

Interim Report – Q1 2010

Company Announcement No 5/2010
27 April 2010

Contents

Financial Review

Group Financial Highlights	3
Summary	4
Financial Review	6
Management Statement	10

Financial Statements – Sydbank Group

Income Statement	11
Statement of Comprehensive Income	11
Balance Sheet	12
Group Financial Highlights – Quarterly	13
Capital	14
Cash Flow Statement	16
Segment Statements	17
Notes	18
Supplementary Information	27

Group Financial Highlights

	Q1 2010	Q1 2009	Index 10/09	Full year 2009
Income statement (DKK m)				
Core income excl trading income	829	822	101	3,320
Trading income	399	272	147	1,266
Total core income	1,228	1,094	112	4,586
Costs, core earnings	656	659	100	2,466
Core earnings before impairment	572	435	131	2,120
Impairment of loans and advances etc	323	270	120	1,195
Core earnings	249	165	151	925
Profit on investment portfolios	116	72	161	430
Profit before non-recurring items	365	237	154	1,355
Non-recurring items, net	-	-	-	86
Profit before contribution to the Private Contingency Association etc	365	237	154	1,441
Contribution to the Private Contingency Association etc	139	72	193	443
Profit before tax	226	165	137	998
Tax	57	41	139	217
Profit for the period	169	124	136	781
Balance sheet highlights (DKK bn)				
Loans and advances at amortised cost	73.3	78.2	94	74.5
Loans and advances at fair value	7.4	15.8	47	12.9
Deposits and other debt	62.2	73.5	85	68.8
Bonds issued at amortised cost	8.6	10.1	85	8.6
Subordinated capital	3.1	4.2	74	3.1
Shareholders' equity	9.3	7.2	129	9.1
Total assets	149.0	161.4	92	157.8
Financial ratios per share (DKK per share of DKK 10)				
EPS Basic	2.3	2.0		11.7
EPS Diluted	2.3	2.0		11.7
Share price at end of period	147.8	71.5		133.8
Book value	126.5	114.0		124.1
Share price/book value	1.17	0.63		1.08
Average number of shares outstanding (millions)	73.7	63.0		66.9
Other financial ratios and key figures				
Solvency ratio	15.3	15.0		15.2
Core capital ratio	13.1	11.3		13.1
Pre-tax profit as % of average shareholders' equity	2.4	2.3		12.3
Post-tax profit as % of average shareholders' equity	1.8	1.7		9.6
Income/cost ratio (DKK)	1.20	1.16		1.24
Interest rate risk	1.0	2.3		1.0
Foreign exchange position	2.8	1.5		1.1
Foreign exchange risk	0.0	0.0		0.0
Loans and advances relative to deposits *	1.1	1.0		1.0
Loans and advances relative to shareholders' equity *	7.9	10.8		8.2
Growth in loans and advances for the period *	(1.7)	(5.2)		(9.6)
Excess cover relative to statutory liquidity requirements	121.1	66.6		94.4
Total large exposures	13.6	21.4		17.2
Accumulated impairment ratio	2.1	1.3		1.8
Impairment ratio for the period	0.39	0.27		1.40
Number of full-time staff at end of period	2,344	2,429	97	2,369

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

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

Summary

Considering the ongoing difficult economic situation, profit before tax of DKK 226m for the first three months of 2010 is considered satisfactory. The result equals a return of 9.8% p.a. on average shareholders' equity.

The Interim Report is characterised by:

- 1% increase in core income excl trading income
- 47% rise in trading income
- Total core income of DKK 1,228m – an all-time high so far
- Unchanged level of costs (core earnings)
- Impairment of loans and advances of DKK 323m
- Profit on investment portfolios of DKK 116m
- Contribution of DKK 139m to the Private Contingency Association etc
- 6% reduction in bank loans and advances to DKK 73.3bn
- 15% decline in deposits to DKK 62.2bn
- Core capital ratio of 13.1%
- Solvency ratio of 15.3%.

Income statement – Q1 (DKKm)	2010	2009
Core income excl trading income	829	822
Trading income	399	272
Total core income	1,228	1,094
Costs, core earnings	656	659
Core earnings before impairment	572	435
Impairment of loans and advances etc	323	270
Core earnings	249	165
Profit on investment portfolios	116	72
Profit before contribution to the Private Contingency Association etc	365	237
Contribution to the Private Contingency Association etc	139	72
Profit before tax	226	165
Tax	57	41
Profit for the period	169	124

Core earnings before impairment represent DKK 572m against DKK 435m for the first three months of 2009. The increase of DKK 137m consists of a rise in core income excl trading income of DKK 7m, an increase in trading income of DKK 127m and a decline of DKK 3m in costs (core earnings).

