

Copenhagen Stock Exchange
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Dear Sirs

Sydbank Group's Q1-Q3 2005 Report

Sydbank recorded a pre-tax profit of DKK 987m for the first nine months of 2005, equal to a return of 29% p.a. on average shareholders' equity (Tier 1).

Core earnings improved by 79% – from DKK 489m in Q1-Q3 2004 to DKK 874m.

The improvement is mainly ascribable to a rise in trading income of 55% and a reduction in write-downs of loans and receivables of 58%.

Moreover ordinary loans and receivables grew by an annualized 34% which has generated a rise in core income excl trading income of 6% despite continued receding interest margins.

In summary, performance and business developments are considered highly satisfactory.

Upgrade of core earnings outlook for 2005

On the basis of realized core earnings for the first three quarters of 2005 as well as current business and earnings developments, core earnings for 2005 will make up around DKK 1,050-1,150m.

As a result the previously published core earnings outlook is upgraded by DKK 150m.

Sydbank's 2005 Annual Report has been scheduled for 21 February 2006.

Group Executive Management

Peberlyk 4
PO Box 1038
DK-6200 Aabenraa

Tel +45 74 36 36 36
Fax +45 74 36 35 36
direktionen@sydbank.dk
www.sydbank.com
SWIFT SYBKDK22

Sydbank A/S
CVRNo DK 12626509, Aabenraa

Direct tel +45 74 36 20 50
mogens.asmund@sydbank.dk

Profit and loss account

Core income excl trading income has risen by approx DKK 85m compared with the first nine months of 2004. The profit and loss account records an improvement of DKK 23m to DKK 1,468m. However the amounts are not directly comparable as the measurement of loans and receivables changed as of 31 December 2004 in connection with the transition to IFRS. Adjusted thereof, the rise from 2004 to 2005 can be estimated at DKK 85m, ie equal to 6%. In addition developments in core income excl trading income are influenced by a substantial rise in ordinary loans and receivables of 34% and continued receding interest margins.

Profit and loss account Q1-Q3 (DKKm)		
	2004	2005
Core income excl trading income	1,445	1,468
Trading income	522	810
Total core income	1,967	2,278
Costs and depreciation	1,278	1,346
Write-downs of loans and receivables etc	200	58
Core earnings	489	874
Profit from investment portfolios	66	113
Profit before tax	555	987
Tax	179	283
Profit after tax	376	704

Trading income rose from DKK 522m in Q1-Q3 2004 to DKK 810m, ascribable to higher demand for the Bank's asset management products, which brings about high business activities in Sydbank Markets as well as in the Bank's decentralized investment departments.

Total core income amounts to DKK 2,278m (2004: DKK 1,967m).

Costs and depreciation related to core income grew by DKK 68m (5.3%) to DKK 1,346m. The rise is mainly ascribable to the increase in the number of employees (full-time equivalent) to 2,117 at the end of Q3 2005 compared with 2,051 a year ago.

Write-downs of loans and receivables etc recorded DKK 58m in Q1-Q3 2005. The amount is not comparable with the write-downs in Q1-Q3 2004 as the change of measurement did not take effect until 31 December 2004. Adjusted thereof the reduction can be estimated at DKK 80m.

Total core earnings represent DKK 874m compared with DKK 489m a year ago and are directly comparable. The increase constitutes 79%.

Profit from investment portfolios amounts to DKK 113m for the nine months to 30 September 2005 (2004: DKK 66m).

The Group's pre-tax profit makes up DKK 987m. With a tax charge of DKK 283m, profit amounts to DKK 704m, equal to a return of 20% p.a. on average shareholders' equity (Tier 1). Book value represents DKK 70 per share in issue.

Balance sheet and capital

Total assets amount to DKK 90bn at 30 September 2005 (31 December 2004: DKK 78bn).

Since the beginning of the year ordinary loans and receivables have grown by DKK 8.1bn to DKK 49.9bn. The rise constitutes DKK 12.7bn or 34% compared with a year ago.

Total deposits grew by DKK 3.8bn to DKK 47.1bn in the first nine months of 2005. The rise represents DKK 5.9bn or 14% compared with a year ago.

