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Dear Sirs

Quarterly Report – Q1 2004 of the Sydbank Group

For the first three months of 2004, Sydbank recorded a highly satisfactory pre-tax profit of DKK 293m, equal to a 27% return p.a. on shareholders' equity.

The Executive Management

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Profit and loss account – Q1 (DKKm)	2003	2004
Core income excl trading income	478	479
Trading income	149	231
Total core income	627	710
Costs and depreciation	418	432
Provisions for bad and doubtful debts	74	75
Core earnings	135	203
Profit from investment portfolios	38	90
Pre-tax profit	173	293
Tax	55	90
Post-tax profit	118	203

Core income excl trading income remains at DKK 479m.

Trading income has risen from DKK 149m to DKK 231m. Compared with Q1 2003, income from asset management and customer trading in bonds, currency and particularly shares has increased.

Total core income amounts to DKK 710m.

Costs and depreciation recorded DKK 432m – an increase of just over 3%. At the end of Q1 2004, staff members numbered 1,991 compared with 1,959 at the same time in 2003. The number of branches is unchanged at 115 compared with the beginning of the year. In Q2 2004, a new branch will be opened in Viborg.

Provisions for bad and doubtful debts total DKK 75m (2003: DKK 74m) – equal to 0.6% p.a. of ordinary loans and advances, guarantees and provisions for the first three months of 2004.

Provisions etc at 31 March	2003		2004	
	DKKm	%*	DKKm	%*
Total provisions	1,428	3.2	1,485	3.2
A-provisions	1,316	3.0	1,367	2.9
Non-performing ordinary loans and advances	183	0.4	172	0.4

*In percentage terms of ordinary loans and advances, guarantees and provisions

Total provisions constitute 863% (2003: 780%) of non-performing ordinary loans and advances.

Total core earnings amount to DKK 203m compared with DKK 135m in 2003. This increase is ascribable to the significant rise in trading income.

Profit from investment portfolios amounts to DKK 90m for Q1 2004 (2003: DKK 38m).

The Group's pre-tax profit makes up DKK 293m. Less a calculated tax charge of DKK 90m, profit stands at DKK 203m and book value at DKK 575 per share. Allowing for the adopted capital reduction, book value represents DKK 595 per share.

Balance sheet and capital

Compared with 31 March 2003, the Group's total assets remain DKK 70bn. Ordinary loans and advances have risen by DKK 1.8bn to DKK 35.9bn – an increase of just over 5% – and deposits by DKK 2.0bn to DKK 37.0bn.

Guarantees etc went up by DKK 0.8bn to DKK 9.4bn.

As a result of the capital reduction which was adopted by the Annual General Meeting on 4 March, shareholders' equity has been reduced by DKK 222m. It is expected that the capital reduction will be finally registered with the Danish Commerce and Companies Agency in mid-June 2004 after which the share capital will be lowered from DKK 750m to DKK 725m. As at 31 March 2004 shareholders' equity constitutes DKK 4,312m, including profit for Q1.

The Group's solvency ratio (total capital) stands at 10.2% compared to 12.3% at the end of Q1 2003 as supplementary capital has been reduced by a net amount of approx DKK 550m. Core capital ratio (Tier 1) remains at 8.3%. Incorporating profit for the quarter, solvency (total capital) and core capital (Tier 1) ratios amount to 10.7% and 8.7% respectively.

Moody's ratings remain unchanged: A2 (long-term), P-1 (short-term) and C+ (financial strength).

Transition to IAS/IFRS

The Group's ongoing fact-finding is proceeding according to schedule.

Outlook for 2004 as a whole

In Q1 2004, performance was satisfactory. As a consequence of the significant growth in trading income, the Bank's core earnings outperformed the 2004 outlook which was published in the 2003 Annual Report. In view of this result and the Bank's performance in Q2, the Group will consider, in its half-year report, a potential upgrading of the core earnings outlook for the entire year.

Yours faithfully



Carsten Andersen
Chief Executive

Please address any enquiries regarding this Q1 Report to Carsten Andersen, Chief Executive, on tel +45 74 36 20 00, or Mogens Asmund, General Manager, on tel +45 74 36 20 50.

GROUP FINANCIAL HIGHLIGHTS

	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Full year 2003
Profit and loss account (DKKm)						
Core income excl trading income	478	481	463	443	479	1,865
Trading income	149	171	155	163	231	638
Total core income	627	652	618	606	710	2,503
Costs and depreciation	418	394	399	443	432	1,654
Provisions for bad and doubtful debts	74	75	77	74	75	300
Core earnings	135	183	142	89	203	549
Profit from investment portfolios	38	98	23	58	90	217
Profit before Totalkredit gain	173	281	165	147	293	766
Gain on sale of Totalkredit	-	-	-	282	-	282
Pre-tax profit	173	281	165	429	293	1,048
Tax	55	98	55	168	90	376
Post-tax profit	118	183	110	261	203	672

Balance sheet end of period (DKKbn)

Ordinary loans and advances	34.1	34.7	33.7	34.9	35.9	34.9
Reverse repo loans and advances	5.0	4.7	4.5	4.7	5.9	4.7
Deposits	35.0	35.5	35.7	37.8	37.0	37.8
Bonds issued	1.9	1.9	1.9	1.9	1.9	1.9
Subordinated capital (Tier 2)	1.8	1.5	1.3	1.3	1.3	1.3
Shareholders' equity (Tier 1)	3.9	4.1	4.2	4.3	4.3	4.3
Total assets	69.8	69.8	68.7	73.5	69.9	73.5
Guarantees etc	8.6	9.1	9.3	9.3	9.4	9.3

