2013 Annual Report

Sydbank

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2013 Annual Report of the Sydbank Group

Today the Board of Directors of the Sydbank Group has approved the audited 2013 Annual Report.

Highlights

- The Sydbank Group posted a profit after tax of DKK 187m in 2013. The result is unsatisfactory due to the previously announced extraordinary impairment charges for loans and advances in Q4 2013, resulting in a loss of DKK 282m for the quarter. The year's core income and costs are on a par with expectations.

- As a consequence of the extraordinary impairment charges in Q4 2013, the Group has implemented measures to improve governance in credit granting. The risk management function has been separated as an independent central unit with higher staffing, the central and decentralised credit organisation has been strengthened and a number of procedures and systems are being tightened.

- During the year the Group saw a substantial influx of new retail and corporate clients, the majority of whom concern DiBa Bank. Growth in the client portfolio is satisfactory in an otherwise competitive market and the portfolio of retail and corporate clients provides scope for growth in business volume.

- Based on the Group's good liquidity and high solvency, a capital policy has been adopted that better supports the Group's growth strategy and at the same time takes into account Sydbank's status as a SIFI as well as forthcoming regulations. The targets for the years ahead are a common equity Tier 1 capital ratio of 12% compared with 13.4% now as well as a solvency ratio of around 15% compared with 15.7% now.

- As from 2014 a new dividend policy will contribute to creating long-term shareholder value. The objective is to distribute 30-50% of the year's profit after tax while taking into account growth plans and capital policy. Distribution will be effected via dividends and/or via share buybacks.

- For 2014 the Group expects higher earnings as a result of lower impairment charges for loans and advances, a rise in core income, an increase in trading income and synergies from DiBa Bank.

Contents

Group Financial Highlights

	2013	2012	Index 13/12	2011	2010	2009
Income statement (DKKm)						
Core income	4,058	4,229	96	4,080	4,150	3,999
Trading income	229	323	71	167	444	587
Total income	**4,287**	**4,552**	**94**	**4,247**	**4,594**	**4,586**
Costs, core earnings	2,514	2,482	101	2,463	2,479	2,466
Core earnings before impairment	**1,773**	**2,070**	**86**	**1,784**	**2,115**	**2,120**
Impairment of loans and advances etc	1,861	1,748	106	1,195	1,400	1,195
Core earnings	**(88)**	**322**	**(27)**	**589**	**715**	**925**
Investment portfolio earnings	319	397	80	(15)	227	430
Profit before non-recurring items and industry solutions	**231**	**719**	**32**	**574**	**942**	**1,355**
Non-recurring items, net	(43)	(82)	-	(171)	-	86
Contributions to industry solutions	17	13	-	102	384	443
Profit before tax	**171**	**624**	**27**	**301**	**558**	**998**
Tax	(16)	157	-	113	147	217
Profit for the year	**187**	**467**	**40**	**188**	**411**	**781**
Balance sheet highlights (DKKbn)						
Loans and advances at amortised cost	66.6	68.2	98	68.8	73.0	74.5
Loans and advances at fair value	4.9	6.1	80	7.7	10.7	12.9
Deposits and other debt	70.0	65.7	107	66.7	64.2	68.8
Bonds issued at amortised cost	6.5	4.0	163	7.5	11.2	8.6
Subordinated capital	1.8	1.4	129	2.1	2.3	3.1
Shareholders' equity	10.2	10.0	102	9.6	9.6	9.1
Total assets	147.9	152.7	97	153.4	150.8	157.8
Financial ratios per share (DKK per share of DKK 10)						
EPS Basic	2.5	6.4		2.6	5.6	11.7
EPS Diluted	2.5	6.4		2.6	5.6	11.7
Share price at year-end	144.0	99.7		90.1	151.3	133.8
Book value	139.7	137.6		131.1	129.8	124.1
Share price/book value	1.03	0.72		0.69	1.17	1.08
Average number of shares outstanding (in millions)	73.4	73.1		73.2	73.5	66.9
Proposed dividend	-	-		-	1.0	-
Other financial ratios and key figures						
Solvency ratio	15.7	15.9		16.1	15.4	15.2
Core capital (incl hybrid core capital) ratio	15.3	15.6		15.2	14.3	13.1
Common equity Tier 1 capital ratio	13.4	13.8		13.4	12.7	11.5
Pre-tax profit as % of average shareholders' equity	1.7	6.4		3.1	6.0	12.3
Post-tax profit as % of average shareholders' equity	1.8	4.8		2.0	4.4	9.6
Costs (core earnings) as % of total income	58.6	54.5		58.0	54.0	53.8
Interest rate risk	0.6	1.8		0.9	1.5	1.0
Foreign exchange position	2.1	0.9		1.6	1.2	1.1
Foreign exchange risk	0.0	0.0		0.1	0.0	0.0
Loans and advances relative to deposits	0.8	0.9		0.9	1.0	1.0
Loans and advances relative to shareholders' equity	6.5	6.8		7.2	7.6	8.2
Growth in loans and advances for the year	(2.3)	(1.0)		(5.7)	(2.0)	(9.6)
Excess cover relative to statutory liquidity requirements	179.8	127.4		148.7	106.3	94.4
Total large exposures	25.8	21.6		26.3	54.4	17.2
Accumulated impairment ratio excl PCA	5.1	3.8		2.3	2.0	1.7
Impairment ratio for the year excl PCA	2.2	2.2		1.5	1.7	1.3
Number of full-time staff at year-end	2,231	2,132	105	2,152	2,284	2,369

Financial ratio definitions on page 79.

Summary

The Sydbank Group has posted a profit before tax for 2013 of DKK 171m, equalling a return of 1.7% on average shareholders' equity. The result is considered unsatisfactory on account of the high level of impairment charges. As a consequence of the considerable impairment charges and the decline in trading income, pre-tax profit is below expectations at the beginning of 2013.

On 19 December 2013 Sydbank acquired the DiBa Bank group. The total purchase price for acquiring DiBa Bank represents DKK 479m and comprises the acquired shareholding at 31 December 2013 of 96.8% amounting to DKK 463m and the implemented compulsory redemption of the minority shareholders' remaining share of 3.2% amounting to DKK 16m.

On 31 December 2013 DiBa Bank sold its subsidiaries DiBa Bolig, DiBa Ejendomsadministration and Heering Huse to Sydbank.

The Sydbank Group's profit for 2013 includes the profit of these subsidiaries and DiBa Bank in the ownership period 20-31 December 2013. During the ownership period the subsidiaries recorded core earnings of DKK 4m, a non-recurring cost (exit charge to BEC) of DKK 96m and tax income of DKK 23m, equivalent to a post-tax loss of DKK 69m.

On 29 January 2014 the subsidiaries DiBa Bolig and DiBa Ejendomsadministration were sold to the EDC Poul Erik Bech group.

2013

- 4% decrease in core income.
- DKK 94m decline in trading income to DKK 229m.
- Unchanged level of costs (core earnings) for the sixth consecutive year.
- Increase in impairment charges for loans and advances of DKK 113m to DKK 1,861m.
- Investment portfolio earnings of DKK 319m.
- Non-recurring items, net, of minus DKK 43m.
- Contributions to industry solutions of DKK 17m.
- 2.3% decrease in bank loans and advances to DKK 66.6bn.
- 6.7% rise in deposits to DKK 70.0bn.
- 0.2% decline in the solvency ratio to 15.7%.
- Good liquidity.
- Substantial influx of clients, eg via the acquisition of DiBa Bank.
- Distribution of dividend to shareholders for 2013 will not be recommended.

Q4 2013

- Profit for the period of minus DKK 282m.

Summary income statement

Group (DKKm)	2013	2012
Core income	4,058	4,229
Trading income	229	323
Total income	**4,287**	**4,552**
Costs, core earnings	2,514	2,482
Core earnings before impairment	**1,773**	**2,070**
Impairment of loans and advances etc	1,861	1,748
Core earnings	**(88)**	**322**
Investment portfolio earnings	319	397
Profit before non-recurring items and industry solutions	**231**	**719**
Non-recurring items, net	(43)	(82)
Contributions to industry solutions	17	13
Profit before tax	**171**	**624**
Tax	(16)	157
Profit for the year	**187**	**467**

Core earnings before impairment represent DKK 1,773m compared with DKK 2,070m in 2012. The decrease of DKK 297m is attributable to a decline in core income of DKK 171m, a decrease in trading income of DKK 94m and an increase in costs (core earnings) of DKK 32m.

Impairment charges for loans and advances etc represent DKK 1,861m (2012: DKK 1,748m). In a company announcement on 5 December 2013 the Group announced extraordinary impairment charges as a result of the Danish FSA's inspection in November and December 2013, resulting in projected total impairment charges for 2013 of around DKK 1,825m. Consequently the recorded impairment charges of DKK 1,861m are in line with the previous announcement.

Very satisfactory investment portfolio earnings of DKK 319m compared to DKK 397m in 2012.

Profit before non-recurring items and industry solutions represents DKK 231m (2012: DKK 719m).

Non-recurring items, net, total minus DKK 43m (2012: minus DKK 82m). This item includes costs of DKK 98m (including the exit charge to BEC) and non-recurring income of DKK 55m from the market value adjustment of the Group's shares in Nets Holding.

Profit before tax amounts to DKK 171m (2012: DKK 624m). After calculated tax of minus DKK 16m (2012: DKK 157m), the Group's profit stands at DKK 187m compared with DKK 467m in 2012.

Summary

Return on shareholders' equity before and after tax constitutes 1.7% and 1.8%, respectively, against 6.4% and 4.8% in 2012. Earnings per share has declined from DKK 6.4 to DKK 2.5.

During the year shareholders' equity grew by DKK 204m to DKK 10,237m.

Since year-end 2012 risk-weighted assets have increased by DKK 1.5bn to DKK 72.7bn. The increase in credit risk represents DKK 0.3bn and is composed of the effect of the acquisition of DiBa Bank and the declining credit volume in general, as a result of substantial impairment charges etc. The remainder is mainly attributable to the rise in market risk of DKK 1.3bn.

At year-end 2013 the solvency ratio stands at 15.7%, of which 15.3 percentage points are attributable to core capital including hybrid core capital, compared with 15.9% and 15.6%, respectively, at the end of 2012. The common equity Tier 1 capital ratio has decreased from 13.8% to 13.4%. At 31 December 2013 the solvency need constitutes 10.0% (2012: 8.9%).

Based on the Group's good liquidity and high solvency, a capital policy has been adopted that better supports the Group's growth strategy and at the same time takes into account Sydbank's status as a SIFI as well as forthcoming regulations. The targets for the years ahead are a common equity Tier 1 capital ratio of 12% and a solvency ratio of around 15%.

As from 2014 a new dividend policy will contribute to creating long-term shareholder value. The objective is to distribute 30-50% of the year's profit after tax while taking into account growth plans and capital policy. Distribution will be effected via dividends and/or via share buybacks.

The Group's liquidity is good and constitutes 28.0% at year-end 2013 measured under the 10% statutory requirement. Moody's 12-month liquidity curve shows that the Group is able to withstand a situation in which access to capital markets is cut off for a period exceeding 12 months.

Distribution of dividend to shareholders for 2013 will not be recommended.

During the year the Bank saw a substantial influx of new retail and corporate clients, the majority of whom concern DiBa Bank. Growth in the client portfolio is satisfactory in an otherwise competitive market and the portfolio of 434,000 retail and corporate clients provides scope for growth in business volume.

The Group's expectations for 2014:

- Rise in core income – predominantly as a result of the acquisition of DiBa Bank – despite an unchanged level of lending and continued fierce competition.
- Rise in trading income partly as a result of the acquisition of DiBa Bank, however highly dependent on financial market developments.
- Increase in costs (core earnings), mainly as a result of the acquisition of DiBa Bank.
- Given the considerable level of impairment charges in 2013, lower impairment charges for loans and advances are projected in 2014.
- Integration costs related to DiBa Bank of around DKK 50m.

Governance structure and credit-related measures

The final conclusion of the Danish FSA's inspection in November-December 2013 was received on 31 January 2014. In its report the Danish FSA concludes that "risks associated with the bank's loans and advances are on a par with the risks of other major banks" but that improvements in governance in connection with credit granting are necessary. In light of this, in the past few months, management has assessed the need for measures relating to governance and credit and has decided as follows:

- Strengthening of the governance structure by expanding internal controls.
- Establishment of a Risk Committee under the Board of Directors.
- Separation of risk management as an independent central unit reporting directly to the Group Executive Management and with higher staffing in relation to credit.
- Extended terms of reference for the existing Credit Risk Committee – including increased meeting frequency.
- Extended terms of reference for the Credit Committee and increased reporting.
- Restructuring of Credits in December 2013 resulting in a simpler structure in line with the Bank's 10 Danish regions.
- Appointment of regional heads of credit responsible for small approvals.
- General reduction in the lending authority of employees.

Performance in 2013

Core income

Total core income has declined by DKK 171m to DKK 4,058m.

Core income

Group (DKKm)	2013	2012
Net interest etc	2,568	2,768
Mortgage credit	264	269
Payment services	167	170
Remortgaging and loan fees	88	113
Commission and brokerage	320	308
Commission etc investment funds and pooled pension plans	322	288
Asset management	164	163
Custody account fees	79	70
Other operating income	86	80
Total	**4,058**	**4,229**

During the year bank loans and advances have decreased by 2%, partly as a result of considerable impairment charges, and deposits have increased by 7%. The actual decline in bank loans and advances is 3% higher when adjusted for the influx of bank loans and advances from DiBa Bank in December 2013. Coupled with increased competition and by extension shrinking interest margins, this development has resulted in a decline in net interest of DKK 200m.

Net income from the cooperation with Totalkredit represents DKK 209m (2012: DKK 206m) after a set-off of loss of DKK 28m (2012: DKK 18m). The cooperation with DLR Kredit has generated an income of DKK 51m (2012: DKK 59m). Mortgage credit income totals DKK 264m (2012: DKK 269m).

The decline in income from remortgaging and loan fees is attributable to lower remortgaging activity compared to 2012.

Commission and brokerage income amounts to DKK 320m and has risen by DKK 12m compared with 2012. The increase is attributable to rising equities trading.

Commission etc concerning investment funds and pooled pension plans totals DKK 322m, equal to a rise of DKK 34m compared with 2012.

The remaining income components have increased by a total of DKK 13m compared with 2012.

Trading income

Compared with 2012 trading income has decreased by DKK 94m to DKK 229m and is composed as follows in terms of business units:

Trading income

Group (DKKm)	2013	2012
Fixed Income	129	197
Equities	70	56
Money Market and Foreign Exchange	30	70
Total	**229**	**323**

The income generated by Sydbank Markets in 2013 is 29% lower than in 2012.

The development in income by Fixed Income compared to 2012 is predominantly attributable to interest rate increases and instability in the mortgage market in August. Moreover trading was lower than in 2012.

Equities has recorded a rise in income of 25% to DKK 70m. The department has benefited from the positive markets and has seen a large increase in activity.

Money Market and Foreign Exchange has recorded a decline of DKK 40m. Income from interest rate transactions was affected by interest rate increases in Q1 as well as Q3. At the beginning of 2014 the department launched several initiatives to increase trading.

Costs and depreciation

The Group's total costs and depreciation recorded DKK 2,635m against DKK 2,571m in 2012. In 2013 DKK 7m of this amount is attributable to investment portfolio earnings.

Costs included in non-recurring items constitute DKK 98m, comprising DiBa Bank's exit charge to BEC of DKK 96m and DKK 2m concerning liabilities in relation to rented premises in connection with the forthcoming amalgamation of two overlapping branches in Køge and Næstved, respectively.

The level of costs (core earnings) remains unchanged for the sixth consecutive year as a result of tight cost control and a continued decline in staff.

Performance in 2013

Costs and depreciation

Group (DKKm)	2013	2012
Staff costs	1,428	1,407
Other administrative expenses	886	973
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	99	108
Other operating expenses	222	83
Total	**2,635**	**2,571**
Distributed as follows:		
Costs, core earnings	2,513	2,482
Costs, investment portfolio earnings	7	7
Costs, non-recurring items	98	69
Costs, industry solutions	17	13

Costs (core earnings) as a percentage of total core income represent 58.6% (2012: 54.5%).

At year-end 2013 the Group's staff numbered 2,231 (full-time equivalent), including 171 employees taken over from the DiBa Bank group, compared with 2,132 in 2012.

Eight branches have been taken over from DiBa Bank. In connection with the integration the two banks' branches in Næstved, Ringsted and Køge, respectively, will be amalgamated at the end of February 2014. In addition nine small branches were closed during 2013 as a consequence of the Bank's ongoing adjustment of its service concept. During the year the Bank opened three new branches in Skive, Hobro and Farum. At year-end 2013 the number of branches totals 97 in Denmark and unchanged five in Germany.

Furthermore costs to the Banking Department of the Deposit Guarantee Fund represent DKK 104m (2012: DKK 69m).

Core earnings before impairment of loans and advances

Core earnings before impairment of loans and advances have decreased by DKK 297m and represent DKK 1,773m (2012: DKK 2,070m).

Impairment of loans and advances etc

Impairment charges for loans and advances represent DKK 1,861m against DKK 1,748m in 2012.

In a company announcement on 5 December 2013 the Group announced extraordinary impairment charges as a result of the Danish FSA's inspection in November and December 2013, resulting in projected total impairment charges for 2013 of around DKK 1,825m. Consequently the recorded impairment charges of DKK 1,861m are in line with the previous announcement.

The final conclusion of the Danish FSA's inspection was received on 31 January 2014. The FSA found that there was a need to increase impairment charges by a total of DKK 750m as regards exposures exceeding DKK 10m compared to the impairment charges at 30 September 2013. Of these, impairment charges for agricultural exposures represent DKK 300m, which is DKK 75m higher than announced in the company announcement. The adjusted impairment charges as regards agricultural exposures are predominantly attributable to the FSA's assessment that the Bank's valuation models for buildings were not in accordance with the instructions given by the FSA in its report following the inspection of agricultural exposures in 2012.

Extraordinary impairment charges in Q4 2013 mainly concern non-defaulted bank loans and advances.

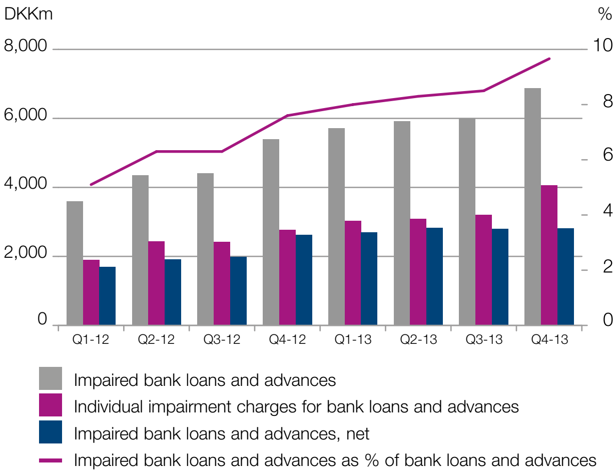
Total impairment charges as regards exposures taken over from Tønder Bank represent around DKK 225m for 2013 as a whole.

At year-end 2013 the impairment ratio for the year represents 2.57% (2012: 2.40%) relative to bank loans and advances. Relative to bank loans and advances and guarantees, the impairment ratio for the year represents 2.34% (2012: 2.19%). At end-2013 accumulated impairment and provisions amount to DKK 4,301m (2012: DKK 3,018m).

Impairment charges for the year for bank loans and advances of DKK 1,861m (2012: DKK 1,748m) consist of DKK 333m (2012: DKK 469m) regarding real property, DKK 520m (2012: DKK 129m) regarding agriculture, DKK 227m (2012: DKK 143m) regarding trade and DKK 393m (2012: DKK 558m) regarding other corporate lending as well as DKK 388m (2012: DKK 449m) regarding retail clients. Reference is made to the separate publication "Credit Risk 2013" for further elaboration.

Around 75% and 80% of the impairment charges regarding corporate lending and retail clients, respectively, concern exposures existing before the onset of the financial crisis in 2008.

Individually impaired bank loans and advances



Compared with 2012 impaired bank loans and advances before impairment charges have increased by DKK 1,482m to DKK 6,870m, equal to 28%. DKK 927m of the increase is attributable to non-defaulted bank loans and advances and DKK 555m is attributable to defaulted bank loans and advances. During the same period individually impaired bank loans and advances after impairment charges rose by DKK 193m, equal to 7%. Impairment charges for bank loans and advances subject to individual impairment represent 59.1% (2012: 51.4%) of total impairment charges.

Individually impaired bank loans and advances

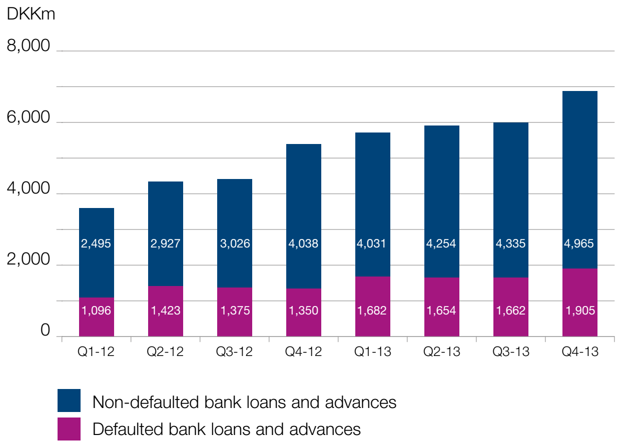
Group (DKKm)	2013	2012
Non-defaulted bank loans and advances	4,965	4,038
Defaulted bank loans and advances	1,905	1,350
Impaired bank loans and advances	6,870	5,388
Impairment charges for bank loans and advances subject to individual impairment	4,058	2,769
Impaired bank loans and advances after impairment charges	2,812	2,619
Impaired bank loans and advances as % of bank loans and advances before impairment charges	9.7	7.6
Impairment charges as % of bank loans and advances before impairment charges	5.7	3.9
Impaired as % of impaired bank loans and advances	59.1	51.4
Impairment charges as % of defaulted bank loans and advances	213.0	205.1

As shown above, impairment charges as a percentage of defaulted bank loans and advances in 2013 stands at 213.

The rise in defaulted bank loans and advances from DKK 1,350m at year-end 2012 to DKK 1,905m at year-end 2013 is primarily due to the fact that several exposures within the industries real property and agriculture are now considered so risky that a loss is regarded as unavoidable, which is why these exposures are now considered to be in default.

The figure below shows the breakdown of impaired bank loans and advances by defaulted bank loans and advances and non-defaulted bank loans and advances. As shown in the figure, the majority of impaired loans and advances concern non-defaulted bank loans and advances. Defaulted bank loans and advances have risen by DKK 809m since Q1 2012 whereas non-defaulted bank loans and advances have gone up by DKK 2,470m.

Breakdown of impaired bank loans and advances



Core earnings

Core earnings have decreased by DKK 410m and represent minus DKK 88m in 2013 compared with DKK 322m in 2012.

Investment portfolio earnings

Together the Group's position-taking and liquidity handling recorded earnings of DKK 319m in 2013 compared to DKK 397m in 2012.

Investment portfolio earnings

Group (DKKm)	2013	2012
Position-taking	288	255
Liquidity generation and liquidity reserves	30	97
Mandates (CDO)	8	54
Strategic shares	0	(2)
Costs	(7)	(7)
Total	**319**	**397**

Performance in 2013

The portfolio continues to consist primarily of Danish mortgage bonds hedged by derivatives. After disposing of part of the portfolio in Q2 it was rebuilt in Q4 2013. Part of the hedging has been transferred from EUR to USD. At the beginning of 2014 the portfolio is composed so that the Bank will profit from an interest rate increase, corresponding to a negative interest rate risk.

Profit before non-recurring items and industry solutions
Profit before non-recurring items and industry solutions has declined by DKK 488m and totals DKK 231m (2012: DKK 719m).

Non-recurring items, net
Non-recurring items, net, total minus DKK 43m (2012: minus DKK 82m). This item consists partly of costs of DKK 98m deriving from an exit charge of DKK 96m and liabilities in relation to rented premises of DKK 2m, and partly of non-recurring income of DKK 55m from the market value adjustment of the Group's shares in Nets Holding in connection with an adjustment of pricing.

Contributions to industry solutions
As a result of the most recent data from the Winding-Up and Restructuring Department of the Deposit Guarantee Fund, a drawing of DKK 17m (2012: DKK 13m) on the loss guarantee as regards the Financial Stability Company A/S has been made. The increase is attributable to Fjordbank Mors and Spar Lolland.

Profit for the year
Profit before tax amounts to DKK 171m (2012: DKK 624m). With a calculated tax income of DKK 16m (2012: charge of DKK 157m), the Group's profit stands at DKK 187m compared with DKK 467m in 2012. The tax income is a consequence of a tax-free gain on shares as well as the better possibilities regarding tax write-offs for operating equipment – primarily concerning leasing activities.

Return
Return on shareholders' equity before and after tax constitutes 1.7% and 1.8%, respectively, against 6.4% and 4.8% in 2012. Earnings per share has declined from DKK 6.4 to DKK 2.5.

Sydbank – the parent
The Bank's total income before costs and impairment charges for loans and advances represents DKK 4,591m (2012: DKK 4,944m). The income includes a loss on holdings in associates and subsidiaries of DKK 69m (2012: profit of DKK 4m), includnig a loss on subsidiaries after tax of DKK 2m (2012: loss of DKK 7m).

Total costs including non-recurring costs and costs to the Deposit Guarantee Fund of DKK 121m (2012: DKK 92m) constitute DKK 2,537m (2012: DKK 2,576m). Impairment charges of DKK 1,861m (2012: DKK 1,745m) for bank loans and advances have been recorded.

Profit before tax amounts to DKK 193m (2012: DKK 623m).

Subsidiaries
In the ownership period 20-31 December 2013 the subsidiary bank DiBa Bank recorded a post-tax loss of DKK 69m.

The results of the three new subsidiaries DiBa Bolig A/S, DiBa Ejendomsadministration A/S and Heering Huse Aps in the ownership period 20-31 December 2013 represent DKK 0m.

Ejendomsselskabet has recorded a profit after tax of DKK 4m (2012: loss of DKK 1m).

The subsidiary bank Sydbank (Schweiz) AG, which has entered into solvent liquidation and which is expected to be finally wound up in 2014, has recorded a loss after tax of DKK 6m (2012: loss of DKK 6m).

Q4 2013
The pre-tax loss for Q4 represents DKK 445m, including the loss on the new subsidiaries in the ownership period. Compared with Q3 2013 the result before tax shows:

- A rise in core income of DKK 16m.
- A rise in trading income of DKK 6m.
- A decline in costs of DKK 4m.
- An increase in impairment charges for loans and advances of DKK 589m.
- Investment portfolio earnings of DKK 42m (Q3: minus DKK 7m).
- Non-recurring items, net, of minus DKK 43m (Q3: DKK 0m).
- An increase in contributions to industry solutions of DKK 2m.

Tax represents an income of DKK 163m (Q3: charge of DKK 29m). Profit for the period amounts to minus DKK 282m in Q4.

Profit for the period

Group (DKKm)	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Core income	1,011	995	1,016	1,036	1,067
Trading income	37	31	75	86	71
Total income	**1,048**	**1,026**	**1,091**	**1,122**	**1,138**
Costs, core earnings	600	604	649	661	575
Core earnings before impairment	**448**	**422**	**442**	**461**	**563**
Impairment of loans and advances etc	888	299	325	349	550
Core earnings	**(440)**	**123**	**117**	**112**	**13**
Investment portfolio earnings	42	(7)	197	87	132
Profit before non-recurring items and industry solutions	**(398)**	**116**	**314**	**199**	**145**
Non-recurring items, net	(43)	-	-	-	(82)
Contributions to industry solutions	4	2	(4)	15	3
Profit before tax	**(445)**	**114**	**318**	**184**	**60**
Tax	(163)	29	71	47	16
Profit for the period	**(282)**	**85**	**247**	**137**	**44**

The quarterly breakdown is based on the published unaudited interim reports.

