

## COMPANY PROFILE

# Sydbank A/S

Aabenraa, Denmark

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### Company Overview

Sydbank A/S (Sydbank) is a public limited liability company and the fourth largest bank in Denmark. It holds a market share of around 3.8% in the Danish banking sector based on total consolidated assets of DKK157.8 billion (€21.2 billion), as of 31 December 2009.

Sydbank is a full-service commercial bank providing retail, corporate and investment and private banking services primarily to private individuals and SMEs in Denmark.

Sydbank was established in 1970 as a result of the merger of four local banks in Southern Jutland. Since December 2006, its shares have been listed on the NASDAQ OMX Copenhagen. As of 31 December 2009, two shareholders – Nykredit Realkredit A/S and ATP – each held more than 5% of the bank's share capital.

In October 2008, the Danish government issued a two-year financial stability package, which provides a guarantee for deposits and senior claims against participating Danish financial institutions until 30 September 2010. Sydbank is covered by the scheme.

Note: Currency converted using exchange rate of DKK-€ 0.13438 as of 31 Dec 2009

Source: Company Report (annual report Dec 09), Company data, Danmarks Nationalbank, www.oanda.com, Moody's research

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## Financial Highlights (as Reported)

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytic purposes. For Moody's generated ratios on **Sydbank A/S**, please see <[Sydbank A/S page on moodys.com](#)>.

### Latest Full-Year Results

#### Sydbank A/S

DKK MILLION	31-DEC-09	31-DEC-08	31-DEC-07	% CHANGE 09/08	% CHANGE 08/07
DKK/€, Period end	0.13438	0.13422	0.13411		
Total Assets	157,821	155,975	132,323	1.18	17.87
Total Shareholders' Equity	9,118	7,088	6,697	28.64	5.84
Shareholders' Equity excluding Minority Interest	-	-	-	-	-
Capital base after deductions	11,809	10,989	9,786	7.46	12.29
Tier 1 Ratio (%)	13.1	10.8	8.9	230 bps	190 bps
Net Income	781	606	1,710	28.88	(64.56)
Net Income Attributable to Equity Holders	-	-	-	-	-

Note: 1) Consolidated financials are considered

2) "Shareholders' Equity excluding Minority Interest" and "Net Income Attributable to Equity Holders" both are not applicable for the bank

3) FYE 2008 onwards, the "Capital base after deductions" and "Tier 1 Ratio" are calculated according to CRD (full Basel II)

Source: Company Reports (annual report Dec 09 and Dec 08), [www.oanda.com](http://www.oanda.com)

## Business Activities

Sydbank is a full-service commercial bank providing retail, corporate and investment and private banking services. It services mainly private individuals and SMEs in Denmark, offering both its own products and those of third-party providers. In addition, Sydbank provides leasing services to corporate clients.

The bank organises its business activities into four segments as follows: Banking, Markets, Treasury and Other. In financial year ending 31 December 2009 (FYE December 2009), the Banking segment was the largest contributor to the bank's core income (85.4%)<sup>1</sup>.

**Banking:** This segment provides retail banking, corporate banking, private banking, financial advisory and asset management services. The bank provides investment advisory and asset management services to foreign clients through its PBI (Private Banking International) department in Gråsten. Corporate banking services include cash management, payment services, interest rate and foreign exchange risk hedging instruments and merchant banking specialist function including advisory services. The bank is also in partnership with Totalkredit/Nykredit and DLR Kredit (agricultural mortgage bank) in residential mortgages and agricultural businesses, respectively and also offers insurance services through Topdanmark and PFA. As of 31 December 2009, the segment reported total consolidated assets of DKK82.6 billion (€11.1 billion) and accounted for 85.4% of the bank's core income in FYE December 2009.

