

# Quarterly Report Q1-Q3 2008

---

Stock Exchange Announcement No 18/08  
21 October 2008

## Contents

<b>Summary</b>	3
<b>Financial Review</b>	
Group Financial Highlights	5
Review	6
Management Statement	12
<b>Financial statements – Sydbank Group</b>	
Income Statement	13
Balance Sheet	14
Financial Highlights – Quarterly	15
Statement of Changes in Equity (Tier 1)	16
Own Holdings and Solvency	17
Cash Flow Statement	18
Segment Statements	19
Notes	20

## Sydbank's Quarterly Report Q1-Q3 2008

### Summary

#### **Satisfactory core earnings**

The Sydbank Group recorded a pre-tax profit of DKK 960m for the first nine months of 2008 against DKK 1,871m in Q1-Q3 2007. The result equals a return of 18% p.a. on average shareholders' equity (Tier 1).

Core earnings before impairment represent DKK 1,227m against DKK 1,357m for the first nine months of 2007. The decline is caused by a reduction in trading income and a rise in costs.

In Q1-Q3 2008 the Sydbank Group recorded impairment charges for loans and advances of DKK 85m; in the same period in 2007 DKK 608m was recognised as income.

Investment portfolio earnings represent a loss of DKK 362m and non-recurring items of DKK 180m were recognised as net income.

Post-tax profit represents DKK 744m, equal to a return of 14% p.a. on average shareholders' equity (Tier 1). Earnings per share for the period decreased from DKK 21.1 to DKK 11.7.

As of 1 February 2008 bankTrelleborg was acquired by and merged with Sydbank, which has favourably affected the Sydbank Group's loans and advances, deposits and profit etc in Q1-Q3 2008.

Given the financial crisis and the macroeconomic slowdown, performance as well as business developments are considered satisfactory.

Sydbank is a member of the Danish Contingency Committee and therefore covered by the government guarantee scheme which has been set up. Sydbank is of the opinion that the government guarantee scheme will restore a functioning money market as well as revive international confidence in Danish banks.

The realised decline in trading income is larger than originally announced. Consequently and due to the Bank's expenses this year for the government guarantee scheme estimated at around DKK 70-80m, the Group projects core earnings before impairment for the year in the lower end of DKK 1.6-1.9bn as previously announced.

Moreover due to the non-functioning mortgage credit market the Bank's investment portfolio earnings have deteriorated further by an unrealised capital loss of around DKK 225m since end-September 2008.

## Group Executive Management

As of 1 November 2008 Sydbank's Group Executive Management will include the Bank's former head of Asset Management, Allan Nørholm.

Allan Nørholm, 43 and MSc (Economics), has worked at Sydbank since 1989, including the past six years in charge of the Bank's asset management activities.

Allan Nørholm's responsibilities in the Group Executive Management will comprise Sydbank Markets, Asset Management and Operations.

As of 1 November 2008 Sydbank's Group Executive Management consists of Carsten Andersen, Group Chief Executive; Karen Frøsig, Deputy Group Chief Executive; Preben L. Hansen, Deputy Group Chief Executive and Allan Nørholm, Deputy Group Chief Executive.

Yours faithfully



Kresten Philipsen  
Chairman of  
the Board of Directors



Carsten Andersen  
Group Chief Executive

Enquiries concerning this Announcement to  
Carsten Andersen, Group Chief Executive, tel +45 74 36 20 00

## Group Financial Highlights

	Q1-Q3 2008	Q1-Q3 2007	Index 08/07	Full year 2007
<b>Income statement (DKK m)</b>				
Core income excl trading income	2,236	1,871	120	2,539
Trading income	858	1,114	77	1,488
<b>Total core income</b>	<b>3,094</b>	<b>2,985</b>	<b>104</b>	<b>4,027</b>
Costs and depreciation	1,867	1,628	115	2,200
<b>Core earnings before impairment</b>	<b>1,227</b>	<b>1,357</b>	<b>90</b>	<b>1,827</b>
Impairment of loans and advances etc	85	(608)	-	(568)
<b>Core earnings</b>	<b>1,142</b>	<b>1,965</b>	<b>58</b>	<b>2,395</b>
Profit/(Loss) on investment portfolios	(362)	(149)	243	(193)
<b>Profit before non-recurring items</b>	<b>780</b>	<b>1,816</b>	<b>43</b>	<b>2,202</b>
Non-recurring items, net	180	55	-	55
<b>Profit before tax</b>	<b>960</b>	<b>1,871</b>	<b>51</b>	<b>2,257</b>
Tax	216	450	48	547
<b>Profit for the period</b>	<b>744</b>	<b>1,421</b>	<b>52</b>	<b>1,710</b>
<b>Balance sheet highlights (DKK bn)</b>				
Loans and advances at amortised cost	81.8	71.9	114	74.5
Loans and advances at fair value	10.2	7.6	134	8.6
Deposits and other debt	63.4	57.9	109	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)	7.2	6.4	113	6.7
Total assets	143.5	127.4	113	132.3
<b>Financial ratios per share (DKK per share of DKK 10)</b>				
EPS Basic	11.7	21.1		25.6
EPS Diluted	11.7	21.1		25.6
Share price at period-end	156.3	227.5		219.3
Book value	113.3	99.0		104.6
Share price/book value	1.38	2.30		2.10
Average number of shares outstanding (millions)	63.5	67.6		66.7
<b>Other financial ratios and key figures</b>				
Solvency (total capital) ratio	15.5	12.0		11.9
Core capital (Tier 1) ratio	11.2	9.0		8.9
Pre-tax profit as % of average shareholders' equity	13.8	29.4		34.6
Post-tax profit as % of average shareholders' equity	10.7	22.4		26.2
Income/cost ratio (DKK)	1.46	2.82		2.37
Interest rate risk	1.0	1.4		2.6
Foreign exchange position	9.7	9.3		1.7
Foreign exchange risk	0.0	0.3		0.0
Loans and advances relative to deposits *	1.2	1.1		1.0
Loans and advances relative to shareholders' equity *	11.4	11.3		11.1
Growth in loans and advances during the period *	9.8	9.7		13.7
Excess cover relative to statutory liquidity requirements	56.2	63.9		103.1
Total large exposures	53.3	61.4		46.4
Accumulated impairment ratio	0.9	0.9		0.9
Impairment ratio for the period	0.08	(0.67)		(0.60)
Number of full-time staff at period-end	2,487	2,266	110	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

### Summary

- The Sydbank Group recorded a pre-tax profit of DKK 960m for the first nine months of 2008 against DKK 1,871m in Q1-Q3 2007, equivalent to a return of 18% p.a. on average shareholders' equity (Tier 1).
- Income from interest margins etc rose by DKK 367m to DKK 1,880m.
- Trading income declined by DKK 256m to DKK 858m.
- Costs grew by DKK 239m to DKK 1,867m.
- Core earnings before impairment represent DKK 1,227m against DKK 1,357m in Q1-Q3 2007.
- Impairment of loans and advances of DKK 85m.
- Loss on investment portfolios of DKK 362m.
- Non-recurring items recognised as income of net DKK 180m.
- Post-tax profit amounts to DKK 744m (2007: DKK 1,421m). The result equals a return of 14% p.a. on average shareholders' equity (Tier 1). Earnings per share for the period decreased from DKK 21.1 to DKK 11.7.
- Bank loans and advances have increased by DKK 9.9bn to DKK 81.8bn since end-Q3 2007.
- At end-Q3 2008 the solvency (total capital) ratio stands at 15.5%.