Total assets

The Group's total assets made up DKK 147.9bn at year-end 2013 against DKK 152.7bn at year-end 2012.

Assets

Group – year-end (DKKbn)	2013	2012
Amounts owed by credit institutions etc	11.7	8.4
Loans and advances at fair value (reverse transactions)	4.9	6.1
Loans and advances at amortised cost (bank loans and advances)	66.6	68.2
Securities and holdings etc	40.6	39.6
Assets related to pooled plans	10.2	9.8
Other assets etc	13.9	20.6
Total	**147.9**	**152.7**

After acquiring bank loans and advances from DiBa Bank of DKK 2.3bn, the Group's bank loans and advances total DKK 66.6bn. Compared to 2012 this is a decrease of 2.3%, which consists of a decline in corporate lending and a slight increase in retail lending as well as substantial impairment charges.

Shareholders' equity and liabilities

Group – year-end (DKKbn)	2013	2012
Amounts owed to credit institutions etc	31.0	38.6
Deposits and other debt	70.0	65.7
Deposits in pooled plans	10.2	9.8
Bonds issued	6.5	4.0
Other liabilities etc	18.0	23.0
Provisions	0.2	0.2
Subordinated capital	1.8	1.4
Shareholders' equity	10.2	10.0
Total	**147.9**	**152.7**

After acquiring deposits of DKK 3.9bn from DiBa Bank, the Group's deposits make up DKK 70.0bn. This is an increase of 6.7% compared to 2012. The composition of deposits has been strengthened via an increase in demand deposits of DKK 5.3bn and a decline in time deposits of DKK 1.7bn.

Performance in 2013

Subordinated capital

In connection with the acquisition of DiBa Bank the Group acquired supplementary capital of DKK 250m and government hybrid core capital of DKK 160m. Subsequently the Group's supplementary capital and hybrid Tier 1 capital represent DKK 250m and DKK 1,547m, respectively. Consequently subordinated capital totals DKK 1,797m (2012: DKK 1,387m).

In February 2014 the Group will repay supplementary capital of DKK 100m and government hybrid core capital of DKK 160m in DiBa Bank. The remaining supplementary capital of DiBa Bank of DKK 150m will be repaid no later than 15 May 2014.

The Sydbank share

Number	2013	2012
Average number of shares outstanding	73,409,670	73,055,617
Number of shares outstanding at year-end	73,288,716	72,913,955
Number of shares issued at year-end	74,249,999	74,249,999

Share capital

Share capital is unchanged at DKK 742,499,990 at year-end 2013. The number of shares outstanding increased from 72,913,955 (98.20%) at the end of 2012 to 73,288,716 (98.71%) at the end of 2013. The Sydbank share's book value represents 139.7 (2012: 137.6). At year-end 2013 the closing price of the Sydbank share stood at 144.0 and share price/book value at 1.03.

Shareholders' equity

At year-end 2013 shareholders' equity constitutes DKK 10,237m – an increase of DKK 204m since 1 January. The change comprises additions from profit for the year of DKK 187m and from net sales of own shares of DKK 44m as well as disposals deriving from the adjustment of revaluation reserves of DKK 20m and the donation of DKK 4m to the sponsorship fund "Sydbank Fonden".

Capital

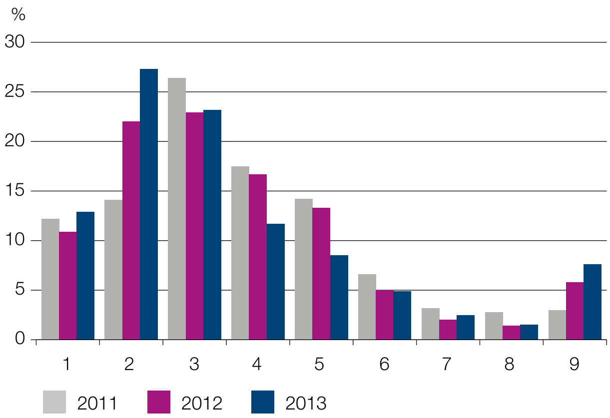
Since year-end 2012 risk-weighted assets have increased by DKK 1.5bn to DKK 72.7bn. The increase in credit risk represents DKK 0.3bn and is composed of the effect of the acquisition of DiBa Bank and the declining credit volume in general, as a result of substantial impairment charges etc. The remainder is mainly attributable to the rise in market risk of DKK 1.3bn.

Risk-weighted assets

Group – year-end (DKKbn)	2013	2012
Credit risk	54.2	53.9
Market risk	10.2	8.9
Operational risk	8.3	8.4
Total	**72.7**	**71.2**

The development in the breakdown by rating category from 2011 to 2013 appears below.

Gross exposure by rating category, excluding default



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

The gross exposure by rating category shows a positive development with an increasing share in the three best rating categories.

A rise in the number of clients with objective evidence of impairment (OEI) has resulted in an increase in rating category 9 as the Group assigns all non-defaulted exposures to clients with OEI to rating category 9. Migration has predominantly taken place from rating categories 5-8.

In mid-2013 the Group changed its PD scale as regards the assignment of corporate clients to rating categories. The breakdown by rating for 2011 and 2012 has been adjusted in accordance with this scale.

Reference is made to the note on credit risk on page 85 and the separate publication "Credit Risk 2013".

Solvency

Group (DKKm)	2013	2012
Risk-weighted assets	72,749	71,170
Common equity Tier 1 capital	9,722	9,854
Core capital including hybrid core capital	11,108	11,080
Capital base	11,430	11,305
Common equity Tier 1 capital ratio	13.4	13.8
Core capital (including hybrid core capital) ratio	15.3	15.6
Solvency ratio	15.7	15.9

At year-end 2013 the solvency ratio represented 15.7%, of which 15.3 percentage points are attributable to core capital including hybrid core capital. In 2012 the solvency ratio and the core capital (including hybrid core capital) ratio stood at 15.9% and 15.6%, respectively. The common equity Tier 1 capital ratio has decreased from 13.8% to 13.4%.

In connection with its inspection at the Bank in November and December 2013 the Danish FSA has concluded that further capital must be reserved in the Bank's individual solvency need for weaknesses in the Bank's governance as well as for specific credit risks of weak exposures. The FSA's conclusions have been included in the individual solvency need which was calculated at 10.0% at 31 December 2013 compared to 8.9% at 31 December 2012. Compared to the actual capital of DKK 11.4bn there is an excess cover of DKK 4.1bn or 5.7 percentage points at the end of 2013.

Solvency of the parent

At end-2013 the core capital (including hybrid core capital) ratio and the solvency ratio represented 15.8% and 16.0%, respectively.

Capital policy

Based on the Group's good liquidity and high solvency, a capital policy has been adopted that better supports the Group's growth strategy and at the same time takes into account Sydbank's status as a SIFI as well as forthcoming regulations. The targets for the years ahead are a common equity Tier 1 capital ratio of 12% and a solvency ratio of around 15%.

Reference is made to "Capital Management" on page 18.

Dividend policy

As from 2014 a new dividend policy will contribute to creating long-term shareholder value. The objective is to distribute 30-50% of the year's profit after tax while taking into account growth plans and capital policy. Distribution will be effected via dividends and/or via share buybacks.

Interest rate risk etc

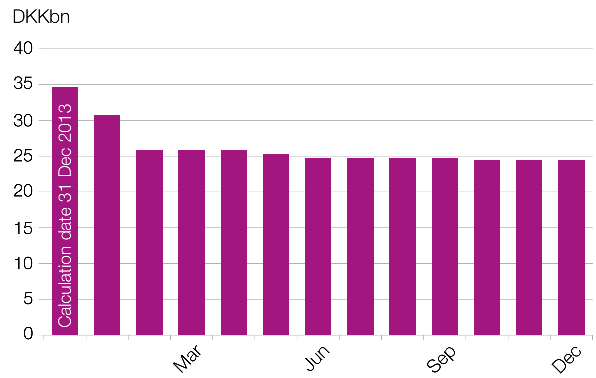
The Group's interest rate risk constitutes DKK 80m at 31 December 2013 (2012: minus DKK 198m). The Group's exchange rate risk continues to be very low and its equity risk modest.

Funding and liquidity

The Group's liquidity measured under the 10% statutory requirement constitutes 28.0% at year-end 2013.

The Group's liquidity is good. Moody's 12-month liquidity curve shows that the Group is able to withstand a situation in which access to capital markets is cut off for a period exceeding 12 months.

Moody's 12-month liquidity curve



In October 2013 the Group raised a new senior loan of EUR 500m. The loan has a maturity of three years and in terms of funding it replaces the existing 2-year senior loan of originally EUR 500m which expires on 28 February 2014.

Accounting estimates

Estimates in relation to the measurement of assets and liabilities are based on assumptions considered reasonable by management but which by their nature are uncertain. They may prove to be incomplete or inaccurate as a result of developments differing from projections in the external environment in which the Group operates or in other respects relating to clients or business relations.

Performance in 2013

Rating

Moody's rating of Sydbank as of November 2013:

- Outlook Stable
- Long-term debt: Baa1
- Short-term debt: P-2
- Bank financial strength: C-

Shareholders

In 2013 the Sydbank share yielded a return of 44% (2012: 11%) as a result of the share price increase during the year. The Board of Directors recommends to the general meeting that no dividend is distributed but that DKK 4m is donated to the sponsorship fund "Sydbank Fonden".

Supervisory Diamond

The Supervisory Diamond sets up a number of benchmarks to indicate banking activities that initially should be regarded as involving a higher risk. Any breach of the Supervisory Diamond is subject to reactions by the Danish FSA.

The calculations of the Supervisory Diamond benchmarks at year-end 2013 are shown below:

Supervisory Diamond benchmarks

Group	2013	2012
Sum of large exposures < 125%	26%	22%
Growth in loans and advances < 20%	(2%)	(1%)
Commercial property exposure < 25%	11%	12%
Funding ratio < 1	0.78	0.84
Excess cover relative to statutory liquidity requirements > 50%	180%	127%

At 31 December 2013 the Group as well as the parent comply with all the benchmarks of the Supervisory Diamond.

Regulation

In 2013 the new capital adequacy rules – CRR and CRD IV – were adopted. The rules will enter into force in Q1 2014 although in certain areas the transition period is relatively long.

Based on values at year-end 2013 the new rules will affect the Group's solvency in the following areas and with the following impact:

Solvency

Group (DKKm)	2013	CRR/CRD IV
Risk-weighted assets	72,749	71,499
Common equity Tier 1 capital	9,722	9,799
Capital base	11,430	11,586
Common equity Tier 1 capital ratio	13.4	13.7
Solvency ratio	15.7	16.2

The change in risk-weighted assets is a net effect of a reduced weighting of risk-weighted assets as regards SMEs, a new requirement for derivatives as well as amended treatment of significant investments in financial institutions.

The change in the capital base is a net effect of a discontinued deduction for significant investments in financial institutions and the amended recognition of subordinated capital.

In the long term the new requirements for recognition of subordinated capital will mean that part of the Group's hybrid core capital will not be eligible for recognition. The transitional rules will apply until 2021. This factor has been provided for in the Group's capital planning.

CRR/CRD IV imposes further requirements for liquidity, including requirements for liquidity buffer size and composition in the context of a stress scenario of 30 days' duration – LCR. It is of vital importance to the Group as well as the Danish banking and mortgage industry that Danish mortgage bonds may be included in the liquidity buffer. The European Banking Authority (EBA) has submitted draft guidelines on which assets are eligible for inclusion in the liquidity buffer. The final decision will be made by EU Commission.

It is expected that a solution will be found so that Danish mortgage bonds will, to a large extent, be eligible for inclusion in the liquidity buffer according to the forthcoming rules.

Via the political agreement on Bank Package VI Sydbank has been designated as a SIFI and will therefore be subject in particular to the stricter capital and liquidity requirements. The final requirements have not yet been adopted.

The new requirements will be phased in over a number of years and the Group fully expects to be able to meet all the stricter requirements.

Outlook for 2014

Positive economic growth is projected in 2014 albeit at a low level.

Core income is expected to rise – predominantly as a result of the acquisition of DiBa Bank – despite an unchanged level of lending and continued fierce competition.

Trading income is expected to increase compared to income recorded in 2013, in part on account of the acquisition of DiBa Bank, however highly dependent on financial market developments.

Costs (core earnings) are anticipated to increase, mainly as a result of the acquisition of DiBa Bank.

Given the considerable level of impairment charges in 2013, lower impairment charges for loans and advances are projected in 2014.

Integration costs related to DiBa Bank of around DKK 50m are projected.

Capital Management

The Group's capital management ensures efficient deployment of capital relative to the Group's overall capital targets. The Group's risk profile is determined on the basis of the capital targets which ensure first and foremost that there is adequate capital to meet the Group's growth expectations and cover fluctuations in the risks assumed by the Group.

The Group applies internal ratings based approaches to manage the credit risk of the Group's corporate and retail client portfolios. The Group applies the advanced IRB approach as regards retail clients and the foundation IRB approach as regards corporate clients to determine the Group's capital requirements.

The Group applies the Standardised Approach to credit risk in relation to exposures to governments and credit institutions.

Further details, also concerning risk-weighted assets (RWA), capital information and solvency ratios, are found in note 3.

The Group's capital management focuses on three capital elements: minimum capital, adequate capital base and capital base.

Minimum capital represents the necessary capital in compliance with the Danish executive order on capital adequacy, and the adequate capital base is the Group's determination of the capital which is sufficient to protect depositors against loss under the prevailing economic conditions. The solvency need is defined as the adequate capital base in percentage terms of risk-weighted assets.

The committees of the Group's risk organisation report directly to the Group Executive Management. The committees identify, monitor and assess risks within the individual risk areas and ensure that models and principles are formulated to calculate risks. The committees ensure that the Bank's business units proactively carry out their operations and address identified risks. The Group's Chief Risk Officer is a member of all committees, see Risk Management on page 84.

A risk assessment is carried out annually to determine the Group's risk profile. The Board of Directors considers the assessment and determines the adequate capital base and the individual solvency need in continuation of this analysis.

The adequate capital base is determined on the basis of the Danish FSA approach (8+). A proposal for the determination of the adequate capital base is prepared by Risk and is presented to the Group Executive Management. The Board of Directors discusses and determines the adequate capital base on the basis of this proposal.

The proposal is based on the capital adequacy rules (Pillar I) with add-ons for any risks deemed not to be sufficiently covered under Pillar I. The 8+ calculation complies with the Danish guidance on the adequate capital base and solvency need of credit institutions. At year-end 2013 add-ons were made in relation to credit risk, market risk and operational risk.

The models used for Pillar I calculations are described in detail in note 3.

The adequate capital base/solvency need can be broken down as follows:

Adequate capital base/solvency need

	DKKm	% of RWA
Credit risk	5,224	7.2
Market risk	900	1.2
Operational risk	917	1.3
Other circumstances	244	0.3
Adequate capital base/solvency need	7,285	10.0

Other circumstances include property, plant and equipment and the Group's equity investments.

The capital base is the actual capital that the Group has at its disposal.

Based on the adequate capital base the Group's capital structure can be specified as follows at 31 December 2013:

Capital

	DKKm	% of RWA
Adequate capital base/solvency need	7,285	10.0
Excess capital	4,145	5.7
Capital base	11,430	15.7

Excess capital represents DKK 4.1bn, equal to 57% of the adequate capital base. Excess capital must cover future buffer requirements – the countercyclical capital buffer, the capital conservation buffer and the SIFI buffer – as they occur.

The Group has determined new capital targets and considers a common equity Tier 1 capital ratio of 12% as well as a solvency ratio of 15% as being satisfactory for the years ahead.

The Group's capital base can be broken down as follows at 31 December 2013:

Capital base

	DKKm	%	Target
Common equity Tier 1 capital	9,722	13.4	12.0
Hybrid core capital after deductions	1,386	1.9	
Supplementary capital after deductions	322	0.4	
Capital base	11,430	15.7	15.0

Another important element in determining the adequate capital base is stress testing.

The object of stress testing is to assess the impact of adverse events on capital needed and income. Stress test calculations show the impact for the coming years in given economic scenarios.

At 31 December 2013 the Group has based its stress test calculations on the following macro-economic scenarios:

Basic scenario which reflects the Group's forecast of developments in the economy.

Mild recession which reflects deteriorated economic conditions compared with the basic scenario. Annualised, GDP is expected to develop positively in 2014 and 2015. Unemployment will rise slightly in 2014 and 2015.

Global crisis which reflects that the Danish economy will be hit by two blows. A domestic blow where confidence among Danish consumers and businesses alike will weaken significantly. A foreign blow where the international economy will be hit by a new cyclical downturn. This scenario resembles a very severe recession but in terms of GDP it is not quite as extreme as in the period 2008-2009. Unemployment will increase substantially. GDP developments will be negative in 2014 and 2015 and house prices will drop sharply during the same period.

Moderate recession which reflects that confidence among consumers and businesses alike will decrease in Denmark as well as abroad, however without any severe, negative blows. The average bond yield will remain very low throughout the period and unemployment will increase moderately. GDP developments will be negative in 2014 and flat in 2015. House prices will decline during the same period.

Capital Management

Deflation which reflects that the crisis in Denmark and the euro area will lead to deflation where the overall level of prices will drop. Interest rates are expected to continue to drop similar to what was seen in Japan. The recession will be about as severe as in the global crisis scenario but the decline in house prices will be slightly smaller. Unemployment is expected to increase slightly less than in the global crisis scenario.

Financial bubble which reflects that a financial bubble will burst and virtually all financial assets will decline sharply in value. This scenario can be interpreted as a situation in which the central banks of the largest economies will quickly withdraw extraordinary stimulus measures in light of rising inflation. However short-term rates will remain low. Bond yields will go up whereas share prices will go down. Interest rate increases and loss of wealth will trigger a new recession which central banks cannot fight by introducing new stimulus measures because inflation will take hold at a too high level. In terms of GDP the scenario is less severe than the global crisis scenario but the decline in asset prices is larger.

The scenarios and their relevance are subject to ongoing assessment and scenarios are approved by management as the basis for further stress test calculations. The impacts of the scenarios are included in the assessment of the adequate capital base. The stress tests conducted show that the Group is adequately capitalised.

Throughout 2013 the Group has fully complied with external as well as internal capital requirements.

Mission Statement and Business Goals

History and status

Sydbank was formed in 1970 through a merger between four small banks in Southern Jutland. Since then the Bank has become a nationwide player through mergers, acquisitions and branch openings. Most recently Sydbank has strengthened its presence in Zealand and Bornholm through the acquisition of DiBa Bank in 2013.

Today the Bank is one of Denmark's largest banks with a market share representing 6-10%, depending on customer segment and type of business. The market share is naturally largest in the areas where Sydbank has its historical roots – especially the Region of Southern Denmark. The Bank's international presence includes five branches in Germany.

Business goals

Sydbank's business model can be outlined as follows:

- Sydbank will remain an independent bank operating on its own terms.
- Sydbank is an advisory bank that wishes to be perceived as a competent and value creating bank.
- Sydbank wishes its image to reflect that the Bank treats its clients with respect.
- Sydbank aims to do business with its clients on the basis of long-term customer relationships.

Sydbank towards 2016

In Q4 2013 Sydbank committed to a number of business principles and objectives to retain and strengthen the Bank's position in the marketplace in 2016. This will be achieved by means of an even clearer focus on the segments retail clients, corporate clients and private banking in order to sharpen the Bank's profile vis-à-vis existing and potential clients.

Sydbank's fundamental values

Sydbank's fundamental values emphasise that the Bank, as a service undertaking, first and foremost strives to meet the financial requirements of its clients. Customer relationships are guided by the Bank's service philosophy "What can we do for you" and consequently the Bank acts in accordance with the value statement: Excellence and relationships create value. We believe that the combination of excellent employees and good relationships create value for clients – and therefore also for the Bank.

Sydbank aims to be perceived by retail clients and small corporate clients as an approachable business partner with roots in the local community. Also as regards major clients, including private banking clients, corporate enterprises, banks and institutional clients, Sydbank wishes to be perceived as a partner that fulfils their banking requirements via excellence, dynamism and financial capacity.

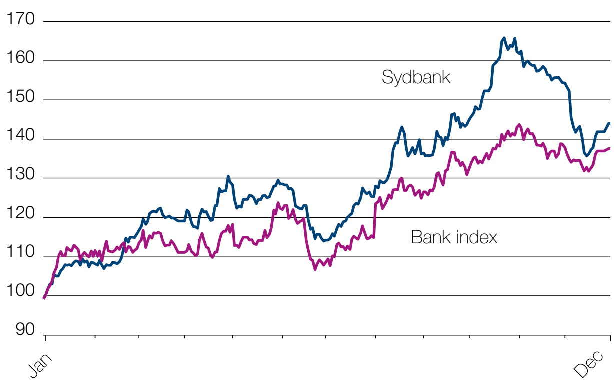
Sydbank continues to expand its banking operations in the Danish market – most recently through the acquisition of DiBa Bank. Furthermore the Bank consolidates its position as a nationwide player on an ongoing basis by establishing branches in large towns. In 2013 Sydbank opened three branches in Skive, Hobro and Farum. In addition the Bank continues to expand its long-standing presence in Germany.

Sydbank's organisational philosophy is based on the requirements of clients and business activities, and on broad delegation of professional competence and decision-making responsibility to individual customer-oriented units. At the same time efforts are made to streamline administrative procedures. Excellent, dedicated and performance-oriented employees who can and who want to make a difference are the Bank's most valuable resource and competitive parameter.

The Sydbank share

At year-end 2013 Sydbank's shareholders numbered 135,000. The share price (DKK 10 each) stood at 144.0 at year-end 2013 against 99.7 at year-end 2012.

Share price developments 2013



1 January 2013 = index 99.7, ie Sydbank's share price

Clients and Business Areas

Clients

Sydbank continues to see a large influx of new clients. At year-end 2013 the Bank's clients numbered 434,000, excluding DiBa Bank. This trend is satisfactory and reflects Sydbank's ability to attract and retain clients – despite economic challenges and a highly competitive market.

Business areas

Sydbank offers a competitive product range, an extensive payment card programme and supply channels that fulfil customer needs. The Bank attaches importance to being a dedicated sparring partner and providing professional advice as well as smooth services to all customer segments. This is based on Sydbank's in-depth knowledge of individual customer needs and on staff specialist knowledge and competence.

Retail segment

Sydbank operates its business focusing on the Bank's own services and products and ongoing product innovation. To supplement the Bank's own products and services Sydbank has concluded a number of cooperation agreements with subsuppliers from outside the classic banking product range. The primary mortgage credit partners are Totalkredit, Nykredit and DLR Kredit and its life insurance partners are Topdanmark and PFA.

Private Banking

Sydbank is an attractive bank for private banking clients. The Bank provides flexible service and advice tailored to each individual wealthy client regardless of the complexity of the client's finances.

Private Banking offers services within wealth management, investment consulting, pension, tax etc. If the private banking client owns a business, Sydbank ensures the best possible interplay between the client's personal finances and business finances to maximise the return on the client's assets according to current legislation.

The individual advisory services to Sydbank's private banking clients take place at the Bank's 13 private banking departments which are spread across the Bank's regions. The decentralised advisory services are supplemented by special experts from the Bank's head office as required – always focusing on fulfilling the needs of individual private banking clients.

Outside Denmark Sydbank's Private Banking International department in Flensburg offers wealth management and investment solutions to Danish clients residing abroad as well as other wealthy clients in and outside Germany.

Investments

In 2013 Investments became part of Private Banking in terms of organisation. This helps to strengthen the Bank's long-standing and targeted focus on the investment area. Sydbank focuses primarily on providing personal and individual advisory services to its clients. In addition the Bank provides various digital information and trading systems for securities and foreign exchange trading.

At Sydbank investments are characterised by high professional expertise coupled with geographical proximity to the client. Thanks to Sydbank's decentralised structure, wealthy clients with investment needs and enterprises in need of financial advisory services are not far from their personal investment manager.

Asset management

Sydbank offers advice and management to for instance investment funds, pension pools, foundations and institutional clients as well as to large, wealthy clients through individual portfolio management agreements. Moreover the Bank offers investment allocation models including PengePlan® to its other clients.

Asset Management is responsible for the Bank's macro, equity and fixed income research.

Overall, asset management is a growth area. Just under 40% of Sydbank's assets under management concern emerging market shares and bonds. Emerging markets is an area in which the Bank has built considerable expertise over the years.

Assets under management have climbed by approximately 4% at year-end 2013 compared with the previous year. In addition to a moderate sale of new units this development reflects that in 2013 financial markets in general were influenced by large price rises particularly on shares from mature economies. By contrast the prices of emerging market shares and bonds have declined moderately.

Asset management

DKKbn	2013	2012
Pooled pension plans	10	10
PengePlan	4	0
Portfolio management mandates	12	11
Management agreements	3	3
Investment funds and hedge funds	46	48
Total	**75**	**72**

Custody account volume

DKKbn	2013	2012
Retail and corporate clients	90	103
Pooled pension plans	10	9
Financial institutions	5	5
Investment funds and hedge funds	43	43
Total	**148**	**160**

Custody account volume – retail and corporate clients

DKKbn	2013	2012
Danish bonds	15	24
Foreign bonds	4	6
Danish shares	24	21
Foreign shares	5	8
Investment funds and hedge funds	42	44
Total	**90**	**103**

Corporate segment

Sydbank is a competent sparring partner to the corporate sector. We offer financing solutions tailored to individual enterprises' needs. Moreover Sydbank provides advisory services to corporate clients on for instance succession, purchase and sale of businesses, the raising of subordinated loan capital, initial public offerings and share issues. In addition Sydbank provides leasing of for instance machinery and cars to corporate clients via Sydleasing.

Sydbank's corporate clients have access to efficient international commercial banking services. For example when enterprises seek efficient payment services and cash management solutions, Sydbank offers payment solutions virtually worldwide – via the Bank's branches in Germany and in close cooperation with Nordic banks as well as the Connector banks. Sydbank offers payments and accounts in Chinese yuan (CNY) just as the Bank's clients can receive local banking services in approximately 60 Chinese bank branches. Sydbank also participates in the Single Euro Payments Area (SEPA). As a result it is easier, faster and cheaper for the Bank's corporate clients to execute EUR payments in all EU countries and collect EUR payments throughout Europe.

Advice and settlement in connection with documentary credit, debt collection and guarantee transactions as well as export finance are fields of special expertise at Sydbank.

A new offer to corporate clients is Sydbank's Corporate Report. The corporate report is an analysis tool that provides an overview and presents proposals for optimising and developing businesses within for instance financing, liquidity, working capital and debt ratios.

Moreover a growing number of corporate clients have joined Sydbank's corporate pension programme, which is a flexible and competitive product to accommodate the business sector's requirements in this area.

Every year Aalund Business Research prepares Bankbarometer Business, which analyses how satisfied enterprises with 10-499 employees are with their bank. The 2013 survey shows that Sydbank is again number one among Denmark's four largest corporate banks. Sydbank's client satisfaction is high – on a scale from 1 to 10 Sydbank achieved a top score of 8.2 on Aalund's satisfaction barometer. Moreover Sydbank has the greatest share of corporate clients who would recommend the bank to others.

Sydbank in Germany

Sydbank's five branches in Germany – Berlin, Flensburg, Hamburg, Kiel and Wiesbaden – target Danish corporate clients who trade with Germany as well as German corporate and private banking clients. The Bank's areas of expertise such as private banking as well as financial and wealth advisory services are also available at Sydbank in Germany.

Furthermore Sydbank in Flensburg services retail clients, for instance clients commuting across the Danish-German border.

Organisation, Distribution and Staff

Contact between clients and Sydbank takes place via the branches in the Bank's 10 Danish regions, its branches in Germany, the expert functions at the head office and increasingly via Sydbank NetBank, MobilBank and the Bank's remote service concept at Customer Services.

Providing full service to all clients, the Danish regions are organised in corporate, private banking and retail sections and service the Bank's smaller branches. Administrative tasks are carried out by customer secretariats.

