4.0	3.5	2.3	(2.1)	1.4	4.8	7.7
Post-tax profit as % of average equity	3.0	2.7	1.7	(1.9)	1.1	3.5	6.2
Income/cost ratio (DKK)	1.33	1.24	1.16	0.88	1.14	1.53	1.70
Interest rate risk	0.4	2.2	2.3	1.4	1.0	3.0	2.4
Foreign exchange position	1.4	3.4	1.5	11.4	9.7	12.9	5.6
Foreign exchange risk	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Loans and advances relative to deposits *	1.0	1.0	1.0	1.0	1.2	1.1	1.1
Loans and advances relative to equity *	8.4	10.1	10.8	11.6	11.4	11.6	12.0
Growth in loans and advances during the period *	(2.2)	(3.3)	(5.2)	0.8	(0.9)	1.5	9.2
Excess cover relative to statutory liquidity req.	93.8	106.8	66.6	89.4	56.2	69.7	78.5
Total large exposures	20.1	34.6	21.4	23.8	53.3	39.5	44.7
Accumulated impairment ratio	1.5	1.3	1.3	1.0	0.9	0.8	0.9
Impairment ratio for the period	0.35	0.37	0.27	0.50	0.10	0.01	(0.02)
Number of full-time staff at end of period	2,385	2,414	2,429	2,479	2,487	2,457	2,469

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

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

Capital – Sydbank Group

DKKm	Share capital	Revaluation reserves	Reserves according to articles of association	Reserve for net revaluation acc.to equity method	Retained earnings	Proposed dividend etc	Total
Shareholders' equity at 1 Jan 2009	675	91	411	20	5,891	-	7,088
Changes in equity in 2009:							
Purchase of own shares	-	-	-	-	(2,223)	-	(2,223)
Sale of own shares	-	-	-	-	2,631	-	2,631
Share issue *	67	-	-	-	788	-	855
Adjustment concerning property sold	-	(1)	-	-	1	-	-
Tax on equity items	-	-	-	-	(62)	-	(62)
Comprehensive income for the period	-	-	-	-	564	-	564
Total changes in equity	67	(1)	-	-	1,699	-	1,765
Shareholders' equity at 30 Sep 2009	742	90	411	20	7,590	-	8,853
Shareholders' equity at 1 Jan 2008	675	91	399	11	5,298	223	6,697
Changes in equity in 2008:							
Purchase of own shares	-	-	-	-	(2,322)	-	(2,322)
Sale of own shares	-	-	-	-	2,193	-	2,193
Adjusted purchase price bankTrelleborg	-	-	-	-	(5)	-	(5)
Employee shares	-	-	-	-	18	-	18
Adopted dividend etc	-	-	-	-	-	(223)	(223)
Tax on equity items	-	-	-	-	69	-	69
Dividends, own shares	-	-	-	-	16	-	16
Comprehensive income for the period	-	-	-	-	744	-	744
Total changes in equity	-	-	-	-	713	(223)	490
Shareholders' equity at 30 Sep 2008	675	91	399	11	6,011	-	7,187

* Shares issued in connection with capital increase of Sydbank A/S of DKK 67,499,990 nominal (6,749,999 shares of DKK 10 nominal).

	30 Sep 2009	31 Dec 2008	30 Sep 2008
The Sydbank share			
Share capital (DKK)	742,499,990	675,000,000	675,000,000
Number of shares issued (number)	74,249,999	67,500,000	67,500,000
Shares outstanding at end of period (number)	73,295,694	63,011,999	63,449,489
Average number of shares outstanding (number)	64,771,336	63,446,971	63,532,166