Given the financial crisis and the macroeconomic slowdown, performance as well as business developments are considered satisfactory.

Sydbank is a member of the Danish Contingency Committee and therefore covered by the government guarantee scheme which has been set up. Sydbank is of the opinion that the government guarantee scheme will restore a functioning money market as well as revive international confidence in Danish banks.

Income statement Q1-Q3 (DKKm)	2008	2007
Core income excl trading income	2,236	1,871
Trading income	858	1,114
<b>Total core income</b>	<b>3,094</b>	<b>2,985</b>
Costs and depreciation	1,867	1,628
<b>Core earnings before impairment</b>	<b>1,227</b>	<b>1,357</b>
Impairment of loans and advances etc	85	(608)
<b>Core earnings</b>	<b>1,142</b>	<b>1,965</b>
Loss on investment portfolios	(362)	(149)
<b>Profit before non-recurring items</b>	<b>780</b>	<b>1,816</b>
Non-recurring items, net	180	55
<b>Profit before tax</b>	<b>960</b>	<b>1,871</b>
Tax	216	450
<b>Profit for the period</b>	<b>744</b>	<b>1,421</b>

On 1 February 2008 Sydbank acquired bankTrelleborg from Fonden for bankTrelleborg and on 27 March Sydbank and bankTrelleborg merged with retrospective accounting effect from 1 February 2008. See note 2 for the accounting impact on the acquisition. The Sydbank Group's loans and advances, deposits and profit etc in Q1-Q3 2008 have been favourably affected.

Core income excl trading income represents DKK 2,236m (2007: DKK 1,871m).

---

During the period income from interest margins etc showed significant robustness and recorded an increase of DKK 367m to DKK 1,880m – favourably impacted by the growth in bank loans and advances as well as an increase in interest margins.

Trading income declined from DKK 1,114m in Q1-Q3 2007 to DKK 858m as a result of the financial crisis, reduced trading and capital losses on the trading portfolio. September in particular was impacted by a lack of trading as well as capital losses on the trading portfolio due to a virtually non-existent mortgage credit market at end-September.

Total core income represents DKK 3,094m against DKK 2,985m in Q1-Q3 2007. Part of the increase derives from bankTrelleborg.

Costs and depreciation recorded DKK 1,867m against DKK 1,628m, an increase of DKK 239m of which almost half is attributable to the acquisition of bankTrelleborg. The remainder corresponds to the originally budgeted rise for Sydbank. Costs include DKK 18m for the Group's employee share scheme.

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 into the Sydbank Group's systems, products and processes, including credit grants and financial management, is according to schedule. In early October 2008 the activities of bankTrelleborg were integrated into Sydbank's IT platform.

At the end of Q3 2008, staff members numbered 2,487 compared with 2,266 at the same time in 2007.

Since year-end, Sydbank has amalgamated five branches acquired from bankTrelleborg and moreover five small branches have been amalgamated in the remaining branch network. New branches opened in Greve and Roskilde in September and October 2008.

Core earnings before impairment of loans and advances represent DKK 1,227m compared with DKK 1,357m during the same period in 2007.

The Group's impairment of loans and advances etc represent DKK 85m in Q1-Q3 2008; in Q1-Q3 2007 DKK 608m was recognised as income. Accumulated impairment and provisions for loans and advances and guarantees total DKK 911m as of 30 September 2008.

Loss on investment portfolios amounts to DKK 362m for the first nine months of 2008 (2007: loss of DKK 149m). Investment portfolio earnings are greatly affected by the significant imperfections of the short-term money market and mortgage credit market caused by the current financial crisis. Therefore, regardless of the Group's overall conservative position-taking, the pricing of floating-rate mortgage bonds at low maturity has resulted in a substantial unrealised capital loss. In addition the result is affected by an unrealised capital loss of DKK 88m on the Group's portfolio of CDOs. The market value of the CDO portfolio represents DKK 157m as of 30 September 2008.

In Q1-Q3 2008 non-recurring items amounting to DKK 180m (2007: DKK 55m) were recognised as net income. The main items include: an adjustment of the purchase sum concerning Totalkredit of DKK 185m and negative goodwill of DKK 119m recognised as income less integration costs of DKK 124m in relation to bankTrelleborg. The remaining integration costs are projected to make up around DKK 16m and will be charged to income over the current financial year.

The subsidiary, Sydbank (Schweiz) AG, contributes a pre-tax loss of DKK 4m (2007: loss of DKK 25m).

The Group's pre-tax profit constitutes DKK 960m. Less a calculated tax charge of DKK 216m, profit stands at DKK 744m.

Return on shareholders' equity (Tier 1) represents 14% p.a. against 30% p.a. in Q1-Q3 2007. Earnings per share for the period decreased from DKK 21.1 to DKK 11.7.

## Balance sheet

The Group's total assets recorded DKK 144bn (31 December 2007: DKK 132bn).

Assets (DKKbn)	30 Sep 2008	31 Dec 2007
Amounts owed by credit institutions etc	14.3	19.1
Loans and advances at fair value (reverse repo transactions)	10.2	8.6
Loans and advances at amortised cost (bank loans and advances)	81.8	74.5
Securities and holdings etc	22.6	17.6
Assets related to pooled plans	6.1	6.8
Other assets etc	8.5	5.7
<b>Total</b>	<b>143.5</b>	<b>132.3</b>

Bank loans and advances – loans and advances at amortised cost – have grown by DKK 7.3bn to DKK 81.8bn since 31 December 2007, comprising loans and advances from bankTrelleborg. The rise constitutes DKK 9.9bn compared with 30 September 2007.

As stated above accumulated impairment and provisions for loans and advances and guarantees total DKK 911m as of 30 September 2008. Accumulated impairment and provisions do not include accumulated impairment and fair value adjustment at the time of acquisition of loans and advances from bankTrelleborg. The development in the overall value adjustment of loans and advances taken over from bankTrelleborg since 1 February 2008 is as follows:

DKKm	
Accumulated impairment 1 February 2008	201
Fair value adjustment of loans and advances 1 February 2008	324
<b>Total value adjustment of loans and advances 1 February 2008</b>	<b>525</b>
Write-offs covered by value adjustment of loans and advances 1 February 2008	(143)
Adjustment to cover normal market rate	(21)
<b>Remaining value adjustment 30 September 2008</b>	<b>361</b>

Amounts owed to credit institutions rose by DKK 13.4bn to DKK 39.9bn, predominantly via amounts owed to Danmarks Nationalbank of DKK 18.0bn (end-2007: DKK 3.9bn) and amounts owed to credit institutions of DKK 21.9bn (end-2007: DKK 22.7bn).

Shareholders' equity and liabilities (DKKbn)	30 Sep 2008	31 Dec 2007
Amounts owed to credit institutions and central banks	39.9	26.5
Deposits	63.4	66.0
Deposits in pooled plans	6.1	6.8
Bonds issued	10.1	10.1
Other liabilities etc	12.5	12.2
Provisions	0.1	0.2
Subordinated capital (Tier 2)	4.2	3.8
Shareholders' equity (Tier 1)	7.2	6.7
<b>Total</b>	<b>143.5</b>	<b>132.3</b>



Since year-end, deposits have gone down by DKK 2.6bn to DKK 63.4bn, mainly ascribable to a decline in foreign fixed-term deposits. Compared with 30 September 2007 deposits have increased by DKK 5.5bn.