Branches

Sydbank has 97 branches in Denmark and five branches in Germany. The number of branches is adjusted on an ongoing basis.

Sydbank gives high priority to safety in its branches. Safety is increasing as a growing number of branches become cashierless and cashless in line with the adaptation to client needs. Furthermore all branches with cashier services are equipped with time locks and other robbery-prevention measures.

Digital solutions

The e-banking solutions provided by Sydbank to its clients are further developed on an ongoing basis. MobilBank is a supplement to Sydbank NetBank and enables clients to pay bills, trade securities and much more via their smartphones. The use of NetBank and MobilBank is rising and at year-end 2013 users numbered approximately 187,000 and 90,000, respectively.

2013 also marked the year when clients truly embraced MobilBank. In December Sydbank registered approximately 1,700,000 logins compared with 1,000,000 in December 2012.

The e-banking solutions provided by Sydbank to its clients were further enhanced also in 2013. In June MobilBank was expanded with the Swipp module which enables money transfer by means of mobile phone numbers and without the use of NemID. Sydbank's clients may transfer up to DKK 3,000 daily. Furthermore pilot projects concerning the use of Swipp for corporate transactions were launched in 2013. The objective is that corporate clients will be able to receive Swipp transfers as payment in the future.

Sydbank Online Banking for corporate clients can be fully integrated with a client's ERP system and supports a wide range of national and international cash management solutions. The system also includes a Trade Finance Online module.

Almost 95% of clients' international payments are conducted via the Bank's digital solutions which are serviced by Sydbank's Hotline. In 2013 the hotline assisted more than 130,000 clients.

Also in 2014 Sydbank will focus on developing digital solutions for the benefit of the Bank's clients and as part of these continued efforts Sydbank expects to make Sydbank NetBank accessible from all tablets during 2014.

At year-end 2013 Sydbank had 177 ATMs located in all the Bank's branches as well as in selected places, for instance shopping centres. The vast majority of machines are open 22 hours every day of the year. In 2013 the Bank's ATMs handled approximately 5.3 million cash withdrawals. It is possible to buy EUR in 121 of the Bank's ATMs.

Customer service

Sydbank wishes to give its clients the possibility of going to the bank when it is convenient for them. Consequently Sydbank's three customer service centres – in Slagelse, Vejle and Aabenraa – have had extended banking hours since September 2012 and clients can now "go to the bank" until 8pm Monday-Thursday, until 6pm Friday and 11am-3pm Sunday.

Staff

During 2013 the number of staff fell by 72 to 2,060 (full-time equivalent) at year-end 2013, excluding DiBa Bank. The decline is an ongoing adjustment which must be seen in the light of a series of new productivity enhancing systems and activities. Another factor was the takeover of employees from Tønder Bank which affected the number especially in the beginning of the year.

With the takeover of employees from DiBa Bank, Sydbank's total number of staff has increased by 171 since the beginning of 2014. The Bank projects that this number will decline during the year as a result of the expected synergies in the integration with DiBa Bank. In general Sydbank will continue to work for improved efficiency in line with clients' increasing use of digital solutions and consequently a steady decline in the number of staff is projected also in 2014.

IT

Sydbank's primary IT supplier is Bankdata, which also provides system solutions to 14 other Danish banks. Bankdata has an operating agreement with JN Data in Silkeborg.

Danish Regional Bankers' Association

Sydbank is a member of the industry association, Regional Bankers' Association (RBF), together with Arbejdernes Landsbank, Jyske Bank and Spar Nord Bank. The main object of the association is to strengthen members' position in relation to sector policy.

Corporate Governance and Corporate Social Responsibility

Corporate governance

Sydbank backs and actively addresses the recommendations issued by the Committee on Corporate Governance. The Group has chosen to publish the statutory corporate governance report on the Bank's website. Accordingly the position of the Board of Directors as regards each recommendation appears from "Sydbank's Corporate Governance Principles", which can be read in their entirety at sydbank.com.

Moreover the Group has considered the management code of conduct of the Danish Bankers Association which is also available at sydbank.com.

It should be noted in particular that Sydbank's Articles of Association include a voting right limitation according to which no shareholder on his own behalf may cast a vote of more than 5,000 shares.

The Board of Directors consists of between six and ten members elected by and from among the members of the Shareholders' Committee. Furthermore it includes any additional members as prescribed by law. Board members elected by the Shareholders' Committee are elected for a term of three years. Members are eligible for re-election. If the number of board members is reduced to less than six, the Shareholders' Committee will add to the number of board members as soon as possible in order to increase the number of members to at least six.

When a member of the Board of Directors attains the age of 70, he must vacate office no later than at the next Annual General Meeting. As a main rule the maximum term of office for board members is 12 years. The aim is that women will represent 25% of shareholder-elected board members by 2015. At present Sydbank's Board of Directors has six shareholder-elected members of which one is a woman. Consequently the composition of the Board of Directors does not currently meet the target of 25%. As a rule prospective board members are recruited from the Shareholders' Committee. The Nomination Committee and the Board of Directors will seek to ensure that new women board members can be recruited from the Shareholders' Committee to fulfil the defined target.

Resolutions to amend the Articles of Association and resolutions to dissolve the Bank or to merge the Bank with other companies will only be adopted if at least two-thirds of the voting share capital is represented at the general meeting and the resolution is carried by two-thirds of votes cast and of the voting share capital represented at the general meeting.

If two-thirds of the voting share capital is not represented at the general meeting and the resolution has been carried by two-thirds of both the votes cast and of the voting share capital represented at the general meeting, the resolution can be adopted at a new general meeting by the majority of votes cast as prescribed above irrespective of the proportion of voting share capital represented.

Resolutions to amend the Articles of Association submitted by the Shareholders' Committee or the Board of Directors may be finally adopted at a single general meeting by two-thirds of both the votes cast and of the voting share capital represented at the general meeting.

The Board of Directors may authorise a share capital increase of up to DKK 432,500,010 in one or more issues.

The authorisation will apply until 1 March 2016. Increases in share capital pursuant to this authorisation may be effected without any pre-emption rights for the Bank's existing shareholders, if effected by an unrestricted public subscription at market price, by conversion of debt or as consideration for the Bank's acquisition of a going concern or specific capital assets of a value corresponding to the value of shares issued.

The general meeting has authorised the Board of Directors to allow the Bank to acquire own shares within a total nominal value of 10% of the Bank's share capital.

The Board of Directors holds at least 11 ordinary board meetings each year and evaluates its work annually. The assessment includes an evaluation of the work and results of the Board of Directors and its members.

Directorships held by the Board of Directors can be seen on pp 102-103.

Sydbank's Articles of Association may be read in their entirety at sydbank.com.

Significant internal controls and risk management systems
Sydbank's risk management and internal controls relating to financial reporting are designed for the purpose of preparing:

- Management accounts which make it possible to measure and follow up on the Group's performance.
- Financial statements which give a true and fair view without material misstatement and which are in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed financial companies.

The Group's internal controls and risk management systems are updated on an ongoing basis and are designed with a view to identifying and eliminating errors and omissions in the financial statements. Internal controls and risk management systems provide reasonable assurance that all material errors and omissions are detected and corrected.

Overall control environment
The Group Executive Management is responsible for maintaining effective internal controls and a risk management system in connection with financial reporting. The Group Executive Management has designed and implemented controls considered necessary and effective to counter the identified risks relating to financial reporting.

Risk assessment
The Board of Directors and the Group Executive Management regularly assess the risks relating to the Group, including those affecting financial reporting. A description of the most significant identified risks is given in the Annual Report under Note 2 Accounting estimates and judgements.

The Group Executive Management and the Audit Committee regularly consider whether new internal controls should be implemented to counter identified risks. In addition the Audit Committee reviews particularly risky areas on an ongoing basis.

Procedures have been put into place to ensure that Sydbank at all times complies with relevant legislation and other regulations in connection with financial reporting. The Audit Committee is regularly informed of significant changes in legislation.

Monitoring
Analyses and control activities are conducted in connection with the preparation of the financial statements to ensure that financial reporting is in compliance with IFRS as described under Note 1 Accounting policies.

Compliance
Compliance is an independent function reporting directly to the Bank's Group Executive Management. The division assesses and supervises that the Bank's business units comply with legislation and internal rules. In addition Compliance provides assistance and counselling to the business units. The ongoing reporting includes assessments of risks in the form of financial losses, administrative sanctions and the loss of good standing.

Risk organisation
Sydbank has a formal risk organisation comprising a number of committees and a Chief Risk Officer reporting directly to the Bank's Group Executive Management. The Chief Risk Officer is responsible for prudent risk management within the Group and compliance with the requirements of the Danish executive order on management and control of banks etc. The committees are headed by a member of the Bank's Group Executive Management and the Chief Risk Officer is a permanent member. The committees identify, monitor and assess risks within the individual risk areas and ensure that models and principles are formulated to calculate risk. The committees ensure that the Bank's business units counter identified risks.

Audit Committee
The Audit Committee has no independent decision-making authority but reports to the Board of Directors and meets as a minimum four times a year.

The Audit Committee reviews and monitors on an ongoing basis the adequacy of the Group's internal controls. Moreover the committee assesses significant risks in connection with accounting, auditing and security issues. The assessments are carried out when the Board of Directors, Internal Audit, the Audit Committee or independent auditors believe an issue deserves closer examination before it is brought before the Board of Directors.

Moreover the Audit Committee follows up on measures taken to rectify weaknesses in internal controls as well as errors and omissions in the financial statements reported by independent auditors and Internal Audit and ensures that controls and procedures are implemented to counter these errors and omissions. The Audit Committee held five meetings in 2013.

The Board of Directors has appointed Svend Erik Busk, General Manager, as the independent and qualified board member who possesses special qualifications. Svend Erik Busk's qualifications are based on 35 years of accounting experience, 22 years of which as a partner with KPMG. Moreover, in a legal sense, Svend Erik Busk is an independent board member. In other words he has no commercial, family or other ties to the Bank, significant shareholders or their managements which may cause any conflict of interest that might affect his judgement.

In the opinion of the Board of Directors, Svend Erik Busk will be able to make an independent assessment of whether Sydbank's financial reporting, internal controls, risk management and statutory audit are appropriately planned and performed in relation to the Bank's size and complexity.

The committee consists of Svend Erik Busk (Chairman), General Manager, Anders Thoustrup, General Manager, and Hanni Toosbuy Kasprzak, Board Chairman.

Reference is made to sydbank.com for further information.

Remuneration Committee

The Remuneration Committee has no independent decision-making authority but reports to the Board of Directors. The Remuneration Committee formulates the Bank's remuneration policy and decides which of the Bank's functions are covered by the concept of "material risk takers". Following approval by the Board of Directors the remuneration policy is submitted to the general meeting which will make the final decision. The Remuneration Committee ensures that the remuneration policy in force is complied with.

The committee consists of Anders Thoustrup (Chairman), General Manager, Peder Damgaard, General Manager, Former Principal, and Erik Bank Lauridsen, General Manager.

Reference is made to sydbank.com for further information.

Nomination Committee

The Nomination Committee has no independent decision-making authority but reports to the Board of Directors. The Nomination Committee identifies and describes the qualifications required in the Bank's Board of Directors and assesses whether they are present. Moreover the committee must propose new potential candidates for the Advisory Boards and the Shareholders' Committee so that new members to the Board of Directors may be recruited from the Shareholders' Committee to the widest extent possible.

The Nomination Committee consists of three members from the Board of Directors and three members from the Shareholders' Committee. The committee consists of Anders Thoustrup (Chairman), General Manager, Hanni Toosbuy Kasprzak, Board Chairman, Torben H. Nielsen, former Central Bank Governor, Peter Erik Hansen, Managing Director, Jens Iwer Petersen, General Manager, and Orla Dahl Jepsen, General Manager.

Reference is made to sydbank.com for further information.

Internal Audit

To gain an objective and independent assessment of the adequacy, effectiveness and quality of the Group's internal controls, Sydbank has established an internal audit function reporting to the Bank's Board of Directors.

Internal Audit performs audits focusing, among other factors, on the most significant areas of the Bank's risk management. In addition Internal Audit oversees that:

- The Group has good administrative and accounting practices.
- There are written business procedures for all important areas of activity.
- Management's instructions on security and controls are incorporated into business procedures and are observed.
- There are prudent control and security measures within IT.

Governance structure and credit-related measures

The final conclusion of the Danish FSA's inspection in November-December 2013 was received on 31 January 2014. In its report the Danish FSA concludes that "risks associated with the bank's loans and advances are on a par with the risks of other major banks" but that improvements in governance in connection with credit granting are necessary. In light of this, in the past few months, management has assessed the need for measures relating to governance and credit and has decided as follows:

- Strengthening of the governance structure by expanding internal controls.
- Establishment of a Risk Committee under the Board of Directors.
- Separation of risk management as an independent central unit reporting directly to the Group Executive Management and with higher staffing in relation to credit.
- Extended terms of reference for the existing Credit Risk Committee – including increased meeting frequency.
- Extended terms of reference for the Credit Committee and increased reporting.
- Restructuring of Credits in December 2013 resulting in a simpler structure in line with the Bank's 10 Danish regions.
- Appointment of regional heads of credit responsible for small approvals.
- General reduction in the lending authority of employees.

Corporate social responsibility

Sydbank strives to conduct its business on the basis of clients' requirements in a profitable and sustainable manner. Clients want a decent, responsible and reliable bank. A bank with sound values but also a solid and profitable bank. Sydbank is such a bank.

Sydbank is an enterprise operating as a responsible player in society while respecting its business goals.

The Bank is conscious of the significant socio-economic responsibility that its role as finance provider, securities trader and payment intermediary involves and this is reflected in the Bank's policies and efforts to solve tasks as rationally as possible.

The annual CSR Report is available at sydbank.com/csr and is an integral part of the 2013 Annual Report.

Financial Statements

Notes

Income Statement

		Sydbank Group		Sydbank A/S	
DKKm	Note	2013	2012	2013	2012
Interest income	5	3,487	3,949	3,483	3,950
Interest expense	6	625	841	623	842
Net interest income		**2,862**	**3,108**	**2,860**	**3,108**
Dividends on shares	7	40	23	40	23
Fee and commission income	8	1,481	1,443	1,478	1,440
Fee and commission expense	8	218	213	218	210
Net interest and fee income		**4,165**	**4,361**	**4,160**	**4,361**
Market value adjustments	9	474	558	474	557
Other operating income	10	26	14	26	22
Staff costs and administrative expenses	11	2,314	2,379	2,316	2,390
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment		99	108	100	102
Other operating expenses		222	84	121	84
Impairment of loans and advances etc	12	1,861	1,748	1,861	1,745
Profit/(Loss) on holdings in associates and subsidiaries	13	2	10	(69)	4
Profit before tax		**171**	**624**	**193**	**623**
Tax	14	(16)	157	6	156
Profit for the year		**187**	**467**	**187**	**467**
Distribution of profit for the year					
Profit for the year				187	467
Total amount to be allocated				**187**	**467**
Proposed dividend				-	-
Proposal for allocation for other purposes				4	7
Transfer to shareholders' equity				183	460
Total amount allocated				**187**	**467**
EPS Basic (DKK)*		2.5	6.4	2.5	6.4
EPS Diluted (DKK)*		2.5	6.4	2.5	6.4
Proposed dividend per share (DKK)		-	-	-	-

* Calculated on the basis of average number of shares outstanding, see page 14.

Statement of Comprehensive Income

Profit for the year	**187**	**467**	**187**	**467**
Other comprehensive income				
Items that may be reclassified to the income statement:				
Translation of foreign entities	(3)	2	(3)	2
Hedge of net investment in foreign entities	3	(2)	3	(2)
Property revaluation	(20)	2	(20)	2
Other comprehensive income after tax	**(20)**	**2**	**(20)**	**2**
Comprehensive income for the year	**167**	**469**	**167**	**469**

Balance Sheet

DKKm	Note	Sydbank Group 2013	Sydbank Group 2012	Sydbank A/S 2013	Sydbank A/S 2012
Assets					
Cash and balances on demand at central banks		2,850	1,375	2,391	1,375
Amounts owed by credit institutions and central banks	15	8,800	7,006	8,748	6,994
Loans and advances at fair value	16	4,885	6,082	4,885	6,082
Loans and advances at amortised cost	16	66,592	68,163	64,462	68,328
Bonds at fair value	17	38,819	38,087	37,495	38,087
Shares etc	18	1,669	1,392	1,601	1,392
Holdings in associates etc	19	162	160	162	160
Holdings in subsidiaries	20	-	-	487	240
Assets related to pooled plans	21	10,162	9,799	10,162	9,799
Intangible assets	22	355	66	232	66
Total land and buildings		1,122	1,061	804	875
investment property	23	20	28	16	28
owner-occupied property	24	1,102	1,033	788	847
Other property, plant and equipment	25	86	89	84	89
Current tax assets		182	-	182	-
Deferred tax assets		79	9	10	9
Assets in temporary possession		19	9	6	9
Other assets	26	12,049	19,365	11,998	19,356
Prepayments		61	50	54	50
Total assets		**147,892**	**152,713**	**143,763**	**152,911**
Shareholders' equity and liabilities					
Amounts owed to credit institutions and central banks	27	31,019	38,592	31,188	38,801
Deposits and other debt	28	70,027	65,662	66,158	65,662
Deposits in pooled plans		10,167	9,804	10,167	9,804
Bonds issued at amortised cost	29	6,462	3,986	6,456	3,986
Current tax liabilities		5	16	72	15
Other liabilities	30	18,022	23,035	17,933	23,031
Deferred income		6	7	5	7
Total liabilities		**135,708**	**141,102**	**131,979**	**141,306**
Provisions	31	150	191	161	185
Subordinated capital	32	1,797	1,387	1,386	1,387
Shareholders' equity:					
Share capital		742	742	742	742
Revaluation reserves		77	97	77	97
Other reserves:					
Reserves according to articles of association		425	425	425	425
Reserve for net revaluation according to equity method		3	2	3	2
Retained earnings		8,986	8,760	8,986	8,760
Proposed dividend etc		4	7	4	7
Total shareholders' equity		10,237	10,033	10,237	10,033
Total shareholders' equity and liabilities		**147,892**	**152,713**	**143,763**	**152,911**

Statement of Changes in Equity

Sydbank Group

DKKm	Share capital	Revaluation reserves	Reserves acc to articles of association*	Reserve for net revaluation according to equity method	Retained earnings	Proposed dividend etc	Total
Shareholders' equity at 1 Jan 2013	742	97	425	2	8,760	7	10,033
Profit for the period	-	-	-	1	182	4	187
Other comprehensive income							
Translation of foreign entities	-	-	-	-	(3)	-	(3)
Hedge of net investment in foreign entities	-	-	-	-	3	-	3
Property revaluation	-	(20)	-	-	-	-	(20)
Total other comprehensive income	-	(20)	-	-	-	-	(20)
Comprehensive income for the year	**-**	**(20)**	**-**	**1**	**182**	**4**	**167**
Transactions with owners							
Purchase of own shares	-	-	-	-	(1,450)	-	(1,450)
Sale of own shares	-	-	-	-	1,494	-	1,494
Dividend paid etc	-	-	-	-	-	(7)	(7)
Total transactions with owners	-	-	-	-	44	(7)	37
Shareholders' equity at 31 Dec 2013	**742**	**77**	**425**	**3**	**8,986**	**4**	**10,237**
Shareholders' equity at 1 Jan 2012	742	95	425	26	8,300	7	9,595
Profit for the period	-	-	-	(24)	484	7	467
Other comprehensive income							
Translation of foreign entities	-	-	-	-	2	-	2
Hedge of net investment in foreign entities	-	-	-	-	(2)	-	(2)
Property revaluation	-	2	-	-	-	-	2
Adjustment concerning property sold	-	0	-	-	-	-	0
Total other comprehensive income	-	2	-	-	-	-	2
Comprehensive income for the year	**-**	**2**	**-**	**(24)**	**484**	**7**	**469**
Transactions with owners							
Purchase of own shares	-	-	-	-	(1,413)	-	(1,413)
Sale of own shares	-	-	-	-	1,389	-	1,389
Dividend paid etc	-	-	-	-	-	(7)	(7)
Total transactions with owners	-	-	-	-	(24)	(7)	(31)
Shareholders' equity at 31 Dec 2012	**742**	**97**	**425**	**2**	**8,760**	**7**	**10,033**

Sydbank A/S

DKKm	Share capital	Revaluation reserves	Reserves acc to articles of association*	Reserve for net revaluation according to equity method	Retained earnings	Proposed dividend etc	Total
Shareholders' equity at 1 Jan 2013	742	97	425	2	8,760	7	10,033
Profit for the period	-	-	-	1	182	4	187
Other comprehensive income							
Translation of foreign entities	-	-	-	-	(3)	-	(3)
Hedge of net investment in foreign entities	-	-	-	-	3	-	3
Property revaluation	-	(20)	-	-	-	-	(20)
Total other comprehensive income	-	(20)	-	-	-	-	(20)
Comprehensive income for the year	**-**	**(20)**	**-**	**1**	**182**	**4**	**167**
Transactions with owners							
Purchase of own shares	-	-	-	-	(1,450)	-	(1,450)
Sale of own shares	-	-	-	-	1,494	-	1,494
Dividend paid etc	-	-	-	-	-	(7)	(7)
Total transactions with owners	-	-	-	-	44	(7)	37
Shareholders' equity at 31 Dec 2013	**742**	**77**	**425**	**3**	**8,986**	**4**	**10,237**
Shareholders' equity at 1 Jan 2012	742	95	425	26	8,300	7	9,595
Profit for the period	-	-	-	(24)	484	7	467
Other comprehensive income							
Translation of foreign entities	-	-	-	-	2	-	2
Hedge of net investment in foreign entities	-	-	-	-	(2)	-	(2)
Property revaluation	-	2	-	-	-	-	2
Adjustment concerning property sold	-	0	-	-	-	-	0
Total other comprehensive income	-	2	-	-	-	-	2
Comprehensive income for the year	**-**	**2**	**-**	**(24)**	**484**	**7**	**469**
Transactions with owners							
Purchase of own shares	-	-	-	-	(1,413)	-	(1,413)
Sale of own shares	-	-	-	-	1,389	-	1,389
Dividend paid etc	-	-	-	-	-	(7)	(7)
Total transactions with owners	-	-	-	-	(24)	(7)	(31)
Shareholders' equity at 31 Dec 2012	**742**	**97**	**425**	**2**	**8,760**	**7**	**10,033**

* Reserves according to the Articles of Association are identical to the restricted savings bank reserve in accordance with Article 4 of the Articles of Association.

The share capital comprises 74,249,999 shares at a nominal value of DKK 10 or a total of DKK 742.5m. The Bank has only one class of shares as all shares carry the same rights.

Cash Flow Statement

DKKm	Sydbank Group 2013	2012
Operating activities		
Pre-tax profit for the year	171	624
Taxes paid	(199)	(228)
Adjustment for non-cash operating items:		
Profit/(Loss) on holdings in associates	(3)	(10)
Amortisation and depreciation of intangible assets and property, plant and equipment	99	108
Impairment of loans and advances/guarantees	1,861	1,748
Other non-cash operating items	(14)	(28)
Total	1,916	2,214
Changes in working capital:		
Credit institutions and central banks	(8,152)	(1,757)
Trading portfolio	564	1,030
Other financial instruments at fair value	147	(64)
Loans and advances	3,200	1,979
Deposits	496	(3,007)
Other assets/liabilities	2,180	1,555
Cash flows from operating activities	351	1,950
Investing activities		
Purchase of Tønder Bank and DiBa Bank	(479)	(118)
Purchase of holdings in associates	2	(2)
Sale of holdings in associates	0	8
Purchase of intangible assets	0	0
Purchase of property, plant and equipment	(65)	(93)
Sale of property, plant and equipment	28	16
Cash flows from investing activities	(514)	(189)
Financing activities		
Purchase and sale of own holdings	44	(25)
Dividends etc	(7)	(7)
Raising/repayment of subordinated capital	0	(738)
Issue/redemption of bonds	2,469	(3,706)
Cash flows from financing activities	2,507	(4,476)
Cash flows for the year	**2,344**	**(2,715)**
Cash and cash equivalents at 1 Jan	2,605	5,320
Cash flows for the year (changes during the year)	2,344	(2,715)
Cash and cash equivalents at 31 Dec	**4,949**	**2,605**
Cash and cash equivalents at 31 Dec		
Cash and balances on demand at central banks	2,850	1,375
Fully secured and cash equivalent balances on demand at credit institutions and insurance companies	2,099	1,230
Cash and cash equivalents at 31 Dec	**4,949**	**2,605**

Note 1 Accounting policies

Basis of preparation

The consolidated financial statements of Sydbank are prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements of the parent, Sydbank A/S, are prepared in compliance with the Danish Financial Business Act, including the Danish executive order on financial reporting of credit institutions and brokerage firms etc, which is in compliance with the provisions on recognition and measurement according to IFRS apart from the measurement of holdings in subsidiaries and associates at equity value.

Furthermore the annual report is prepared in compliance with additional Danish disclosure requirements for annual reports of listed financial companies.

On 19 February 2014 the Board of Directors and the Group Executive Management reviewed and approved the 2013 Annual Report of Sydbank A/S. The Annual Report will be submitted for adoption by the AGM on 13 March 2014.

New accounting policies

The following amendments to IFRS have been implemented effective as from 1 January 2013:

- IFRS 13 Fair Value Measurement
- Amendment to IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
- Amendment to IAS 19 Employee Benefits
- Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities.

Sydbank's implementation of the amended standards has not had any effect on recognition and measurement in the consolidated financial statements for 2013 and consequently it has no impact on EPS Basic and EPS Diluted. The amended standards have resulted in a few changes in disclosures in the notes.

Apart from the above the accounting policies applied are consistent with those adopted in the previous year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when they are probable and can be measured reliably.

On initial recognition assets and liabilities are measured at fair value. Subsequent measurement of assets and liabilities is as described for each item below.

Recognition and measurement take into account gains, losses and risks arising before the presentation of the financial statements and which confirm or invalidate circumstances existing at the balance sheet date.

Income is recognised in the income statement as earned. Costs incurred to earn the year's income are recognised in the income statement. Value adjustments of financial assets, financial liabilities and derivatives are recognised in the income statement apart from value adjustments of financial instruments used to provide foreign currency hedge of net investments in foreign subsidiaries and associates. The latter value adjustments are recognised in the statement of comprehensive income. Purchase and sale of financial instruments are recognised on the settlement date.

Significant recognition and measurement principles

Consolidated financial statements

The consolidated financial statements include the parent, Sydbank A/S, as well as subsidiaries in which Sydbank A/S exercises control over financial and operating policies. Note 42 Group holdings and enterprises lists the consolidated entities.

The consolidated financial statements combine the financial statements of the parent and the individual subsidiaries in accordance with the Group's accounting policies, in which intragroup income and costs, shareholdings, balances and dividends as well as realised and unrealised gains on intragroup transactions have been eliminated.

Enterprises acquired are included from the acquisition date.

The assets (including identifiable intangible assets) as well as the liabilities and contingent liabilities of the enterprises acquired are recognised at the acquisition date at fair value in accordance with the acquisition method.

Where the cost of acquisition exceeds the fair value of the net assets of the enterprise acquired, the difference is recognised as goodwill. Goodwill is recognised in the functional currency of the enterprise acquired at the exchange rate on the date of transaction. Where the fair value of net assets exceeds the cost of acquisition (negative goodwill), the difference is recognised as income in the income statement at the acquisition date. Costs in connection with acquisition are recognised in the income statement when incurred.

Divested enterprises are included until the transfer date.

Foreign currency translation

The consolidated financial statements are presented in DKK, the functional currency of the parent. Transactions in foreign currencies are translated at the exchange rate on the date of transaction. Balances in foreign currencies are translated at the closing rate.