Capital – Sydbank Group

DKKm	30 Sep 2009	Full year 2008	30 Sep 2008
Solvency:			
Shareholders' equity (Tier 1)	8,853	7,088	7,187
Revaluation reserves	(90)	(91)	(91)
Proposed dividend	-	-	-
Intangible assets and capitalised tax assets	(24)	(26)	(39)
Core capital (excl hybrid core capital)	8,739	6,971	7,057
Hybrid core capital	1,388	1,230	1,246
50% of holdings > 10%	(106)	(98)	(100)
50% of total holdings etc > 10%	-	(34)	-
50% of difference between expected losses and accounting value adjustments and accounting provisions	(187)	-	-
Core capital	9,834	8,069	8,203
Subordinated loan capital (Tier 2)	1,794	2,839	2,843
Revaluation reserves	90	91	91
Hybrid core capital	-	158	145
Difference between expected losses and impairment charges	-	26	259
Capital base before deductions	11,718	11,183	11,541
50% of holdings > 10%	(106)	(98)	(100)
50% of total holdings etc > 10%	-	(34)	-
50% of difference between expected losses and accounting value adjustments and accounting provisions	(187)	-	-
Holdings in associates	(125)	(62)	(59)
Capital base (Tiers 1+2) after deductions	11,300	10,989	11,382
Credit risk	62,608	60,616	59,303
Market risk	7,113	7,261	7,423
Operational risk	6,537	6,731	6,731
Risk-weighted items	76,258	74,608	73,457
Capital requirement under Pillar I	6,101	5,968	5,877
Pillar II and transitional rules	(18)	711	1,147
Capital requirement	6,083	6,679	7,024
Core capital (Tier 1) ratio (excl hybrid core capital)	11.5	9.3	9.6
Core capital (Tier 1) ratio	12.9	10.8	11.2
Solvency (total capital) ratio	14.8	14.7	15.5

Cash Flow Statement – Sydbank Group

DKKm	Q1-Q3 2009	Full year 2008	Q1-Q3 2008
Operating activities:			
Pre-tax profit for the period	752	811	960
Taxes paid	(103)	(128)	(88)
Adjustment of non-cash operating items	1,185	731	126
Cash flows from working capital	(2,075)	(85)	(111)
Cash flows from operating activities	(241)	1,329	887
Investing activities:			
Purchase and sale of holdings in associates	(57)	(22)	12
Purchase and sale of intangible assets	-	(16)	(15)
Purchase and sale of property, plant and equipment	(69)	(370)	(229)
Cash flows from investing activities	(126)	(408)	(232)
Financing activities:			
Purchase and sale of own holdings	347	8	(32)
Dividend	-	(223)	(223)
Share issue	855	-	-
Raising of subordinated capital (Tier 2)	(1,044)	390	396
Issue of bonds	(6)	20	9
Cash flows from financing activities	152	195	150
Cash flows for the period	(215)	1,116	805
Cash equivalent positions at 1 Jan	6,200	5,084	5,084
Cash flows for the period (changes during the period)	(215)	1,116	805
Cash equivalent positions at end of period	5,985	6,200	5,889

Segment Statements – Sydbank Group

DKKm	Banking	Markets	Treasury	Other	Total
Business segments Q1-Q3 2009:					
Core income excl trading income	2,506	(56)	-	-	2,450
Trading income	465	505	-	-	970
Core income	2,971	449	-	-	3,420
Costs and depreciation	1,613	222	8	39	1,882
Impairment of loans and advances etc	846	3	-	-	849
Core earnings	512	224	(8)	(39)	689
Investment portfolio income	-	-	388	2	390
Profit before non-recurring items	512	224	380	(37)	1,079
Non-recurring items, net	-	-	-	-	-
Profit before contribution to the Danish Contingency Committee	512	224	380	(37)	1,079
Contribution to the Danish Contingency Committee	-	-	-	327	327
Profit for the period	512	224	380	(364)	752

Notes – Sydbank Group

DKKm

Note 1

Accounting policies:

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

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

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

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

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

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

The measurement of certain assets and liabilities requires managerial estimates as to how future events will affect the value of such assets and liabilities. The significant estimates made by the management in the use of the Group’s accounting policies and the inherent considerable uncertainty of such estimates used in the preparation of the condensed interim report are identical to those used in the preparation of the annual report as at 31 December 2008.