## Capital

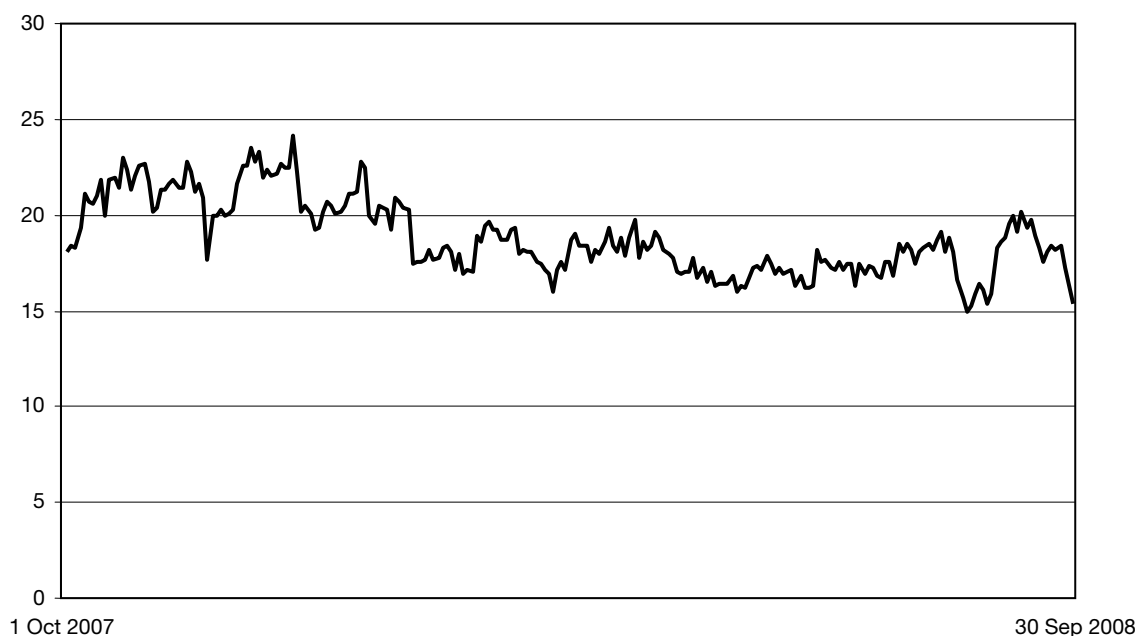
Supplementary capital (Tier 2) represents DKK 2,840m and hybrid Tier 1 capital DKK 1,384m. The increases of DKK 308m and DKK 87m, respectively, compared with the beginning of the year are solely ascribable to the acquisition of bankTrelleborg. Subordinated capital (Tier 2) totals DKK 4,224m.

Shareholders' equity (Tier 1) has increased by DKK 490m since year-end and constitutes DKK 7,187m as of 30 September 2008. The change comprises disposals deriving from dividend distribution etc of net DKK 207m, net purchase of own shares totalling DKK 111m and market value adjustment of the purchase price concerning bankTrelleborg of DKK 5m as well as additions concerning tax on equity items of DKK 69m and profit for the period of DKK 744m.

## Liquidity

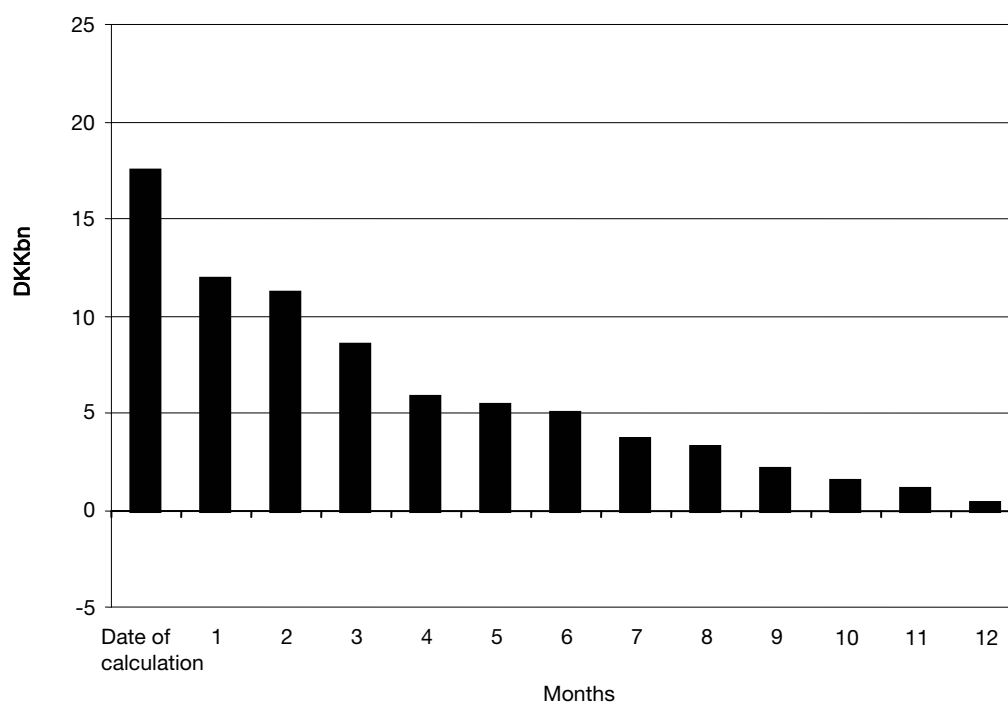
The Bank's unencumbered liquid assets, which in accordance with section 152 of the Danish Financial Business Act must make up at least 10% of financial liabilities, represented DKK 22.1bn as of 30 September 2008, equivalent to 15.6%. The Bank's policy of producing, both now and in the future, a significant excess cover relative to the statutory requirements has, as illustrated by the chart below, been observed throughout the past 12 months.

Liquidity as % of financial liabilities



According to the Bank's policy liquidity must be able to withstand a run-off of all interbank balances over 12 months while maintaining ordinary banking operations. The maturity profile as of 30 September 2008 expressed by the so-called "Moody's chart" is shown below.

## Liquidity buffer – run-off



### Capital management

As of 1 January 2008 the Group applies the IRB approach in connection with the calculation of capital adequacy. The transition is described in detail in the Quarterly Report for Q1 2008.

As at 30 September 2008 the solvency (total capital) ratio stands at 15.5%, of which 11.2% is ascribable to the Group's core capital (Tier 1). At the beginning of the year, the solvency (total capital) ratio stood at 15.8% and the core capital (Tier 1) ratio stood at 11.5%.

Consequently the Group's capital base (Tiers 1+2) is well in excess of the statutory minimum requirements.

The Group's internal capital target, which was specified in the Quarterly Report for Q1 2008, continues to represent DKK 9,900m. Free capital – the difference between the capital base (Tiers 1+2) and the internal capital target – represents DKK 1,482m (30 June 2008: DKK 1,398m).

Moreover reference is made to the Group's capital management as mentioned in the 2007 Annual Report.

### Other issues

In continuation of the redemption and transfer of the shares in bankTrelleborg to Sydbank by Fonden for bankTrelleborg, a group of minority shareholders chose to bring a complaint regarding the pricing of the shares in accordance with section 144 (4) of the Danish Financial Business Act. Subsequently the Institute of State Authorized Public Accountants appointed two auditors to measure the shares in bankTrelleborg.