Shareholders' equity (Tier 1) has been increased by DKK 321m since year-end and constitutes DKK 4,752m as of 30 September 2005. The changes are ascribable to dividend distribution etc of net DKK 210m, purchase of own shares of DKK 157m, tax on equity items of DKK 16m and profit for the period of DKK 704m.

The Group's solvency (total capital) ratio stands at 9.2%, core capital (Tier 1) ratio amounts to 7.3%, and core capital (Tier 1) ratio (excl hybrid core capital) to 6.4%. If profit for the nine months is included, solvency (total capital) ratio stands at 10.3%, core capital (Tier 1) ratio at 8.4% and core capital (Tier 1) ratio (excl hybrid core capital) at 7.5%.

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

Sydbank's opening balance sheet as at 1 January 2005 as well as the Q1-Q3 2005 Report are unaudited.

Outlook for 2005

On the basis of realized core earnings for Q1-Q3 2005 as well as business and earnings developments, core earnings for 2005 will exceed previously published expectations. As a result the 2005 core earnings outlook is upgraded by DKK 150m to DKK 1,050-1,150m.

All other expectations remain unchanged.

Yours faithfully



Carsten Andersen
Group Chief Executive

GROUP FINANCIAL HIGHLIGHTS

	Q1-Q3 2004	Q1-Q3 2005	Full year 2004
Profit and loss account highlights (DKKm)			
Net interest and fee income	1,850	2,010	2,531
Market value adjustments	169	371	327
Staff costs and administrative expenses	1,231	1,291	1,638
Write-downs of loans and receivables etc	200	58	225
Profit after tax	376	704	715
Balance sheet highlights (DKKbn)			
Loans and receivables	43.6	58.1	47.5
Deposits and other debt	36.5	41.7	38.4
Subordinated capital (Tier 2)	1.3	2.1	1.8
Shareholders' equity (Tier 1)	4.1	4.8	4.4
Total assets	69.4	89.5	78.4
Ratios per share (DKK per share of DK 10)			
Profit after tax **)	5.3	10.2	10.2
Share price, end of period	93.9	149.2	107.8
Book value	59.5	69.5	63.6
Share price/book value	1.58	2.15	1.69
Average number of shares in issue (millions)	70.5	68.7	70.3
Dividends	2.0	3.0	2.0
Other ratios			
Solvency (total capital) ratio *)	10.1	9.2	11.5
Core capital (Tier 1) ratio *)	8.1	7.3	9.5
Profit before tax as % of avg shareholders' equity	13.4	21.5	21.7
Profit after tax as % of avg shareholders' equity	9.1	15.3	16.6
Income/cost ratio (DKK)	1.37	1.70	1.48
Interest rate risk *)	3.2	2.2	3.4
Foreign exchange position *)	3.7	6.6	1.5
Foreign exchange risk *)	0.0	0.1	0.0
Loans and receivables relative to deposits	1.2	1.2	1.2
Loans and receivables relative to shareholders' equity	10.6	12.2	10.7
Growth in loans and receivables for the period	10.2	22.1	20.1
Excess cover relative to statutory liquidity requirements *)	115.0	40.3	114.2
Total large exposures *)	74.2	142.5	61.5
Accumulated write-down ratio	2.8	2.1	2.6
Write-down ratio for the period	0.36	0.08	0.38
Number of full-time staff, end of period	2,051	2,117	2,075

*) Ratios for 2004 have not been adjusted

***) Calculation based on average number of shares in issue

PROFIT AND LOSS ACCOUNT

DKKm	Q1-Q3 2004	Q1-Q3 2005	Full year 2004
Profit and loss account			
Interest income	1,870	2,117	2,516
Interest expense	628	845	854
Net interest income	1,242	1,272	1,662
Dividends from shares	20	13	37
Fee and commission income	656	826	927
Fee and commission expense	68	101	95
Net interest and fee income	1,850	2,010	2,531
Market value adjustments	169	371	326
Other operating income	21	18	27
Staff costs and administrative expenses	1,231	1,291	1,638
Depreciation and write-downs of tangible assets	53	62	85
Other operating expenses	0	0	0
Write-downs of loans and receivables etc	200	58	225
Profit on holdings in associated undertakings	(1)	(1)	0
Profit before tax	555	987	936
Tax	179	283	221
Profit after tax	376	704	715