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

Notes – Sydbank Group

DKKm	Q1-Q3 2009	Q1-Q3 2008	Q3 2009	Q3 2008
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Note 2

Interest income/forward premium of:

Amounts owed by credit institutions and central banks	187	492	45	168
Loans and advances and other amounts owed	3,231	4,003	928	1,405
Bonds	953	507	299	214
Total derivatives	163	364	5	128
comprising				
Foreign exchange contracts	244	376	58	124
Interest rate contracts	(83)	(12)	(53)	4
Other contracts	2	-	0	-
Other interest income	9	25	4	14
Total	4,543	5,391	1,281	1,929

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

Amounts owed by credit institutions and central banks	41	226	13	74
Loans and advances and other amounts owed	273	317	45	126

Note 3

Interest expense to:

Credit institutions and central banks	559	875	118	362
Deposits and other debt	1,168	1,971	241	670
Bonds issued	161	369	32	130
Subordinated capital (Tier 2)	93	171	21	60
Other interest expense	1	5	1	3
Total	1,982	3,391	413	1,225

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

Amounts owed to credit institutions and central banks	4	39	(9)	19
Deposits and other debt	6	13	0	5

Notes – Sydbank Group

DKKm	Q1-Q3 2009	Q1-Q3 2008	Q3 2009	Q3 2008
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Note 4

Fee and commission income:

Securities trading and custody accounts	433	589	154	173
Payment services	120	126	42	43
Loan fees	61	53	22	18
Guarantee commission	67	86	24	31
Other fees and commission	127	117	37	33
Total	808	971	279	298

Note 5

Market value adjustments:

Other loans and advances and amounts owed at fair value	(5)	(2)	(3)	1
Bonds	334	(338)	136	62
Shares etc	110	11	69	6
Investment property	0	-	0	-
Foreign exchange	198	179	65	61
Total derivatives	(142)	166	(69)	(298)
Assets related to pooled plans	653	(824)	378	(258)
Deposits in pooled plans	(653)	824	(378)	258
Other assets/liabilities	(1)	1	0	1
Total	494	17	198	(167)
Trading portfolio	464	(24)	183	(173)
Equity investments	30	41	15	6
Total	494	17	198	(167)

Note 6

Other operating income:

Negative goodwill	-	119	-	-
Rental income – real property	9	8	3	3
Other operating income	7	11	2	4
Total	16	138	5	7

Notes – Sydbank Group

DKKm	Q1-Q3 2009	Q1-Q3 2008	Q3 2009	Q3 2008
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Note 7

Staff costs and administrative expenses:

Salaries and emoluments to:

Group Executive Management:

Salaries	8	14	3	3
Pensions	1	1	0	0
Board of Directors	3	2	1	1
Shareholders' Committee	1	1	0	0
Total	13	18	4	4

Staff costs:

Wages and salaries	898	885	281	280
Pensions	107	93	37	33
Social security contributions	6	5	4	3
Payroll tax etc	75	86	20	28
Total	1,086	1,069	342	344

Other administrative expenses:

IT (including withdrawal and conversion in 2008)	364	444	112	124
Rent etc	100	112	35	37
Marketing and entertainment expenses	50	63	14	20
Other expenses	184	175	54	38
Total	698	794	215	219
Total	1,797	1,881	561	567

Note 8

Staff:

Average number of staff (full-time equivalent)	2,471	2,494	2,445	2,527
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Notes – Sydbank Group

DKKm	Q1-Q3 2009	Q1-Q3 2008	Q3 2009	Q3 2008
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Note 9

Impairment of loans and advances recognised in the income statement:

Impairment and provisions	621	51	191	47
Write-offs	376	71	144	56
Recovered from debt previously written off	21	37	8	5
Impairment of loans and advances etc	976	85	327	98

Impairment and provisions at end of period:

Individual impairment and provisions	1,209	723	1,209	723
Collective impairment and provisions	196	188	196	188
Impairment and provisions at end of period	1,405	911	1,405	911

Individual impairment of loans and advances and provisions for guarantees:

Impairment and provisions at 1 Jan	954	738	1,136	696
Exchange rate adjustment	0	2	1	0
Impairment and provisions during the period	597	512	186	182
Other movements	0	(455)	0	(137)
Write-offs covered by impairment and provisions	342	74	114	18
Impairment and provisions at end of period	1,209	723	1,209	723

Individual impairment of loans and advances	1,016	699	1,016	699
Individual provisions for guarantees	193	24	193	24
Impairment and provisions at end of period	1,209	723	1,209	723

Collective impairment of loans and advances and provisions for guarantees:

Impairment and provisions at 1 Jan	152	157	194	173
Impairment and provisions during the period	44	31	2	15
Impairment and provisions at end of period	196	188	196	188