Core earnings before impairment are in the upper end of the range as announced in the 2009 Annual Report.

Impairment of loans and advances etc represents DKK 323m (Q1 2009: DKK 270m).

Profit on investment portfolios amounts to DKK 116m and the expense to the Private Contingency Association etc totals DKK 139m. Less a calculated tax charge of DKK 57m, profit for the period stands at DKK 169m.

Profit for the period equals a return of 7.3% p.a. on average shareholders' equity compared with 6.9% p.a. in 2009. Earnings per share rose from DKK 2.0 to DKK 2.3.

The Group's solvency ratio stands at 15.3%, including a core capital ratio of 13.1 percentage points compared with 15.2% and 13.1 percentage points, respectively, at end-2009. Since the beginning of the year the core capital ratio excluding hybrid core capital has risen from 11.5% to 11.6%.

The Group's liquidity measured under the 15% and 10% statutory requirements constitutes 37.2% and 22.1%, respectively, at 31 March 2010.

The Group continues to project core earnings before impairment of loans and advances in the region of DKK 1.9-2.1bn in 2010 – unchanged compared with the range announced in the 2009 Annual Report.

Financial Review

Core income excl trading income

Total core income excl trading income grew by 1% to DKK 829m.

Core income excl trading income – Q1 (DKKm)	2010	2009
Interest margins etc	692	699
Mortgage credit	49	48
Payment services	40	32
Remortgaging and loan fees	23	19
Other commission	20	17
Other operating income	5	7
Total	829	822

Bank loans and deposits have decreased by 6% and 15%, respectively, compared with one year ago; however, income from interest margins etc continues to show significant robustness despite a slight decline of DKK 7m to DKK 692m.

The remaining income components of core income excl trading income have gone up by a total of 11% compared with Q1 2009.

Trading income

Total trading income rose by 47% – from DKK 272m in 2009 to DKK 399m in 2010.

In Q1 2010 trading income was favourably affected by a rise in the trading activity of retail investors. The volume of securities trading grew by 20% compared with Q1 2009.

Within the fixed income department the strong developments of the institutional segments continue and the low short-term rates have made a positive contribution. Finally, income from asset management has been favourably impacted by growing volume generated by the market.

Trading income – Q1 (DKKm)	2010	2009
Bonds	107	61
Shares	81	47
Currency	56	77
Money market	50	26
Asset management	105	61
Total	399	272

Costs and depreciation

The Group's total costs and depreciation recorded DKK 745m (2009: DKK 722m). DKK 3m can be ascribed to investment portfolio earnings and DKK 86m (2009: DKK 60m) to the Private Contingency Association etc.

Costs and depreciation – Q1 (DKKm)	2010	2009
Staff costs	377	380
Other administrative expenses	275	251
Depreciation and impairment of property, plant and equipment	23	31
Other operating expenses	70	59
Total costs and depreciation	745	721
Distributed as follows:		
Costs, core earnings	656	659
Costs, investment portfolio earnings	3	3
Costs, guarantee commission to the Private Contingency Association etc	86	59

Costs (core earnings) of DKK 656m decreased by DKK 3m compared with one year ago. At end-Q1 2010 the Group's staff numbered 2,344 (full-time equivalent) compared with 2,429 at 31 March 2009.

Core earnings before impairment of loans and advances

Core earnings before impairment of loans and advances represent DKK 572m – an increase of DKK 137m or 31% compared with one year ago.

Impairment of loans and advances etc

Impairment of loans and advances constitutes DKK 323m (2009: DKK 270m). At 31 March 2010 the impairment ratio (excl the provision for the Private Contingency Association) relative to loans and advances and guarantees represents 0.34%. At end-March accumulated impairment and provisions (excl the provision of DKK 272m for the Private Contingency Association) amount to DKK 1,767m, a rise of DKK 209m compared with the beginning of the year.

Core earnings

Core earnings represent DKK 249m compared with DKK 165m in 2009.

Investment portfolio earnings

Less funding charges and less related costs of DKK 3m, investment portfolio earnings amount to DKK 116m (2009: DKK 72m).

The Group's interest rate risk comprises DKK 104m at 31 March 2010. The Group's exchange rate risk continues to be very low and its equity position is modest.

Contribution to the Private Contingency Association etc

In Q1 2010 guarantee commission and the provision for the guarantee to the Private Contingency Association amount to DKK 70m and DKK 52m, respectively, totalling DKK 122m. In addition DKK 16m has been charged to income to cover the expected additional minimum payment to the credit institution department ("Pengeinstitutafdelingen") under the Guarantee Fund for Depositors and Investors for the purpose of restoring the liquid resources of the Fund's capital following the bankruptcy of Capinordic Bank.