The audit assessed the fair value of bankTrelleborg at DKK 393.4m, equivalent to a share price of DKK 93.27. Fonden for bankTrelleborg is not in agreement and maintains that the share price of DKK 59.3 as applied in connection with the compulsory redemption reflected the value of the ailing bank as of 21 January 2008.

---

However as neither Fonden for bankTrelleborg nor Sydbank wishes to conduct a protracted case, Sydbank has taken note of the decision of Fonden for bankTrelleborg to settle to the shareholders the price differential between the originally applied price and the price calculated by the auditors. Consequently Fonden for bankTrelleborg has paid the differential amounting to DKK 38m.

Consideration for the staff in Sydbank's region Zealand as well as the fact that the shareholders of bankTrelleborg would be unsympathetic if Fonden for bankTrelleborg did not comply with the conclusion of the auditors have been determining factors in connection with Sydbank's position.

A few shareholders have subsequently brought the auditors' decision before the courts.

Finally it should be mentioned that the group of minority shareholders (Foreningen af Mindretalsaktionærer 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.

### **Rating**

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

### **Outlook for 2008**

The realised decline in trading income is larger than originally announced. Consequently and due to the Bank's expenses this year for the stabilising government guarantee scheme estimated at around DKK 70-80m, the Group projects core earnings before impairment for the year in the lower end of DKK 1.6-1.9bn as previously announced.

Sydbank's 2008 Annual Report is scheduled for 17 February 2009.

## Management Statement

Today we have considered and approved the Quarterly Report Q1-Q3 2008 of Sydbank A/S.

The consolidated interim financial statements for Q1-Q3 2008 have been prepared in accordance with the International Financial Reporting Standards 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 30 September 2008 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 30 September 2008.

Aabenraa, 21 October 2008

### Group Executive Management

Carsten Andersen  
(Group Chief Executive)

Karen Frøsig

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-Q3 2008	Q1-Q3 2007	Q3 2008	Q3 2007
Interest income	3	5,391	4,044	1,929	1,454
Interest expense	4	3,391	2,477	1,225	911
<b>Net interest income</b>		<b>2,000</b>	<b>1,567</b>	<b>704</b>	<b>543</b>
Dividends on shares		25	22	3	4
Fee and commission income	5	971	1,095	298	343
Fee and commission expense		122	132	39	46
<b>Net interest and fee income</b>		<b>2,874</b>	<b>2,552</b>	<b>966</b>	<b>844</b>
Market value adjustments	6	17	289	(167)	21
Other operating income	7	138	26	7	4
Staff costs and administrative expenses	8	1,881	1,555	567	489
Depreciation and impairment of property, plant and equipment		117	74	42	27
Other operating expenses		0	9	0	0
Impairment of loans and advances etc	10	85	(608)	98	(338)
Profit on holdings in associates and subsidiaries	11	14	34	3	3
Profit on assets temporarily acquired		0	0	0	0
<b>Profit before tax</b>		<b>960</b>	<b>1,871</b>	<b>102</b>	<b>694</b>
Tax	12	216	450	26	174
<b>Profit for the period</b>		<b>744</b>	<b>1,421</b>	<b>76</b>	<b>520</b>
EPS Basic for the period (DKK) *		11.7	21.1	1.2	7.9
EPS Diluted for the period (DKK) *		11.7	21.1	1.2	7.9

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

## Balance Sheet – Sydbank Group

DKKkm	Note	Q3 2008	Full year 2007	Q3 2007
<b>Assets</b>				
Cash and balances on demand at central banks		763	677	630
Amounts owed by credit institutions and central banks	13	13,513	18,450	13,287
Loans and advances at fair value		10,241	8,552	7,603
Loans and advances at amortised cost		81,798	74,475	71,884
Bonds at fair value		21,235	16,145	17,226
Shares etc		1,107	1,311	1,249
Holdings in associates etc		203	201	205
Assets related to pooled plans		6,131	6,789	6,735
Intangible assets		15	-	-
Total land and buildings		969	852	762
investment property		9	3	10
owner-occupied property		960	849	752
Other property, plant and equipment		111	116	111
Current tax assets		49	35	0
Deferred tax assets		24	23	6
Assets in temporary possession		4	-	-
Other assets	14	7,276	4,656	7,622
Prepayments		61	41	44
<b>Total assets</b>		<b>143,500</b>	<b>132,323</b>	<b>127,364</b>
<b>Shareholders' equity and liabilities</b>				
Amounts owed to credit institutions and central banks	15	39,844	26,523	27,279
Deposits and other debt	16	63,406	66,037	57,895
Deposits in pooled plans		6,131	6,789	6,735
Bonds issued at amortised cost		10,085	10,076	10,050
Current tax liabilities		7	19	283
Other liabilities	17	12,395	12,083	14,640
Deferred income		97	85	78
<b>Total liabilities</b>		<b>131,965</b>	<b>121,612</b>	<b>116,960</b>
Provisions	18	124	185	215
Subordinated capital (Tier 2)	19	4,224	3,829	3,829
Shareholders' equity (Tier 1):				
Share capital		675	675	700
Revaluation reserve		91	91	0
Other reserves:				
Reserves according to articles of association		399	399	388
Other reserves		11	11	8
Retained earnings		6,011	5,521	5,264
Shareholders' equity (Tier 1) *		7,187	6,697	6,360
<b>Total shareholders' equity and liabilities</b>		<b>143,500</b>	<b>132,323</b>	<b>127,364</b>
* Including proposed dividend		-	223	-