BALANCE SHEET

DKKm	30 Sep 2004	30 Sep 2005	31 Dec 2004
Assets			
Cash and balances on demand at central banks	727	486	594
Amounts owed by credit institutions and central banks	6,373	8,417	9,294
Loans and receivables at amortized cost	43,628	58,070	47,544
Bonds at fair value	9,764	11,489	10,410
Shares etc	693	839	844
Holdings in associated undertakings etc	185	143	147
Assets – pooled schemes	4,586	5,335	4,671
Total land and property:	715	756	736
investment property	47	45	47
owner-occupied property	668	711	689
Other tangible assets	86	88	90
Current tax assets	302	-	161
Non-current assets held for sale	1	8	8
Other assets	2,340	3,869	3,856
Prepayments	40	42	35
Total assets	69,440	89,542	78,390
Shareholders' equity and liabilities			
Amounts owed to credit institutions and central banks	14,290	25,484	19,076
Deposits and other debt	36,511	41,722	38,434
Deposits with pooled schemes	4,670	5,378	4,857
Bonds issued at amortized cost	1,860	1,861	1,860
Current tax liabilities	6	81	3
Other liabilities	6,591	8,079	7,788
Deferred income	47	50	58
Total debt	63,975	82,655	72,076
Provisions for liabilities	83	46	67
Subordinated capital (Tier 2)	1,262	2,089	1,816
Shareholders' equity (Tier 1)	4,120	4,752	4,431
Total shareholders' equity and liabilities	69,440	89,542	78,390

NOTES

Accounting policies:

As of 1 January 2005 the accounting policies of the Sydbank Group have been changed to the International Financial Reporting Standards, IFRS. Moreover the accounting policies applied by Sydbank A/S have been changed in compliance with the Danish executive order on financial reporting of credit institutions and brokerage firms etc, which is in compliance with IFRS apart from the measurement of group and associated undertakings at book value. The date of transition is 1 January 2004. The accounting policies of this interim report are consistent with the accounting policies of the 2004 Annual Report except for the changes which are presented in the section "Transition to IFRS in 2005" in the 2004 Annual Report, which describes the changes between the formerly applied Danish accounting standards and IFRS. However the measurement of loans and receivables at amortized cost, IAS 39, will take place as of 1 January 2005 for the first time. Measurement as of 1 January 2005 has been incorporated in the balance sheet as of 31 December 2004. As a consequence the reporting before and after the changes will not be fully comparable.

The presentation, format and terminology of this interim report are in compliance with IFRS.

The ratios have been prepared in accordance with "Recommendations & Financial Ratios 2005" published by the Danish Society of Financial Analysts.

No historical adjustment of financial ratios related to capital adequacy.

	30 Sep 2004	30 Sep 2005	31 Dec 2004
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Shareholders' equity (Tier 1):

Changes in capital:

Shareholders' equity (Tier 1) 1 January	4,331	4,431	4,331
IFRS impact 1 January	(144)	-	(144)
Adjusted shareholders' equity (Tier 1) 1 January	4,187	4,431	4,187
Profit for the period	376	704	715
Purchase/sale of own shares	(280)	(157)	(240)
Tax on equity items	(11)	(16)	(14)
Allocated for other purposes	(5)	(5)	(5)
Dividend concerning shares in issue	(147)	(205)	(147)
IFRS impact, end of period (IAS 39)	-	-	(65)
Total shareholders' equity (Tier 1)	4,120	4,752	4,431

Share capital comprises 70,000,000 shares
at a nominal value of DKK 10 or a total of DKK 700m.