Offsetting

The Group sets off assets and liabilities only when the Group has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income criteria

Income and expenses are accrued over the periods to which they relate and are recognised in profit or loss at the amounts relevant to the accounting period. Fees and commission concerning loans and advances and amounts owed are recognised in the carrying amounts of loans and advances and amounts owed and are recognised in profit or loss over the life of the loans as part of the effective interest rate. Guarantee commission is recognised as income over the life of the guarantees. Income for implementing a given transaction, including securities fees and payment service fees, is recognised as income when the transaction has been implemented.

Guarantee scheme

Contributions to the Deposit Guarantee Fund, for instance to cover losses related to the winding-up or bankruptcy of banks, are recognised under “Other operating expenses”.

Repo and reverse transactions

Securities sold under agreements to repurchase the same remain on the balance sheet. Consideration received is recognised as a debt and the difference between selling and buying prices is recognised over the life as interest in the income statement. Gains or losses on securities are recognised in the income statement.

Securities bought under agreements to resell the same are not recognised in the balance sheet and gains or losses on securities are not recognised in the income statement. Consideration paid is recognised as a receivable and the difference between buying and selling prices is recognised over the life as interest in the income statement.

Repo and reverse transactions are recognised and measured at fair value as they are regarded as an integral part of the trading portfolio and form part of ongoing risk management and determination of gains thereon.

Amounts owed and loans and advances

Initial recognition of amounts owed by credit institutions and central banks as well as loans and advances is at fair value plus transaction costs and less origination fees received.

Subsequent measurement of amounts owed by credit institutions etc and loans and advances that are not reverse transactions is at amortised cost less impairment charges.

Amounts owed by credit institutions etc and loans and advances at amortised cost are all assessed to determine whether objective evidence of impairment exists. Amounts owed and loans and advances of a significant size are all assessed individually to determine whether objective evidence of impairment exists.

Note 1 Accounting policies – continued

There is objective evidence of impairment of amounts owed and loans and advances if one or more of the following events have occurred:

- Considerable financial difficulties on the part of the debtor.
- Breach of contract by the debtor, for instance by way of failure to fulfil the payment obligations as regards instalments and interest.
- Terms granted to the debtor by the Group which would otherwise not have been considered if the debtor had not been experiencing financial difficulties.
- The likelihood of bankruptcy or other financial restructuring on the part of the debtor.

Impairment charges are determined individually when there is objective evidence of impairment at an individual level.

Individually assessed loans and advances without impairment as well as other loans and advances are subsequently assessed at portfolio level. If there is objective evidence of impairment at portfolio level an impairment test is carried out where the expected future cash flows are estimated on the basis of the historical loss experience adjusted for the effects of prevailing conditions. The impairment charge for the portfolio is calculated in a ratings based approach where loans and advances are grouped according to client ratings at the balance sheet date. Where migration to lower rating categories is registered, impairment charges are made on a net basis.

Impairment charges calculated via the ratings based approach are supplemented by management's estimates and the effect of events unaccounted for by the approach.

Impairment charges are determined as the difference between amortised cost and the discounted value of the expected future cash flows, including the realisable value of any collateral.

Individual impairment charges are determined on the basis of the most likely outcome of the cash flows. Any subsequent increase in the discounted value of the expected future cash flows will result in reversal in full or in part of the impairment charge. Determination of the discounted value is based on the original effective interest rate as regards fixed-rate loans and advances and the current effective interest rate as regards floating-rate loans and advances.

Interest calculated on the impaired value is recognised as income when impairment charges for loans and advances are recognised.

Leasing

Leased assets in connection with finance leases in which the Group is the lessor are recognised under loans and advances at the net investment in the leases less amortisation (repayment) which is computed according to the annuity method over the lease term. Income from the leased assets is recognised on the basis of the agreed effective interest rate of the leases and is recognised in profit or loss under "Interest income". Sales proceeds from leased assets are recognised under "Other operating income".

Bonds and shares etc

Bonds and shares etc are recognised and measured at fair value. The fair value option is applied to shares outside the trading portfolio as they form part of a portfolio which is managed and measured at fair value. The fair value is the amount for which a financial asset can be exchanged between knowledgeable, willing parties.

In an active market, fair value is expressed by a quoted price alternatively by a model value, based on recognised models and observable market data, which corresponds to fair value.

In a less active or inactive market, fair value is a model value based on recognised models and observable market data for similar assets.

A limited number of bonds and shares are measured on the basis of models and available data that only to a limited extent are observable market data.

Determination of fair value of unlisted shares and other holdings is based on available information about trades etc or alternatively on expected cash flows. If a reliable fair value cannot be determined, measurement will be at cost less any impairment charges. Purchase and sale of securities are recognised on the settlement date.

Holdings in subsidiaries

Subsidiaries are entities in which the parent has control. Holdings in subsidiaries are recognised and measured in the financial statements of the parent according to the equity method. The proportionate share of the profit or loss after tax of the entities is recognised under "Profit/(Loss) on holdings in associates and subsidiaries".

Holdings in associates

Associates are entities in which the Group has holdings and significant influence but not control. Holdings in associates are recognised at cost at the acquisition date and subsequent measurement is at the proportionate share of the equity value of the entities plus acquired goodwill and other differences in connection with the acquisition (the equity method). The proportionate share of the profit or loss after tax of the entities is recognised under "Profit/(Loss) on holdings in associates and subsidiaries".

Derivatives and hedge accounting

Derivatives are recognised and measured at fair value. Positive market values are recognised under "Other assets". Negative market values are recognised under "Other liabilities".

Market value adjustment of derivatives concluded for the purpose of hedging the interest rate risk of fixed-rate loans and advances generates immediate asymmetry in the financial statements as fixed-rate loans and advances are measured at amortised cost. The macro hedging rules of IFRS eliminate this asymmetry. The calculated change in the fair value of the loans and advances effectively hedged is recognised in the balance sheet under "Other assets" or under "Other liabilities" and is recognised in the income statement under "Market value adjustments".

Pooled plans

All pooled assets and deposits are recognised in separate balance sheet items. Return on pooled assets and distribution to holders of pooled assets are recognised under "Market value adjustments". The assets in which holders' savings are placed are measured at fair value.

The portfolio of shares and bonds issued by the Group has been reduced in equity. Consequently "Deposits in pooled plans" exceed "Assets related to pooled plans".

Intangible assets

Intangible assets concern the value of customer relationships acquired in connection with acquisitions as well as goodwill.

The value of customer relationships acquired is measured at cost less accumulated amortisation and impairment charges. The value of customer relationships acquired is amortised over the expected useful life of 10-15 years.

Initial recognition of goodwill is at cost in the balance sheet as described under acquisitions. Subsequent measurement of goodwill is at cost less accumulated impairment charges. Goodwill is not amortised. The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. The determination of cash-generating units follows the management structure and the internal financial management. Management assesses the lowest level of cash-generating units to which the carrying amount of goodwill may be allocated.

Investment property

Investment property is property mainly held to earn rental income and/or for capital appreciation.

Investment property is recognised on acquisition at cost and subsequent measurement is at fair value. Fair value adjustments as well as rental income are recognised in the income statement under "Market value adjustments" and "Other operating income", respectively. The fair value of investment property is determined on the basis of a systematic assessment of the expected return on the property. Investment property is not depreciated.

Note 1 Accounting policies – continued

Owner-occupied property
Owner-occupied property is property mainly used by the Group to operate its banking business.

Owner-occupied property is recognised on acquisition at cost and subsequently carried at a revalued amount corresponding to the fair value at the date of the revaluation less depreciation and impairment charges. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Any decrease in the carrying amount as a result of the revaluation of owner-occupied property is charged to the income statement except where the decrease reverses previously recognised increases. Any increase as a result of the revaluation of owner-occupied property is recognised in other comprehensive income and transferred to revaluation reserves under equity except where the increase reverses previously recognised impairment charges as regards the property in question.
Owner-occupied property is depreciated on a straight-line basis over the expected useful life of 50 years, taking into account the expected residual value at the expiry of the useful life.

As regards ongoing measurement of land and buildings, the value of the individual property is measured on the basis of the return method. The underlying assumptions, return and return percentage are assessed by external property valuers.

As regards small properties, fair value measurement is based on the public land assessment.

Depreciation and impairment charges are recognised in the income statement under "Depreciation and impairment of property, plant and equipment".

Other property, plant and equipment
Other property, plant and equipment is measured at cost less depreciation and impairment charges. Depreciation is provided on a straight-line basis over the expected useful life, typically 3-5 years. Leasehold improvements are depreciated over the term of the lease.

Depreciation and impairment charges are recognised in the income statement under "Depreciation and impairment of property, plant and equipment".

Other assets
This item includes assets not recognised under other asset items, eg positive market values of spot transactions and derivatives, cash collateral provided in connection with CSA agreements as well as interest receivable.

Dividend
Proposed dividend is recognised as a liability at the date of adoption by the AGM. Proposed dividend for the year is recognised as a separate item in equity until adoption.

Own shares
Consideration paid or received in connection with the Group's purchase and sale of Sydbank shares is recognised directly in equity.

Other liabilities
This item includes negative market values of spot transactions and derivatives, cash collateral received in connection with CSA agreements, negative portfolios in connection with reverse transactions, interest payable as well as provisions for employee benefits.

Negative portfolios in connection with reverse transactions arise when the Group resells assets received as collateral in connection with reverse transactions. The securities received are not recognised in the balance sheet and any resale will therefore result in a negative portfolio.

Wages and salaries, payroll tax, social security contributions as well as compensated absence are recognised in the financial year in which the associated service has been rendered by the Group's employees. Costs relating to the Group's long-term employee benefits are accrued and follow the service rendered by the employees in question. Pension contributions are paid into the employees' pension plans on a continuing basis and are charged to the income statement – with the exception of two contracts where the capitalised value of the pension obligations has been provided for. Changes in the capitalised value of pension obligations are recognised in the income statement on an ongoing basis.

Provisions
Provisions include provisions for guarantees, provisions for onerous contracts as well as legal actions etc. Initial recognition of financial guarantees is at fair value which is often equal to the guarantee premium received. Subsequent measurement of guarantees is at the higher of the guarantee premium received amortised over the guarantee period and any provision made.

A provision for a guarantee or an onerous contract is recognised if claims for payment under the guarantee or contract are probable and the size of the liability can be measured reliably. Provisions are based on management's best estimates of the size of the liabilities. Measurement of provisions includes discounting when significant.

Financial liabilities
Deposits, bonds issued, subordinated capital and amounts owed to credit institutions etc are recognised initially at the proceeds received net of transaction costs incurred.

Subsequent measurement of deposits, bonds issued, subordinated capital and amounts owed to credit institutions etc that are not repo transactions is at amortised cost using the effective interest rate method whereby the difference between net proceeds and nominal value is recognised in the income statement under "Interest expense" over the loan period.

Other liabilities are measured at the net realisable value.

Assets in temporary possession
Assets in temporary possession include property, plant and equipment and disposal groups held for sale. Assets are classified as being in temporary possession when their carrying amount will be recovered principally through a sale transaction within 12 months in accordance with a formal plan. Assets or disposal groups in temporary possession are measured at the lower of the carrying amount and fair value less costs to sell.

Assets are not depreciated or amortised from the time when they are classified as being in temporary possession.

Impairment losses arising at initial classification as assets being in temporary possession and gains or losses at subsequent measurement at the lower of the carrying amount and fair value less costs to sell are recognised in the income statement under the items they concern.

Tax
Danish consolidated entities are subject to compulsory joint taxation. The Group has not opted for international joint taxation. Sydbank A/S has been appointed the management company of the joint taxation entity. Corporation tax on income subject to joint taxation is fully distributed on payment of joint taxation contributions between the Danish consolidated entities. Tax for the year includes tax on taxable income for the year, adjustment of deferred tax as well as adjustment of prior year tax charges. Tax for the year is recognised in the income statement as regards the elements attributable to profit for the year and directly in equity as regards the elements attributable to items recognised directly in equity.

Current tax liabilities and current tax assets are recognised in the balance sheet as calculated tax on taxable income for the year adjusted for tax on prior year taxable income as well as for tax paid on account.

Provisions for deferred tax are based on the balance sheet liability method and include temporary differences between the carrying amounts and the tax base of the balance sheets of each consolidated entity as well as tax loss carryforwards that are expected to be used. Provisions for deferred tax are made to cover retaxation of previously deducted tax losses in the foreign subsidiary which has withdrawn from joint taxation. Deferred tax is measured on the basis of the tax rules and tax rates applicable when the deferred tax is expected to create a tax liability in accordance with the law at the balance sheet date.

Changes in deferred tax due to changes in tax rates are recognised in the income statement.

Note 1 Accounting policies – continued

Fair value measurement
The Group uses the concept of fair value in connection with certain disclosure requirements and for recognition of financial instruments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

Fair value is a market-based measurement, not an entity-specific measurement. The entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions concerning risk. As a result the entity's intention to hold an asset or to settle a liability is not considered when measuring fair value.

Fair value measurement is based on the principal market. If there is no principal market the most advantageous market is used as a basis, ie the market achieving the highest price for the asset or liability less transaction costs.

Fair value measurement is based to the widest extent possible on market values in active markets or alternatively on values derived from observable market data.

In so far as such observations are not available or cannot be used without significant modifications, acknowledged valuation techniques and reasonable estimates are used as the basis of fair values.

Cash flow statement
The cash flow statement presents the cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year. The cash flow statement is presented using the indirect method based on profit before tax.

The cash flow effect of the acquisition and disposal of entities is shown separately under cash flows from investing activities. The cash flow statement recognises cash flows concerning enterprises acquired from the acquisition date and cash flows concerning divested enterprises until the transfer date.

Cash flows from operating activities are determined as profit before tax for the year adjusted for non-cash operating items, taxes paid as well as changes in working capital.

Cash flows from investing activities include purchase and sale of property, plant and equipment, intangible assets as well as holdings in associates.

Cash flows from financing activities include dividends paid as well as changes in equity, subordinated capital and bonds issued.

Cash and cash equivalents comprise cash and balances on demand with central banks, fully secured cash and cash equivalent balances on demand at credit institutions and insurance companies as well as unencumbered certificates of deposit.

Segment reporting
The Group consists of a number of business units and central joint functions. The business units are segmented according to product and service characteristics and comprise Banking, Asset Management, Sydbank Markets, Treasury and Other. Further details of the business units are provided in note 4.

Segment reporting as regards the business units complies with the Group's accounting policies as regards recognition and measurement. Inter-segment transactions are settled on an arm's length basis. Centrally incurred costs are allocated to the business units in accordance with their estimated proportionate share of overall activities.

The performance measures below are applied in the Group's internal financial management, see Note 4 Segment Reporting.

Core income
Core income comprises income from clients serviced by the Group's branch network, including commission, investment fund commission, custody account fees and asset management.

Trading income
Trading income only comprises income from clients affiliated with Sydbank Markets as well as income from flows and market-making as well as related position-taking.

Core earnings before impairment
Core earnings before impairment charges for loans and advances etc represent core income and trading income less costs relating to these activities.

Core earnings
Core earnings represent core income and trading income less costs and impairment charges for loans and advances etc relating to these activities.

Investment portfolio earnings
Investment portfolio earnings represent the return on the portfolios of shares, bonds, derivatives and holdings managed by Treasury, a department within the business unit Sydbank Markets. Investment portfolio earnings are less funding charges and costs.

Forthcoming standards and interpretations
The International Accounting Standards Board (IASB) has issued a few new International Financial Reporting Standards (IFRS) and Interpretations (IFRIC) which are not mandatory for the Group in connection with the preparation of the 2013 financial statements. The Group does not plan to implement the new standards and interpretations until they become mandatory. None of the new adopted standards or interpretations are expected to have any significant impact on the Group's financial reporting.

IFRS 10 changes the consolidation requirements for an entity. The standard provides that an entity must be consolidated when an investor has de facto control over it even though the investor does not hold the majority of shares or voting rights. The Group expects that the standard will be of minor significance to the Group. The standard will apply to financial years beginning on or after 1 January 2014.

IFRS 11 concerning joint ventures and similar arrangements replaces IAS 31: Interests in Joint Ventures. In future there will no longer be a free choice between proportionate consolidation and the equity method as regards jointly controlled entities. IFRS 11 classifies joint arrangements as either joint ventures (the equity method) or joint operations (proportionate recognition) based on formal as well as substantive requirements. The Group does not expect that the standard will have any impact on the Group. The standard will apply to financial years beginning on or after 1 January 2014.

IFRS 12 contains disclosure requirements concerning subsidiaries, unconsolidated structured entities, joint ventures and associates. The objective is to disclose information that enables financial statement users to evaluate the basis of control, risks associated with interests in unconsolidated structured entities, any restrictions on consolidated assets and liabilities as well as non-controlling interest holders' involvement in the group's activities. The standard will only affect the disclosure requirements of the Group. The standard will apply to financial years beginning on or after 1 January 2014.

In connection with the above the IASB is currently working on a complete replacement of the other rules on recognition and measurement of financial assets and liabilities (IAS 39 and IAS 32). The presently unadopted amendments to the rules on impairment charges for loans and advances and amounts owed at amortised cost as well as hedging of fixed-rate assets may have a significant impact on the Group's financial reporting. However it is not yet possible to estimate the impact.

Note 2 Accounting estimates and judgements

Determination of the carrying amount of certain assets and liabilities requires that management makes a number of estimates and judgements with a significant impact on the carrying amount of assets and liabilities.

Management's estimates and judgements are based on assumptions considered reasonable by management but which by their nature are uncertain and unpredictable. These assumptions may be incomplete or inaccurate and unexpected future events or circumstances may occur. Consequently it is by nature difficult to make estimates and judgements and since they also involve customer relationships and other counterparties they will be subject to uncertainty. It may be necessary to change previous estimates as a result of changes in the basis of previous estimates or because of new knowledge or subsequent events.

The areas where critical estimates and judgements have the most significant effect on the financial statements are:
- Fair value of financial instruments
- Measurement of loans and advances
- Fair value of owner-occupied property
- Liabilities towards the Deposit Guarantee Fund
- Acquisitions.

Fair value of financial instruments
The Group measures a number of financial instruments at fair value, including all derivatives as well as shares and bonds. Judgements are made in connection with the determination of the fair value of financial instruments in the following areas:
- choice of valuation technique
- determination of when available quoted prices do not represent fair value
- calculation of fair value adjustments to take into account relevant risk factors such as credit, model and liquidity risk
- assessment of which market parameters must be observed
- estimate of future cash flows and required rates of return as regards unlisted shares.

In these situations decisions are based on an assessment in accordance with the Group's accounting policies.

As part of its operations the Group has acquired strategic holdings. Strategic holdings are measured at fair value on the basis of available information on trades in the relevant entity's holdings or alternatively a valuation model based on recognised methods and current market data, including an estimate of projected future earnings and cash flows. Measurement will also be influenced by co-ownership, trade and shareholders' agreements etc.

As regards financial instruments where measurement only to a limited extent is based on observable market data, measurement is affected by estimates. This is the case as regards for instance unlisted shares and certain bonds for which there is no active market. Measurement of illiquid bonds is affected by the assumption of the relevant credit spread.

Reference is made to Note 1 Accounting policies and to Note 38 Fair value disclosure for a more detailed description. Financial instruments measured on the basis of unobservable inputs represent DKK 1,357m, equivalent to 0.9% of the Group's assets at the end of 2013.

Measurement of loans and advances
Impairment charges for loans and advances are made to take into account any impairment after initial recognition. Impairment charges are recorded as a combination of individual and collective impairment charges and are subject to a number of estimates, including which loans and advances or portfolios of loans and advances are subject to objective evidence of impairment.

Impairment testing of individual loans and advances involves estimates of conditions which are associated with considerable uncertainty. The assessment involves estimates as regards the most likely future cash flow which the client is expected to generate.

Loans and advances for which there is no objective evidence of impairment or which are not subject to individual impairment charges form part of a group for which impairment is assessed at portfolio level.

The most important aspect of impairment testing as regards a group of loans and advances is to identify events that provide objective evidence of losses suffered by the group. The assessment of the present value of cash flows generated by clients in the group is associated with uncertainty when historical data are used to mirror the current situation. Loans and advances with similar credit risk characteristics are grouped according to the Bank's rating model. Clients are rated on an ongoing basis and clients whose credit risk characteristics are estimated to have changed are assigned to new rating categories on an ongoing basis. Consequently the clients' migration to lower rating categories is an indicator of deterioration.

If on the balance sheet date the Group is aware that events unaccounted for by the models have occurred that either aggravate or improve the future payment performance, adjustments are made by exercising a qualified managerial estimate.

To mitigate the risk on individual exposures in the Group collateral is accepted mainly by way of charges over physical assets, securities and rolling stock, of which mortgages on real property represent the most significant form of collateral. The valuation of collateral involves significant managerial estimates.

The methods and assumptions used are adjusted on an ongoing basis, also in consultation with the Danish FSA. Reference is made to "Performance in 2013" on page 10.

Reference is made to the notes on risk management for a detailed description of impairment charges for loans and advances. Loans and advances constitute 48% of the Group's assets at the end of 2013.

Fair value of owner-occupied property
The return method is used to measure owner-occupied property at fair value.

Future cash flows are based on the Group's best estimate of the future income or loss from ordinary activities and required rate of return as regards each property taking into account factors such as location and condition. An external assessment supporting this estimate has been obtained. A number of these assumptions and estimates have a significant impact on calculations and include parameters such as inflation, developments in rent, costs and required rates of return. Changes in these parameters as a result of changed market conditions affect the expected returns and consequently the fair value of owner-occupied property.

Reference is made to Note 24 Owner-occupied property.

Liabilities towards the Deposit Guarantee Fund
Like all other Danish banks, Sydbank is a member of the Deposit Guarantee Fund and as such is under an obligation, jointly with other banks, to cover any loss as regards the balances etc of depositors of up to EUR 100,000 held with banks in winding-up or bankruptcy proceedings.

The Bank recognises a liability to cover its share of the liability towards the Deposit Guarantee Fund at the time when it obtains knowledge about banks in winding-up or bankruptcy proceedings and where the Bank has sufficient information to measure the liability reliably.

As a result of the uncertainty surrounding determination of the dividend percentage and the amount covered as regards banks in winding-up or bankruptcy proceedings the liabilities recognised may be subject to uncertainty.

Acquisitions
All identifiable assets and liabilities are measured at fair value at the acquisition date. Determination of fair value of assets and liabilities in connection with acquisitions is subject to a number of significant estimates. Future cash flows from the enterprise acquired are estimated. The present value of future cash flows is affected by several factors, including discounting rates, real economic developments, customer developments and behaviour. Fair value is determined on the basis of for instance market value, present value, estimates or the consideration that an independent third party would pay or demand.

Note 3 Solvency

The Group has adopted the following methods and approaches to calculate solvency:

Credit risk outside trading portfolio, retail clients	Advanced IRB
Credit risk outside trading portfolio, corporate clients	Foundation IRB
Credit risk outside trading portfolio, financial counterparties	Standardised Approach
Counterparty risk	Mark-to-Market Method
Valuation of collateral	Financial Collateral Comprehensive Method
Market risk	Standardised Approach
Operational risk	Standardised Approach

Exposures to retail and corporate clients acquired from DiBa Bank are comprised by the Standardised Approach.

The Group's portfolio of equity investments includes strategic sector shares etc and is included under credit risk outside the trading portfolio in the Group's solvency calculation.

Various types of collateral are used to mitigate the risk of the Group's lending portfolio. The most significant types of collateral comprise charges and guarantees.

Charges include deposit accounts and financial assets in the form of bonds and shares. The Group ensures that the items charged are separate from clients' right of disposal and that the charge is of legal validity. Valuation is ensured via the requirements of the Financial Collateral Comprehensive Method according to the Danish executive order on capital adequacy which reduces the value of collateral on the basis of issuer, maturity and liquidity.

The Group has concluded netting agreements with all significant counterparties.

	Sydbank Group	
DKKm	2013	2012
Solvency ratio	15.7	15.9
Core capital ratio incl hybrid core capital after deductions	15.3	15.6
Common equity Tier 1 capital ratio	13.4	13.8
Capital base after deductions		
Shareholders' equity	10,237	10,033
Revaluation reserves	(77)	(97)
Proposed dividend etc	(4)	(7)
Intangible assets and capitalised deferred tax assets	(434)	(75)
Common equity Tier 1 capital	9,722	9,854
Hybrid core capital	1,547	1,387
50% of holdings > 10%	(161)	(161)
Core capital incl hybrid core capital after deductions	11,108	11,080
Subordinated loan capital	125	-
Revaluation reserves	77	97
Difference between expected loss and accounting impairment charges	281	289
Capital base before deductions	11,591	11,466
50% of holdings > 10%	(161)	(161)
Capital base after deductions	**11,430**	**11,305**

Note 3 Solvency – continued — **Sydbank Group**

DKKm	2013	2012
Credit risk	54,211	53,906
Market risk	10,197	8,877
Operational risk	8,341	8,387
Risk-weighted assets	**72,749**	**71,170**
Capital requirement under Pillar I	**5,820**	**5,694**

Note 4 Segment reporting

Business segments
The Group's segment statements are divided into the following: Banking, Asset Management, Sydbank Markets, Treasury and Other.

Banking serves all types of retail and corporate clients.

Asset Management primarily comprises the Bank's advisory-related income from clients and investment funds.

Sydbank Markets comprises trading income as well as a share of income from clients with decentral affiliation calculated on the basis of the market price thereof. The share represents the payment by Banking for Sydbank Markets facilities, including advisory services and administration.

Treasury comprises the Group's return on positions handled by Treasury, including liquidity allocation.

Other includes non-recurring items, contributions to the Private Contingency Association, costs to the Group Executive Management etc as well as return on strategic shareholdings that cannot be allocated to Banking or Sydbank Markets.

Inter-segment transactions are settled on an arm's length basis. Centrally incurred costs are allocated to the business units in accordance with their estimated proportionate share of overall activities.

Surplus liquidity is settled primarily at short-term money market rates, whereas other balances are settled on an arm's length basis.

DKKm	Banking	Asset Management	Sydbank Markets	Treasury	Other	Total
Business segments 2013						
Core income	3,804	164	90	-	-	4,058
Trading income	-	-	229	-	-	229
Total income	**3,804**	**164**	**319**	**-**	**-**	**4,287**
Costs, core earnings	2,273	57	130	-	54	2,514
Impairment of loans and advances etc	1,861	-	-	-	-	1,861
Core earnings	**(330)**	**107**	**189**	**-**	**(54)**	**(88)**
Investment portfolio earnings	-	-	-	314	-	319
Profit before non-recurring items and industry solutions	**(325)**	**107**	**189**	**314**	**(54)**	**231**
Non-recurring items, net	-	-	-	-	(43)	(43)
Contributions to industry solutions	-	-	-	-	17	17
Profit before tax	**(325)**	**107**	**189**	**314**	**(114)**	**171**
Depreciation and impairment of property, plant and equipment	91	2	5	-	2	99
Full-time staff at 31 Dec*	1,882	41	95	5	37	2,060

* Excl 171 employees from DiBa Bank.

Note 4 Segment reporting – continued

DKKm	Banking	Asset Management	Sydbank Markets	Treasury	Other	Total
Business segments 2012						
Core income	3,982	162	85	-	-	4,229
Trading income	-	-	323	-	-	323
Total income	**3,982**	**162**	**408**	**-**	**-**	**4,552**
Costs, core earnings	2,219	55	157	-	51	2,482
Impairment of loans and advances etc	1,748	-	-	-	-	1,748
Core earnings	**15**	**107**	**251**	**-**	**(51)**	**322**
Investment portfolio earnings	7	-	-	390	-	397
Profit before non-recurring items and industry solutions	**22**	**107**	**251**	**390**	**(51)**	**719**
Non-recurring items, net	-	-	-	-	(82)	(82)
Contributions to industry solutions	-	-	-	-	13	13
Profit before tax	**22**	**107**	**251**	**390**	**(146)**	**624**
Depreciation and impairment of property, plant and equipment	98	2	6	-	2	108
Full-time staff at 31 Dec	1,935	36	119	6	36	2,132

Under IFRS, revenues from transactions with a single client exceeding 10% must be disclosed. The Sydbank Group has no such clients.