Group Financial Highlights – Quarterly

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
<b>Income statement (DKKm)</b>							
Core income excl trading income	754	778	704	668	636	620	615
Trading income	223	320	315	374	342	395	377
<b>Total core income</b>	<b>977</b>	<b>1,098</b>	<b>1,019</b>	<b>1,042</b>	<b>978</b>	<b>1,015</b>	<b>992</b>
Costs and depreciation	591	617	659	572	512	546	570
<b>Core earnings before impairment</b>	<b>386</b>	<b>481</b>	<b>360</b>	<b>470</b>	<b>466</b>	<b>469</b>	<b>422</b>
Impairment of loans and advances etc	98	6	(19)	40	(338)	(133)	(137)
<b>Core earnings</b>	<b>288</b>	<b>475</b>	<b>379</b>	<b>430</b>	<b>804</b>	<b>602</b>	<b>559</b>
Profit/(Loss) on investment portfolios	(170)	(137)	(55)	(44)	(119)	(44)	14
<b>Profit before non-recurring items</b>	<b>118</b>	<b>338</b>	<b>324</b>	<b>386</b>	<b>685</b>	<b>558</b>	<b>573</b>
Non-recurring items, net	(16)	(2)	198	-	9	8	38
<b>Profit before tax</b>	<b>102</b>	<b>336</b>	<b>522</b>	<b>386</b>	<b>694</b>	<b>566</b>	<b>611</b>
Tax	26	89	101	97	174	112	164
<b>Profit for the period</b>	<b>76</b>	<b>247</b>	<b>421</b>	<b>289</b>	<b>520</b>	<b>454</b>	<b>447</b>
<b>Balance sheet highlights (DKKbn)</b>							
Loans and advances at amortised cost	81.8	82.5	81.3	74.5	71.9	68.9	67.5
Loans and advances at fair value	10.2	11.5	8.0	8.6	7.6	8.0	7.4
Deposits and other debt	63.4	67.6	70.1	66.0	57.9	57.1	56.5
Bonds issued at amortised cost	10.1	10.1	10.1	10.1	10.0	10.0	10.0
Subordinated capital (Tier 2)	4.2	4.2	4.2	3.8	3.8	3.8	3.8
Shareholders' equity (Tier 1)	7.2	7.1	6.8	6.7	6.4	6.2	6.5
Total assets	143.5	149.8	141.1	132.3	127.4	121.1	119.2
<b>Financial ratios per share (DKK per share of DKK 10)</b>							
EPS Basic	1.2	3.9	6.6	4.5	7.9	6.7	6.5
EPS Diluted	1.2	3.9	6.6	4.5	7.9	6.7	6.5
Share price at period-end	156.3	180.5	171.8	219.3	227.5	264.0	300.0
Book value	113.3	112.0	107.5	104.6	99.0	94.2	94.7
Share price/book value	1.38	1.61	1.60	2.10	2.30	2.80	3.17
Average number of shares outstanding (millions)	63.7	63.5	63.4	64.1	65.7	68.2	68.9
<b>Other financial ratios and key figures</b>							
Solvency (total capital) ratio	15.5	14.8	14.3	11.9	12.0	12.6	13.1
Core capital (Tier 1) ratio	11.2	10.7	10.1	8.9	9.0	9.3	9.8
Pre-tax profit as % of average equity	1.4	4.8	7.7	5.9	11.0	8.9	9.5
Post-tax profit as % of average equity	1.1	3.5	6.2	4.4	8.3	7.1	7.0
Income/cost ratio (DKK)	1.14	1.53	1.70	1.63	4.91	2.36	2.40
Interest rate risk	1.0	3.0	2.4	2.6	1.4	0.3	2.5
Foreign exchange position	9.7	12.9	5.6	1.7	9.3	16.1	9.0
Foreign exchange risk	0.0	0.0	0.0	0.0	0.3	0.2	0.1
Loans and advances relative to deposits *	1.2	1.1	1.1	1.0	1.1	1.1	1.1
Loans and advances relative to shareholders' equity *	11.4	11.6	12.0	11.1	11.3	11.1	10.4
Growth in loans and advances during the period *	(0.9)	1.5	9.2	3.6	4.3	2.2	3.0
Excess cover relative to statutory liquidity requirem.	56.2	69.7	78.5	103.1	63.9	48.4	53.8
Total large exposures	53.3	39.5	44.7	46.4	61.4	29.5	-
Accumulated impairment ratio	0.9	0.8	0.9	0.9	0.9	1.4	1.5
Impairment ratio for the period	0.10	0.01	(0.02)	0.04	(0.39)	(0.16)	(0.15)
Number of full-time staff at period-end	2,487	2,457	2,469	2,276	2,266	2,237	2,208

Financial ratios 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.

bankTrelleborg included from February 2008.

From 2008 solvency and core capital ratios are calculated according to the new capital adequacy requirements.

## 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
<b>Shareholders' equity 1 Jan 2008</b>	675	91	399	11	5,298	223	6,697
<b>Changes in equity in 2008:</b>							
Translation of foreign entities	-	-	-	-	11	-	11
Hedge of net investment in foreign entities	-	-	-	-	(11)	-	(11)
Profit for the period	-	-	-	-	744	-	744
Total income	-	-	-	-	744	-	744
Purchase of own shares	-	-	-	-	(2,322)	-	(2,322)
Sale of own shares	-	-	-	-	2,193	-	2,193
Adjustment of purchase price bankTrelleborg	-	-	-	-	(5)	-	(5)
Employee shares	-	-	-	-	18	-	18
Tax on equity items	-	-	-	-	69	-	69
Adopted dividend etc	-	-	-	-	-	(223)	(223)
Dividends, own shares	-	-	-	-	16	-	16
Total changes in equity	-	-	-	-	713	(223)	490
<b>Shareholders' equity 30 Sep 2008</b>	<b>675</b>	<b>91</b>	<b>399</b>	<b>11</b>	<b>6,011</b>	<b>-</b>	<b>7,187</b>
<b>Shareholders' equity 1 Jan 2007</b>	700	-	388	8	5,023	230	6,349
<b>Changes in equity in 2007:</b>							
Translation of foreign entities	-	-	-	-	(6)	-	(6)
Hedge of net investment in foreign entities	-	-	-	-	6	-	6
Profit for the period	-	-	-	-	1,421	-	1,421
Total income	-	-	-	-	1,421	-	1,421
Purchase of own shares	-	-	-	-	(4,281)	-	(4,281)
Sale of own shares	-	-	-	-	3,017	-	3,017
Employee shares	-	-	-	-	18	-	18
Tax on equity items	-	-	-	-	58	-	58
Adopted dividend etc	-	-	-	-	-	(230)	(230)
Dividends, own shares	-	-	-	-	8	-	8
Total changes in equity	-	-	-	-	241	(230)	11
<b>Shareholders' equity 30 Sep 2007</b>	<b>700</b>	<b>-</b>	<b>388</b>	<b>8</b>	<b>5,264</b>	<b>-</b>	<b>6,360</b>



## Own Holdings and Solvency – Sydbank Group

DKKm	Q1-Q3 2008	Full year 2007	Q1-Q3 2007	
<b>Own holdings:</b>				
Nominal portfolio of own holdings	41	35	57	
Nominal portfolio of own holdings as % of share capital	6.0	5.1	8.2	
Shares outstanding (number)	63,449,489	64,034,059	64,275,609	
Holding of own shares (number)	4,050,511	3,465,941	5,724,391	
<b>Total share capital (number)</b>	<b>67,500,000</b>	<b>67,500,000</b>	<b>70,000,000</b>	
Average number of shares outstanding	63,532,166	66,741,416	67,617,545	
DKKm	IRB Q3 2008	IRB 1 Jan 2008	Standardised Full year 2007	Standardised Q3 2007
<b>Capital base (Tiers 1+2) and solvency (total capital) ratio:</b>				
<b>Solvency:</b>				
Shareholders' equity (Tier 1)	7,187	6,697	6,697	6,361
Revaluation reserve	(96)	(96)	(96)	-
Proposed dividend	0	(223)	(223)	-
Capitalised tax assets	(23)	(23)	(23)	(6)
Intangible assets	(15)	-	-	-
<b>Core capital (Tier 1) (excl hybrid core capital)</b>	<b>7,058</b>	<b>6,360</b>	<b>6,360</b>	<b>6,355</b>
Hybrid core capital	1,245	1,123	1,123	1,121
Deductions for holdings	(100)	(224)	(224)	(242)
<b>Core capital (Tier 1)</b>	<b>8,203</b>	<b>7,259</b>	<b>7,259</b>	<b>7,234</b>
Subordinated capital (Tier 2)	2,843	2,535	2,535	2,535
Hybrid core capital	145	182	182	183
Revaluation reserve	91	91	91	-
Difference between expected losses and accounting value adjustments and accounting provisions	259	244	-	-
Deductions for holdings	(159)	(281)	(281)	(303)
<b>Capital base (Tiers 1+2)</b>	<b>11,382</b>	<b>10,030</b>	<b>9,786</b>	<b>9,649</b>
<b>Risk-weighted items</b>	<b>73,457</b>	<b>63,300</b>	<b>81,917</b>	<b>80,531</b>
Core capital (Tier 1) ratio (excl hybrid core capital)	9.6	10.0	7.8	7.9
Core capital (Tier 1) ratio	11.2	11.5	8.9	9.0
Solvency (total capital) ratio	15.5	15.8	11.9	12.0