Shares in issue (qty)	69,263,940	68,334,972	69,654,680
Holding of own shares (qty)	736,060	1,665,028	345,320
Total share capital (qty)	70,000,000	70,000,000	70,000,000

NOTES

DKKm	30 Sep 2004	30 Sep 2005	31 Dec 2004
Capital base (Tiers 1+2) and solvency (total capital) ratio:			
Shareholders' equity (Tier 1) *)	4,288	4,752	4,427
Profit for the period	410	704	-
Core capital (Tier 1)	3,878	4,048	4,427
Hybrid core capital	-	560	558
Deductions	73	0	37
Core capital (Tier 1) (incl hybrid core capital) after deductions	3,805	4,608	4,948
Subordinated capital (Tier 2) included	1,262	1,529	1,258
Deductions	317	343	204
Supplementary capital (Tier 2) after deductions	945	1,186	1,054
Capital base (Tiers 1+2) after deductions	4,750	5,794	6,002
Weighted items outside the trading portfolio	42,936	55,129	47,070
Weighted items with market risk etc	4,273	7,966	5,162
Total weighted items	47,209	63,095	52,232
Core capital (Tier 1) ratio (excl hybrid core capital)	8.1	6.4	8.4
Core capital (Tier 1) ratio	8.1	7.3	9.5
Solvency (total capital) ratio	10.1	9.2	11.5
*) Shareholders' equity (Tier 1) at 30 September 2004 and 31 December 2004 has been calculated according to the former accounting policy.			
Loans and receivables at amortized cost:			
Ordinary loans and receivables	37,217	49,947	41,836
Reverse repo loans and receivables	6,411	8,123	5,708
Total loans and receivables at amortized cost	43,628	58,070	47,544
Provisions for liabilities:			
Provisions for pension and similar liabilities	1	1	1
Provisions for deferred tax	54	16	16
Provisions for losses on guarantees	-	23	28
Other provisions for liabilities	28	6	22
Total provisions for liabilities	83	46	67
Contingent liabilities:			
Guarantees etc	9,805	12,556	10,339
Other contingent liabilities	107	86	120
Total contingent liabilities	9,912	12,642	10,459

NOTES

DKKm	Q1-Q3 2004	Q1-Q3 2005	Full year 2004
Write-downs of loans and receivables and provisions for guarantees:			
Write-downs and provisions 1 January	1,439	1,545	1,439
IFRS adjustment	-	(13)	-
Adjusted write-downs and provisions 1 January	1,439	1,532	1,439
Exchange rate adjustment	0	0	0
Write-downs and provisions for the period	196	95	215
Written-off included in write-downs and provisions	91	129	109
Adjustment regarding discounting of interest	-	55	-
Write-downs and provisions 30 September	1,544	1,553	1,545
Write-downs and provisions	196	95	215
Written-off not included in write-downs and provisions	32	14	46
Recovered from debt previously written off	28	51	36
Write-downs of loans and receivables etc	200	58	225
Core income excl trading income:			
Interest margins etc	1,098	1,131	1,491
Mortgage credit	108	122	152
Payment services	55	66	80
Remortgaging and loan fees	76	60	102
Other commission	87	71	107
Other operating income	21	18	27
Total	1,445	1,468	1,959
Trading income:			
Bonds	123	163	133
Shares	133	221	179
Currency	66	176	97
Money market	46	20	60
Asset management	154	230	243
Total	522	810	712

NOTES

Impact of IFRS on interim statements in 2004:

The reconciling items of the tables refer to the explanation of the accounting policy changes in the section "Transition to IFRS in 2005" in the 2004 Annual Report.

Sydbank Group					
	Q1	Q2	Q3	Q4	Full year
DKKm	2004	2004	2004	2004	2004
Profit – former policy	203	86	120	355	764
a) Return on own shares	(26)	(7)	(8)	(8)	(49)
c) Adjustment of employee benefits	(29)	10	14	(15)	(20)
f) Adjustment of tax	16	(1)	(2)	7	20
Profit – IFRS	164	88	124	339	715

