

GROUP FINANCIAL HIGHLIGHTS

	1st half 1999	2nd half 1999	1st half 2000	2nd half 2000	1st half 2001
Profit and Loss Account (DKKm)					
Core income excl trading income	753	757	800	897	897
Trading income	221	210	295	244	245
Total core income	974	967	1,095	1,141	1,142
Costs and depreciation	662	666	675	710	731
Provisions for bad and doubtful debts	129	109	110	120	129
Core earnings	183	192	310	311	282
Profit/(Loss) from investment portfolios	75	29	(9)	63	82
Pre-tax profit	258	221	301	374	364
Tax	79	68	92	14	76
Post-tax profit	179	153	209	360	288

Balance Sheet end of half-year (DKKbn)

Ordinary loans and advances	26.1	27.2	29.9	31.5	33.0
Reverse repo loans and advances	0.9	3.8	4.2	3.5	3.8
Deposits	27.7	27.5	28.8	29.0	30.1
Subordinated capital (tier 2)	0.9	0.9	1.0	0.9	1.4
Shareholders' equity (tier 1)	2.8	2.9	3.0	3.2	3.4
Total assets	50.4	53.8	61.3	59.8	59.2
Guarantees, etc	6.0	6.0	6.1	6.5	6.9

Financial Ratios and Key Figures

The Sydbank share (DKK per share)

Pre-tax profit	30.4	26.9	37.4	47.6	47.5
Post-tax profit	21.0	18.6	26.0	45.9	37.5
Share price end of half-year	301	305	264	310	437
Book value	344	350	380	410	451
Share price/book value	0.88	0.87	0.70	0.76	0.97

Sydbank Group

Solvency ratio (total capital)	10.3	10.3	9.4	10.0	10.3
Core capital ratio (tier 1)	8.0	7.9	7.4	7.9	7.3
Pre-tax profit as % of av shareholders' equity p.a.	18.3	15.5	20.5	24.1	22.1
Post-tax profit as % of av shareholders' equity p.a.	12.7	10.7	14.2	23.2	17.4
Income/cost ratio (DKK)	1.32	1.29	1.38	1.45	1.42
Interest rate risk	3.0	4.4	0.6	4.4	3.7
Foreign exchange risk	0.1	0.1	0.1	0.1	0.1
Provisioning ratio	3.3	3.1	2.9	2.9	2.8
Write-off and provisioning ratio p.a. for the half-year	0.8	0.6	0.5	0.4	0.6
Number of full-time staff end of half-year	1,889	1,905	1,906	1,916	1,900

Rating

Moody's (long-term)			A2	A2	A2
Moody's (short-term)			P-1	P-1	P-1
Moody's (financial strength)			C+	C+	C+

PROFIT AND LOSS ACCOUNT FOR THE FIRST HALF-YEAR

DKK m	Note	<i>Sydbank Group</i>		<i>Sydbank A/S</i>	
		2000	2001	2000	2001
Interest income	6	1,482	1,793	1,470	1,783
Interest expense	7	788	1,001	787	1,001
Net interest income	8	694	792	683	782
Dividends from shares		35	45	35	45
Fee and commission income	9	342	307	324	288
Fees and commissions payable		44	41	42	39
Net interest and fee income		1,027	1,103	1,000	1,076
Market value adjustments of securities and FX income	10	43	120	43	120
Other operating income		21	4	13	(2)
Staff costs and administrative expenses	11	645	696	635	686
Depreciation and write-offs of tangible assets		31	37	30	36
Other operating expenses		1	1	0	0
Provisions for bad and doubtful debts	4	110	129	107	126
Profit/(Loss) on holdings in associated and group undertakings	12	(3)	0	17	18
Pre-tax profit on ordinary activities		301	364	301	364
Tax	13	92	76	92	76
Post-tax profit		209	288	209	288