## Cash Flow Statement – Sydbank Group

DKKm	Q1-Q3 2008	Full year 2007	Q1-Q3 2007
<b>Operating activities:</b>			
Pre-tax profit for the period	960	2,257	1,871
Taxes paid	(88)	(447)	(80)
Adjustment of non-cash operating income	126	(576)	(393)
Cash flows from working capital	(111)	(975)	(2,297)
<b>Cash flows from operating activities</b>	<b>887</b>	<b>259</b>	<b>(899)</b>
<b>Investing activities:</b>			
Purchase and sale of holdings in associates	12	(54)	(47)
Purchase and sale of intangible assets	(15)	-	-
Purchase and sale of property, plant and equipment	(229)	(128)	(70)
<b>Cash flows from investing activities</b>	<b>(232)</b>	<b>(182)</b>	<b>(117)</b>
<b>Financing activities:</b>			
Purchase and sale of own holdings	(32)	(1,223)	(1,180)
Dividend	(223)	(230)	(230)
Raising of subordinated capital (Tier 2)	396	354	354
Issue of bonds	9	27	0
<b>Cash flows from financing activities</b>	<b>150</b>	<b>(1,072)</b>	<b>(1,056)</b>
<b>Cash flows for the period</b>	<b>805</b>	<b>(995)</b>	<b>(2,072)</b>
Cash equivalent positions at beginning of period	5,084	6,079	6,079
Cash flows for the period	805	(995)	(2,072)
<b>Cash equivalent positions at period-end</b>	<b>5,889</b>	<b>5,084</b>	<b>4,007</b>

## Segment Statements – Sydbank Group

DKKm	Banking*	Markets	Treasury	Other	Total
<b>Business segments Q1-Q3 2008:</b>					
Core income excl trading income	1,992	20	-	224	2,236
Trading income	724	106	-	28	858
<b>Core income</b>	<b>2,716</b>	<b>126</b>	<b>-</b>	<b>252</b>	<b>3,094</b>
Costs and depreciation	1,320	74	8	473	1,875
Impairment of loans and advances etc	85	-	-	-	85
<b>Core earnings</b>	<b>1,311</b>	<b>52</b>	<b>(8)</b>	<b>(221)</b>	<b>1,134</b>
Loss on investment portfolios	-	-	(309)	(45)	(354)
<b>Profit before non-recurring items</b>	<b>1,311</b>	<b>52</b>	<b>(317)</b>	<b>(266)</b>	<b>780</b>
Non-recurring items, net	180	-	-	-	180
<b>Profit before tax</b>	<b>1,491</b>	<b>52</b>	<b>(317)</b>	<b>(266)</b>	<b>960</b>
<b>Business segments Q1-Q3 2007:</b>					
Core income excl trading income	1,677	21	-	173	1,871
Trading income	887	227	-	-	1,114
<b>Core income</b>	<b>2,564</b>	<b>248</b>	<b>-</b>	<b>173</b>	<b>2,985</b>
Costs and depreciation	1,172	59	10	397	1,638
Impairment of loans and advances etc	(609)	1	-	-	(608)
<b>Core earnings</b>	<b>2,001</b>	<b>188</b>	<b>(10)</b>	<b>(224)</b>	<b>1,955</b>
Loss on investment portfolios	-	-	(139)	-	(139)
<b>Profit before non-recurring items</b>	<b>2,001</b>	<b>188</b>	<b>(149)</b>	<b>(224)</b>	<b>1,816</b>
Non-recurring items, net	55	-	-	-	55
<b>Profit before tax</b>	<b>2,056</b>	<b>188</b>	<b>(149)</b>	<b>(224)</b>	<b>1,871</b>

\* Including Asset Management

---

## Notes – Sydbank Group

---

### Note 1

#### Accounting policies:

The consolidated interim financial statements for Q1-Q3 2008 have been prepared in accordance with IAS 34 Interim Financial Reporting as well as additional Danish disclosure requirements for interim 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 purchase method has been applied in connection with the acquisition of bankTrelleborg. Comparative figures have not been restated.

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

Shortly before the financial reporting, amendments to IAS 39 and IFRS 7 were adopted concerning the reclassification of financial assets. Any impact of these amendments will be assessed during Q4 2008 and will appear from the 2008 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.

The Group's significant risks and the external elements which may impact the Group are described in detail in the 2007 Annual Report.

## Notes – Sydbank Group

DKK m

### Note 2

#### Acquisition of subsidiaries:

In January 2008 Sydbank concluded an agreement for the purchase of the shares in 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 result of bankTrelleborg for the period 1 February 2008 to 30 September 2008 cannot be made up separately as costs etc are no longer recorded separately as regards the activity acquired. In addition the entire treasury area including interest items is fully integrated into Sydbank. The preliminary allocation of the purchase price to net assets, including identifiable 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-Q3 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 124m was charged to income in Q1-Q3 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
<b>Net assets acquired:</b>		
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	895	891
<b>Total assets</b>	<b>8,019</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	323	296
Total liabilities	7,690	7,663
<b>Net assets acquired</b>	<b>329</b>	<b>600</b>
Goodwill concerning customer relations	16	
Negative goodwill	(119)	
<b>Market value adjusted purchase price</b>	<b>226</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

DKKm	Q1-Q3 2008	Q1-Q3 2007	Q3 2008	Q3 2007
------	---------------	---------------	------------	------------

### Note 3

#### Interest income/forward premium of:

Amounts owed by credit institutions and central banks	492	372	168	143
Loans and advances and other amounts owed	4,003	3,045	1,405	1,098
Bonds	507	298	214	115
Total derivatives	364	326	128	98
comprising				
Foreign exchange contracts	376	309	124	88
Interest rate contracts	(12)	17	4	10
Other interest income	25	3	14	0
<b>Total</b>	<b>5,391</b>	<b>4,044</b>	<b>1,929</b>	<b>1,454</b>

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

Amounts owed by credit institutions and central banks	226	203	74	84
Loans and advances and other amounts owed	317	232	126	84

### Note 4

#### Interest expense to:

Credit institutions and central banks	875	600	362	225
Deposits and other debt	1,971	1,431	670	525
Bonds issued	369	314	130	114
Subordinated capital (Tier 2)	171	130	60	47
Other interest expense	5	2	3	0
<b>Total</b>	<b>3,391</b>	<b>2,477</b>	<b>1,225</b>	<b>911</b>

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

Amounts owed to credit institutions and central banks	39	29	19	10
Deposits and other debt	13	9	5	2

## Notes – Sydbank Group

	Q1-Q3 2008	Q1-Q3 2007	Q3 2008	Q3 2007
--	---------------	---------------	------------	------------

DKKm

### Note 5

#### Fee and commission income:

Securities trading and custody accounts	589	753	173	232
Payment services	126	119	43	40
Loan fees	53	56	18	18
Guarantee commission	86	103	31	23
Other fees and commission	117	64	33	30
<b>Total</b>	<b>971</b>	<b>1,095</b>	<b>298</b>	<b>343</b>