Subsidiaries

The subsidiary bank, Sydbank (Schweiz) AG, which conducts private banking activities in St. Gallen, Switzerland, recorded a profit after tax of DKK 3m (2009: loss of DKK 1m). Ejendomsselskabet recorded a profit after tax of DKK 1m (2009: loss of DKK 1m).

Profit for the period

Profit before tax amounts to DKK 226m. Less a calculated tax charge of DKK 57m, profit for the period stands at DKK 169m compared with DKK 124m in 2009.

Return

Return on shareholders' equity represents 7.3% p.a. against 6.9% p.a. in 2009. Earnings per share rose from DKK 2.0 to DKK 2.3.

Developments in Q1 2010 compared with Q4 2009

Total core income grew by DKK 83m in Q1 compared with Q4. The change is made up by a reduction of DKK 20m in core income excl trading income and an increase of DKK 103m in trading income. Costs (core earnings) recorded DKK 64m more than in Q4, owing to a seasonal adjustment.

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

During the same period impairment of loans and advances decreased by DKK 23m and investment portfolio earnings improved by DKK 47m. No non-recurring items were recognised in Q1; non-recurring items of DKK 86m were recognised as income in Q4.

The contribution to the Private Contingency Association etc grew by DKK 23m in Q1 compared with Q4. After tax, profit amounts to DKK 169m for Q1 compared with DKK 217m for Q4.

Balance sheet

The Group's total assets made up DKK 149.0bn at 31 March 2010 against DKK 157.8bn at year-end 2009.

Assets (DKKbn)	31 Mar 2010	31 Dec 2009
Amounts owed by credit institutions etc	10.9	14.5
Loans and advances at fair value (reverse repo transactions)	7.4	12.9
Loans and advances at amortised cost (bank loans and advances)	73.3	74.5
Securities and holdings etc	38.0	38.5
Assets related to pooled plans	7.2	6.7
Other assets etc	12.2	10.7
Total	149.0	157.8

The Group's bank loans and advances total DKK 73.3bn – a decline of 1% compared with year-end 2009 and 6% compared with 31 March 2009.

Shareholders' equity and liabilities (DKKbn)	31 Mar 2010	31 Dec 2009
Amounts owed to credit institutions etc	43.2	45.4
Deposits and other debt	62.2	68.8
Deposits in pooled plans	7.2	6.7
Bonds issued	8.6	8.6
Other liabilities etc	14.9	15.6
Provisions	0.5	0.5
Subordinated capital	3.1	3.1
Shareholders' equity	9.3	9.1
Total	149.0	157.8

The Group's deposits make up DKK 62.2bn against DKK 68.8bn at year-end 2009 and DKK 73.5bn at end-March 2009. The decline in deposits is largely ascribable to time deposits.

Capital

At end-Q1 2010, shareholders' equity constitutes DKK 9,325m – an increase of DKK 207m since year-end 2009. The change comprises additions from net sale of own shares of DKK 38m and profit for the period of DKK 169m.

Risk-weighted items rose from DKK 77.9bn at year-end 2009 to DKK 79.5bn at end-Q1 2010 ascribable to a continued decline in the average rating of the lending portfolio.

The Group's solvency ratio stands at 15.3%, including a core capital ratio of 13.1 percentage points compared with 15.2% and 13.1 percentage points, respectively, at end-2009. During the same period the core capital ratio excluding hybrid core capital has risen from 11.5% to 11.6%.

The solvency need is determined on the basis of the regulatory requirement of 8.0%. For precautionary reasons, an estimated buffer of one percentage point has been added to the regulatory requirement and the Group's solvency need at 31 March 2010 has been set at 9.0%.

Outlook for 2010

The Group continues to project core earnings before impairment of loans and advances in the region of DKK 1.9-2.1bn in 2010 – unchanged compared with range announced in the 2009 Annual Report.

Management Statement

Today we have reviewed and approved the Interim Report – Q1 2010 of Sydbank A/S.

The consolidated interim financial statements for Q1 2010 have been prepared in accordance with 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.

In our opinion the accounting policies applied are appropriate and the interim report gives a true and fair view of the Group's assets, shareholders' equity and liabilities and financial position at 31 March 2010 and of the results of the Group's operations and consolidated cash flows for the financial reporting period 1 January–31 March 2010 as well as a description of the most significant risks and elements of uncertainty which may affect the Group.