Financial ratios and key figures

The Sydbank share (DKK per share *)

Pre-tax profit	23.1	37.4	22.0	57.2	39.0	139.7
Post-tax profit	15.7	24.4	14.7	34.8	27.1	89.6
Share price at end of quarter	511	687	670	803	870	803
Book value	524	549	563	578	575	578
Share price/book value	0.97	1.25	1.19	1.39	1.51	1.39

Sydbank Group

Solvency ratio (total capital)	12.3	10.5	10.5	11.1	10.2	11.1
Core capital ratio (Tier 1)	8.3	7.9	8.2	8.9	8.3	8.9
Pre-tax profit as % p.a. of avg shareholders' equity	17.9	27.9	15.8	40.1	27.1	25.7
Post-tax profit as % p.a. of avg shareholders' equity	12.2	18.2	10.6	24.4	18.8	16.5
Income/cost ratio (DKK)	1.35	1.60	1.35	1.82	1.57	1.53
Interest rate risk	5.3	5.3	3.6	4.8	5.3	4.8
Foreign exchange risk	0.1	0.1	0.0	0.1	0.1	0.1
Provisions ratio	2.9	2.8	2.9	2.9	2.8	2.9
Write-off and provisions ratios p.a. for the period	0.6	0.6	0.6	0.6	0.6	0.6
Number of full-time staff at end of quarter	1,959	1,979	2,004	1,988	1,991	1,988

*) Financial ratios and key figures are calculated on the basis of 7,500,000 shares which will be reduced by 250,000 shares according to an adoption which is expected to take final effect from mid-June 2004.

SYDBANK GROUP

DKKm	Q1 2003	Q1 2004	Full year 2003
Profit and loss account			
Interest income	782	665	2,881
Interest expense	343	256	1,162
Net interest income	439	409	1,719
Dividends from shares	11	15	44
Fee and commission income	189	225	793
Fee and commission expense	20	19	72
Net interest and fee income	619	630	2,484
Market value adjustment of securities and foreign exchange income	38	164	498
Other operating income	9	8	21
Staff costs and administrative expenses	400	417	1,567
Depreciation of tangible assets	20	17	97
Other operating expenses	0	0	0
Provisions for bad and doubtful debts	74	75	300
Profit on holdings in associated and group undertakings	1	0	9
Pre-tax profit on ordinary activities	173	293	1,048
Tax	55	90	376
Post-tax profit	118	204	672
Balance sheet at end of period			
Assets			
Cash and balances on demand at central banks	424	491	575
Amounts owed by credit institutions and central banks	5,693	5,474	8,421
Loans and advances	39,082	41,752	39,580
Bonds	18,871	16,129	18,534
Shares etc	1,473	2,040	1,842
Interests in associated undertakings etc	196	185	185
Tangible assets	907	882	902
Own holdings	97	194	204
Other assets	3,058	2,763	3,182
Prepayments	38	40	32
Total assets	69,839	69,950	73,457
Liabilities			
Amounts owed to credit institutions and central banks	21,098	20,023	21,462
Deposits	35,015	36,966	37,796
Bonds issued	1,857	1,861	1,861
Other liabilities	5,923	5,369	6,598
Deferred income	50	44	46
Provisions for obligations	134	109	103
Subordinated capital (Tier 2)	1,830	1,266	1,260
Shareholders' equity (Tier 1)	3,932	4,312	4,331
Total liabilities	69,839	69,950	73,457

SYDBANK GROUP

	Q1	Q1	Full year
DKKm	2003	2004	2003
Off-balance sheet items			
Guarantees etc	8,608	9,443	9,346
Other commitments	126	98	175
Total off-balance sheet items	8,734	9,541	9,521

Accounting policies:

The accounting policies applied in the preparation of the Q1 2004 Report are consistent with those adopted in the preceding year.

Shareholders' equity (Tier 1):

Shareholders' equity (Tier 1) at 1 January	3,577	4,331	3,577
Revaluation of unlisted securities to fair value	237	-	237
Adjusted shareholders' equity (Tier 1) at 1 January	3,814	4,331	3,814
Profit for the period	118	203	672
Capital reduction	-	(222)	-
Allocated for other purposes	-	-	(5)
Dividends	-	-	(150)
Total shareholders' equity (Tier 1)	3,932	4,312	4,331

Share capital comprises 7,500,000 shares at a nominal value of DKK 100 or a total of DKK 750m. The capital reduction of DKK 25m nominal was adopted by the AGM on 4 March 2004 and recorded directly against shareholders' equity (Tier 1).

Solvency (excl profit for the period):

Composition of capital and weighted items:

Core capital (Tier 1) after deductions	3,717	3,914	4,127
Capital base (Tiers 1+2)	5,514	4,844	5,160
Weighted items outside the trading portfolio	39,277	41,825	40,711
Weighted items with market risk etc	5,370	5,511	5,894
Total weighted items	44,647	47,336	46,605
Solvency ratio (total capital)	12.3	10.2	11.1
Core capital ratio (Tier 1)	8.3	8.3	8.9

COMMENTS – SELECTED FINANCIAL HIGHLIGHTS

	Q1	Q1	Full year
DKKm	2003	2004	2003
Core income excl trading income:			
Interest margins etc	371	365	1,444
Mortgage credit	30	32	125
Payment services	15	17	68
Remortgaging and loan fees	25	25	97
Other commission	28	32	110
Other operating income	9	8	21
Total	478	479	1,865
Trading income:			
Bonds	45	68	167
Shares	18	58	122
Foreign exchange	17	22	85
Money market	23	26	71
Asset management	46	57	193
Total	149	231	638