Sum of loans and advances and amounts owed subject to collective impairment and provisions	22,589	18,761	22,589	18,761
Collective impairment and provisions	196	188	196	188

Loans and advances and amounts owed after collective impairment and provisions	22,393	18,573	22,393	18,573
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Individual impairment of loans and advances subject to objective evidence of impairment:

Balance before impairment of individually assessed loans and advances	2,116	1,400	2,116	1,400
Impairment of individually assessed loans and advances	1,016	699	1,016	699
Balance after impairment of individually assessed loans and advances	1,100	701	1,100	701

Notes – Sydbank Group

DKKm	Q1-Q3 2009	Q1-Q3 2008	Q3 2009	Q3 2008
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Note 10

Profit on holdings in associates and subsidiaries:

Profit on holdings in associates etc	19	14	0	3
Total	19	14	0	3

Note 11

Effective tax rate:

Current tax rate of the Sydbank Group	25.0	25.0	25.0	25.0
Adjustment of deferred tax due to changed corporation tax rate	-	-	-	-
Permanent differences	-	(3.1)	-	-
Adjustment of tax of previous years	0.1	0.6	0.1	-
Total	25.1	22.5	25.1	25.0

DKKm	30 Sep 2009	31 Dec 2008	30 Sep 2008
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Note 12

Amounts owed by credit institutions and central banks:

Amounts owed at notice by central banks	560	340	837
Amounts owed by credit institutions	13,305	11,825	12,676
Total	13,865	12,165	13,513

Note 13

Other assets:

Positive market value of derivatives etc	8,905	10,574	6,003
Sundry debtors	334	265	626
Interest and commission receivable	761	957	647
Other assets	2	0	0
Total	10,002	11,796	7,276

Note 14

Amounts owed to credit institutions and central banks:

Amounts owed to central banks	20,668	17,570	17,987
Amounts owed to credit institutions	24,429	21,319	21,857
Total	45,097	38,889	39,844

Notes – Sydbank Group

DKKm	30 Sep 2009	31 Dec 2008	30 Sep 2008
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Note 15

Deposits and other debt:

On demand	38,961	37,843	38,275
At notice	732	727	748
Time deposits	19,987	30,784	19,477
Special categories of deposits	5,601	5,653	4,906
Total	65,281	75,007	63,406

Note 16

Other liabilities:

Negative market value of derivatives etc	8,205	8,833	4,660
Sundry creditors	5,562	5,286	6,710
Interest and commission etc	489	629	1,025
Other liabilities	0	16	0
Total	14,256	14,764	12,395

Note 17

Provisions:

Provisions for pensions and similar obligations	4	4	4
Provisions for deferred tax	25	24	71
Provisions for guarantees	193	66	39
Other provisions	24	9	10
Total	246	103	124

Notes – Sydbank Group

DKKm	30 Sep 2009	31 Dec 2008	30 Sep 2008
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Note 18

Subordinated capital (Tier 2):

Interest rate		Nominal (m)		Maturity			
Floating	Bond loan	EUR	100	29.06.12	-	745	745
Floating	Bond loan	EUR	40	17.09.12	-	298	298
Floating	Bond loan	DKK	50	29.10.12	50	50	50
Floating	Bond loan	EUR	100	21.10.13	744	745	745
Floating	Bond loan	DKK	200	14.11.14	200	200	200
Floating	Bond loan	EUR	100	04.04.15	744	744	746
Floating	Bond loan	EUR	8	31.10.15	55	55	56
Total supplementary capital					1,793	2,837	2,840
Floating	Bond loan	EUR	100	Perpetual	738	738	739
Floating	Bond loan	EUR	75	Perpetual	559	559	560
Floating	Bond loan	DKK	85	Perpetual	85	85	85
Total hybrid core capital					1,382	1,382	1,384
Total					3,175	4,219	4,224

Note 19

Contingent liabilities and other obligating agreements:

Contingent liabilities:

Financial guarantees	2,668	3,050	4,310
Mortgage finance guarantees	1,363	979	926
Registration and remortgaging guarantees	3,824	3,239	2,757
Loss guarantee/guarantee, the Danish Contingency Committee	576	871	-
Other contingent liabilities	1,358	1,436	1,679
Total	9,789	9,575	9,672

Other obligating agreements:

Irrevocable credit commitments	10	5	163
Other liabilities	55	74	79
Total	65	79	242

Notes – Sydbank Group

DKKm

Note 19 – continued

A group of minority shareholders (“Foreningen af Minoritetsaktionærer i bankTrelleborg”) has filed a class action regarding the legality of the compulsory redemption against Fonden for bankTrelleborg, Sydbank and the Danish Financial Supervisory Authority.