The Sydbank Group's internal financial reporting is not made on the basis of products and services. Reference is made to notes 5 and 8 for the distribution of interest income as well as fee and commission income.

DKKm	2013		2012	
	Total income	Assets	Total income	Assets
Geographical segments				
Denmark	4,108	1,661	4,375	1,311
Abroad	179	65	177	65
Total	**4,287**	**1,726**	**4,552**	**1,376**

Income from external clients is broken down by organisational affiliation within the Sydbank Group. Assets, comprising only intangible assets, land and buildings, other property, plant and equipment as well as holdings in associates, are broken down by location.

Geographical segmentation of Group income and assets is disclosed in compliance with IFRS and does nots reflect the Group's management structure. Management is of the opinion that business segmentation provides a more informative description of the Group's activities.

Note 5 Interest income

DKKm	Sydbank Group 2013	Sydbank Group 2012	Sydbank A/S 2013	Sydbank A/S 2012
Reverse transactions with credit institutions and central banks	(6)	2	(6)	2
Amounts owed by credit institutions and central banks	18	49	18	49
Reverse loans and advances	7	20	7	20
Loans and advances and other amounts owed	3,015	3,203	3,011	3,204
Bonds	502	722	502	722
Total derivatives	(48)	(49)	(48)	(49)
comprising				
Foreign exchange contracts	79	78	79	78
Interest rate contracts	(128)	(128)	(128)	(128)
Other contracts	1	1	1	1
Other interest income	(1)	2	(1)	2
Total	**3,487**	**3,949**	**3,483**	**3,950**
Fair value, designated at initial recognition	1	22	1	22
Fair value, held for trading	454	673	454	673
Assets recognised at amortised cost	3,032	3,254	3,028	3,255
Total	**3,487**	**3,949**	**3,483**	**3,950**

The Group's cash resources are primarily placed in Danish mortgage bonds. The interest rate risk concerning these positions has been reduced via derivatives. As a result the Bank's external income statement is affected in terms of interest income and market value adjustment of bonds and derivatives. The same applies to the Bank's position-taking as regards bonds as well as shares. The breakdown by income statement item does not disclose income independently and consequently these items must be regarded as one as they are in segment reporting (note 4) as well as in the Group's financial review which also takes funding of the positions into account.

Note 6 Interest expense

	Sydbank Group 2013	Sydbank Group 2012	Sydbank A/S 2013	Sydbank A/S 2012
Repo transactions with credit institutions and central banks	13	37	13	37
Credit institutions and central banks	60	109	60	110
Repo deposits	0	0	0	0
Deposits and other debt	422	484	421	484
Bonds issued	101	172	101	172
Subordinated capital	28	38	27	38
Other interest expense	1	1	1	1
Total	**625**	**841**	**623**	**842**
Fair value, designated at initial recognition	13	37	13	37
Liabilities recognised at amortised cost	612	804	610	805
Total	**625**	**841**	**623**	**842**

Note 7 Dividends on shares

	Sydbank Group 2013	Sydbank Group 2012	Sydbank A/S 2013	Sydbank A/S 2012
Fair value, designated at initial recognition	31	16	31	16
Fair value, held for trading	9	7	9	7
Total	**40**	**23**	**40**	**23**

Notes

Note 8 Fee and commission income

DKKm	Sydbank Group 2013	Sydbank Group 2012	Sydbank A/S 2013	Sydbank A/S 2012
Securities trading and custody accounts	822	770	821	768
Payment services	244	229	243	229
Loan fees	85	113	85	113
Guarantee commission	102	114	102	114
Other fees and commission	228	217	227	216
Total fee and commission income	1,481	1,443	1,478	1,440
Total fee and commission expense	218	213	218	210
Net fee and commission income	**1,263**	**1,230**	**1,260**	**1,230**

Note 9 Market value adjustments

Other loans and advances and amounts owed at fair value	1	0	1	0
Bonds	27	548	27	548
Shares etc	146	88	146	88
Investment property	(2)	0	(2)	0
Foreign exchange	143	172	143	171
Derivatives	161	(250)	161	(250)
Assets related to pooled plans	222	505	222	505
Deposits in pooled plans	(224)	(505)	(224)	(505)
Other assets/liabilities	0	0	0	0
Total	**474**	**558**	**474**	**557**
Fair value, held for trading, trading portfolio	387	523	387	522
Fair value, designated at initial recognition, equity investments	87	35	87	35
Total	**474**	**558**	**474**	**557**

The Group's cash resources are primarily placed in Danish mortgage bonds. The interest rate risk concerning these positions has been reduced via derivatives. As a result the Bank's external income statement is affected in terms of interest income and market value adjustment of bonds and derivatives. The same applies to the Bank's position-taking as regards bonds as well as shares. The breakdown by income statement item does not disclose income independently and consequently these items must be regarded as one as they are in segment reporting (note 4) as well as in the Group's financial review which also takes funding of the positions into account.

Note 10 Other operating income

Rental income – real property	13	12	13	12
Goodwill from sale of Sydbank (Schweiz) AG's activities	-	(9)	-	-
Other operating income	13	11	13	10
Total	**26**	**14**	**26**	**22**

Note 11 Staff costs and administrative expenses	Sydbank Group		Sydbank A/S	
DKKm	2013	2012	2013	2012
Salaries and remuneration				
Group Executive Management	16	11	16	11
Board of Directors	4	4	4	4
Shareholders' Committee	3	2	3	2
Total	23	17	23	17
Staff costs				
Wages and salaries	1,152	1,154	1,150	1,157
Pensions	127	125	127	124
Social security contributions	17	17	17	16
Payroll tax	109	93	109	93
Total	1,405	1,389	1,403	1,390
Other administrative expenses				
IT	529	564	527	568
Rent etc	152	156	159	165
Marketing and entertainment expenses	97	83	97	83
Other costs	108	170	107	167
Total	886	973	890	983
Total	**2,314**	**2,379**	**2,316**	**2,390**
Audit fees				
Statutory audit	1	1	1	1
Assurance engagements	1	0	1	0
Tax consultancy	0	0	0	0
Fees for other services	0	-	0	-
Audit fees in foreign entities	-	1	-	1
Total	2	2	2	2

In addition to fees paid to the independent auditor, expenses have been incurred to operate the Group's Internal Audit.

Staff				
Average number of staff (full-time equivalent)	2,133	2,166	2,127	2,157

Remuneration of material risk takers and control functions				
Fixed remuneration	23.3	25.3	23.3	25.3
Total	**23.3**	**25.3**	**23.3**	**25.3**
Number of full-time staff (average)	17.1	18.5	17.1	18.5

Material risk takers and control functions receive no variable remuneration.

Note 11 Staff costs and administrative expenses – continued **Sydbank Group**

DKK thousand	2013	2012
Directors' remuneration		
Anders Thoustrup	684	652
Hanni Toosbuy Kasprzak	520	482
Svend Erik Busk	378	363
Claus Christensen (resigned as of 31 July 2013)	290	322
Peder Damgaard	307	311
Harry Max Friedrichsen	256	254
Erik Bank Lauridsen	307	291
Torben Nielsen (member as of 14 March 2013)	208	-
Sven Rosenmeyer Paulsen (resigned as of 15 March 2012)	-	83
Steen Tophøj	256	254
Jan Uldahl-Jensen	256	254
Margrethe Weber	256	254
Total	3,718	3,520
Of which committee fees		
Audit Committee (3 members)	373	353
Remuneration Committee (3 members)	152	172
Nomination Committee – set up in 2013 (including 3 members from the Board of Directors)	105	-

Sydbank's Board of Directors receive a fixed fee in addition to which the Board committee members receive a fixed committee fee.

DKKm	Karen Frøsig	Bjarne Larsen	Jan Svarre	Preben L. Hansen	Finn Boel Pedersen
Remuneration of the Group Executive Management					
2013					
Fixed remuneration	5.3	0.8	2.2	3.4	-
Pension	-	-	-	-	-
Remuneration during severance period etc	-	-	-	4.7	-
Total	5.3	0.8	2.2	8.1	-
2012					
Fixed remuneration	5.0	-	-	4.0	0.5
Pension	-	-	-	-	-
Remuneration during severance period etc	-	-	-	-	1.6
Total	5.0	-	-	4.0	2.1
The Group Executive Management receives no variable remuneration		Appointed 1 Sep 2013	Appointed 1 Aug 2013	Resigned 31 Oct 2013	Appointed 1 Feb 2012 Resigned 7 May 2012

Group Executive Management – severance terms
Karen Frøsig, Bjarne Larsen and Jan Svarre
The notice of termination is 6 and 12 months for the Group Executive Management member and the Bank, respectively.
In respect of dismissal by the Bank, the Group Executive Management member is entitled to receive severance pay equal to 12 months' salary.

Note 12 Impairment of loans and advances etc	Sydbank Group		Sydbank A/S	
DKKm	2013	2012	2013	2012
Impairment of loans and advances recognised in the income statement				
Impairment and provisions	1,641	1,387	1,641	1,387
Write-offs	279	433	279	430
Recovered from debt previously written off	59	72	59	72
Impairment of loans and advances etc	**1,861**	**1,748**	**1,861**	**1,745**
Impairment and provisions at 31 Dec (allowance account)				
Individual impairment and provisions	4,164	2,834	4,163	2,833
Collective impairment and provisions	137	184	137	184
Impairment and provisions at 31 Dec	**4,301**	**3,018**	**4,300**	**3,017**
Individual impairment of loans and advances and provisions for guarantees				
Impairment and provisions at 1 Jan	2,834	1,669	2,833	1,666
Exchange rate adjustment	0	0	0	0
Impairment and provisions during the year	1,829	1,441	1,829	1,441
Write-offs covered by impairment and provisions	499	276	499	274
Impairment and provisions at 31 Dec	**4,164**	**2,834**	**4,163**	**2,833**
Individual impairment of loans and advances	4,058	2,769	4,058	2,769
Individual provisions for guarantees	106	65	105	64
Impairment and provisions at 31 Dec	**4,164**	**2,834**	**4,163**	**2,833**
Collective impairment of loans and advances and provisions for guarantees				
Impairment and provisions at 1 Jan	184	167	184	167
Impairment and provisions during the year	(47)	17	(47)	17
Impairment and provisions at 31 Dec	**137**	**184**	**137**	**184**
Sum of loans and advances and amounts owed subject to collective impairment and provisions	4,312	6,369	4,312	6,369
Collective impairment and provisions	137	184	137	184
Loans and advances and amounts owed after collective impairment and provisions	**4,175**	**6,185**	**4,175**	**6,185**
Individual impairment of loans and advances subject to objective evidence of impairment				
Balance before impairment of individually impaired loans and advances	6,870	5,388	6,870	5,388
Impairment of individually impaired loans and advances	4,058	2,769	4,058	2,769
Balance after impairment of individually impaired loans and advances	**2,812**	**2,619**	**2,812**	**2,619**

Accrued interest concerning individually and collectively impaired loans and advances represents DKK 591m for 2013 (2012: DKK 682m).

Note 12 Impairment of loans and advances etc – continued | **Sydbank Group**

DKKm	Allowance account 2013	Allowance account 2012	Impairment of loans/ advances etc 2013	Impairment of loans/ advances etc 2012
Industry breakdown of the Group's allowance account and impairment of loans and advances recognised in the income statement				
Corporate lending				
Agriculture, hunting, forestry and fisheries	981	567	520	129
Manufacturing and extraction of raw materials	234	153	115	92
Energy supply etc	18	19	2	18
Building and construction	144	118	57	91
Trade	436	234	227	143
Transportation, hotels and restaurants	69	50	37	19
Information and communication	9	2	7	1
Finance and insurance	363	451	68	256
Real property	600	392	333	469
Other corporate lending	183	91	107	81
Total corporate lending	**3,037**	**2,077**	**1,473**	**1,299**
Public authorities	0	0	0	0
Retail clients	1,022	692	388	449
Collective impairment charges	137	184	-	-
Provisions for guarantees	105	65	-	-
The Private Contingency Association	-	-	-	-
Total	**4,301**	**3,018**	**1,861**	**1,748**

Note 13 Profit/(Loss) on holdings in associates and subsidiaries

DKKm	Sydbank Group 2013	Sydbank Group 2012	Sydbank A/S 2013	Sydbank A/S 2012
Profit/(Loss) on holdings in associates etc	2	10	2	10
Profit/(Loss) on holdings in subsidiaries	-	-	(71)	(6)
Total	**2**	**10**	**(69)**	**4**

Note 14 Tax	Sydbank Group		Sydbank A/S	
DKKm	2013	2012	2013	2012
Tax calculated on profit for the year	10	262	76	261
Reduction in corporation tax rate	(9)	-	(9)	-
Deferred tax	(21)	(102)	(65)	(102)
Adjustment of prior year tax charges	4	(3)	4	(3)
Total	**(16)**	**157**	**6**	**156**
Effective tax rate				
Current tax rate of Sydbank	25.0	25.0	25.0	25.0
Reduction in corporation tax rate	(5.5)	-	(4.9)	-
Permanent differences*	(31.3)	0.7	(19.3)	0.6
Adjustment of prior year tax charges	2.6	(0.5)	2.3	(0.5)
Effective tax rate	**(9.2)**	**25.2**	**3.1**	**25.1**
Deferred tax				
Deferred tax at 1 Jan	93	197	93	197
Deferred tax, acquired activities	(142)	(2)	-	(2)
Deferred tax for the year	(21)	(102)	(65)	(102)
Change in entity's tax rate	(9)	-	(9)	-
Deferred tax at 31 Dec, net	**(79)**	**93**	**19**	**93**
Deferred tax assets	79	9	10	9
Deferred tax liabilities	-	102	29	102
Deferred tax at 31 Dec, net	**(79)**	**93**	**19**	**93**

* Permanent differences comprise mainly a tax-free gain on shares as well as the better possibilities regarding tax write-offs for operating equipment – predominantly concerning leasing activities.

								Sydbank Group
DKKm				2013				2012
	1 Jan	Adjustment acquired activities	Recognised in profit for the year	31 Dec	1 Jan	Adjustment acquired activities	Recognised in profit for the year	31 Dec
Deferred tax								
Loans and advances at amortised cost	153	(48)	(55)	50	179	(2)	(24)	153
Land and buildings	1	(12)	13	2	1	-	0	1
Property, plant and equipment	(25)	(6)	7	(24)	(27)	-	2	(25)
Intangible assets	(4)	-	2	(2)	3	-	(7)	(4)
Other assets	3	-	7	10	66	-	(63)	3
Provisions	(2)	-	0	(2)	(2)	-	0	(2)
Other liabilities	(33)	(1)	5	(29)	(23)	-	(10)	(33)
Capitalised losses	-	(75)	-	(75)	-	-	-	-
Retaxation balance	-	-	(9)	(9)	-	-	-	-
Deferred tax at 31 Dec, net	**93**	**(142)**	**(30)**	**(79)**	**197**	**(2)**	**(102)**	**93**

Note 15 Amounts owed by credit institutions and central banks	Sydbank Group		Sydbank A/S	
DKKm	2013	2012	2013	2012
Amounts owed at notice by central banks	-	-	-	-
Amounts owed by credit institutions	8,800	7,006	8,748	6,994
Total	**8,800**	**7,006**	**8,748**	**6,994**
On demand	909	1,076	859	1,064
3 months or less	7,718	5,805	7,718	5,805
Over 3 months not exceeding 1 year	146	111	146	111
Over 1 year not exceeding 5 years	3	-	1	-
Over 5 years	24	14	24	14
Total	**8,800**	**7,006**	**8,748**	**6,994**
Of which reverse transactions	6,701	5,582	6,701	5,582

Note 16 Loans and advances				
On demand	14,588	17,051	14,744	17,216
3 months or less	6,323	8,589	6,053	8,589
Over 3 months not exceeding 1 year	22,839	26,316	22,507	26,316
Over 1 year not exceeding 5 years	14,805	13,066	13,827	13,066
Over 5 years	12,922	9,223	12,216	9,223
Total	**71,477**	**74,245**	**69,347**	**74,410**
Of which reverse transactions	4,885	6,082	4,885	6,082
Loans and advances and guarantees by sector and industry (%)				
Agriculture, hunting, forestry and fisheries	7.6	7.4	7.6	7.4
Manufacturing and extraction of raw materials	8.0	7.3	8.2	7.3
Energy supply etc	3.5	3.3	3.7	3.3
Building and construction	3.8	3.5	3.7	3.5
Trade	12.7	12.7	12.8	12.7
Transportation, hotels and restaurants	3.7	2.9	3.7	2.8
Information and communication	0.5	0.5	0.5	0.5
Finance and insurance	14.0	16.5	14.4	16.5
Real property	10.5	10.6	10.5	10.7
Other corporate lending	4.1	3.5	3.9	3.5
Total corporate lending	68.4	68.2	69.0	68.2
Public authorities	1.4	0.8	1.4	0.8
Retail clients	30.2	31.0	29.6	31.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

Industry breakdown based on Sydbank's registrations.

Note 16 Loans and advances – continued

Sydbank Group

DKKm	2013 Retail	2013 SME	2013 Corporate	2013 Total	2012 Retail	2012 SME	2012 Corporate	2012 Total
Past due amounts not impaired*								
0-30 days	45	5	53	103	40	8	43	91
31-60 days	2	0	2	4	2	0	2	4
61-90 days	1	0	1	2	1	0	1	2
Total	**48**	**5**	**56**	**109**	**43**	**8**	**46**	**97**
Rating category								
1	10	0	1	11	9	0	1	10
2	10	0	6	16	8	0	3	11
3	9	0	15	24	9	1	10	20
4	5	1	3	9	5	1	6	12
5	2	2	6	10	3	2	7	12
6	2	1	5	8	2	3	2	7
7	0	1	2	3	3	1	1	5
8	1	0	1	2	1	0	2	3
9	2	0	12	14	3	0	12	15
Not rated (NR)	7	0	5	12	0	0	2	2
Total	**48**	**5**	**56**	**109**	**43**	**8**	**46**	**97**

* Past due amounts concerning loans and advances etc which have not been subject to individual impairment. Loans and advances and amounts owed payable beyond 90 days are treated as impaired.

As shown above a limited share of past due amounts concerns high credit risk clients.

DKKm	2013 Gross investments	2013 Unearned interest	2013 Net investments	2012 Gross investments	2012 Unearned interest	2012 Net investments
Lease payment receivables – finance leases						
1 year or less	1,173	75	1,098	1,125	102	1,023
Over 1 year not exceeding 5 years	2,398	150	2,248	2,309	158	2,151
Over 5 years	176	6	170	171	6	165
Total	**3,747**	**231**	**3,516**	**3,605**	**266**	**3,339**

Lease payment receivables comprise receivables on leasing of various operating equipment under non-cancellable leases. The leases are fixed-rate and floating-rate leases in foreign and Danish currencies.

Loans and advances at amortised cost include finance lease payment receivables of DKK 3,516m at year-end 2013 (2012: DKK 3,339m).

Impairment charges for uncollectible lease payment receivables total less than DKK 1m (2012: DKK 1m).

Note 17 Bonds at fair value	Sydbank Group		Sydbank A/S	
DKKm	2013	2012	2013	2012
Mortgage bonds	37,672	36,030	36,352	36,030
Government bonds	521	793	521	793
Other bonds	626	1,264	622	1,264
Total	**38,819**	**38,087**	**37,495**	**38,087**
Government bonds – by country				
Denmark	499	792	499	792
Norway	22	1	22	1
Other	0	-	0	-
Total	**521**	**793**	**521**	**793**

Note 18 Shares etc				
Listed on NASDAQ OMX Copenhagen A/S	270	194	259	194
Listed on other exchanges	16	12	9	12
Unlisted shares recognised at fair value	1,383	1,186	1,333	1,186
Total	**1,669**	**1,392**	**1,601**	**1,392**
Trading portfolio	336	269	305	269
Portfolio of equity investments	1,333	1,123	1,296	1,123
Total	**1,669**	**1,392**	**1,601**	**1,392**

Note 19 Holdings in associates etc				
Carrying amount at 1 Jan	160	192	160	192
of which credit institutions	-	-	-	-
Total cost at 1 Jan	161	216	161	216
Exchange rate adjustment	0	0	0	0
Additions	1	6	1	6
Disposals	3	61	3	61
Cost at 31 Dec	159	161	159	161
Revaluations and impairment charges at 1 Jan	(1)	(24)	(1)	(24)
Dividend	(1)	(38)	(1)	(38)
Other capital movements	0	2	0	2
Revaluations and impairment charges for the year	3	5	3	5
Reversal of revaluations and impairment charges	2	54	2	54
Revaluations and impairment charges at 31 Dec	3	(1)	3	(1)
Carrying amount at 31 Dec	**162**	**160**	**162**	**160**
of which credit institutions	-	-	-	-

Note 19 Holdings in associates etc – continued

Sydbank Group

	Activity	Ownership share (%)	Shareholders' equity (DKKm)	Total assets	Total liabilities	Income	Result
Holdings in associates							
Foreningen Bankdata, Fredericia	IT	32	485	707	222	1,033	2
Core Property Management A/S, Copenhagen	Real property	20	23	28	5	26	8
Other enterprises in which the Group owns more than 10% of the share capital							
D.A.R.T. Limited, Cayman Islands	Investment and finance	42	68	70	2	(1)	(21)
ValueInvest Asset Management S.A., Luxembourg	Investment and finance	17	88	100	12	77	43
PRAS A/S, Copenhagen	Investment and finance	14	1,883	3,183	1,300	87	86
BI Holding A/S, Copenhagen	Investment and finance	14	392	436	44	120	57

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

Note 20 Holdings in subsidiaries

	Sydbank Group		Sydbank A/S	
DKKm	2013	2012	2013	2012
Carrying amount at 1 Jan	-	-	240	229
of which credit institutions	-	-	222	226
Cost at 1 Jan	-	-	719	699
Exchange rate adjustment	-	-	(6)	4
Additions	-	-	323	16
Disposals	-	-	1	-
Cost at 31 Dec	-	-	1,035	719
Revaluations and impairment charges at 1 Jan	-	-	(479)	(470)
Exchange rate adjustment	-	-	2	(2)
Profit/(Loss)	-	-	(71)	(7)
Dividend	-	-	-	-
Other capital movements	-	-	0	0
Revaluations and impairment charges for the year	-	-	-	-
Reversal of revaluations and impairment charges	-	-	-	-
Revaluations and impairment charges at 31 Dec	-	-	(548)	(479)
Carrying amount at 31 Dec	**-**	**-**	**487**	**240**
of which credit institutions	-	-	453	222

Note 21 Assets related to pooled plans	Sydbank Group		Sydbank A/S	
DKKm	2013	2012	2013	2012
Cash deposits	340	769	340	769
Indexed bonds	608	649	608	649
Other bonds	6,010	5,456	6,010	5,456
Other shares etc	3,175	2,901	3,175	2,901
Units	0	7	0	7
Other assets	29	17	29	17
Total	**10,162**	**9,799**	**10,162**	**9,799**

Note 22 Intangible assets

Carrying amount at 1 Jan	66	12	66	12
Cost at 1 Jan	83	16	83	16
Additions	295	67	172	67
Cost at 31 Dec	378	83	255	83
Amortisation and impairment charges at 1 Jan	17	4	17	4
Amortisation and impairment charges for the year	6	13	6	13
Amortisation and impairment charges at 31 Dec	23	17	23	17
Carrying amount at 31 Dec	**355**	**66**	**232**	**66**

Additions for the year in 2013 represent goodwill as well as the value of customer relationships acquired in connection with the acquisition of the activities from DiBa Bank which constitute DKK 172m and DKK 123m, respectively, at the acquisition date. The value of customer relationships is amortised over 10 years.

Note 23 Investment property

Fair value at 1 Jan	28	-	28	-
Additions	4	30	0	30
Disposals	9	2	9	2
Adjustment at fair value for the year	(3)	-	(3)	-
Fair value at 31 Dec	**20**	**28**	**16**	**28**
Rental income recognised in the income statement	1	0	1	0
Operating expenses	1	0	1	0

Note 24 Owner-occupied property

Carrying amount at 1 Jan	1,033	1,015	847	826
Exchange rate adjustment	0	0	0	0
Additions, including improvements	130	58	1	55
Disposals	11	12	11	12
Depreciation for the year	7	7	6	5
Value adjustment recognised directly in equity	(19)	3	(18)	3
Value adjustment recognised in the income statement	(24)	(24)	(25)	(20)
Carrying amount at 31 Dec	**1,102**	**1,033**	**788**	**847**
Required rate of return applied to calculate fair value (%)	5.0-10.0	5.0-10.0	5.0-10.0	5.0-10.0

Sensitivity analysis: Other things being equal an increase of 0.5 percentage points in the required rate of return will reduce fair value by DKK 68m (2012: DKK 63m).

Note 25 Other property, plant and equipment	Sydbank Group		Sydbank A/S	
DKKm	2013	2012	2013	2012
Carrying amount at 1 Jan	89	85	89	85
Cost at 1 Jan	508	526	508	503
Exchange rate adjustment	0	0	0	0
Additions	62	70	61	70
Disposals	78	88	78	65
Cost at 31 Dec	492	508	491	508
Depreciation and impairment charges at 1 Jan	419	441	419	418
Exchange rate adjustment	0	0	0	0
Depreciation for the year	62	64	62	64
Reversal of depreciation and impairment charges	75	86	74	63
Depreciation and impairment charges at 31 Dec	406	419	407	419
Carrying amount at 31 Dec	**86**	**89**	**84**	**89**

Note 26 Other assets				
Positive market value of derivatives etc	9,028	15,794	9,020	15,794
Sundry debtors	419	263	401	254
Interest and commission receivable	407	434	382	434
Cash collateral provided, CSA agreements	2,194	2,874	2,194	2,874
Other assets	1	0	1	0
Total	**12,049**	**19,365**	**11,998**	**19,356**

Note 27 Amounts owed to credit institutions and central banks				
Amounts owed to central banks	59	99	59	99
Amounts owed to credit institutions	30,960	38,493	31,129	38,702
Total	**31,019**	**38,592**	**31,188**	**38,801**
On demand	6,034	6,171	6,203	6,380
3 months or less	23,052	30,882	23,052	30,882
Over 3 months not exceeding 1 year	1,360	1,204	1,360	1,204
Over 1 year not exceeding 5 years	26	28	26	28
Over 5 years	547	307	547	307
Total	**31,019**	**38,592**	**31,188**	**38,801**
Of which repo transactions	18,913	22,723	18,913	22,723

Note 28 Deposits and other debt	Sydbank Group		Sydbank A/S	
DKKm	2013	2012	2013	2012
On demand	53,806	48,534	51,342	48,534
At notice	363	538	363	538
Time deposits	8,652	10,389	8,159	10,389
Special categories of deposits	7,206	6,201	6,294	6,201
Total	**70,027**	**65,662**	**66,158**	**65,662**
On demand	55,047	49,171	51,793	49,171
3 months or less	7,200	9,134	7,057	9,134
Over 3 months not exceeding 1 year	1,875	2,042	1,845	2,042
Over 1 year not exceeding 5 years	1,098	886	967	886
Over 5 years	4,807	4,429	4,496	4,429
Total	**70,027**	**65,662**	**66,158**	**65,662**
Of which repo transactions	-	178	-	178

Note 29 Bonds issued at amortised cost				
3 months or less	2,719	215	2,716	215
Over 3 months not exceeding 1 year	-	-	-	-
Over 1 year not exceeding 5 years	3,743	3,771	3,740	3,771
Total	**6,462**	**3,986**	**6,456**	**3,986**

Note 30 Other liabilities				
Negative market value of derivatives etc	9,340	15,949	9,321	15,949
Sundry creditors	1,863	1,493	1,797	1,489
Negative portfolio, reverse transactions	6,233	4,772	6,233	4,772
Interest and commission etc	73	67	69	67
Cash collateral received, CSA agreements	513	754	513	754
Other liabilities	0	0	0	0
Total	**18,022**	**23,035**	**17,933**	**23,031**

Note 31 Provisions				
Provisions for pensions and similar obligations	4	4	4	4
Provisions for deferred tax	0	102	29	102
Provisions for guarantees	106	65	105	65
Other provisions	40	20	23	14
Total provisions	**150**	**191**	**161**	**185**

Note 31 Provisions – continued **Sydbank Group**

DKKm	Provisions for pensions and similar obligations	Provisions for deferred tax	Provisions for guarantees	Other provisions	2013 Total provisions
Carrying amount at 1 Jan	4	102	65	20	191
Additions	-	-	73	22	95
Disposals	-	102	32	2	136
Carrying amount at 31 Dec	**4**	**-**	**106**	**40**	**150**

Other provisions mainly concern provisions for onerous contracts and legal actions.