BALANCE SHEET AS AT 30 JUNE

DKKm	Note	Sydbank Group		Sydbank A/S	
		2000	2001	2000	2001
Assets					
Cash and balances on demand at central banks		444	535	444	534
Due from credit institutions and central banks	14	7,768	2,894	7,769	2,894
Loans and advances		34,097	36,771	34,297	37,017
Bonds		12,531	11,046	12,531	11,046
Shares, etc		1,624	1,666	1,624	1,666
Interests in associated undertakings, etc		277	277	277	277
Shares in group undertakings		-	-	79	64
Tangible assets		996	977	721	698
Own shares	15	76	51	76	51
Other assets	16	3,433	4,930	3,313	4,828
Prepayments and accrued income		40	41	39	41
Total assets		61,286	59,188	61,170	59,116
Liabilities					
Due to credit institutions and central banks		20,440	17,359	20,397	17,359
Deposits	17	28,843	30,106	28,835	30,103
Other liabilities	18	8,005	6,807	7,965	6,774
Accruals and deferred income		27	36	2	0
Provisions for obligations	19	35	81	35	81
Subordinated capital (tier 2)	20	956	1,418	956	1,418
Shareholders' equity (tier 1):	1				
Share capital		785	750	785	750
Share premium account		520	-	520	-
Reserves		362	378	362	378
Brought forward from previous years		1,104	1,965	1,104	1,965
Post-tax profit year-to-date		209	288	209	288
Total shareholders' equity (tier 1)		2,980	3,381	2,980	3,381
Total liabilities		61,286	59,188	61,170	59,116
Off-balance sheet items					
Gurantees, etc	21	6,120	6,942	6,435	7,209
Other commitments	21	410	414	408	413
Total off-balance sheet items		6,530	7,356	6,843	7,622

ACCOUNTING POLICIES

Sydbank's interim report has been prepared in compliance with the Danish Banking Act, the Executive Order on Bank Accounts and the accounting standards issued by the Danish Financial Supervisory Authority. Moreover, the report has been prepared in compliance with the Copenhagen Stock Exchange guidelines for disclosure of information by issuers of listed securities including Danish accounting standards to the extent that Danish legislation does not provide otherwise.

The accounting policies used in the preparation of the interim report are consistent with the previous year except for:

Provisions for legal actions not concerning the size of loans and advances, etc have been moved to the liability line item "Provisions for obligations". Previously, such provisions were set off against loans and advances. Comparative figures have been restated.

GROUP STRUCTURE

DKK m	Company capital	Equity ^{*)}	Ownership share (%)
Sydbank A/S	750	3,381	
Consolidated subsidiary undertakings			
DMK-Holding A/S	11	26	100
SBK-Invest A/S	10	17	100
-Komplementarselskabet Sydship VIII ApS (being wound up)	0	0	100
-K/S Sydship VIII (inactive)	0	0	100
-Sydship VIII (Malta) Ltd. (inactive)	0	0	100
Ejendomsselskabet af 1. juni 1986 A/S	3	21	100

All consolidated subsidiary undertakings are domiciled in Aabenraa, unless otherwise stated.

Non-consolidated subsidiary undertakings

Grecadan A/S (being wound up), Slagelse	20	8	0
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The voting rights of the undertaking have been taken over with a view to restructuring or winding up transactions previously entered into and consequently the undertaking is not consolidated.

*) Incl profit for the period

SIX QUARTER SUMMARY

	Q1 2000	Q2 2000	Q3 2000	Q4 2000	Q1 2001	Q2 2001
Profit and Loss Account (DKK m)						
Core income excl trading income	390	410	441	456	441	456
Trading income	176	119	132	112	141	104
Total core income	566	529	573	568	582	560
Costs and depreciation	340	336	335	375	370	361
Provisions for bad and doubtful debts	60	49	60	60	64	65
Core earnings	166	144	178	133	148	134
Profit/(Loss) from investment portfolios	40	(49)	3	60	60	22
Pre-tax profit	206	95	181	193	208	156
Tax	63	29	7	7	58	18
Post-tax profit	143	66	174	186	150	138