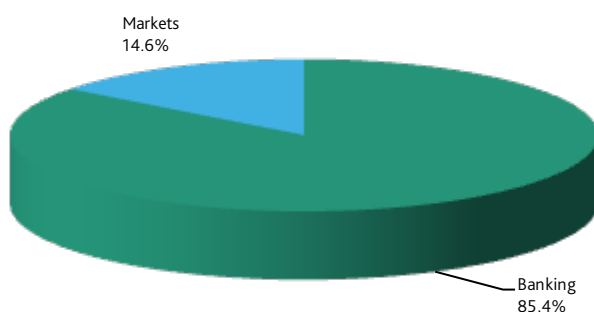
<sup>1</sup> Throughout this section such percentages are calculated by excluding "Others", which primarily includes non-recurring items, contribution to the Private Contingency Association, costs to the Group Executive Management as well as return on strategic shareholdings that cannot be allocated to Banking or Sydbank Markets segments.

**Markets:** This segment manages the bank's trading and customer oriented activities in foreign exchange, fixed income and securities market. The segment is a primary dealer of Danish government bonds and provider of financial instruments including derivatives. As of 31 December 2009, the segment reported total consolidated assets of DKK58.5 billion (€7.9 billion) and accounted for 14.6% of the bank's core income in FYE December 2009.

**Treasury:** This segment is responsible for the management of the bank's treasury portfolio. As of 31 December 2009, the segment reported total consolidated assets of DKK15.8 billion (€2.1 billion).

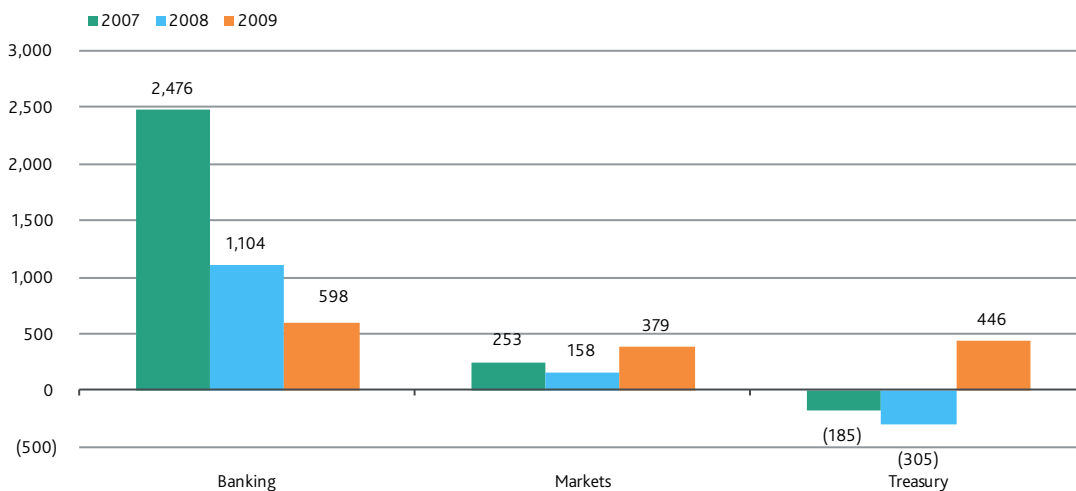
Note: Currency converted using exchange rate of DKK-€ 0.13438 as of 31 Dec 2009  
 Source: Company Report (annual report Dec 09), Company data, Moody's research, [www.oanda.com](http://www.oanda.com)

FIGURE 1  
**Business Segment (% of Core Income, consolidated, for FYE Dec 09)**



Note: (1) Excluding "Others" segment  
 (2) For FYE Dec 09, Core income for "Treasury" segment was nil  
 Source: Company Report (annual report Dec 09: Pg 38)

FIGURE 2  
**Pre-tax Profit / (Loss) by Business Segment (consolidated, in DKK million)**



Note: Excluding "Others" segment  
 Source: Company Reports (annual report Dec 09: Pg 38 and Pg 39; and Dec 08: Pg 56)

## Distribution Capacity and Market Share

As of 31 December 2009, Sydbank's domestic distribution network consisted of 110 branches (113 including overseas branches) located in 17 Danish regions with the main focus on Jutland, Funen and the Greater Copenhagen area, where almost 90% of the bank's branch network is located. During FYE December 2009, the bank closed two small branches.