### Note 6

#### Market value adjustments:

Other loans and advances and amounts owed at fair value	(2)	0	1	0
Bonds	(338)	8	62	59
Shares etc	11	(158)	6	(110)
Investment property	0	17	0	9
Foreign exchange	179	373	61	97
Total derivatives	166	54	(298)	(33)
Assets related to pooled plans	(824)	7	(258)	(3)
Deposits in pooled plans	824	(7)	258	3
Other assets/liabilities	1	(5)	1	(1)
<b>Total</b>	<b>17</b>	<b>289</b>	<b>(167)</b>	<b>21</b>
Trading portfolio	(24)	237	(173)	17
Strategic portfolio	41	52	6	4
<b>Total</b>	<b>17</b>	<b>289</b>	<b>(167)</b>	<b>21</b>

### Note 7

#### Other operating income:

Negative goodwill	119	-	-	-
Rent – real property	8	9	3	3
Other operating income	11	17	4	1
<b>Total</b>	<b>138</b>	<b>26</b>	<b>7</b>	<b>4</b>

## Notes – Sydbank Group

DKK m	Q1-Q3 2008	Q1-Q3 2007	Q3 2008	Q3 2007
-------	---------------	---------------	------------	------------

### Note 8

#### Staff costs and administrative expenses:

Salaries and emoluments to:

Group Executive Management:

Wages and salaries	14	10	3	2
Pensions	1	1	0	0
Board of Directors	2	2	1	1
Shareholders' Committee	1	1	0	1
<b>Total</b>	<b>18</b>	<b>14</b>	<b>4</b>	<b>4</b>

Staff costs:

Wages and salaries	885	759	280	236
Pensions	93	81	33	28
Social security contributions	5	5	3	2
Payroll tax etc	86	74	28	25
<b>Total</b>	<b>1,069</b>	<b>919</b>	<b>344</b>	<b>291</b>

Other administrative expenses:

IT (including withdrawal and conversion)	444	307	124	95
Rent etc	112	84	37	29
Marketing and entertainment expenses	63	57	20	15
Other expenses	175	174	38	55
<b>Total</b>	<b>794</b>	<b>622</b>	<b>219</b>	<b>194</b>
<b>Total</b>	<b>1,881</b>	<b>1,555</b>	<b>567</b>	<b>489</b>

### Note 9

#### Staff:

Average number of staff (full-time equivalent)	2,494	2,273	2,527	2,298
--	-------	-------	-------	-------



## Notes – Sydbank Group

DKKm	Q1-Q3 2008	Q1-Q3 2007	Q3 2008	Q3 2007
<b>Note 10</b>				
<b>Impairment of loans and advances recognised in the income statement:</b>				
Impairment and provisions	51	(578)	47	(321)
Write-offs not covered by impairment and provisions	71	21	56	8
Recovered from debt previously written off	37	51	5	25
<b>Impairment of loans and advances etc</b>	<b>85</b>	<b>(608)</b>	<b>98</b>	<b>(338)</b>
<b>Impairment and provisions end of period:</b>				
Individual impairment and provisions	723	701	723	701
Collective impairment and provisions	188	158	188	158
<b>Impairment and provisions end of period</b>	<b>911</b>	<b>859</b>	<b>911</b>	<b>859</b>
<b>Individual impairment of loans and advances and provisions for guarantees:</b>				
Impairment and provisions beginning of period	738	1,262	696	1,055
Exchange rate adjustment	2	0	0	0
Impairment and provisions during the period	512	789	182	380
Reversal of impairment and provisions made in previous years	455	1,278	137	697
Write-offs covered by impairment and provisions	74	72	18	37
<b>Impairment and provisions end of period</b>	<b>723</b>	<b>701</b>	<b>723</b>	<b>701</b>
Individual impairment of loans and advances	699	624	699	624
Individual provisions for guarantees	24	77	24	77
<b>Impairment and provisions end of period</b>	<b>723</b>	<b>701</b>	<b>723</b>	<b>701</b>
<b>Collective impairment of loans and advances and provisions for guarantees:</b>				
Impairment and provisions beginning of period	157	196	173	145
Impairment and provisions during the period	34	30	18	29
Reversal of impairment and provisions made in previous years	3	68	3	16
<b>Impairment and provisions end of period</b>	<b>188</b>	<b>158</b>	<b>188</b>	<b>158</b>
Sum of loans and advances and amounts owed subject to collective impairment and provisions	18,761	15,280	18,761	15,280
Collective impairment and provisions	188	158	188	158
<b>Loans and advances and amounts owed after collective impairment and provisions</b>	<b>18,573</b>	<b>15,122</b>	<b>18,573</b>	<b>15,122</b>
<b>Individual impairment of loans and advances subject to objective evidence of impairment:</b>				
Balance before individual impairment of loans and advances	1,400	1,360	1,400	1,360
Individual impairment of loans and advances	699	624	699	624
<b>Balance after individual impairment of loans and advances</b>	<b>701</b>	<b>736</b>	<b>701</b>	<b>736</b>

## Notes – Sydbank Group

DKKm	Q1-Q3 2008	Q1-Q3 2007	Q3 2008	Q3 2007
------	---------------	---------------	------------	------------

### Note 11

#### Profit on holdings in associates and subsidiaries:

Profit on holdings in associates etc	14	9	3	3
Profit on holdings in subsidiaries	0	25	0	0
<b>Total</b>	<b>14</b>	<b>34</b>	<b>3</b>	<b>3</b>

### Note 12

#### Effective tax rate:

Current tax rate of the Sydbank Group	25.0	25.0	25.0	25.0
Permanent differences	(3.1)	(1.9)	0.0	0.0
Adjustment of tax of previous years	0.6	0.0	0.0	0.0
<b>Effective tax rate</b>	<b>22.5</b>	<b>23.1</b>	<b>25.0</b>	<b>25.0</b>

DKKm	30 Sep 2008	31 Dec 2007	30 Sep 2007
------	----------------	----------------	----------------

### Note 13

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

Amounts owed at notice by central banks	837	2,358	950
Amounts owed by credit institutions	12,676	16,092	12,337
<b>Total</b>	<b>13,513</b>	<b>18,450</b>	<b>13,287</b>

### Note 14

#### Other assets:

Positive market value of derivatives etc	6,003	3,699	6,646
Sundry debtors	626	345	267
Interest and commission receivable	647	612	709
Other assets	0	0	0
<b>Total</b>	<b>7,276</b>	<b>4,656</b>	<b>7,622</b>

## Notes – Sydbank Group

	30 Sep 2008	31 Dec 2007	30 Sep 2007
DKKm			

### Note 15

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

Amounts owed to central banks	17,987	3,856	8,876
Amounts owed to credit institutions	21,857	22,667	18,403
<b>Total</b>	<b>39,844</b>	<b>26,523</b>	<b>27,279</b>

### Note 16

#### Deposits and other debt:

On demand	38,275	37,192	35,701
At notice	748	735	683
Time deposits	19,477	23,703	17,645
Special categories of deposits	4,906	4,407	3,866
<b>Total</b>	<b>63,406</b>	<b>66,037</b>	<b>57,895</b>

### Note 17

#### Other liabilities:

Negative market value of derivatives etc	4,660	3,064	4,982
Sundry creditors	6,710	8,505	8,804
Interest and commission etc	1,025	508	854
Other liabilities	0	6	0
<b>Total</b>	<b>12,395</b>	<b>12,083</b>	<b>14,640</b>