Note 32 Subordinated capital

Interest rate	Note		Nominal (m)		Maturity	Sydbank Group DKKm 2013	Sydbank Group DKKm 2012	Sydbank A/S DKKm 2013	Sydbank A/S DKKm 2012
2.81 (floating)	* [1]	Bond loan	DKK	100	1 Nov 2015	100	-	-	-
3.05 (floating)	* [2]	Bond loan	DKK	150	29 Nov 2015	150	-	-	-
Total supplementary capital						250	-	-	-
10.93 (fixed)	* [3]	Bond loan	DKK	161	Perpetual	161	-	-	-
1.32 (floating)	[4]	Bond loan	EUR	100	Perpetual	743	743	743	743
2.23 (floating)	[5]	Bond loan	EUR	75	Perpetual	558	559	558	559
6.36 (fixed)	[6]	Bond loan	DKK	85	Perpetual	85	85	85	85
Total hybrid core capital						1,547	1,387	1,386	1,387
Total subordinated capital						**1,797**	**1,387**	**1,386**	**1,387**

* Subordinated capital of DiBa Bank A/S.

[1] May be called in interest rate step up period which started on 1 November 2012, interest rate is fixed at 2.55% above 3M CIBOR.

[2] May be called in interest rate step up period which started on 29 November 2012, interest rate is fixed at 2.65% above 6M CIBOR.

[3] Government hybrid core capital of DKK 161m. Capital certificates are perpetual with a call option at par from 3 November 2012 to 2 November 2014, at 105 from 3 November 2014 to 2 November 2015 and at 110 after 3 November 2015. The fixed rate of 10.93% will be increased if DiBa Bank A/S pays dividend in excess of DKK 29.9m p.a. Hybrid core capital carries no right of conversion.

[4] Optional redemption from 25 April 2017 after which the interest rate will be fixed at 2.10% above 3M EURIBOR.

[5] Optional redemption from 24 November 2014 after which the interest rate will remain unchanged.

[6] Optional redemption from 14 May 2017 after which the interest rate will be fixed at 1.75% above 3M CIBOR.

Costs relating to the raising and repayment of subordinated capital	0	0	0	0
Over 1 year not exceeding 5 years	250	-	-	-
Over 5 years	1,547	1,387	1,386	1,387
Total	**1,797**	**1,387**	**1,386**	**1,387**

Note 33 Own holdings	Sydbank Group		Sydbank A/S	
DKKm	2013	2012	2013	2012
Nominal portfolio of own holdings	10	13	10	13
Nominal portfolio of own holdings as % of share capital	1.3	1.8	1.3	1.8
Shares outstanding (number)	73,288,716	72,913,955	73,288,716	72,913,955
Holding of own shares (number)	961,283	1,336,044	961,283	1,336,044
Total share capital (number)	**74,249,999**	**74,249,999**	**74,249,999**	**74,249,999**
Own holdings purchased during the year				
Number of shares	11,623,143	14,044,740	11,623,143	14,044,740
Nominal value	116	140	116	140
Consideration paid	1,450	1,413	1,450	1,413
Number of shares as % of share capital	15.7	18.9	15.7	18.9
Own holdings sold during the year				
Number of shares	11,997,904	13,776,051	11,997,904	13,776,051
Nominal value	120	138	120	138
Consideration received	1,494	1,389	1,494	1,389
Number of shares as % of share capital	16.2	18.5	16.2	18.5

Own holdings have been purchased and sold as part of the ordinary banking transactions/employee share scheme of Sydbank A/S.

Note 34 Contingent liabilities and other obligating agreements				
Contingent liabilities				
Financial guarantees	3,548	2,996	3,205	2,996
Mortgage finance guarantees	1,701	1,697	1,501	1,697
Registration and remortgaging guarantees	1,838	2,600	1,838	2,600
Other contingent liabilities	1,630	1,413	1,630	1,413
Total	**8,717**	**8,706**	**8,174**	**8,706**
Other obligating agreements				
Irrevocable credit commitments	447	350	447	350
Other liabilities*	61	71	81	105
Total	**508**	**421**	**528**	**455**
* Including intra-group liabilities in relation to rented premises	-	-	22	34

Totalkredit loans arranged by Sydbank are comprised by an agreed right of set-off against future current commission which Totalkredit may invoke in the event of losses on the loans arranged.

Sydbank does not expect that this set-off will have a significant impact on Sydbank's financial position.

As a result of the Bank's membership of Bankdata, the Bank will be obligated to pay an exit charge in the event of exit.

As a result of participation in the statutory depositors' guarantee scheme the industry pays an annual contribution of 2.55‰ of covered net deposits. Payment to the Banking Department will continue until the department's assets exceed 1% of total covered net deposits. The Banking Department will cover the direct losses in connection with the winding-up of distressed financial institutions under Bank Package III and Bank Package IV which can be ascribed to covered net deposits. Any losses as a result of final winding-up will be covered by the Deposit Guarantee Fund via the Winding-up and Restructuring Department as regards which Sydbank is currently liable for 5.2% of any losses.

Note 34 Contingent liabilities and other obligating agreements – continued

In 2013 Sydbank made a settlement with a group of minority shareholders ("Foreningen af Minoritetsaktionærer i bankTrelleborg") according to which the Bank offered to pay damages to all former minority shareholders of bankTrelleborg. This settlement finally decides the claims against Sydbank on the basis of Sydbank's acquisition of bankTrelleborg in 2008. Consequently the two class action claims filed against Sydbank on 21 January 2011 by the group of minority shareholders ("Foreningen af Minoritetsaktionærer i bankTrelleborg") concerning inadequacies in the 2007 prospectus of bankTrelleborg were cancelled.

Moreover Sydbank has made a settlement with Fonden for bankTrelleborg which has paid DKK 94.5m to Sydbank. This finally settles the fund's liability to Sydbank as a result of inadequacies in the prospectus of bankTrelleborg.

The prospectus of bankTrelleborg was prepared with the assistance of professional advisers and prospectus liability insurance had been taken out. Sydbank has set up claims against these parties. The claim against the insurance company has been brought before the arbitration tribunal.

It is Sydbank's assessment of its legal position that the Bank will recover the full amount of damages which it has paid in accordance with the settlement with the minority shareholders.

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

Note 35 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, including leasing, 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 points.

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.

The Group applies the rules on macro hedge 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 assets" and represents DKK 40m at 31 December 2013.

During the year a net gain on hedging transactions of DKK 28m has been recorded. The gain eliminates the equivalent net loss on the hedged items.

	Sydbank Group		Sydbank A/S	
DKKm	2013	2012	2013	2012
Fixed-rate loans and advances				
Carrying amount	1,275	1,295	1,275	1,295
Fixed-rate deposits				
Carrying amount	4,856	4,881	4,856	4,881
The following derivatives are used to hedge the above:				
Swaps				
Principal	(7,653)	179	(7,653)	179
Fair value	29	8	29	8

Note 36 Collateral

At the end of 2013, the Group had deposited as collateral securities at a market value of DKK 290m with Danish and foreign exchanges and clearing centres etc in connection with margin calls and securities settlements etc.

At the end of 2013, the Group had deposited as collateral cash amounting to DKK 124m with KfW (Kreditanstalt für Wiederaufbau) in connection with the provision of collateral for the funding of arranged loans.

In connection with repo transactions, which involve selling securities to be repurchased at a later date, the securities remain on the balance sheet, and consideration received is recognised as a debt. Repo transaction securities are treated as assets provided as collateral for liabilities. Counterparties are entitled to sell the securities or deposit them as collateral for other loans.

In connection with reverse transactions, which involve purchasing securities to be resold at a later date, the Group is entitled to sell or deposit them as collateral for other loans. The securities are not recognised in the balance sheet and consideration paid is recognised as a receivable.

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

	Sydbank Group		Sydbank A/S	
DKKm	2013	2012	2013	2012
Assets sold as part of repo transactions				
Bonds at fair value	19,200	22,816	19,200	22,816
Assets purchased as part of reverse transactions				
Bonds at fair value	11,450	11,596	11,450	11,596
Shares etc	2	-	2	-

Note 37 Related parties

DKKm			2013			2012
	Associates	Board of Directors	Group Executive Management	Associates	Board of Directors	Group Executive Management
Loans and advances and loan commitments	105	11	-	2	12	-
Deposits and other debt	146	51	4	138	56	11
Guarantees issued	-	-	-	-	-	-
Collateral received	-	0	0	-	0	0
Interest income	0	0	0	0	0	0
Interest expense	0	0	0	0	1	0
Fee and commission income	0	0	0	0	0	0
Other expenses	389	-	-	412	-	-

Interest rates 2013, loans and advances

Group Executive Management: No loans and advances

Board of Directors: 0.77-7.75% p.a.*

* Interest rates concern loans in different currencies.

There are no parties with significant influence on Sydbank A/S (ownership share of at least 20%). Note 19 specifies associates. The Board of Directors and the Group Executive Management columns comprise the Group's exposures to and transactions with members of the Board of Directors and the Group Executive Management as well as their dependants. Note 11 specifies the remuneration of management.

Other expenses include primarily IT costs to Bankdata. Transactions with related parties are settled on an arm's length basis and are subject to the terms and conditions in force. No unusual transactions took place with related parties in 2013.

Note 37 Related parties – continued	Sydbank Group		Sydbank A/S	
DKKm	2013	2012	2013	2012
Amounts owed by and to subsidiaries etc				
Amounts owed by credit institutions and central banks	-	-	-	0
Loans and advances at amortised cost	-	-	163	165
Total asset items	**-**	**-**	**163**	**165**
Amounts owed to credit institutions	-	-	323	208
Deposits and other debt	-	-	-	-
Total liability items	**-**	**-**	**323**	**208**

Sydbank A/S shares held by Board of Directors					Sydbank Group
Number	1 Jan 2013	On appointment/ resignation	Additions	Disposals	31 Dec 2013
Board of Directors (Personal holdings)					
Anders Thoustrup	770				770
Hanni Toosbuy Kasprzak	660				660
Svend Erik Busk	1,500				1,500
Claus Christensen	10	(10)			-
Peder Damgaard	966				966
Harry Max Friedrichsen	891				891
Erik Bank Lauridsen	2,100				2,100
Torben Henning Nielsen	-	1,100			1,100
Steen Tophøj	1,654				1,654
Jan Uldahl-Jensen	975				975
Margrethe Weber	2,287				2,287
Total	11,813	1,090			12,903
Board of Directors (Own holdings and holdings by dependants)					
Anders Thoustrup	2,116			311	1,805
Hanni Toosbuy Kasprzak	292,660				292,660
Svend Erik Busk	1,500				1,500
Claus Christensen	500	(500)			-
Peder Damgaard	1,016				1,016
Harry Max Friedrichsen	1,021				1,021
Erik Bank Lauridsen	13,785				13,785
Torben Henning Nielsen	-	1,100			1,100
Steen Tophøj	1,654				1,654
Jan Uldahl-Jensen	975				975
Margrethe Weber	2,287				2,287
Total	317,514	600		311	317,803
Group Executive Management (Own holdings and holdings by dependants)					
Karen Frøsig	3,766				3,766
Preben Lund Hansen	2,703	(2,703)			-
Bjarne Larsen	-	1,967			1,967
Jan Svarre	-	-	1,240		1,240
Total	6,469	(736)	1,240		6,973
Total	**323,983**	**(136)**	**1,240**	**311**	**324,776**

Note 38 Fair value disclosure **Sydbank Group**

Financial instruments are included in the balance sheet either at fair value or at amortised cost. The table below breaks down the financial instruments by valuation technique.

DKKm	2013 Fair value	2013 Amortised cost	2012 Fair value	2012 Amortised cost
Financial assets				
Cash and balances on demand at central banks	-	2,850	-	1,375
Amounts owed by credit institutions and central banks	6,701	2,099	5,582	1,424
Loans and advances at fair value	4,885	-	6,082	-
Loans and advances at amortised cost	-	66,592	-	68,163
Bonds at fair value	38,819	-	38,087	-
Shares etc	1,669	-	1,392	-
Assets related to pooled plans	10,162	-	9,799	-
Other assets	9,251	2,378	16,057	3,046
Total	**71,487**	**73,919**	**76,999**	**74,008**
Undrawn credit facilities	-	36,970	-	35,552
Maximum credit risk, collateral not considered	**71,487**	**110,889**	**76,999**	**109,560**
Financial liabilities				
Amounts owed to credit institutions and central banks	18,913	12,106	22,723	15,869
Deposits and other debt	-	70,027	178	65,484
Deposits in pooled plans	10,167	-	9,804	-
Bonds issued at amortised cost	-	6,462	-	3,986
Other liabilities	15,575	584	20,721	821
Subordinated capital	-	1,797	-	1,387
Total	**44,655**	**90,976**	**53,426**	**87,547**

Financial instruments recognised at fair value
Measurement of financial instruments is based on quoted prices from an active market, on generally accepted valuation models with observable market data or on available data that only to a limited extent are observable market data.

Measurement of financial instruments for which prices are quoted in an active market or which are based on generally accepted valuation models with observable market data is not subject to significant estimates.

As regards financial instruments where measurement is based on available data that only to a limited extent are observable market data, measurement is subject to estimates. Such financial instruments appear from the column unobservable inputs below and include unlisted shares and certain bonds, including CDOs, for which there is no active market.

A 10% change in the calculated market value of financial assets measured on the basis of unobservable inputs will affect profit before tax by DKK 118m.

DKKm 2013	Quoted prices	Observable inputs	Unobservable inputs	Total fair value
Financial assets				
Amounts owed by credit institutions and central banks	-	6,701	-	6,701
Loans and advances at fair value	-	4,885	-	4,885
Bonds at fair value	-	38,819	-	38,819
Shares etc	285	27	1,357	1,669
Assets related to pooled plans	3,177	6,985	-	10,162
Other assets	13	9,238	-	9,251
Total	**3,475**	**66,655**	**1,357**	**71,487**
Financial liabilities				
Amounts owed to credit institutions and central banks	-	18,913	-	18,913
Deposits and other debt	-	-	-	-
Deposits in pooled plans	-	10,167	-	10,167
Other liabilities	18	15,557	-	15,575
Total	**18**	**44,637**	**-**	**44,655**

DKKm 2012	Quoted prices	Observable inputs	Unobservable inputs	Total fair value
Financial assets				
Amounts owed by credit institutions and central banks	-	5,582	-	5,582
Loans and advances at fair value	-	6,082	-	6,082
Bonds at fair value	-	38,008	79	38,087
Shares etc	206	44	1,142	1,392
Assets related to pooled plans	2,908	6,891	-	9,799
Other assets	40	16,017	-	16,057
Total	**3,154**	**72,624**	**1,221**	**76,999**
Financial liabilities				
Amounts owed to credit institutions and central banks	-	22,723	-	22,723
Deposits and other debt	-	178	-	178
Deposits in pooled plans	-	9,804	-	9,804
Other liabilities	36	20,685	-	20,721
Total	**36**	**53,390**	**-**	**53,426**

Note 38 Fair value disclosure – continued | **Sydbank Group**

DKKm	2013	2012
Assets measured on the basis of unobservable inputs		
Carrying amount at 1 Jan	1,221	1,133
Additions	154	101
Disposals	105	78
Market value adjustment	87	65
Value at 31 Dec	**1,357**	**1,221**
Recognised in profit for the year		
Interest income	4	32
Dividend	31	16
Market value adjustment	87	65
Total	**122**	**113**

Financial instruments recognised at amortised cost

The vast majority of the Group's amounts owed, loans and advances and deposits cannot be transferred without the prior consent of clients and no active market exists for trading in such financial instruments. Consequently fair value disclosures are solely based on circumstances where market conditions have changed after the initial recognition of the instrument, including in particular changes in interest rates. Fair value disclosures on financial instruments recognised at amortised cost are based on the assumptions below:

- As regards financial instruments for which a quoted price exists in the market, such a price is applied. This applies to bonds issued and subordinated capital. In the absence of a market price, the value is determined on the basis of estimates of the market's existing required rate of return.
- As regards loans and advances, impairment charges are presumed to equal the fair value of the credit risk.
- As regards financial instruments with a maturity of less than six months, amortised cost is presumed to equal fair value.
- As a rule the interest rate risk of fixed-rate deposits and loans and advances with a maturity exceeding six months is hedged by derivatives, primarily interest rate swaps. The hedge is treated as a fair value hedge for accounting purposes. As a result of the application of these rules this portfolio, taken as a whole, is recognised at fair value in the balance sheet. The portfolio comprises loans and advances, deposits and swaps, see note 35.

Based on the above it is the overall assessment that the fair value of loans and advances and deposits corresponds to the carrying amount at 31 December 2013 in all material respects.

Sydbank Group

DKKm		2013		2012
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds issued at amortised cost	6,462	6,465	3,986	3,923
Subordinated capital	1,797	1,559	1,387	975

Note 39 Financial liabilities – contractual maturities **Sydbank Group**

DKKm	On demand	3 months or less	Over 3 months not exceeding 1 year	Over 1 year not exceeding 5 years	Over 5 years
2013					
Amounts owed to credit institutions and central banks	6,034	23,052	1,360	26	547
Deposits and other debt	55,047	7,200	1,875	1,098	4,807
Bonds issued at amortised cost	-	2,719	-	3,743	-
Subordinated capital	-	-	-	250	1,547
Total	**61,081**	**32,971**	**3,235**	**5,117**	**6,901**
2012					
Amounts owed to credit institutions and central banks	6,171	30,882	1,204	28	307
Deposits and other debt	49,171	9,134	2,042	886	4,429
Bonds issued at amortised cost	-	215	-	3,771	-
Subordinated capital	-	-	-	-	1,387
Total	**55,342**	**40,231**	**3,246**	**4,685**	**6,123**

Note 40 Financial highlights — **Sydbank Group**

	2013	2012	2011	2010	2009
Income statement highlights (DKKm)					
Net interest and fee income	4,165	4,361	4,241	4,386	4,399
Market value adjustments	474	558	(26)	420	667
Staff costs and administrative expenses	2,314	2,380	2,463	2,353	2,341
Impairment of loans and advances etc	1,861	1,748	1,198	1,556	1,368
Profit/(Loss) on holdings in associates etc	2	10	(77)	2	23
Profit for the year	187	467	188	411	781
Balance sheet highlights (DKKbn)					
Loans and advances	71.5	74.2	76.5	83.7	87.5
Shareholders’ equity	10.2	10.0	9.6	9.5	9.1
Total assets	147.9	152.7	153.4	150.8	157.8
Financial ratios per share (DKK per share of DKK 10)					
EPS Basic	2.5	6.4	2.6	5.6	11.0
Book value	139.7	137.6	131.1	129.8	124.1
Dividend	-	-	-	1.0	-
Share price/EPS	56.7	15.6	35.5	27.1	12.1
Share price/book value	1.03	0.72	0.69	1.17	1.08
Other financial ratios and key figures					
Solvency ratio	15.7	15.9	16.1	15.4	15.2
Core capital ratio	15.3	15.6	15.2	14.3	13.1
Pre-tax profit as % of average shareholders’ equity	1.7	6.4	3.1	6.0	12.3
Post-tax profit as % of average shareholders’ equity	1.8	4.8	2.0	4.4	9.6
Income/cost ratio (DKK)	1.04	1.14	1.08	1.13	1.24
Interest rate risk	0.6	1.8	0.9	1.5	1.0
Foreign exchange position	2.1	0.9	1.6	1.2	1.1
Foreign exchange risk	0.0	0.0	0.1	0.0	0.0
Loans and advances relative to deposits	0.9	1.0	1.0	1.2	1.2
Loans and advances relative to shareholders’ equity	7.0	7.4	8.0	8.8	9.6
Growth in loans and advances for the year	(3.7)	(3.0)	(8.7)	(4.3)	(8.7)
Excess cover relative to statutory liquidity requirements	179.8	127.4	148.7	106.3	94.4
Total large exposures	25.8	21.6	26.3	54.4	17.2
Impairment ratio for the year	2.2	2.0	1.5	1.7	1.4

Financial highlights and financial ratios are specified in the Danish FSA’s executive order on financial reporting of credit institutions etc.

Note 40 Financial highlights – continued

Sydbank A/S

	2013	2012	2011	2010	2009
Income statement highlights (DKKm)					
Net interest and fee income	4,160	4,361	4,202	4,337	4,363
Market value adjustments	474	557	(33)	410	663
Staff costs and administrative expenses	2,316	2,390	2,380	2,301	2,302
Impairment of loans and advances etc	1,861	1,745	1,195	1,556	1,369
Profit/(Loss) on holdings in associates etc	(69)	4	(120)	(6)	25
Profit for the year	187	467	188	411	781
Balance sheet highlights (DKKbn)					
Loans and advances	69.3	74.4	75.8	83.0	86.9
Shareholders' equity	10.2	10.0	9.6	9.6	9.1
Total assets	143.8	152.9	153.0	150.6	157.6
Financial ratios per share (DKK per share of DKK 10)					
EPS Basic	2.5	6.4	2.6	5.6	11.0
Book value	139.7	137.6	131.1	129.8	124.1
Dividend	-	-	-	1.0	-
Share price/EPS	56.7	15.6	35.5	27.1	12.1
Share price/book value	1.03	0.72	0.69	1.17	1.08
Other financial ratios and key figures					
Solvency ratio	16.0	15.8	16.3	15.6	15.3
Core capital ratio	15.8	15.5	15.3	14.5	13.2
Pre-tax profit as % of average shareholders' equity	1.9	6.4	3.1	6.0	12.3
Post-tax profit as % of average shareholders' equity	1.8	4.8	2.0	4.4	9.6
Income/cost ratio (DKK)	1.04	1.14	1.08	1.13	1.25
Interest rate risk	0.7	1.8	0.9	1.5	1.0
Foreign exchange position	2.1	0.9	1.6	1.2	1.1
Foreign exchange risk	0.0	0.0	0.1	0.0	0.0
Loans and advances relative to deposits	1.0	1.0	1.0	1.2	1.2
Loans and advances relative to shareholders' equity	6.8	7.4	7.9	8.7	9.5
Growth in loans and advances for the year	(6.8)	(1.9)	(8.6)	(4.6)	(9.1)
Excess cover relative to statutory liquidity requirements	175.2	127.0	151.4	110.0	96.7
Total large exposures	15.3	21.6	26.3	54.4	17.2
Impairment ratio for the year	2.3	2.0	1.5	1.7	1.4

Financial highlights and financial ratios are specified in the Danish FSA's executive order on financial reporting of credit institutions etc.

Notes

Note 41 Reporting events occurring after the balance sheet date

No matters of significant impact on the financial position of the Group have occurred after the expiry of the financial year.

Note 42 Group holdings and enterprises

Sydbank Group

31 December 2013	Activity		Share capital (m)	Shareholders' equity (DKKm)	Result (DKKm)	Ownership share (%)
Sydbank A/S		DKK	742			
Consolidated subsidiaries						
DiBa Bank A/S	Banking	DKK	66	109	(313)	96.71
DiBa Bolig A/S	Real property	DKK	3	11	0	100
DiBa Ejendomsadministration A/S	Real property	DKK	1	3	1	100
DiBa Heering Huse ApS	Real property	DKK	1	(14)	(18)	100
Ejendomsselskabet af 1. juni 1986 A/S, Aabenraa	Real property	DKK	10	20	4	100
Sydbank (Schweiz) AG in Liquidation, St. Gallen, Switzerland	Banking	CHF	40	214	(6)	100

Note 43 Large shareholders

Silchester International Investors LLP owns more than 10% of Sydbank's share capital.

Note 44 Acquisitions	Sydbank A/S
DKKm	
2013	
On 19 December 2013 the Group acquired all activities from the DiBa Bank group.	
Statement at fair value	
Assets	
Cash and balances on demand at central banks	459
Amounts owed by credit institutions and central banks	41
Loans and advances at amortised cost	2,293
Bonds at fair value	1,324
Shares etc	249
Intangible assets, customer relationships	123
Land and buildings	132
Other property, plant and equipment	2
Deferred tax assets	143
Assets in temporary possession	14
Other assets	59
Total assets	**4,839**
Liabilities	
Amounts owed to credit institutions and central banks	154
Deposits and other debt	3,869
Bonds issued	7
Other liabilities	79
Provisions for obligations	13
Subordinated capital	410
Total liabilities	**4,532**
Net assets acquired	307
Purchase price	479
Goodwill	**172**
Contingent liabilities	
Guarantees	543

The purchase price for 96.7% of the share capital in DiBa Bank A/S has been settled in cash. Sydbank's obligation to redeem minority shareholders has been recognised as a liability at 31 December 2013.

Goodwill represents the value of acquired entities' expected cash generating ability that cannot be reliably allocated to the individual assets, including the value of the staff, know-how and position in society as well as the expected synergies from the amalgamation with the Sydbank Group.

The fair value of loans and advances is based on an assessment of the market value of the portfolio acquired. The fair value of loans and advances is determined as the present value of the cash flows which are expected to be received.

The contractual amount receivable represents gross DKK 2,820m. The net value of loans and advances before fair value adjustment represents DKK 2,538m. The fair value adjustment of loans and advances constitutes DKK 245m.

Transaction costs in connection with the acquisition represent DKK 1m which is recognised in the income statement under "Staff costs and administrative expenses".

It would not have been possible to determine the result of the Group if the acquisition date had been 1 January 2013.

The ordinary activities of the activity acquired affect Group profit by DKK 3m for 2013. Non-recurring items constitute minus DKK 72m after tax.

Note 44 Acquisitions **Sydbank A/S**

DKKm

2012
On 2 November 2012 the Group acquired all activities from Tønder Bank, comprising employees, clients, branches, all assets and liabilities, but not hybrid capital or supplementary capital.

Statement at fair value	
Assets	
Cash and balances on demand at central banks	204
Amounts owed by credit institutions and central banks	29
Loans and advances at amortised cost	1,467
Bonds at fair value	434
Shares etc	173
Holdings in subsidiaries	1
Intangible assets, customer relationships	57
Intangible assets, other	10
Land and buildings	61
Other property, plant and equipment	3
Deferred tax assets	2
Assets in temporary possession	8
Other assets	27
Total assets	**2,476**
Liabilities	
Amounts owed to credit institutions and central banks	184
Deposits and other debt	1,945
Bonds issued	192
Other liabilities	37
Total liabilities	**2,358**
Net assets acquired	118
Purchase price	118
Difference	**0**
Contingent liabilities	
Guarantees	401

The fair value of the assets, liabilities and contingent liabilities acquired equals the cash purchase price and consequently there is no difference (goodwill).

The fair value of loans and advances is based on an assessment of the market value of the portfolio acquired. The fair value of loans and advances is determined as the present value of the cash flows which are expected to be received.

The contractual amount receivable represents gross DKK 2,022m. The net value of loans and advances before fair value adjustment represents DKK 1,883m. The fair value adjustment of loans and advances totals DKK 416m.

Transaction costs in connection with the acquisition represent DKK 1m which is recognised in the income statement under "Staff costs and administrative expenses".

Due to lacking registrations it has not been possible to determine and disclose the Group's result if the acquisition date had been 1 January 2012.

The ordinary activities of the activity acquired affect Group profit by DKK 9m for 2012.