Aabenraa, 27 April 2010

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

Sven Rosenmeyer Paulsen

Steen Tophøj

Jan Uldahl-Jensen

Margrethe Weber

Income Statement – Sydbank Group

DKKm	Note	Q1 2010	Q1 2009	Full year 2009
Interest income	2	1,098	1,789	5,695
Interest expense	3	261	967	2,290
Net interest income		837	822	3,405
Dividends on shares		9	8	31
Fee and commission income	4	331	254	1,114
Fee and commission expense		40	35	151
Net interest and fee income		1,137	1,049	4,399
Market value adjustments	5	204	94	667
Other operating income		5	7	23
Staff costs and administrative expenses	6	652	631	2,341
Depreciation and impairment of property, plant and equipment		23	31	135
Other operating expenses		70	59	270
Impairment of loans and advances etc	8	376	282	1,368
Profit on holdings in associates and subsidiaries		1	18	23
Profit before tax		226	165	998
Tax	9	57	41	217
Profit for the period		169	124	781
EPS Basic (DKK) *		2.3	2.0	11.7
EPS Diluted (DKK) *		2.3	2.0	11.7
Dividend per share (DKK)		-	-	-

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

Statement of Comprehensive Income – Sydbank Group

Profit for the period	169	124	781
Other comprehensive income			
Translation of foreign entities	8	(3)	1
Hedge of net investment in foreign entities	(8)	3	(1)
Property revaluation	-	-	23
Other comprehensive income after tax	0	0	23
Comprehensive income after tax	169	124	804

Balance Sheet – Sydbank Group

DKKkm	Note	31 Mar 2010	Full year 2009	31 Mar 2009
Assets				
Cash and balances on demand at central banks		813	862	1,309
Amounts owed by credit institutions and central banks	10	10,133	13,637	12,056
Loans and advances at fair value		7,388	12,930	15,845
Loans and advances at amortised cost		73,277	74,544	78,203
Bonds at fair value		35,745	36,642	33,842
Shares etc		1,961	1,552	1,330
Holdings in associates etc		310	310	249
Assets related to pooled plans		7,154	6,735	5,543
Intangible assets		13	14	14
Total land and buildings		1,045	1,046	1,021
investment property		2	2	9
owner-occupied property		1,043	1,044	1,012
Other property, plant and equipment		128	139	144
Current tax assets		62	32	247
Deferred tax assets		11	11	10
Assets held for sale		0	-	5
Other assets	11	10,911	9,316	11,543
Prepayments		61	51	58
Total assets		149,012	157,821	161,419
Shareholders' equity and liabilities				
Amounts owed to credit institutions and central banks	12	43,149	45,406	45,336
Deposits and other debt	13	62,178	68,780	73,513
Deposits in pooled plans		7,154	6,735	5,543
Bonds issued at amortised cost		8,627	8,622	10,094
Current tax liabilities		8	8	10
Other liabilities	14	14,905	15,524	15,321
Deferred income		9	27	12
Total liabilities		136,030	145,102	149,829
Provisions	15	531	477	133
Subordinated capital	16	3,126	3,124	4,218
Shareholders' equity:				
Share capital		742	742	675
Revaluation reserves		112	112	91
Other reserves:				
Reserves according to articles of association		418	418	411
Other reserves		33	33	20
Retained earnings		8,020	7,813	6,042
Total shareholders' equity		9,325	9,118	7,239
Total shareholders' equity and liabilities		149,012	157,821	161,419