### Note 18

#### Provisions:

Provisions for pensions and similar obligations	4	2	2
Provisions for deferred tax	71	114	98
Provisions for guarantees	39	40	77
Other provisions	10	29	38
<b>Total</b>	<b>124</b>	<b>185</b>	<b>215</b>

## Notes – Sydbank Group

	30 Sep 2008	31 Dec 2007	30 Sep 2007
DKK m			

### Note 19

#### Subordinated capital (Tier 2):

Interest rate		Nominal (m)	Maturity			
Floating	Bond loan	EUR 100	29.06.12	745	745	745
Floating	Bond loan	EUR 40	17.09.12	298	298	298
Floating	Bond loan	DKK 50	29.10.12	50	-	-
Floating	Bond loan	EUR 100	21.10.13	745	745	745
Floating	Bond loan	DKK 200	14.11.14	200	-	-
Floating	Bond loan	EUR 100	04.04.15	746	744	744
Floating	Bond loan	EUR 8	31.10.15	56	-	-
<b>Total supplementary capital</b>				<b>2,840</b>	<b>2,532</b>	<b>2,532</b>
Floating	Bond loan	EUR 100	Perpetual	739	738	738
Floating	Bond loan	EUR 75	Perpetual	560	559	559
Floating	Bond loan	DKK 85	Perpetual	85	-	-
<b>Total hybrid capital</b>				<b>1,384</b>	<b>1,297</b>	<b>1,297</b>
<b>Total</b>				<b>4,224</b>	<b>3,829</b>	<b>3,829</b>

### Note 20

#### Guarantees and other contingent liabilities:

##### Guarantees:

Financial guarantees	4,310	3,829	3,705
Mortgage finance guarantees	926	1,609	699
Registration and remortgaging guarantees	2,757	3,738	3,893
Other guarantees	1,679	1,470	1,558
<b>Total</b>	<b>9,672</b>	<b>10,646</b>	<b>9,855</b>

##### Other contingent liabilities:

Irrevocable credit commitments	163	235	262
Other liabilities	79	87	26
<b>Total</b>	<b>242</b>	<b>322</b>	<b>288</b>

### Note 21

#### This period:

After the expiry of the period, no matters of significant impact on the financial position of the Sydbank Group have occurred apart from the supplementary information on page 3.

## Notes – Sydbank Group

DKKm	30 Sep 2008	31 Dec 2007	30 Sep 2007
<b>Note 22</b>			
<b>Genuine sale and repurchase transactions and genuine purchase and resale transactions:</b>			
Of the below asset items genuine purchase and resale transactions amount to:			
Amounts owed by credit institutions and central banks	6,731	7,914	8,023
Loans and advances at fair value	10,241	8,551	7,603
Assets bought as part of genuine sale and repurchase transactions			
Asset:			
Bonds at fair value	14,660	14,930	13,760
Shares etc	718	1,237	1,669
Of the below liability items genuine sale and repurchase transactions amount to:			
Amounts owed to credit institutions and central banks	883	577	635
Deposits and other debt	680	-	-
Assets sold as part of genuine sale and repurchase transactions			
Asset:			
Bonds at fair value	1,322	571	619
Shares etc	-	-	-

## Note 23

### Large shareholders:

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

## Note 24

### Collateral:

As of 30 September 2008 the Bank had deposited securities at a market value of DKK 18,680m with Danish and foreign exchanges and clearing centres etc in connection with margin calls and securities settlements etc.

Notes – Sydbank Group

DKKm	30 Sep 2008	31 Dec 2007	30 Sep 2007
------	----------------	----------------	----------------

**Note 25**

**Fair value hedging of interest rate risks (macro hedge):**

Sydbank adopts a cash flow model for managing interest rate risk on all positions other than Danish callable mortgage bonds. The model is updated daily with all the Bank's positions. These are distributed into portfolios according to responsibility and product.

One of these portfolios consists of the Bank's positions in fixed-rate loans and advances, fixed-rate deposits, and related hedging transactions. To ensure interest rate risk management of this portfolio, the model generates a synthetic cash flow to describe the Bank's risk position in selected interest rate scenarios.

The Bank's basis for concluding hedging transactions – primarily interest rate swaps – is thus a synthetic net cash flow, based on the actual cash flow of loans and advances, deposits and previously concluded hedging transactions in the relevant portfolio. The aim is to keep the interest rate risk in this portfolio at a minimum as the Bank wishes to place its interest rate risk in other portfolios containing bonds and other cash equivalent positions.

In connection with the preparation of interim and annual reports the rules on macro hedge are applied, which aim to ensure symmetry between income and expense in the financial statements.

Symmetry is achieved by making a hedge adjustment corresponding to the part of the market value adjustment of derivatives which concerns future periods. This hedge adjustment is recorded under "Other liabilities" and represents DKK 19m as at 30 September 2008.

During the period 1 January – 30 September 2008 a net gain on hedging transactions of DKK 5m has been recorded. The gain eliminates the equivalent net loss on the secured items.

**Loans and advances:**

Carrying amount	1,755	1,735	1,760
-----------------	-------	-------	-------

**Deposits:**

Carrying amount	1,263	1,063	1,003
-----------------	-------	-------	-------

The following derivatives hedge the above:

**Forward Rate Agreements:**

Principal	73	89	82
Fair value	0	1	1

**Swaps:**

Principal	531	882	471
Fair value	12	7	14

## Notes – Sydbank Group

DKKkm	Q1-Q3 2008	Q1-Q3 2007	Index 08/07	Full year 2007
<b>Note 26</b>				
<b>Core income:</b>				
<b>Core income excl trading income:</b>				
Interest margins etc	1,880	1,513	124	2,060
Mortgage credit	131	142	92	186
Payment services	105	101	104	144
Remortgaging and loan fees	54	58	93	73
Other commission	47	43	109	55
Other operating income	19	14	136	21
<b>Total</b>	<b>2,236</b>	<b>1,871</b>	<b>120</b>	<b>2,539</b>

### Trading income:

Bonds	88	143	62	184
Assets	160	327	49	406
Foreign exchange	217	183	119	256
Money market	81	68	119	119
Asset management	312	393	79	523
<b>Total</b>	<b>858</b>	<b>1,114</b>	<b>77</b>	<b>1,488</b>

DKKkm	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
-------	------------	------------	------------	------------	------------	------------	------------

### Core income excl trading income:

Interest margins etc	642	651	587	548	524	502	486
Mortgage credit	39	44	48	44	40	43	58
Payment services	34	41	30	43	36	33	32
Remortgaging and loan fees	18	18	18	15	19	20	20
Other commission	14	18	15	11	13	15	16
Other operating income	7	6	6	7	4	7	3
<b>Total</b>	<b>754</b>	<b>778</b>	<b>704</b>	<b>668</b>	<b>636</b>	<b>620</b>	<b>615</b>

### Trading income:

Bonds	15	33	40	40	46	30	67
Assets	18	78	64	80	89	112	126
Foreign exchange	81	62	74	73	60	62	60
Money market	18	30	33	51	26	26	17
Asset management	91	117	104	130	121	165	107
<b>Total</b>	<b>223</b>	<b>320</b>	<b>315</b>	<b>374</b>	<b>342</b>	<b>395</b>	<b>377</b>