Notes – Financial Ratio Definitions

Financial ratio	Definition
EPS Basic (DKK)	Profit for the year divided by average number of shares outstanding.
EPS Diluted (DKK)	Profit for the year divided by average number of shares outstanding, including dilutive effect of share options and restricted shares.
Share price at year-end	Closing price of the Sydbank share at year-end.
Book value per share (DKK)	Shareholders' equity at year-end divided by number of shares outstanding at year-end.
Solvency ratio	Capital base after deductions divided by risk-weighted assets.
Core capital ratio incl hybrid core capital	Core capital including hybrid core capital after deductions divided by risk-weighted assets.
Common equity Tier 1 capital ratio	Common equity Tier 1 capital divided by risk-weighted assets.
Pre-tax profit as % of average shareholders' equity	Pre-tax profit divided by average shareholders' equity during the year.
Post-tax profit as % of average shareholders' equity	Post-tax profit divided by average shareholders' equity during the year.
Loans and advances relative to deposits	Loans and advances at amortised cost divided by deposits (deposits and other debt as well as deposits in pooled plans).
Loans and advances relative to shareholders' equity	Loans and advances at amortised cost divided by shareholders' equity.
Growth in loans and advances for the year	Calculated on the basis of loans and advances at amortised cost.
Accumulated impairment ratio excl PCA	Impairment charges and provisions at year-end (allowance account) divided by loans and advances at amortised cost and guarantees before impairment charges and provisions.
Impairment ratio for the year excl PCA	Impairment charges for loans and advances etc divided by loans and advances at amortised cost and guarantees before impairment charges and provisions.
Number of full-time staff at year-end	Number of full-time equivalent staff (part-time staff translated into full-time staff) at year-end.

Notes – Derivatives

DKKm Distribution by maturity	3 months or less	Over 3 months not exceeding 1 year	Over 1 year not exceeding 5 years	Over 5 years	2013 Total	2012 Total
Nominal values						
Foreign exchange contracts:						
Spot, bought	1,598	-	-	-	1,598	7,464
Spot, sold	1,817	-	-	-	1,817	6,335
Forwards/futures, bought	22,144	4,588	529	0	27,261	36,055
Forwards/futures, sold	27,155	2,483	565	0	30,203	38,502
Swaps	685	1,839	2,081	459	5,064	7,309
Options, acquired	1,041	891	10	0	1,942	3,739
Options, written	975	955	5	0	1,935	3,699
Interest rate contracts:						
Spot, bought	6,078	-	-	-	6,078	4,414
Spot, sold	5,149	-	-	-	5,149	3,748
Forwards/futures, bought	2,938	13	0	0	2,951	9,317
Forwards/futures, sold	4,168	3,248	0	0	7,416	8,001
Forward Rate Agreements, bought	9,004	23,352	1,000	0	33,356	51,212
Forward Rate Agreements, sold	11,185	21,173	1,000	0	33,358	49,359
Swaps	14,946	9,733	108,625	59,067	192,371	226,470
Options, acquired	4,450	21,299	7,103	2,031	34,883	48,298
Options, written	9,997	21,050	5,498	2,349	38,894	49,098
Equity contracts:						
Spot, bought	237	-	-	-	237	199
Spot, sold	219	-	-	-	219	236
Forwards/futures, bought	7	0	0	0	7	0
Forwards/futures, sold	7	0	0	0	7	0
Options, acquired	0	0	0	0	0	0
Options, written	0	0	0	0	0	0
Other derivative contracts:						
Futures commodities, bought	37	94	0	0	131	83
Futures commodities, sold	37	94	0	0	131	83
Options, acquired	0	0	0	0	0	-
Options, written	0	0	0	0	0	-
Credit Default Swaps	0	11	812	0	823	612

DKKm Distribution by maturity	3 months or less	Over 3 months not exceeding 1 year	Over 1 year not exceeding 5 years	Over 5 years	2013 Total	2012 Total
Net market values						
Foreign exchange contracts:						
Spot, bought	(2)	-	-	-	(2)	(1)
Spot, sold	(3)	-	-	-	(3)	5
Forwards/futures, bought	28	(42)	(13)	0	(27)	(243)
Forwards/futures, sold	109	26	15	0	150	517
Swaps	(5)	22	55	45	117	184
Options, acquired	6	7	0	0	13	20
Options, written	(5)	(3)	0	0	(8)	(15)
Interest rate contracts:						
Spot, bought	(7)	-	-	-	(7)	9
Spot, sold	14	-	-	-	14	(9)
Forwards/futures, bought	1	0	0	0	1	4
Forwards/futures, sold	(1)	(1)	0	0	(2)	(5)
Forward Rate Agreements, bought	(7)	(15)	(1)	0	(23)	(48)
Forward Rate Agreements, sold	7	15	1	0	23	45
Swaps	(14)	(11)	(427)	(164)	(616)	(718)
Options, acquired	2	65	56	149	272	747
Options, written	(2)	(64)	3	(141)	(204)	(647)
Equity contracts:						
Spot, bought	2	-	-	-	2	(7)
Spot, sold	(1)	-	-	-	(1)	7
Forwards/futures, bought	1	0	0	0	1	0
Forwards/futures, sold	0	0	0	0	0	0
Options, acquired	1	0	0	0	1	1
Options, written	(1)	0	0	0	(1)	(1)
Other derivative contracts:						
Futures commodities, bought	0	0	0	(1)	(1)	0
Futures commodities, sold	0	0	0	1	1	0
Options, acquired	0	0	0	0	0	0
Options, written	0	0	0	0	0	0
Credit Default Swaps	0	0	0	0	0	0
Total net market values					**(300)**	**(155)**

Notes – Derivatives

DKKm		Total contracts 2013*			Total contracts 2012*	
	Positive	Negative	Net	Positive	Negative	Net
Market values						
Foreign exchange contracts:						
Spot, bought	4	(6)	(2)	18	(19)	(1)
Spot, sold	1	(4)	(3)	12	(7)	5
Forwards/futures, bought	280	(307)	(27)	256	(499)	(243)
Forwards/futures, sold	350	(200)	150	721	(204)	517
Swaps	230	(113)	117	361	(177)	184
Options, acquired	13	0	13	20	0	20
Options, written	0	(8)	(8)	0	(15)	(15)
Interest rate contracts:						
Spot, bought	1	(8)	(7)	10	(1)	9
Spot, sold	15	(1)	14	1	(10)	(9)
Forwards/futures, bought	4	(3)	1	4	0	4
Forwards/futures, sold	1	(3)	(2)	0	(5)	(5)
Forward Rate Agreements, bought	1	(24)	(23)	1	(49)	(48)
Forward Rate Agreements, sold	24	(1)	23	46	(1)	45
Swaps	7,797	(8,415)	(616)	13,572	(14,290)	(718)
Options, acquired	272	0	272	748	(1)	747
Options, written	6	(210)	(204	8	(655)	(647)
Equity contracts:						
Spot, bought	4	(2)	2	1	(8)	(7)
Spot, sold	3	(4)	(1)	8	(1)	7
Forwards/futures, bought	1	0	1	0	0	0
Forwards/futures, sold	0	0	0	0	0	0
Options, acquired	1	0	1	1	0	1
Options, written	0	(1)	(1)	0	(1)	(1)
Other derivative contracts:						
Futures commodities, bought	0	(1)	(1)	0	0	0
Futures commodities, sold	1	0	1	0	0	0
Options, acquired	0	0	0	0	0	0
Options, written	0	0	0	0	0	0
Credit Default Swaps	10	(10)	0	6	(6)	0
Total market values	**9,019**	**(9,321)**	**(300)**	**15,794**	**(15,949)**	**(155)**

* All contracts are non-guaranteed.

DKKm						
	Market values		Collateral		Exposure by counterparty	
2013	Positive	Negative	Provided	Received*	Amount due	Amount owed
Exposure						
Counterparties with CSA agreements	7,688	9,080	2,194	650	363	211
Counterparties without CSA agreements	1,331	241	-	-	1,331	241
Total	**9,019**	**9,321**	**2,194**	**650**	**1,694**	**452**

* Cash and securities received.

DKKm		Total contracts 2013			Total contracts 2012	
	Positive	Negative	Net	Positive	Negative	Net
Average market values						
Foreign exchange contracts:						
Spot, bought	12	(14)	(2)	14	(22)	(8)
Spot, sold	10	(17)	(7)	15	(19)	(4)
Forwards/futures, bought	287	(304)	(17)	550	(401)	149
Forwards/futures, sold	329	(199)	130	566	(285)	281
Swaps	266	(148)	118	476	(266)	210
Options, acquired	21	0	21	34	0	34
Options, written	0	(19)	(19)	0	(29)	(29)
Interest rate contracts:						
Spot, bought	6	(41)	(35)	24	(34)	(10)
Spot, sold	42	(4)	38	33	(24)	9
Forwards/futures, bought	7	(33)	(26)	17	(44)	(27)
Forwards/futures, sold	25	(6)	19	47	(11)	36
Forward Rate Agreements, bought	7	(23)	(16)	1	(82)	(81)
Forward Rate Agreements, sold	22	(7)	15	81	(2)	79
Swaps	10,299	(10,891)	(592)	12,364	(13,024)	(660)
Options, acquired	400	0	400	592	0	592
Options, written	7	(352)	(345)	0	(700)	(700)
Equity contracts:						
Spot, bought	15	(8)	7	6	(10)	(4)
Spot, sold	6	(5)	1	18	(22)	(4)
Forwards/futures, bought	1	(3)	(2)	2	0	2
Forwards/futures, sold	3	(6)	(3)	8	(6)	2
Options, acquired	1	0	1	2	0	2
Options, written	0	(2)	(2)	0	(2)	(2)
Other derivative contracts:						
Futures commodities, bought	0	0	0	0	0	0
Futures commodities, sold	0	0	0	0	0	0
Options, acquired	0	0	0	0	0	0
Options, written	0	0	0	0	0	0
Credit Default Swaps	13	(13)	0	45	(42)	3
Total average market values	**11,779**	**(12,095)**	**(316)**	**14,895**	**(15,025)**	**(130)**

Average market value calculations are based on monthly statements.

DKKm	Market values		Collateral		Exposure by counterparty	
2012	Positive	Negative	Provided	Received*	Amount due	Amount owed
Exposure						
Counterparties with CSA agreements	13,669	15,438	2,874	977	348	220
Counterparties without CSA agreements	2,125	511	-	-	1,803	188
Total	**15,794**	**15,949**	**2,874**	**977**	**2,151**	**408**

* Cash and securities received.

Notes – Risk Management

On the basis of the strategic objectives for the Group, the Board of Directors has issued guidelines for the Group Executive Management and has adopted policies as regards credit risk, liquidity risk, market risk, operational risk, insurance and IT security.

Credits is responsible for the day-to-day handling of credit risk; Sydbank Markets is responsible for the day-to-day handling of liquidity and market risks. The individual areas of expertise are each responsible for the day-to-day handling of operational risk. Accounting is responsible for handling the Group's insurances and the Group Executive Management Secretariat & IT is responsible for the Group's IT security.

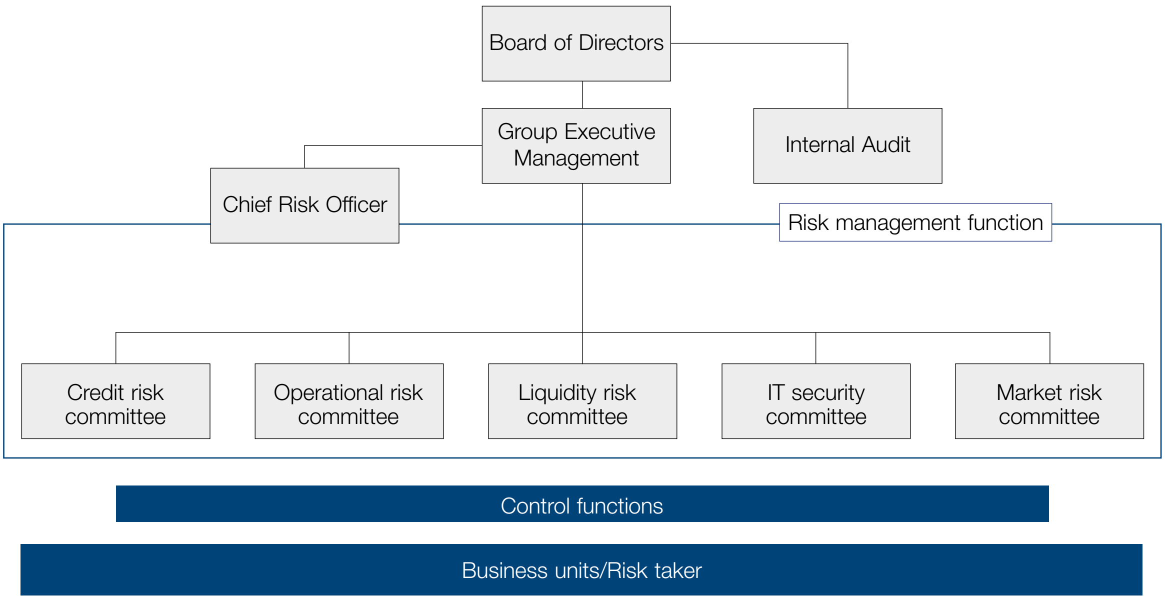
Overall risk management, including ongoing reporting to the Group Executive Management and the Board of Directors, is performed by Risk where the Group Executive Vice President is also the Chief Risk Officer (CRO) of the Sydbank Group.

Risk management is supported by the Group's risk organisation, see the chart below.

The relevant areas of expertise are represented in the committees, each headed by a Group Executive Management member. The CRO is a member of all committees.

It is the responsibility of the committees to identify, assess and follow up on the Group's risks within their respective risk areas, including principles to determine risk, models applied, and to assess whether exposures and risks comply with the Group's intended profile and policy.

The committees meet as a minimum every quarter and prepare as a minimum once a year a risk analysis which is included as an important element in overall risk assessment.



Credit risk

Credit risk is the risk of loss as a result of a debtor's default on his payment obligations to the Group.

The Group's overall credit risk is managed according to policies and limits determined and adopted by the Bank's Board of Directors.

The Group's credit activities must be prudent and in compliance with the Bank's business model and chosen risk profile.

The Board of Directors lays down the general framework for credit granting and the largest exposures are submitted on a regular basis to the Board of Directors for approval or information.

Employees with a written lending authority may grant approvals. Such authority is adjusted to the employee's experience, education and training as well as to the employee's client portfolio and the individual client's rating. In connection with new clients employees have limited lending authority.

Credit activities are conducted partly in the retail and corporate departments and partly centrally in Credits.

The Group has an extensive and competent credit organisation which – together with the rating models – ensures focus on the Group's credit risks in the approval process as well as the follow-up process.

The credit organisation is adjusted on an ongoing basis to ensure that the credit rating capacity reflects the Group's development as well as economic conditions.

The Group applies the options available to mitigate the risk on individual transactions in the form of charges on assets, netting agreements, guarantees etc. The most frequent types of charges include mortgages and charges on financial assets (shares, bonds and units).

Targets for credit risk

In accordance with its credit policy, the Group does not wish to depend on or have exposures to large single clients, which implies among other factors that:

- The 10 largest exposures may not, as a rule, exceed 10% of the Group's total credit portfolio (however excluding exposures to credit institutions, investment funds and public enterprises). The figure stood at 4.5% at 31 December 2013.
- After deduction of the loan value of any collateral, the 10 largest exposures may not exceed 5% of the total credit portfolio (however excluding exposures to credit institutions, investment funds and public enterprises). The figure stood at 4.1% at 31 December 2013.
- As a main rule no exposure to a single client may exceed 10% of the Group's core capital (however excluding exposures to credit institutions, investment funds and public enterprises). The Group does not have any exposures exceeding 10% at 31 December 2013.

According to the Group's credit policy, loans and advances and guarantees as regards exposures in the property sector as well as the building and construction sector may not exceed 20% of the Group's total lending and guarantee portfolio. The figure stood at 13.3% at 31 December 2013.

According to the Group's credit policy, loans and advances and guarantees as regards exposures in the agricultural sector may not exceed 10% of the Group's total lending and guarantee portfolio. The figure stood at 7.7% at 31 December 2013.

Credit risk to financial counterparties

Trading in securities, currencies and derivatives, as well as payment services etc involve exposure to financial counterparties in the form of delivery risk or credit risk.

Delivery risk is the risk that the Group does not receive payments or securities in connection with the settlement of securities or currency transactions equalling the securities or payments delivered by the Group.

Management grants delivery risk lines and credit risk lines to financial counterparties based on the risk profile, rating, size and financial standing of the counterparty. Risks and lines to financial counterparties are monitored continuously, also intraday.

The Group participates in an international foreign exchange settlement system, CLS®, which aims to reduce delivery risk. In CLS® payment is made on the net position for each currency, and only one amount for each currency is paid or received. In addition this net exposure is only to one counterparty, who is the Group's partner in the system.

The Group aims to mitigate credit risk to financial counterparties in many ways, eg by concluding netting agreements. Moreover the Group has entered into agreements with all significant counterparties to ensure credit risk mitigation of derivatives. Exposures are calculated on a daily basis after which the parties settle collateral. Consequently exposures are reset in all material respects on a daily basis. The agreements are managed by Operations.

During 2014 the Group will have in place CCP clearing of derivatives, initially as regards interest rate swaps (IRS) and forward rate agreements (FRA) in DKK, SEK, EUR and USD. Such clearing will eliminate counterparty credit risk in a derivative transaction. In contrast exposure to the central counterparty (CCP) is created. This exposure is a net exposure, ie it allows full set-off between all transactions concluded regardless of original counterparty, and it is to a central counterparty that is subject to restrictive capital and collateralisation requirements.

Under the law all derivative transactions with financial counterparties will over time be cleared through central counterparties. The number of derivatives subject to the central clearing requirement will grow in the coming years.

The gross exposure to financial counterparties constitutes DKK 37,537m and the net exposure to financial counterparties represents DKK 10,150m.

Financial counterparties by counterparty type

DKKm	Gross exposure*		Net exposure*	
	2013	2012	2013	2012
Governments etc	5,871	3,678	4,040	2,052
Institutions, repo/reverse	25,975	28,338	1,480	1,305
Institutions, other	5,691	5,968	4,630	4,188
Total	**37,537**	**37,984**	**10,150**	**7,545**

* Gross exposure and net exposure are defined in "Credit Risk 2013" which is available at sydbank.com. Determination of gross exposure takes undrawn credit commitments etc into account. Determination of net exposure takes undrawn credit commitments, collateral and conversion factors (CF) into account.

Credit risk to non-financial counterparties

The Group has developed rating models to manage credit risks to retail and corporate clients. The overriding objective is to identify any deterioration in the client's financial situation as early as possible – in order to work out a plan of action in cooperation with the client.

The models are used in connection with credit granting, pricing, profitability calculation and calculation of collective impairment charges as well as in connection with the assessment of concentration risks.

Clients are rated in four partially independent models: investment clients, corporate clients, SMEs and retail clients. All models are based on statistical processing of client data for the purpose of classifying clients according to their probability of default (PD) within the next 12 months. The corporate rating model also contains a qualitative element in the form of an industry profile and a strength profile which in aggregate can affect clients' classification. Clients are classified in three groups: corporate, SME and retail.

Model development is based on the recommendations submitted by the Basel Committee. Through dialogue with other interested parties in the market, including credit institutions, supervisory authorities and rating agencies, the Group has ensured that the models comply with market standards.

The Group applies the models to determine the regulatory solvency requirement. As regards retail clients, the Group applies the advanced IRB approach, ie the Group estimates probability of default (PD), loss given default (LGD) and the utilisation of credit facilities (CF). As regards corporate clients, the Group applies the foundation IRB approach, ie the Group only estimates PD and not LGD or CF.

Exposures outside the rating models

A small part of the exposures to non-financial counterparties – mainly exposures acquired from DiBa Bank – is not included in the rating models.

Retail clients

The objective is that more than 90% of retail client exposures are approved by the client's branch and that the remaining client exposures are approved by the regional head office. Major retail client exposures are approved centrally by Credits.

Credit granting to retail clients is based on the client's disposable amount, wealth and gearing (defined as household total debt divided by household personal income) as well as knowledge of the client.

The retail client model is based primarily on account behaviour. On the basis of this data and inherent statistical correlations, clients are rated according to their probability of default (PD) vis-à-vis the Group within the next 12 months.

The gross exposure to retail clients constitutes DKK 32,833m and the net exposure to retail clients represents DKK 25,950m.

Retail clients by rating category and approach

DKKm	Gross exposure		Net exposure	
	2013	2012	2013	2012
Rating category 1	10,626	10,543	8,192	8,490
Rating category 2	7,015	7,780	5,409	6,086
Rating category 3	5,094	5,835	4,104	4,856
Rating category 4	1,972	2,557	1,682	2,165
Rating category 5	1,485	1,771	1,228	1,484
Rating category 6	714	864	609	742
Rating category 7	182	295	151	237
Rating category 8	235	256	179	211
Rating category 9	1,526	1,082	1,307	959
Default	275	225	247	203
Total IRB	**29,124**	**31,208**	**23,108**	**25,433**
Standardised Approach	3,709	1,679	2,842	1,350
Total	**32,833**	**32,887**	**25,950**	**26,783**

Corporate clients

As a rule corporate clients are serviced by the regional head office or by special corporate departments. The objective is that all small corporate exposures are approved by the regional head office. Medium-size and major exposures are approved centrally by Credits, the Group Executive Management or the Board of Directors.

The Group's credit-related decisions are based on a systematic and structured review of the client's circumstances and industry affiliation. The review is based on all accessible information, including industry analyses and financial statements, and also comprises an assessment of the client's forward-looking business plan and its feasibility.

In 2013 the Group introduced a new corporate client rating model. The model is based partly on the client's accounting data, partly on the client's financial conduct and is supplemented by appraisals made by the account manager of the client's current circumstances as well as the Bank's industry analysis.

It is possible on the basis of a specific assessment to override a rating. All overrides must be approved by the Bank's Credit Committee. As regards the largest clients, ie exposures exceeding 1% of the Bank's capital base, the calculated ratings are assessed by Credits at least twice a year.

The below table shows the rating breakdown according to the new model. For 2012 the exposure has been calculated according to the new model. As a result the breakdown by rating category is not comparable with the calculation in the 2012 financial statements.

The gross exposure to corporate clients constitutes DKK 86,485m and the net exposure to corporate clients represents DKK 50,988m.

Corporate clients by rating category and approach

DKKm	Gross exposure		Net exposure	
	2013	2012*	2013	2012*
Rating category 1	3,763	2,005	2,106	997
Rating category 2	23,370	17,455	8,023	5,784
Rating category 3	20,702	20,452	11,175	11,357
Rating category 4	11,049	16,643	7,344	9,988
Rating category 5	7,956	13,507	5,909	9,288
Rating category 6	4,712	4,840	3,597	3,531
Rating category 7	2,613	2,023	2,126	1,671
Rating category 8	1,429	1,400	1,223	1,165
Rating category 9	6,909	5,639	6,096	4,961
Default	2,412	2,010	2,257	1,841
Total IRB	**84,915**	**85,974**	**49,856**	**50,583**
Standardised Approach	1,570	1,282	1,132	909
Total	**86,485**	**87,256**	**50,988**	**51,492**

Further information on credit risk

For further information on the Group's credit risk, reference is made to notes 12 and 16 as well as "Credit Risk 2013" (unaudited) which is available at sydbank.com.

Market risk

Market risk is the risk that the market value of the Group's assets and liabilities will be affected as a result of changes in market prices.

Assuming market risk is considered a natural and integral part of all-round banking. Assuming risk must be on a conscious and well-documented basis. To the extent possible, risk should be assumed in products which offer a possibility of eliminating or mitigating risk at short notice.

Interest rate and foreign exchange risks deriving from deposits by and loans and advances to the Group's clients are hedged on an ongoing basis and are consequently not used for position-taking.

The Group operates with the following types of market risk:

- Interest rate risk
- Equity risk
- Foreign exchange risk
- Other market risks.

For security and control reasons, the Board of Directors emphasises that the Group's market risk is subject to central decision-making and management. Consequently the Group's most significant interest rate, foreign exchange and equity risks must be assumed by the parent.

The Board of Directors has determined the Group's risk tolerance as follows: medium as regards interest rate risk and low as regards the other types of market risk.

Market risk is managed by Sydbank Markets according to policies and limits determined and adopted by the Bank's Board of Directors.

Middle Office in Operations as well as Risk continuously monitor the individual risk areas and provide management with extensive reporting on a regular basis.

Interest rate risk

Interest rate risk comprises the Group's total risk of loss resulting from interest rate changes in the financial markets.

The Group adopts a cash flow model to determine the interest rate risk of fixed-rate positions. A duration model is used to calculate the interest rate risk of Danish callable mortgage bonds. Interest rate risk makes up the bulk of the Group's overall market risk.

In accordance with the method of calculation of the Danish FSA, interest rate risk is calculated as the change in market values at a parallel shift in the interest rate level of plus 1 percentage point in all currencies and represents DKK 67m or 0.6% of the Group's core capital incl hybrid core capital at year-end.

Interest rate risk by duration and currency

DKKm	0-1 yr	1-2 yrs	2-3 yrs	> 3 yrs	Total 2013	Total 2012
DKK	(3)	(29)	60	166	194	46
EUR	25	14	(30)	(58)	(49)	(186)
EUR/DKK	22	(15)	30	108	145	(140)
USD	8	(57)	-	(28)	(77)	(63)
CHF	(3)	1	(1)	-	(3)	2
Other	(1)	-	1	2	2	3
Total 2013	**26**	**(71)**	**30**	**82**	**67**	
Total 2012	**(2)**	**(7)**	**72**	**(261)**		**(198)**

The Group has no significant interest rate risk in the event of changes in short-term interest rates (< 2 years) and a limited risk in the event of changes in long-term interest rates. Apart from EUR/DKK the Group has a significant interest rate risk only in USD.

The Group's interest rate risk is positive, ie the Group's profit will be adversely affected by an interest rate increase, in this case particularly in the event of a rise in long-term interest rates (> 2 years).

The method of calculation of the Danish FSA allows full set-off between different currencies, maturities and yield curves. The Group is aware of the risk of these assumptions and monitors these risks separately on an ongoing basis.

The Group has established an internal interest rate risk scenario where set-off between currencies is not allowed – apart from EUR and DKK. Moreover the scenario allocates the interest rate risk to underlying curves (the government curve, the Danish mortgage curve and the swap curve) and the scenario risk cannot be lower than the numerically highest risk of the individual curves. In addition a premium is included for options. At 31 December 2013 this risk measure constitutes DKK 470m (2012: DKK 277m).

The scenario is used eg in connection with the calculation of the Group's solvency need.

Equity risk
The Group's portfolio of shares and holdings in associates represents DKK 1,831m at year-end (2012: DKK 1,552m), including equity investments totalling DKK 1,495m (2012: DKK 1,283m).

In the event of a 10% change in share prices, profit before tax will be affected by DKK 183m (2012: DKK 155m), including equity investments totalling DKK 146m (2012: DKK 128m).

Foreign exchange risk
As in previous years the Group's foreign exchange risk was insignificant in 2013 and consequently a 10% change in foreign exchange rates against DKK at 31 December 2013 will not affect profit before tax significantly.

Other market risks
The Group does not have any other significant market risks at 31 December 2013.

Liquidity risk

Liquidity risk is the risk that the Group either cannot meet its payment obligations as they mature or is only able to do so via disproportionately large funding costs.

The Bank's Board of Directors has adopted a liquidity risk policy which sets out the framework for the Group's liquidity management, including targets and policies, operational targets, distribution of responsibilities, stress test scenarios, requirements for reporting and contingency plans, requirements for involvement of the Board of Directors, requirements for employee competencies as well as requirements for funding sources.