Group Financial Highlights – Quarterly

	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Full year 2009
Income statement (DKKm)						
Core income excl trading income	829	849	830	819	822	3.320
Trading income	399	296	329	369	272	1,266
Total core income	1,228	1,145	1,159	1,188	1,094	4,586
Costs, core earnings	656	592	586	629	659	2,466
Core earnings before impairment	572	553	573	559	435	2,120
Impairment of loans and advances etc	323	346	284	295	270	1,195
Core earnings	249	207	289	264	165	925
Profit on investment portfolios	116	69	150	139	72	430
Profit before non-recurring items	365	276	439	403	237	1,355
Non-recurring item	-	86	-	-	-	86
Profit before contribution to the Private Contingency Association etc	365	362	439	403	237	1,441
Contribution to the Private Contingency Association etc	139	116	113	142	72	443
Profit before tax	226	246	326	261	165	998
Tax	57	29	81	66	41	217
Profit for the period	169	217	245	195	124	781
Balance sheet highlights (DKKbn)						
Loans and advances at amortised cost	73.3	74.5	73.9	75.6	78.2	74.5
Loans and advances at fair value	7.4	12.9	9.1	12.9	15.8	12.9
Deposits and other debt	62.2	68.8	65.3	71.6	73.5	68.8
Bonds issued at amortised cost	8.6	8.6	10.1	10.1	10.1	8.6
Subordinated capital	3.1	3.1	3.2	3.5	4.2	3.1
Shareholders' equity	9.3	9.1	8.9	7.5	7.2	9.1
Total assets	149.0	157.8	153.4	160.1	161.4	157.8
Financial ratios per share (DKK per share of DKK 10)						
EPS Basic	2.3	3.0	3.7	3.0	2.0	11.7
EPS Diluted	2.3	3.0	3.7	3.0	2.0	11.7
Share price at end of period	147.8	133.8	133.3	122.5	71.5	133.8
Book value	126.5	124.1	120.8	116.2	114.0	124.1
Share price/book value	1.17	1.08	1.10	1.05	0.63	1.08
Average number of shares outstanding (millions)	73.7	73.3	67.0	64.3	63.0	66.9
Other financial ratios and key figures						
Solvency ratio	15.3	15.2	14.8	13.8	15.0	15.2
Core capital ratio	13.1	13.1	12.9	11.4	11.3	13.1
Pre-tax profit as % of average shareholders' equity	2.4	2.7	4.0	3.5	2.3	12.3
Post-tax profit as % of average shareholders' equity	1.8	2.4	3.0	2.7	1.7	9.6
Income/cost ratio (DKK)	1.20	1.23	1.33	1.24	1.16	1.24
Interest rate risk	1.0	1.0	0.4	2.2	2.3	1.0
Foreign exchange position	2.8	1.1	1.4	3.4	1.5	1.1
Foreign exchange risk	0.0	0.0	0.0	0.1	0.0	0.0
Loans and advances relative to deposits *	1.1	1.0	1.0	1.0	1.0	1.0
Loans and advances relative to equity *	7.9	8.2	8.4	10.1	10.8	8.2
Growth in loans and advances for the period *	(1.7)	0.8	(2.2)	(3.3)	(5.2)	(9.6)
Excess cover relative to statutory liquidity requirements	121.1	94.4	93.8	106.8	66.6	94.4
Total large exposures	13.6	17.2	20.1	34.6	21.4	17.2
Accumulated impairment ratio	2.1	1.8	1.5	1.3	1.3	1.8
Impairment ratio for the period	0.39	0.39	0.35	0.37	0.27	1.40
Number of full-time staff at end of period	2,344	2,369	2,385	2,414	2,429	2,369

Financial ratios are prepared according to "Recommendations & Financial Ratios 2005" published by the Danish Society of Financial Analysts. * Calculated on the basis of loans and advances at amortised cost.

Capital – Sydbank Group

DKK m	Share capital	Revaluation reserves	Reserves according to articles of association	Reserve for net revaluation acc. to method	Retained earnings	Total
Shareholders' equity at 1 Jan 2010	742	112	418	33	7,813	9,118
Changes in equity in 2010						
Purchase of own shares	-	-	-	-	(466)	(466)
Sale of own shares	-	-	-	-	504	504
Comprehensive income for the period	-	-	-	-	169	169
Total changes in equity	-	-	-	-	207	207
Shareholders' equity at 31 March 2010	742	112	418	33	8,020	9,325

Shareholders' equity at 1 Jan 2009	675	91	411	20	5,891	7,088
Changes in equity in 2009						
Purchase of own shares	-	-	-	-	(273)	(273)
Sale of own shares	-	-	-	-	310	310
Tax on equity items	-	-	-	-	(10)	(10)
Comprehensive income for the period	-	-	-	-	124	124
Total changes in equity	-	-	-	-	151	151
Shareholders' equity at 31 March 2009	675	91	411	20	6,042	7,239

	Q1 2010	Full year 2009	Q1 2009
--	---------	----------------	---------

The Sydbank share

Share capital (DKK)	742,499,990	742,499,990	675,000,000
Shares issued (number)	74,249,999	74,249,999	67,500,000
Shares outstanding at end of period (number)	73,737,003	73,471,636	63,455,402
Average number of shares outstanding	73,661,441	66,926,690	63,015,301

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

Capital – Sydbank Group

DKKm	31 Mar 2010	31 Dec 2009	31 Mar 2009
Solvency			
Solvency ratio	15.3	15.2	15.0
Core capital ratio	13.1	13.1	11.3
Capital base after deductions			
Shareholders' equity	9,325	9,118	7,239
Revaluation reserves	(112)	(112)	(91)
Proposed dividend	-	-	-
Intangible assets and capitalised tax assets	(25)	(25)	(25)
Core capital (excl hybrid core capital)	9,188	8,981	7,123
Hybrid core capital	1,382	1,386	1,388
50% of holdings > 10%	(119)	(105)	(99)
50% of total holdings etc > 10%	(5)	-	(33)
50% of difference between expected losses and accounting value adjustments and accounting provision	-	(33)	(42)
50% of the value of transferred payments etc with delivery risk	-	(5)	-
Core capital (incl hybrid core capital) after deductions	10,446	10,224	8,337
Subordinated loan capital	1,744	1,744	2,839
Revaluation reserves	112	112	91
Difference between expected losses and impairment charges	114	-	-
Capital base before deductions	12,416	12,080	11,267
50% of holdings > 10%	(119)	(105)	(99)
50% of total holdings etc > 10%	(5)	-	(33)
50% of difference between expected losses and accounting value adjustments and accounting provision	-	(33)	(42)
50% of the value of transferred payments etc with delivery risk	-	(5)	-
Holdings in associates	(131)	(128)	(65)
Capital base after deductions	12,161	11,809	11,028
Credit risk	63,609	62,608	59,839
Market risk	8,514	8,764	7,212
Operational risk	7,378	6,537	6,537
Risk-weighted items	79,501	77,909	73,588
Regulatory solvency requirement	6,360	6,233	5,887
Adequate capital base	7,155	7,012	5,887