Internationally, the bank operates three branches in Northern Germany (Flensburg, Hamburg and Kiel). It also operates a wholly owned subsidiary Sydbank (Schweiz) AG in Switzerland. Sydbank conducts activities in Gråsten, Denmark, through its PBI (Private Banking International) department which offers asset management services to non-residents.

The bank serviced 382,000 customers including approximately 30,000 corporate customers as of 31 December 2009. The majority of its customers are based in Jutland (almost 80%).

In addition, as of 31 December 2009, Sydbank's distribution network was supported by 164 ATMs. The bank also distributes its products through its ebanking service "NetBank", which provides internet and telephone support services for both retail and corporate customers. Over one third of customers are registered on the direct banking channels and around 90% of all payment transactions are completed through these channels.

The bank's takeover of bankTrelleborg in February 2008 enlarged Sydbank's own physical distribution network in Zealand. At the same time, its expansion into Roskilde further enhanced the bank's position in the Greater Copenhagen area.

The distribution of bank's core income by geographical segments is as follows:

### Sydbank A/S

GEOGRAPHIC SEGMENT	CORE INCOME (%)	
	2009	2008
Denmark	96.2	95.1
Abroad	3.8	4.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

As of 31 December 2009, Sydbank was the fourth largest bank in Denmark. It has a market share of 4%-5% of the domestic retail market, 6% of the domestic corporate sector and an overall market share of 20%-25% of banking business in Southern Jutland. The bank's share of the Danish banking sector in terms of consolidated assets, loans, deposits and equity was as follows:

**Market Share of Sydbank A/S**

(% SHARE)	DEC-09	DEC-08	DEC-07
Assets	3.81	3.41	3.32
Loans	3.02	3.01	2.98
Deposits	2.65	2.61	2.37
Equity	2.84	2.58	2.52

Note: 1) 'Loans' represent 'Loans and Advances at amortised cost' and 'Capital and Reserves' represent 'Equity'

2) The above % share has been calculated on the basis of Total Danish banking sector data

Source: Company Reports (annual report Dec 09 and Dec 08), Danmarks Nationalbank

**Ownership and Structure**

As of 31 December 2009, the bank had 74,249,999 shares issued. Since December 2006, these have been listed on the NASDAQ OMX Copenhagen (Stock code: SYDB), which is regulated by Finanstilsynet (the Danish Financial Supervisory Authority).

As of 31 December 2009, the bank had 149,000 shareholders. Two shareholders – Nykredit Realkredit A/S and ATP – each held more than 5% of the bank's share capital. Nykredit Realkredit A/S is a member of the Nykredit Group, which is the second largest lender and the largest mortgage provider in Denmark. No shareholder on his own behalf is entitled to cast a vote of more than 5,000 shares.

**Subsidiaries**

As of 31 December 2009, the bank's subsidiaries and associates were as follows:

**Sydbank A/S**

NAME OF THE COMPANY	REGION	ACTIVITY	% HELD
<b>Subsidiary Companies</b>			
Sydbank (Schweiz) AG	Switzerland	Banking	100
Ejendomsselskabet af 1. juni 1986 A/S	Aabenraa	Real property	100
<b>Associate Companies</b>			
Value-Call S.A.	Luxembourg	Investment and finance	50
Foreningen Bankdata	Fredericia	IT	49
Core Property Management A/S	Copenhagen	Real property	20
<b>Other entities in which the bank owns more than 10% of the share capital:</b>			
PRAS A/S	Copenhagen	Investment and finance	11
ValueInvest Asset Management S.A.	Luxembourg	Investment and finance	14
Scandinavian Private Equity Partners A/S	Copenhagen	Investment and finance	17
Hedeforeningen Sydinvest, afdeling Aktie & ObligationsMix II	Aabenraa	Investment and finance	28
Berlin KGI A/S	Nyborg	Real property	13

### Government Guarantee Scheme

In October 2008, the Danish government issued a two-year financial stability package, which provides a guarantee for deposits and senior claims against participating Danish financial institutions until 30 September 2010. The scheme is managed and financed by Det Private Beredskab (the Banking Sector Emergency Fund). Sydbank is covered by the guarantee scheme. While the bank's contribution to the guarantee commission will amount to DKK350-400 million (€47-54 million) per year, its share of the overall guarantee facility of DKK35 billion (€5 billion) will total approximately 5%.