In continuation of the transfer of the shares in bankTrelleborg to Sydbank, the shares were priced by appraisers in accordance with section 144 (4) of the Danish Financial Business Act. A few shareholders have brought the findings of the appraisers before the courts.

Moreover, in Q2 2009 the group of minority shareholders (“Foreningen af Minoritetsaktionærer i bankTrelleborg”) filed an action against Sydbank regarding an inadequate prospectus in connection with the conversion of sparTrelleborg to bankTrelleborg.

Finally, the Group is party to a number of legal actions.

These legal actions are under continuous review and the necessary provisions made are based on an assessment of the risk of loss. Pending legal actions are not expected to have any significant impact on the financial position of the Group.

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

Note 20

Collateral:

As of 30 September 2009 the Group had deposited securities at a market value of DKK 21,910m 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. Related party transactions are settled on market terms.

No unusual transactions took place with related parties in Q1-Q3 2009. Reference is made to the Group’s 2008 Annual Report for a detailed description of related party transactions.

Notes – Sydbank Group

DKKm	30 Sep 2009	31 Dec 2008	30 Sep 2008
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Note 22

Reporting events occurring after the balance sheet date:

After the expiry of Q3, no matters of significant impact on the financial position of the Sydbank Group have occurred.

Note 23

Genuine sale and repurchase transactions and genuine purchase and resale transactions:

Of the below asset items genuine purchase and resale transactions amount to:

Amounts owed by credit institutions and central banks	5,014	2,408	6,731
Loans and advances at fair value	9,058	13,282	10,241

Assets bought as part of genuine sale and repurchase transactions

Asset item:

Bonds at fair value	13,884	16,039	14,660
Shares etc	31	4	718

Of the below liability items genuine sale and repurchase transactions amount to:

Amounts owed to credit institutions and central banks	4,283	1,108	883
Deposits and other debt	-	-	880

Assets sold as part of genuine sale and repurchase transactions

Asset item:

Bonds at fair value	4,243	1,108	1,322
Shares etc	-	-	-

Note 24

Large shareholders:

Nykredit and ATP own more than 5% of the Bank's share capital.

Notes – Sydbank Group

DKKm	Q1-Q3 2009	Q1-Q3 2008	Index 09/08	Full year 2008
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Note 25

Core income:

Core income excl trading income:

Interest margins etc	2,058	1,880	109	2,610
Mortgage credit	166	131	127	176
Payment services	108	105	103	136
Remortgaging and loan fees	61	54	113	73
Other commission	41	47	87	48
Other operating income	16	19	84	23
Total	2,450	2,236	110	3,066

Trading income:

Bonds	243	88	276	156
Shares	192	160	120	193
Foreign exchange	185	217	85	311
Money market	138	81	170	124
Asset management	212	312	68	375
Total	970	858	113	1,159

DKKm	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
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Core income excl trading income:

Interest margins etc	680	679	699	730	642	651	587
Mortgage credit	57	61	48	45	39	44	48
Payment services	33	43	32	31	34	41	30
Remortgaging and loan fees	21	21	19	19	18	18	18
Other commission	13	11	17	1	14	18	15
Other operating income	5	4	7	4	7	6	6
Total	809	819	822	830	754	778	704

Trading income:

Bonds	88	94	61	68	15	33	40
Shares	67	78	47	33	18	78	64
Foreign exchange	51	57	77	94	81	62	74
Money market	45	67	26	43	18	30	33
Asset management	78	73	61	63	91	117	104
Total	329	369	272	301	223	320	315

Supplementary Information

Financial calendar

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

- 2009 Annual Report
16 February 2010
- General Meeting
4 March 2010
- Interim Report – Q1 2010
27 April 2010
- Interim Report – 1H 2010
17 August 2010
- Interim Report Q1-Q3 2010
26 October 2010

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Relevant links

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