Cash Flow Statement – Sydbank Group

DKKm	Q1 2010	Full year 2009	Q1 2009
Operating activities			
Pre-tax profit for the period	226	998	165
Taxes paid	(81)	86	(109)
Adjustment of non-cash operating items	451	1,867	326
Cash flows from working capital	(3,481)	(193)	93
Cash flows from operating activities	(2,885)	2,758	475
Investing activities			
Purchase and sale of holdings in associates	0	(67)	0
Purchase and sale of property, plant and equipment	(11)	(128)	(27)
Cash flows from investing activities	(11)	(195)	(27)
Financing activities			
Purchase and sale of own holdings	38	371	28
Share issue	0	855	-
Raising of subordinated capital	2	(1,095)	(1)
Issue of bonds	5	(1,473)	(2)
Cash flows from financing activities	45	(1,342)	25
Cash flows for the period	(2,851)	1,221	473
Cash equivalent positions at 1 Jan	7,421	6,200	6,200
Cash flows for the period	(2,851)	1,221	473
Cash equivalent positions at end of period	4,570	7,421	6,673

Segment Statements – Sydbank Group

DKKm	Banking	Sydbank Markets	Treasury	Other	Total
Business segments Q1 2010					
Core income excl trading income	835	(6)	-	-	829
Trading income	197	202	-	-	399
Core income	1,032	196	-	-	1,228
Costs and depreciation	555	89	3	12	659
Impairment of loans and advances etc	323	0	-	-	323
Core earnings	154	107	(3)	(12)	246
Investment portfolio income	-	-	113	6	119
Profit before non-recurring items	154	107	110	(6)	365
Non-recurring items, net	-	-	-	-	-
Profit before contribution to the Private Contingency Association etc	154	107	110	(6)	365
Contribution to the Private Contingency Association etc	-	-	-	139	139
Profit before tax	154	107	110	(145)	226

Business segments Q1 2009

Core income excl trading income	849	(27)	-	-	822
Trading income	143	129	-	-	272
Core income	992	102	-	-	1,094
Costs and depreciation	560	85	3	14	662
Impairment of loans and advances etc	270	(1)	-	-	269
Core earnings	162	18	(3)	(14)	163
Investment portfolio income	-	-	76	(2)	74
Profit before non-recurring items	162	18	73	(16)	237
Non-recurring items, net	-	-	-	-	-
Profit before contribution to the Private Contingency Association etc	162	18	73	(16)	237
Contribution to the Private Contingency Association etc	-	-	-	72	72
Profit before tax	162	18	73	(88)	165

Notes – Sydbank Group

Note 1

Accounting policies

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

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

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

The measurement of certain assets and liabilities requires managerial estimates as to how future events will affect the value of such assets and liabilities. The significant estimates made by the management in the 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 2009.

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

Notes – Sydbank Group

DKKm	Q1 2010	Q1 2009	Full year 2009
------	------------	------------	-------------------

Note 2

Interest income

Reverse transactions with credit institutions and central banks	8	13	55
Amounts owed by credit institutions and central banks	20	73	171
Reverse loans and advances	26	132	304
Loans and advances and other amounts owed	803	1,126	3,786
Bonds	214	330	1,216
Derivatives	26	111	148
Other interest income	1	4	15
Total	1,098	1,789	5,695

Note 3

Interest expense

Repo transactions with credit institutions and central banks	35	10	24
Credit institutions and central banks	48	268	637
Repo deposits	1	4	7
Deposits and other debt	142	559	1,327
Bonds issued	19	84	184
Subordinated capital	16	42	110
Other interest expense	0	0	1
Total	261	967	2,290

Note 4

Fee and commission income

Securities trading and custody accounts	183	132	605
Payment services	47	40	161
Loan fees	24	18	84
Guarantee commission	29	21	93
Other fees and commission	48	43	171
Total	331	254	1,114

Notes – Sydbank Group

DKKm	Q1 2010	Q1 2009	Full year 2009
------	------------	------------	-------------------