In January 2009, a second government credit package for the domestic financial sector worth approximately DKK100 billion (€13 billion) was announced. Under the scheme, Sydbank would be eligible to apply for a capital injection which is in the form of hybrid capital. The package also includes the extension of the guarantee scheme for the issuance of medium-term loans by banks for maturities up to three years and loans maturing at the latest on 31 December 2013.

Note: Currency converted using exchange rate of DKK-€ as of date of the event

Source: Company Report (annual report Dec 09), Company data, Moody's research, [www.oanda.com](http://www.oanda.com), NASDAQ OMX Copenhagen A/S

### Company Management

COMPANY DIRECTORS	CURRENT TITLE	AGE	TENURE	COMMITTEES
Carsten Andersen	Sydbank: Group Chief Executive; Ejendomsselskabet af 1. juni 1986 A/S and Bogføringsforeningen Bankdata: Chairman of the Board of Directors; Multidata Holding A/S: Vice Chairman of the Board of Directors; PBS Holding A/S, PRAS A/S, the Danish Bankers' Association and the Regional Bankers' Association: Member of the Board of Directors	64	28 <sup>2</sup>	N/A
Preben Hansen	Sydbank: Deputy Group Chief Executive; DLR Kredit A/S: Vice Chairman of the Board of Directors	60	17	N/A
Karen Frøsig	Sydbank: Deputy Group Chief Executive; Sydbank (Schweiz) AG: Chairman of the Board of Directors; Ejendomsselskabet af 1. juni 1986 A/S and Totalkredit A/S: Member of the Board of Directors	51	1	N/A
Allan Nørholm	Sydbank: Deputy Group Chief Executive; Value-Call S.A. and BankInvest: Member of the Board of Directors	44	1	N/A

BOARD OF DIRECTORS	AFFILIATION	AGE	TENURE	COMMITTEES
Kresten Philipsen	Sydbank: Chairman; Privathospitalet Kollund A/S and Syd Energi Holding A/S: Chairman of the Board of Directors; DONG Energy Power A/S, Dansk-Tysk Landbrugsinvestering A/S, Gråsten, A/S Plantningsselskabet Sønderjylland, Netsam A/S, Dalgasgruppen A/S and DONG Energy A/S: Member of the Board of Directors	64	10	Audit Committee
Anders Thoustrup	Sydbank: Vice Chairman; Thoustrup & Overgaard A/S and Danish African Development Company A/S: General Manager, Member of the Board of Directors/ Executive Management;	61	9	Audit Committee