Targets and policies:

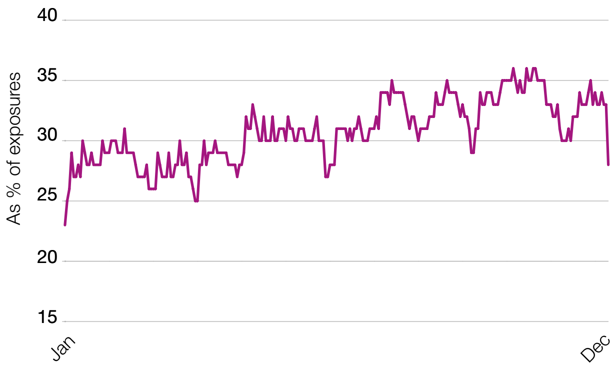
- Consistently strong and stable deposit base which ensures stability in the long-term funding of the Group's lending activities.
- Maintenance of a relatively high level of ratings with Moody's.
- Active participation in the international money markets as well as access to the international capital markets through the application of loan programmes. Coupled with a relatively high rating this ensures that the Group has uninterrupted access to a diversified and competitive funding basis.
- Maintenance of a liquidity buffer which together with prudent management of the run-off profile of capital market funding ensures that the Group's operating activities do not depend on capital market funding. In other words the liquidity buffer may in the short and medium term counterbalance the effects of an adverse liquidity situation.

The Bank's Board of Directors determines the Group's risk tolerance as regards liquidity risk. Operational targets for the Group's risk tolerance comprise:

- Cash and cash equivalents relative to debt and guarantee exposures (section 152(1)2 of the Danish Financial Business Act (the 10% requirement)).
- Cash and cash equivalents relative to short-term debt and guarantee exposures (section 152(1)1 of the Danish Financial Business Act).
- Deposit/loan ratio (excl repo/reverse transactions).
- Liquidity targets under a mild stress scenario, see below.

Liquidity for 2013, measured in relation to the 10% requirement, appears from the chart below.

Liquidity in 2013



The size of liquidity is adjusted to the maturity profile of exposures to enable the Group to honour debt and guarantee exposures as they mature. Reference is made to note 39 for the maturity profiles of the Group's debt exposures.

In addition the Board of Directors has set requirements concerning the Group's ability to withstand a run-off of capital market funding, defined in terms of the interbank market and Global MTN issues, and at the same time finance normal growth in loans and advances.

The time frame is 12 months and is based on the Group's liquidity buffer, which is determined while taking into account the liquidity value of the Group's assets. Fully liquid deposits with Danmarks Nationalbank and certificates of deposit are included at full value in contrast to for instance unlisted shares which do not carry any value. Consequently the assets are recognised at a conservatively determined realisable value or loan value when calculating the liquidity buffer.

Moody's 12-month liquidity curve

The Bank's Board of Directors has imposed the following requirements regarding the Group's funding sources:

- The Group's funding must be diversified so as to reduce to the extent possible reliance on individual sources.
- The Group's funding must be composed so that illiquid assets, eg loans and advances, are financed predominantly via stable funding, primarily shareholders' equity, bonds issued and deposits.
- Liquid assets, eg bonds which are eligible as collateral with Danmarks Nationalbank, may be funded via more volatile sources such as the interbank market. Consequently alternative funding must be available or the possibilities of selling the asset must be good.

Moreover the Group must have a liquidity buffer that ensures cash and cash equivalents to cover a run-off of all volatile funding sources as well as a certain part of the more stable funding sources.

In Q4 2013 the Group issued a fixed-rate senior loan of EUR 500m (DKK 3.7bn) with a maturity of three years. The Group's other bond issue of EUR 500m (DKK 3.7bn) will mature at the beginning of 2014 and the Group has already repurchased approx EUR 140m (DKK 1,042m) of this issue during 2013.

As expected the new capital requirements directive – CRD IV – was adopted in 2013. The directive imposes further requirements for liquidity, including requirements for liquidity buffer size and composition in the context of a stress scenario of 30 days' duration (LCR).

It is of vital importance to the Group as well as the Danish banking and mortgage industry that Danish mortgage bonds may be included in the liquidity buffer. The European Banking Authority (EBA) has had a mandate to produce draft guidelines on which assets are eligible for inclusion in the liquidity buffer and at which value they can be included.

Towards the end of 2013 the EBA submitted further analyses, first and foremost an analysis that concluded that Danish mortgage bonds were as liquid as government bonds – also during the crisis. Consequently it was a surprise that the EBA proposed in its final recommendation to the EU Commission at the end of December 2013 that the recommendations submitted by the Basel Committee are followed – recommendations that include Danish mortgage bonds in Level II and that set a 40% cap on Level II assets.

The final decision as to which assets may be included in Level I and Level II, respectively, will be taken by the EU Commission. The EBA's recommendation represents its input into this decision. The Council of Ministers and the European Parliament will be consulted before the EU Commission makes a decision.

Denmark – led by the central bank and the government – is currently struggling to secure inclusion of Danish mortgage bonds as Level I assets (where no limitation exists), alternatively to raise the 40% cap on Level II assets.

It is expected that the solution will be found where Danish mortgage bonds to a large extent are eligible for inclusion in the liquidity buffer under the forthcoming rules.

Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk.

The Group classifies its operational losses in three main groups according to frequency and severity:

- High-frequency, low-severity losses
- Medium-frequency, medium-severity losses
- Low-frequency, high-severity losses.

High-frequency, low-severity losses are handled via the Group's budget and accounting systems. The extent is budgeted on an annual basis and assessed regularly via accounting follow-up at branch and regional level.

Medium-frequency, medium-severity losses are handled via an internally developed system which collects loss data on an ongoing basis. Collection is electronic and loss data is classified according to event type and business line. Moreover the system ensures compliance with the Group's business procedures for approval, information, accounting and payment, if any.

Low-frequency, high-severity losses are handled manually, both when reporting the event and when reporting to management.

Management receives ongoing reporting as regards all medium-severity and high-severity losses, including distribution by event type and business line as well as developments concerning frequency and size.

Collection and storage of loss data is a significant condition of any subsequent application of internal models to calculate the capital requirement.

On the basis of reported events and trends in other observable data, business procedures and routines are continuously improved in order to minimise the number of errors and events involving a risk of loss.

The Group reviews all business lines annually with the aim of identifying, describing and analysing the largest individual risks where the Group may incur significant losses as well as the relevant business procedures and routines for the purpose of minimising such risks.

The Group applies the Standardised Approach to calculate the capital requirement in accordance with Basel II. Under this approach the capital requirement is calculated on the basis of weightings in compliance with the Capital Requirements Directive. Weightings are assigned to each of the following business lines:

- Corporate finance
- Trading and sales
- Retail brokerage
- Commercial banking
- Retail banking
- Payment and settlement
- Agency services
- Asset management.

The Group's accounting ensures that gross income can be allocated to these business lines and the Group's capital requirement for operational risk is determined for each business line as gross income multiplied by the weighting assigned to the individual business line. In 2013 the Group's total capital requirement for operational risk represented DKK 667m (2012: DKK 670m).

IT security

Virtually all the Bank's transactions involve the use of IT. This applies to transactions made at the Bank as well as transactions initiated by clients via the different self-service systems made available to them.

Consequently IT supply is a significant aspect of the Bank's operational risk.

On an ongoing basis the Group describes and reviews this area – on an overall level, on a general operational level as well as on a system level. As a result requirements have been specified for accessibility and integrity of the individual elements of IT supply. The IT supply requirements are based on the IT security policy formulated by the Board of Directors which is prepared and determined on the basis of a risk analysis. The IT security policy is reviewed and adopted once a year by the Board of Directors.

In the IT security policy the Board of Directors assesses the current risk scenario and against this background specifies the requirements for eg accessibility and reliability in terms of the different elements of IT supply, including systems and data. As a result of these requirements, a significant part of the Group's use of IT has been mirrored to minimise the risk of operational disruptions.

The IT security policy applies to all aspects of the Bank's IT use and as such must be respected by Bankdata (the Bank's primary IT supplier) as well as by the business partners to whom Bankdata has further outsourced services, including JN Data, which is responsible for the day-to-day operations, as well as Nets DanID, which by way of the NemID system delivers part of the security associated with the systems that are made available to clients.

Contingency exercises are performed on a regular basis to ensure that the Bank is able to handle any events that may arise.

In accordance with current anti-terrorism and money laundering rules the Bank must ensure that proof of identity of its clients exist. Moreover the Bank must perform regular checks as regards the transactions that are submitted through the Bank's systems. Suspicious transactions must be reported.

Capital base

The Bank is a licensed financial services provider and must therefore comply with the capital requirements contained in the Danish Financial Business Act. Danish capital adequacy rules are based on EU capital requirements directives and apply to both the parent and the Group.

The capital adequacy rules call for a minimum capital level of 8.0% of risk-weighted assets plus any additional individual capital needed. Detailed rules regulate the calculation of capital as well as risk-weighted assets.

The capital base is made up of core capital and supplementary capital. Core capital comprises shareholders' equity and hybrid core capital.

The difference between the carrying amount of shareholders' equity and the capital base is shown in note 3.

The Group's subordinated capital, hybrid core capital and supplementary capital may, subject to certain conditions, be included in the capital base. The Danish executive order on the calculation of capital base specifies these conditions. The Group's subordinated capital is shown in note 32.

The Group has determined new capital targets and considers a common equity Tier 1 capital ratio of 12% as well as a solvency ratio of 15% as being satisfactory for the years ahead.

The international rating agency, Moody's, regularly assesses the Group's ability to honour its payment obligations. The rating targets are an essential part of the Group's capital targets because a good rating gives the Group easier and cheaper access to capital and liquidity in the capital markets.

In 2013 the Group has met regulatory capital requirements as well as internal capital targets.

Management Statement

We have reviewed and approved the 2013 Annual Report of Sydbank A/S.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the financial statements of the parent company are prepared in accordance with the Danish Financial Business Act. Furthermore, the annual report is prepared in compliance with Danish disclosure requirements for listed financial companies.

In our opinion the consolidated financial statements and the financial statements give a true and fair view of the Group's and the parent company's assets, shareholders' equity and liabilities and financial position at 31 December 2013 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January – 31 December 2013. Moreover it is our opinion that the management's review includes a fair review of the developments in the Group's and the parent company's operations and financial position as well as a description of the most significant risks and elements of uncertainty which may affect the Group and the parent company, respectively.

We propose that the Annual Report be submitted for adoption by the AGM.

Aabenraa, 19 February 2014

Group Executive Management

Karen Frøsig
(CEO)

Bjarne Larsen

Jan Svarre

Board of Directors

Anders Thoustrup
(Chairman)

Hanni Toosbuy Kasprzak
(Vice-Chairman)

Svend Erik Busk

Peder Damgaard

Harry Max Friedrichsen

Erik Bank Lauridsen

Torben Nielsen

Steen Tophøj

Jan Uldahl-Jensen

Margrethe Weber

Auditors' Reports

Internal Audit

To the shareholders of Sydbank A/S

Internal Audit's report on the consolidated financial statements and the parent company financial statements
We have audited the consolidated financial statements and the parent company financial statements of Sydbank A/S for the financial year 1 January – 31 December 2013. The consolidated financial statements and parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent company financial statements are prepared in accordance with the Danish Financial Business Act. Further, the consolidated financial statements are prepared in accordance with Danish disclosure requirements for listed financial institutions.

Basis of opinion
We have conducted our audit in accordance with the Danish Financial Supervisory Authority's Executive Order on Auditing Financial Undertakings etc. as well as Financial Groups and in accordance with International Standards on Auditing. This requires that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

The audit has been performed in accordance with the division of work agreed with the external auditors and has included an assessment of established procedures and internal controls, including the risk management organised by Management aimed at reporting processes and significant business risks. Based on materiality and risk, we have examined, on a test basis, the basis of amounts and other disclosures in the consolidated financial statements and the parent company financial statements. Furthermore, the audit has included evaluating the appropriateness of the accounting policies applied by Management and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We have participated in the audit of material and risky areas and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the established procedures and internal controls, including the risk management organised by Management aimed at reporting processes and significant business risks, are working satisfactorily.

Furthermore, in our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2013 and of the results of the Group's and the parent company operations and cash flows for the financial year 1 January – 31 December 2013 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial institutions in respect of the consolidated financial statements and in accordance with the Danish Financial Business Act in respect of the parent company financial statements.

Statement on the Management's review
Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Aabenraa, 19 February 2014

Ole Kirkbak
Head of Internal Audit

Independent Auditors' Report

To the shareholders of Sydbank A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements
We have audited the consolidated financial statements and the parent company financial statements of Sydbank A/S for the financial year 1 January – 31 December 2013. The consolidated financial statements and parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent company financial statements are prepared in accordance with the Danish Financial Business Act. Further, the consolidated financial statements are prepared in accordance with Danish disclosure requirements for listed financial institutions.

Management's responsibility for the consolidated financial statements and the parent company financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU (the consolidated financial statements), the Danish Financial Business Act (the parent company financial statements) and Danish disclosure requirements for listed financial institutions and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at

31 December 2013 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2013 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial institutions in respect of the consolidated financial statements and in accordance with the Danish Financial Business Act in respect of the parent company financial statements.

Statement on the Management's review

Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Aabenraa, 19 February 2014

KPMG
Statsautoriseret Revisionspartnerselskab

Jakob Nyborg
State Authorised Public Accountant

Jon Midtgaard
State Authorised Public Accountant

Company Announcements and Financial Calendar

Announcements to NASDAQ OMX Copenhagen A/S 2013

No	Date	Contents
01/2013	13 February 2013	Notice convening the Annual General Meeting of Sydbank A/S
02/2013	20 February 2013	Announcement of the 2012 Financial Statements
03/2013	14 March 2013	Annual General Meeting of Sydbank A/S
04/2013	14 March 2013	Sydbank's Board of Directors
05/2013	30 April 2013	New Group Executive Management member
06/2013	1 May 2013	Interim Report – Q1 2013
07/2013	18 June 2013	Sydbank's Group Executive Management
08/2013	31 July 2013	Sydbank's Board of Directors
09/2013	7 August 2013	Settlement of bankTrelleborg claims
10/2013	9 August 2013	New Group Executive Management member
11/2013	21 August 2013	Interim Report – First Half 2013
12/2013	29 October 2013	Interim Report – Q1-Q3 2013
13/2013	11 November 2013	Decision as to purchase offer for shares in DiBa Bank A/S
14/2013	21 November 2013	Publication of offer document and offer advertisement for Sydbank's tender offer to the shareholders of DiBa Bank A/S
15/2013	2 December 2013	Approval by the competition regulators in connection with Sydbank's voluntary recommended public tender offer to the shareholders of DiBa Bank A/S
16/2013	5 December 2013	Sydbank to record extraordinary impairment charges of DKK 500m in Q4 2013
17/2013	6 December 2013	The Danish FSA approves Sydbank's acquisition of the shares in DiBa Bank A/S
18/2013	12 December 2013	Implementation of amendments to the Articles of Association of DiBa Bank A/S in connection with Sydbank's voluntary recommended public tender offer
19/2013	16 December 2013	EBA data collection
20/2013	20 December 2013	Implementation of Sydbank's voluntary recommended public tender offer to the shareholders of DiBa Bank A/S – Announcement of the result

2014 Financial Calendar

19 February 2014	Announcement of the 2013 Financial Statements
13 March 2014	Annual General Meeting of Sydbank A/S
30 April 2014	Interim Report – Q1 2014
20 August 2014	Interim Report – First Half 2014
28 October 2014	Interim Report – Q1-Q3 2014

Shareholders' Meetings 2014

Town	Date	Time	Venue
Esbjerg	Thursday 27 March	6.30pm	Musikhuset
Gråsten	Tuesday 25 March	6.30pm	Ahlmannsparken
Horsens	Tuesday 18 March	6.30pm	Forum Horsens
Kolding	Wednesday 19 March	6.30pm	Kolding Teater
Copenhagen	Monday 24 March	6.30pm	The Black Diamond, The Queen's Hall
Nordborg	Thursday 20 March	6.30pm	Nord-Als Idrætscenter
Odense	Tuesday 25 March	6.30pm	Odense Congress Center
Padborg	Monday 17 March	6.30pm	Grænsehal 3, Kruså
Svendborg	Thursday 27 March	6.30pm	Svendborg Teater
Sønderborg	Monday 17 March	6.30pm	Frihedshallen
Tønder	Tuesday 18 March	6.30pm	Tønderhal 2
Varde	Monday 24 March	6.30pm	Hotel Arnbjerg
Vejle	Thursday 20 March	6.30pm	DGI Huset (hal 1)
Aabenraa	Wednesday 26 March	6.30pm	Aabenraa Svømme- og Idrætscenter
Aarhus	Wednesday 19 March	6.30pm	Hermans, Tivoli Friheden

Notice Convening the Annual General Meeting

Notice Convening the Annual General Meeting of Sydbank A/S

Sydbank's Annual General Meeting will be held on Thursday 13 March 2014 at 3.00pm in Sønderjyllandshallen, H.P. Hanssensgade 7, 6200 Aabenraa, Denmark.

Agenda according to Article 8 of the Articles of Association:

1. Report of the Board of Directors on the Bank's activities in 2013.
2. Submission of the audited annual report for adoption.
3. Motion for the allocation of profit or cover of loss according to the adopted annual report.
4. Election of members to the Shareholders' Committee.
5. Appointment of auditors.
6. Motions, if any, submitted by the Board of Directors or shareholders.
7. Any other business.

The agenda, complete proposals and audited annual report will be available for inspection by the shareholders at sydbank.dk/generalforsamling and sydbank.com/generalmeeting and at Sydbank's branches no later than three weeks before the General Meeting.

The Bank's share capital totals DKK 742,499,990.
As regards shareholders' voting rights, reference is made to Article 10 of the Bank's Articles of Association.

Shareholders are entitled to attend and to raise questions at the General Meeting and to vote according to the number of shares held by a shareholder on the date of registration, which is 6 March 2014.

Admission cards for the General Meeting can be ordered at any of Sydbank's branches or at sydbank.dk/generalforsamling and sydbank.com/generalmeeting no later than Friday 7 March 2014.

If a shareholder wishes to vote by postal vote or to issue an instrument of proxy to the Board of Directors or others, the necessary documents are available at the Bank's websites. Instruments of proxy must have been received by the Bank no later than 7 March 2014 and postal votes must have been received by the Bank no later than 11 March 2014.

Aabenraa, 12 February 2014

The Board of Directors of Sydbank A/S
Anders Thoustrup
Chairman

Board of Directors and Group Executive Management

Board of Directors

Following the AGM on 14 March 2013 the Board of Directors elected its chairman Anders Thoustrup and vice-chairman Hanni Toosbuy Kasprzak.

Chairman
Anders Thoustrup
Randers
Born 27 February 1949.
Elected to Board of Directors in 2000.
Expiry of current term of office: 2015.
Chairman of Remuneration Committee, Chairman of Nomination Committee and member of Audit Committee and Risk Committee (under establishment).

General Manager, Chairman of the Boards of Directors of B.N. Skilte Randers A/S and Randers Investeringsselskab A/S. Member of the Boards of Directors of Fond til fordel for almenvellet i Randers og omegn, Vækstfonden, Sonja og Wilhelm Mathisens Fond, Godsejer Lilly Friis og godsejer, dyrlæge, dr. med.vet. Carl W. Friis' Fond, Hotel Randers A/S, Aktieselskabet af 1. August 1942, Randers Parkering & Service A/S and A/S Randers Maskin-, Automobil- og Tandhjulsfabrik. Member of the Board of Directors/Executive Management of Danish African Development Company A/S. Member of the Executive Management of Egevangen Invest ApS.

Vice-Chairman
Hanni Toosbuy Kasprzak
Haderslev
Born 21 July 1957.
Elected to Board of Directors in 2006.
Expiry of current term of office: 2014.
Member of Audit Committee, Nomination Committee and Risk Committee (under establishment).

Board Chairman, Chairman of the Boards of Directors of ECCO Sko A/S, ECCO Holding A/S, ECCO Asia Pacific Ltd., Hong Kong, ECCO Singapore Pte. Ltd., Singapore, ECCO EMEA B.V., the Netherlands, ECCO EMEA Sales SE, the Netherlands, ECCO USA Inc., HADA Holding A/S and Toosbuys Fond. General Manager of Anpartsselskabet af 1. oktober 2011. Vice-Chairman of the Board of Directors of Dressurens venner.

Svend Erik Busk
Aabenraa
Born 16 January 1948.
Elected to Board of Directors in 2009.
Expiry of current term of office: 2016.
Chairman of Audit Committee.

General Manager, Chairman of the Boards of Directors of Bjergmose A/S, Application Factory ApS and Van Overbeek ApS. Member of the Boards of Directors of Slovakian Farm Invest A/S, Duus A/S, ZENI Arkitekter A/S, Heinrich Callesen Holding A/S, JFJ Invest Haderslev ApS, Soenderskov ApS, RC Landbrug ApS and Aabenraa Antikvitetshandel, Hans Jørgen Petersen A/S. General Manager of Staudan A/S. General Manager and member of the Board of Directors of 2+STAU ApS.

Peder Damgaard
Kruså
Born 13 December 1956.
Elected to Board of Directors in 2006.
Expiry of current term of office: 2014.
Member of Remuneration Committee.

General Manager, former Principal, Chairman of the Board of Directors of BHJ Fonden. Member of the Board of Directors of Rødding Højskole. General Manager of Gråsten Andelsboligforening.

Erik Bank Lauridsen
Esbjerg
Born 31 January 1952.
Elected to Board of Directors in 2011.
Expiry of current term of office: 2014.
Member of Remuneration Committee.

General Manager, Chairman of the Boards of Directors of Arnbjergparken I/S, Arnbjerg Pavillonen I/S, Concens A/S and Europæisk Autoskadecenter A/S. Member of the Board of Directors and General Manager of Holding C.L. A/S and E. Bank Lauridsen Holding A/S. Member of the Boards of Directors of Kong Haralds Park 1 A/S, West-Coast Real Estate A/S, West-Coast Real Estate II A/S, REKA Management A/S, West-Coast Real Estate Herlev A/S, BROM-BÆRPARKEN BYGN. A A/S, BROM-BÆR-PARKEN BYGN. B A/S, Green Force Company A/S and WCRE Holding A/S. General Manager of E.B.L. III ApS, E.B.L. II ApS and Reder Holding ApS.

Torben Nielsen
Haslev
Born 2 November 1947.
Elected to Board of Directors in 2013.
Expiry of current term of office: 2016.
Chairman of Risk Committee (under establishment) and member of Nomination Committee.

Former Central Bank Governor, Chairman of the Boards of Directors of Investeringsforeningen Sparinvest, Specialforeningen Sparinvest, Specialforeningen Sparinvest Pengemarked, Investeringsforeningen Sparinvest Sicav, Luxembourg, EIK banki p/f, the Faroe Islands, VP Lux S.a.r.l., Museum Sydøstdanmark, Vordingborg Borg Fond and Capital Market Partners A/S. Vice-Chairman of the Boards of Directors of Tryg a/s, Tryg forsikring a/s and VP Securities a/s. Member of the Boards of Directors of Sampension KP Livsforsikring a/s, Sampension Administrationsselskab A/S, ID-Sparinvest A/S and DLR Kredit A/S. Member of the Executive Management of Bombebøssen. General Manager of Bawn Invest ApS.

Harry Max Friedrichsen
Stubbæk, Aabenraa
Born 17 April 1951.
Elected to Board of Directors in 1990.
Expiry of current term of office: 2014.
Assistant Manager, elected by the staff.

Steen Tophøj
Odense
Born 2 January 1967.
Elected to Board of Directors in 2010.
Expiry of current term of office: 2014.
Head of Retail Banking, elected by the staff.

Jan Uldahl-Jensen
Kolding
Born 11 February 1953.
Elected to Board of Directors in 2002.
Expiry of current term of office: 2014.
Assistant Manager, elected by the staff.

Margrethe Weber
Aabenraa
Born 8 July 1956.
Elected to Board of Directors in 1993.
Expiry of current term of office: 2014.
Bank Clerk, elected by the staff.

CEO
Karen Frøsig
Born 23 September 1958.
Group Executive Management member since 2008. CEO since 2010.
Chairman of the Board of Directors of Ejendomsselskabet af 1. juni 1986 A/S. Chairman of Bogføringsforeningen Bankdata. Chairman of Regional Bankers' Association. Member of the Boards of Directors of PRAS A/S, The Danish Bankers Association, Totalkredit A/S, BI Holding A/S and DLR Kredit A/S.

Deputy Group Chief Executive
Jan Svarre
Born 6 January 1963.
Group Executive Management member since 2013.

Deputy Group Chief Executive
Bjarne Larsen
Born 5 November 1963.
Group Executive Management member since 2013.
Member of the Board of Directors of Ejendomsselskabet af 1. juni 1986 A/S.

Regions

Odense Region
Claus Braad Hansen
Group Executive Vice President

Regional head office
Vestergade 33, DK-5100 Odense C
Tel +45 74 37 92 00

Copenhagen Region
Mogens Nygaard
Group Executive Vice President

Regional head office
Kgs. Nytorv 30, DK-1050 Copenhagen K
Tel +45 74 37 78 00

Kolding Region
Thomas Thoft Madsen
Group Executive Vice President

Regional head office
Jernbanegade 14, DK-6000 Kolding
Tel +45 74 37 50 00

Herning Region
Claus Brændstrup
Group Executive Vice President

Regional head office
Dalgasgade 22, DK-7400 Herning
Tel +45 74 37 62 00

Næstved Region
Jesper Lund Wimmer
Group Executive Vice President

Regional head office
Axeltorv 4, DK-4700 Næstved
Tel +45 74 37 48 20
Tel +45 55 75 40 10

Sønderborg Region
Bente Holm Skylvad
Group Executive Vice President

Regional head office
Jernbanegade 35, DK-6400 Sønderborg
Tel +45 74 37 70 00

Aabenraa Region
Henning Danielsen Dam
Group Executive Vice President

Regional head office
Storegade 18, DK-6200 Aabenraa
Tel +45 74 37 30 00

Sydbank in Germany
Kim Møller Nielsen
Group Executive Vice President

Regional head office
Rathausplatz 11, D-24937 Flensburg
Tel +49 461 8602 0

Esbjerg Region
Brian Knudsen
Group Executive Vice President

Regional head office
Kongensgade 62, DK-6701 Esbjerg
Tel +45 74 37 65 00

Vejle Region
Tina Kromann Lyngsø
Group Executive Vice President

Regional head office
Kirketorvet 4, DK-7100 Vejle
Tel +45 74 37 58 00

Aarhus-Aalborg Region
Torben R. Rasmussen
Group Executive Vice President

Regional head office
Store Torv 12, DK-8000 Aarhus C
Tel +45 74 37 57 00

Sydbank Agriculture
Arne Jørgensen
Group Executive Vice President

Sydbank Agricultural Centre
Hærvejen 41, DK-6230 Rødekro
Tel +45 74 37 42 90

Organisation

Board of Directors

Internal Audit
Ole Kirkbak

Group Executive Management

Karen Frøsig

Bjarne Larsen

Jan Svarre

Central functions

Corporate Banking & Finance
Steen Streubel Hansen

Group Executive Management Secretariat & IT
Niels Møllegaard

Corporate Clients & Private Banking
Vacant

Operations
Niels Skylvad

Business Processes
Mogens Kristensen

Legal Department & Compliance
Stig Westergaard

Asset Management
Michael Andersen

Communications & Marketing
Eva Sand

Credits
Per Klitt Jensen

Sydbank Markets
Lars Bolding

HR
Else Guldager

Retail Clients
Jess Olsen

Risk
Bjørn S. Clausen

Accounting
Mogens Sandbæk

Line functions

Odense Region
Claus Braad Hansen

Copenhagen Region
Mogens Nygaard

Kolding Region
Thomas Thoft Madsen

Herning Region
Claus Brændstrup

Næstved Region
Jesper Lund Wimmer

Sønderborg Region
Bente Holm Skylvad

Aabenraa Region
Henning Danielsen Dam

Sydbank in Germany
Kim Møller Nielsen

Esbjerg Region
Brian Knudsen

Vejle Region
Tina Kromann Lyngsø

Aarhus-Aalborg Region
Torben R. Rasmussen

Sydbank Agriculture
Arne Jørgensen

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