Note 5

Market value adjustments

Other loans and advances and amounts owed at fair value	0	11	(6)
Bonds	215	161	294
Shares etc	100	(37)	226
Investment property	-	-	0
Currency	68	76	247
Total derivatives	(179)	(117)	(94)
Assets related to pooled plans	260	(79)	753
Deposits in pooled plans	(260)	79	(753)
Other assets/liabilities	0	0	0
Total	204	94	667

Note 6

Staff costs and administrative expenses

Salaries and emoluments to:

Group Executive Management:

Salaries	3	3	10
Pensions	0	0	2
Board of Directors	1	1	3
Shareholders' Committee	1	1	2
Total	5	5	17

Staff costs:

Wages and salaries	308	317	1,201
Pensions	34	36	138
Social security contributions	2	2	8
Payroll tax etc	28	20	90
Total	372	375	1,437

Other administrative expenses:

IT	125	116	500
Rent etc	31	31	161
Marketing and entertainment expenses	18	20	76
Other expenses	101	84	150
Total	275	251	887
Total	652	631	2,341

Note 7

Staff

Average number of staff (full-time equivalent)	2,396	2,501	2,459
--	-------	-------	-------

Notes – Sydbank Group

DKKm	Q1 2010	Q1 2009	Full year 2009
------	------------	------------	-------------------

Note 8

Impairment of loans and advances recognised in the income statement

Impairment and provisions	330	264	972
Write-offs	53	25	465
Recovered from debt previously written off	7	7	69
Impairment of loans and advances etc	376	282	1,368

Impairment and provisions at end of period

Individual impairment and provisions	1,903	1,143	1,637
Collective impairment and provisions	136	173	141
Impairment and provisions at end of period	2,039	1,316	1,778

Individual impairment of loans and advances and provisions for guarantees

Impairment and provisions at 1 Jan	1,637	954	954
Exchange rate adjustment	1	(1)	0
Impairment and provisions during the period	339	256	1,052
Other movements	94	-	-
Write-offs covered by impairment and provisions	168	66	369
Impairment and provisions at end of period	1,903	1,143	1,637

Individual impairment of loans and advances	1,608	1,063	1,397
Individual provisions for guarantees	295	80	240
Impairment and provisions at end of period	1,903	1,143	1,637

Collective impairment of loans and advances and provisions for guarantees

Impairment and provisions at 1 Jan	141	152	152
Impairment and provisions during the period	(5)	21	(11)
Impairment and provisions at end of period	136	173	141

Sum of loans and advances and amounts owed subject to collective impairment and provisions	20,993	16,104	21,855
Collective impairment and provisions	136	173	141
Loans and advances and amounts owed after collective impairment and provisions	20,857	15,931	21,714

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

Balance before impairment of individually assessed loans and advances	3,555	2,254	3,126
Impairment of individually assessed loans and advances	1,608	1,063	1,397
Balance after impairment of individually assessed loans and advances	1,947	1,191	1,729

Note 9

Effective tax rate

Current tax rate of Sydbank	25.0	25.0	25.0
Permanent differences	-	-	(3.1)
Adjustment of tax of previous years	-	-	(0.1)
Effective tax rate	25.0	25.0	21.8

Notes – Sydbank Group

DKKm	31 Mar 2010	31 Dec 2009	31 Mar 2009
------	----------------	----------------	----------------

Note 10

Amounts owed by credit institutions and central banks

Amounts owed at notice by central banks	0	3,554	1,136
Amounts owed by credit institutions	6,899	5,091	8,271
Reverse transactions	3,234	4,992	2,649
Total	10,133	13,637	12,056

Note 11

Other assets

Positive market value of derivatives etc	10,108	8,330	10,551
Sundry debtors	351	336	272
Interest and commission receivable	450	649	702
Other assets	2	1	18
Total	10,911	9,316	11,543

Note 12

Amounts owed to credit institutions and central banks

Amounts owed to central banks	2,626	12,522	27,622
Amounts owed to credit institutions	25,951	18,928	16,745
Repo transactions	14,572	13,956	969
Total	43,149	45,406	45,336

Note 13

Deposits and other debt

On demand	39,722	40,645	37,070
At notice	678	697	739
Time deposits	15,727	21,526	29,600
Special categories of deposits	5,531	5,912	5,763
Repo transactions	520	-	341
Total	62,178	68,780	73,513

Notes – Sydbank Group

DKKm	31 Mar 2010	31 Dec 2009	31 Mar 2009
------	----------------	----------------	----------------

Note 14

Other liabilities

Negative market value of derivatives etc	9,373	7,488	9,078
Sundry creditors	5,395	7,886	5,639
Interest and commission etc	134	146	538
Other liabilities	3	4	66
Total	14,905	15,524	15,321