BOARD OF DIRECTORS	AFFILIATION	AGE	TENURE	COMMITTEES
	Randers Investeringselskab A/S and Maskinfabrikken Fornax A/S: Chairman of the Board of Directors; Hotel Randers A/S, Aktieselskabet af 1. August 1942, Randers Parkering & Service A/S, N. Graversens Metalvarefabrik A/S and Grameta A/S.: Member of the Board of Directors			
Svend Erik Busk	Sydbank: Member of the Board of Directors; DUKAS Danmark A/S and Bjergmose A/S: General Manager, Chairman of the Boards of Directors; Duus A/S, ZENI Arkitekter A/S, Heinrich Callesen Holding A/S, Aabenraa Antikvitetshandel, Hans Jørgen Petersen A/S: Member of the Boards of Directors; Slovakian Farm Invest A/S, Artemis A/S and Staudan A/S: General Manager	62	<1	Audit Committee (C)
Otto Christensen	Sydbank: Member of the Board of Directors; Good Food Group A/S, Dan Labels A/S, JAN Import A/S, Cico Invest A/S and OC Danmark Holding A/S: General Manager, Managing Director and Member of the Board of Directors; Scandic Food A/S and Mammen Emballage A/S: Chairman of the Board of Directors;  AC Danmark Holding A/S, TC Danmark Holding A/S, Generationssskifte & Vækst A/S and Emballage Holding A/S: Member of the Board of Directors	60	7	N/A
Peder Damgaard	Sydbank: Member of the Board of Directors	53	3	N/A
Harry Max Friedrichsen	Sydbank: Member of the Board of Directors elected by staff and Assistant Manager	59	19	N/A
Peter Gæmelke	Sydbank: Member of the Board of Directors; DLR Kredit A/S and Kirkbi A/S: Member of the Board of Directors	55	2	N/A
Hanni Toosbuy Kasprzak	Sydbank: Member of the Board of Directors; Ecco Sko A/S, Ecco Holding A/S and Hada Holding A/S: Chairman of the Board of Directors	59	3	N/A
Per Olesen	Sydbank: Member of the Board of Directors elected by staff and Group Executive Vice President	41	3	N/A
Sven Rosenmeyer Paulsen	Sydbank: Member of the Board of Directors; Nordic Tankers A/S: Vice Chairman of the Board of Directors; Supreme Court Attorney	63	3	N/A
Jan Uldahl-Jensen	Sydbank: Member of the Board of Directors elected by staff and Assistant Manager	57	7	N/A
Margrethe Weber	Sydbank: Member of the Board of Directors elected by staff and Bank Clerk	53	16	N/A
Steen Tophøj	Sydbank: Member of the Board of Directors elected by staff	N/A	<1	N/A

(C): Committee Chair

Note: 1) 'Tenure' is from the date of joining of the board

2) 'Tenure' for Carsten Andersen represents years in current position

Source: Company Report (annual report Dec 09), Company data

## Company History

Sydbank A/S was established in 1970 as a result of the merger of four local banks in Southern Jutland. In the 1980s, the bank began to expand, establishing branches outside Southern Jutland including one in Copenhagen (1981). It merged with Århus Bank (1983) and Fynske Bank (1984) and partially acquired two Copenhagen-based banks, namely 6. juli Banken (1987) and Fællesbanken (1988). Internationally, Sydbank established branches in Germany in 1984 and 1985.

In 1990, Sydbank merged with Sparekassen Sønderjylland, the largest savings bank in Southern Jutland, improving its market position in the area through the merged entity. In 1994, Sydbank acquired the basic banking business of the troubled Varde Bank, as well as banking activities of Aktivbanken from its insurance company parent, Topdanmark. In 1995, the bank was restructured abandoning its complex holding company structure and renamed Sydbank A/S.

In 2002, Sydbank acquired Engsbank Fyn to extend its coverage in the Odense area. In 2003, the bank established a subsidiary, Sydbank (Schweiz) AG in Switzerland in order to enhance its private banking business.

In February 2008, the bank acquired bankTrelleborg in order to enlarge its physical distribution network in some areas of Denmark. Sydbank and bankTrelleborg merged their operations.

Source: Company data

## Peer Group

- » Amagerbanken
- » Danske Bank A/S
- » FIH Erhvervsbank A/S
- » Jyske Bank A/S
- » Foroya Banki A/S
- » Nordea Bank Danmark A/S
- » Nykredit Bank A/S
- » Ringkjøbing Landbobank A/S
- » Spar Nord Bank A/S



## Related Websites and Information Sources

For additional information, please see:

- » the company's website: [www.sydbank.com](http://www.sydbank.com)
- » the regulator's website: [www.finanstilsynet.dk](http://www.finanstilsynet.dk)
- » the central bank's website: [www.nationalbanken.dk](http://www.nationalbanken.dk)

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## Moody's Related Research

### Credit Opinion:

- » [Sydbank A/S](#)

### Banking System Outlook:

- » [Denmark, November 2008 \(112928\)](#)

### Banking Statistical Supplement:

- » [Denmark, March 2008 \(107974\)](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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