	Q1	Q2	Q3	Q4	Year-end
DKKm	2004	2004	2004	2004	2003
Shareholders' equity – former policy	4,312	4,398	4,288	4,427	4,331
a) Value of own shares (excl pooled schemes)	(190)	(224)	(69)	(37)	(204)
b) No provisions for dividends and other distributions	-	-	-	215	155
c) Adjustment of employee benefits	(123)	(114)	(100)	(114)	(94)
d) Recognition of fees in effective interest	-	-	-	(109)	-
d) Change from provisions to write-downs of loans and receivables	-	-	-	13	-
d) New measurement and hedge rules of fixed rate loans	-	-	-	2	-
f) Adjustment of deferred tax	34	31	27	60	25
g) Adjustment of property to revalued amount/fair value	(26)	(26)	(26)	(26)	(26)
Shareholders' equity – IFRS	4,007	4,065	4,120	4,431	4,187

GROUP FINANCIAL HIGHLIGHTS

	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Full year 2004
Profit and loss account highlights (DKKm)								
Net interest and fee income	627	638	585	681	642	688	680	2,531
Market value adjustments	141	(34)	62	158	82	149	140	327
Staff costs and administrative expenses	444	392	395	407	454	436	401	1,638
Write-downs of loans and receivables etc	75	74	51	25	20	30	8	225
Profit after tax	164	88	124	339	163	257	284	715
Balance sheet highlights (DKKbn)								
Loans and receivables	41.7	43.8	43.6	47.5	50.0	55.4	58.1	47.5
Deposits and other debt	32.5	37.1	36.5	38.4	37.9	42.2	41.7	38.4
Subordinated capital (Tier 2)	1.3	1.3	1.3	1.8	1.4	2.1	2.1	1.8
Shareholders' equity (Tier 1)	4.0	4.1	4.1	4.4	4.2	4.5	4.8	4.4
Total assets	69.7	69.0	69.4	78.4	77.5	88.6	89.5	78.4
Ratios per share (DKK per share of DK 10)								
Profit after tax (**)	2.3	1.3	1.8	4.9	2.4	3.7	4.1	10.2
Share price, end of period	87.0	89.5	93.9	107.8	116.0	137.8	149.2	107.8
Book value	57.0	58.1	59.5	63.6	62.0	66.0	69.5	63.6
Share price/book value	1.53	1.54	1.58	1.69	1.87	2.09	2.15	1.69
Average number of shares in issue (millions)	71.7	69.9	70.0	69.5	69.1	68.6	68.7	70.3
Dividends	2.0	-	-	-	3.0	-	-	2.0
Other ratios								
Solvency (total capital) ratio *)	10.2	10.1	10.1	11.5	9.7	10.0	9.2	11.5
Core capital (Tier 1) ratio *)	8.3	8.1	8.1	9.5	8.7	7.8	7.3	9.5
Profit before tax as % of avg shareholders' equity	5.9	3.1	4.7	8.9	5.4	8.1	8.5	21.7
Profit after tax as % of avg shareholders' equity	4.0	2.2	3.0	7.9	3.7	5.9	6.1	16.6
Income/cost ratio (DKK)	1.44	1.26	1.41	1.82	1.48	1.73	1.92	1.48
Interest rate risk *)	5.3	2.4	3.2	3.4	2.4	3.4	2.2	3.4
Foreign exchange position *)	4.0	5.3	3.7	1.5	5.4	12.0	6.6	1.5
Foreign exchange risk *)	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.0
Loans and receivables relative to deposits	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Loans and receivables relative to shareholders' equity	10.4	10.8	10.6	10.7	11.8	12.2	12.2	10.7
Growth in loans and receivables for the period	5.5	5.0	(0.4)	9.0	5.1	10.9	4.8	20.1
Excess cover relative to statutory liquidity requirements *)	140.8	152.0	115.0	114.2	80.6	74.9	40.3	114.2
Total large exposures *)	102.9	79.1	74.2	61.5	71.9	102.2	142.5	61.5
Accumulated write-down ratio	2.8	2.7	2.8	2.6	2.4	2.2	2.1	2.6
Write-down ratio for the period	0.14	0.13	0.09	0.04	0.03	0.04	0.01	0.38
Number of full-time staff, end of period	1,991	2,024	2,051	2,075	2,084	2,092	2,117	2,075

*) Ratios for 2004 have not been adjusted

***) Calculation based on average number of shares in issue