Note 15

Provisions

Provisions for pensions and similar obligations	3	3	4
Provisions for deferred tax	209	208	25
Provisions for guarantees *	295	240	80
Other provisions	24	26	24
Total	531	477	133
* Of which the Private Contingency Association	272	220	60

Note 16

Subordinated capital (Tier 2)

Interest rate		Nominal (m)	Maturity				
Floating	Bond loan	EUR	100	29.06.12	-	-	745
Floating	Bond loan	EUR	40	17.09.12	-	-	298
Floating	Bond loan	DKK	50	29.10.12	-	-	50
Floating	Bond loan	EUR	100	21.10.13	744	744	745
Floating	Bond loan	DKK	200	14.11.14	200	200	200
Floating	Bond loan	EUR	100	04.04.15	744	743	743
Floating	Bond loan	EUR	8	31.10.15	56	56	56
Total supplementary capital					1,744	1,743	2,837
Floating	Bond loan	EUR	100	Perpetual	739	738	738
Floating	Bond loan	EUR	75	Perpetual	558	558	558
Floating	Bond loan	DKK	85	Perpetual	85	85	85
Total hybrid core capital					1,382	1,381	1,381
Total					3,126	3,124	4,218

Notes – Sydbank Group

DKKm	31 Mar 2010	31 Dec 2009	31 Mar 2009
------	----------------	----------------	----------------

Note 17

Contingent liabilities and other obligating agreements

Contingent liabilities

Financial guarantees	2,900	2,702	2,611
Mortgage finance guarantees	2,646	2,343	1,015
Registration and remortgaging guarantees	5,236	5,057	3,248
Loss guarantee/guarantee	479	531	691
Other contingent liabilities	1,488	1,420	1,426
Total	12,749	12,053	8,991

Other obligating agreements

Irrevocable credit commitments	7	14	-
Other liabilities	58	61	56
Total	65	75	56

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

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

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

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

Note 18

Repo and reverse transactions

In connection with repo transactions, which involve selling securities to be repurchased at a later date, the securities remain on the balance sheet, and consideration received is recognised as a deposit. Repo transaction securities are treated as assets provided as collateral for liabilities. At 31 March 2010, the fair value of repo transaction securities stood at DKK 14,947m.

In connection with reverse transactions, which involve buying securities to be resold at a later date, the Group is entitled to sell the securities or deposit them as collateral for other loans. The securities are not recognised on the balance sheet and consideration paid is carried as a loan. At 31 March 2010, the fair value of reverse transaction securities stood at DKK 10,527m.

Notes – Sydbank Group

Note 19

Collateral

As of 31 March 2010 the Group had deposited as collateral securities at a market value of DKK 2,931m with Danish and foreign exchanges and clearing centres etc in connection with margin calls and securities settlements etc.

Note 20

Related parties

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

No unusual transactions took place with related parties in Q1 2010. Reference is made to the 2009 Annual Report for a detailed description of transactions with related parties.

Note 21

Reporting events occurring after the balance sheet date

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

Note 22

Large shareholders

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

ATP, Copenhagen

Nykredit A/S, Copenhagen

Notes – Sydbank Group

	Q1	Q1	Full year
DKKm	2010	2009	2009

Note 23

Core income

Core income excl trading income

Interest margins etc	692	699	2,776
Mortgage credit	49	48	221
Payment services	40	32	159
Remortgaging and loan fees	23	19	83
Other commission	20	17	59
Other operating income	5	7	22
Total	829	822	3,320

Mortgage credit

Totalkredit cooperation	43	30	168
Totalkredit, set-off of loss	1	0	8
Totalkredit cooperation, net	42	30	160
DLR Kredit	4	16	52
Other mortgage credit income	3	2	9
Total	49	48	221

Trading income

Bonds	107	61	292
Shares	81	47	258
Currency	56	77	234
Money market	50	26	178
Asset management	105	61	304
Total	399	272	1,266

Supplementary Information

Financial calendar

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

- Interim Report – 1H 2010
17 August 2010
- Interim Report Q1-Q3 2010
26 October 2010

Sydbank contacts

Carsten Andersen, Group Chief Executive
Tel +45 74 37 20 00

Niels Møllegaard, Group Executive Vice President
Tel +45 74 37 20 50

Mogens Sandbæk, CFO
Tel +45 74 37 24 00

Address

Sydbank A/S
Peberlyk 4
DK-6200 Aabenraa
Tel +45 74 37 37 37
CVR No DK 12626509

Relevant links

www.sydbank.dk
www.sydbank.com

For further information reference is made to Sydbank's audited 2009 Annual Report at sydbank.com.