FINANCIAL RATIOS FOR THE FIRST HALF-YEAR

%	1997	1998	1999	2000	2001
Sydbank Group					
Solvency and capital:					
Solvency ratio (total capital)	11.4	10.0	10.3	9.4	10.3
Core capital ratio (tier 1)	8.2	7.7	8.0	7.4	7.3
Earnings:					
Pre-tax return on shareholders' equity	5.5	8.4	9.2	10.3	11.0
Post-tax return on shareholders' equity	5.4	8.4	6.4	7.1	8.7
Income/cost ratio (DKK)	1.17	1.31	1.32	1.38	1.42
Market risk:					
Interest rate risk	3.0	5.6	3.1	0.6	3.7
Foreign exchange position	10.7	12.9	19.1	9.9	10.2
Foreign exchange risk	0.2	0.3	0.1	0.1	0.1
Liquidity:					
Excess cover relative to statutory liquidity requirements	154.5	138.8	121.6	48.5	80.0
Large exposures:					
Total large exposures as % of capital base	108.7	93.6	83.3	94.2	87.9
Credit risk:					
Provisioning ratio	3.9	3.5	3.3	2.9	2.8
Write-off and provisioning ratio	0.4	0.3	0.4	0.3	0.3
Loans and advances:					
Growth in loans and advances	7.8	5.9	4.9	10.1	5.0
Loans and advances/shareholders' equity	9.6	9.3	9.5	11.4	10.9
Sydbank A/S					
Solvency and capital:					
Solvency ratio (total capital)	11.4	9.9	10.1	9.3	10.2
Core capital ratio (tier 1)	8.2	7.7	7.8	7.4	7.3
Earnings:					
Pre-tax return on shareholders' equity	5.5	8.4	9.2	10.3	11.0
Post-tax return on shareholders' equity	5.4	8.4	6.4	7.1	8.7
Income/cost ratio (DKK)	1.18	1.31	1.33	1.39	1.43
Market risk:					
Interest rate risk	3.0	5.6	3.0	0.6	3.7
Foreign exchange position	10.5	12.9	19.2	10.0	9.9
Foreign exchange risk	0.2	0.3	0.1	0.1	0.1
Liquidity:					
Loans/advances and provisions relative to deposits	95.8	100.8	102.7	122.7	126.8
Excess cover relative to statutory liquidity requirements	153.4	137.4	119.4	48.0	79.4
Large exposures:					
Total large exposures as % of capital base	108.7	93.6	83.3	94.2	87.9
Credit risk:					
Provisioning ratio	3.6	3.3	3.2	2.8	2.7
Write-off and provisioning ratio	0.4	0.3	0.4	0.3	0.3
Loans and advances:					
Growth in loans and advances	7.8	5.4	5.0	9.8	5.2
Loans and advances/shareholders' equity	9.8	9.4	9.7	11.5	10.9
Return per share:					
Pre-tax profit in DKK	15.5	25.9	30.4	37.4	47.5
Post-tax profit in DKK	15.3	25.9	21.0	26.0	37.5
Book value	291	320	344	380	451
Share price/book value	1.04	1.21	0.88	0.70	0.97

NOTES

DKKm	Sydbank Group		Sydbank A/S	
	2000	2001	2000	2001

Note 1

Shareholders' equity (tier 1):

Changes in capital:				
Shareholders' equity 1 January	2,887	3,221	2,887	3,221
Capital reduction	(116)	(128)	(116)	(128)
Post-tax profit year-to-date	209	288	209	288
Total shareholders' equity (tier 1)	2,980	3,381	2,980	3,381

Share premium account of DKK 520m has been transferred to "Brought forward from previous years".

Note 2

Large shareholders:

The following shareholders have stated that they each own more than 5% of Sydbank's share capital:
Nykredit, PFA Pension, Topdanmark as well as the investor groups: Fidelity and Silchester.

Note 3

Solvency:

Composition of capital and weighted items:				
Core capital (tier 1) after deductions	2,695	3,043	2,695	3,043
Capital base (tier 1+2) and short-term supplementary capital after deductions of capital requirements of items with market risk	3,176	3,882	3,176	3,882
Weighted items outside the trading portfolio	33,318	36,771	33,318	37,013
Weighted items with market risk	2,944	4,905	2,944	4,902
Total weighted items	36,262	41,676	36,262	41,915
Solvency ratio (total capital)	9.4	10.3	9.3	10.2
Core capital ratio (tier 1)	7.4	7.3	7.4	7.3

NOTES

DKKm	Sydbank Group		Sydbank A/S	
	2000	2001	2000	2001
Note 4				
Credit risks:				
Provisions:				
Provisions 1 January	1,189	1,193	1,170	1,175
Of which provisions written off during the half-year	108	75	107	74
New net provisions for the half-year	105	126	104	127
Provisions 30 June	1,186	1,244	1,167	1,228
Of which A-provisions	1,019	1,133	1,007	1,122
Of which B-provisions	167	111	160	106
Loans/advances and guarantees:				
Ordinary loans and advances	29,946	33,002	30,146	33,248
Reverse repos	4,151	3,769	4,151	3,769
Guarantees	6,120	6,942	6,435	7,209
Provisions	1,186	1,244	1,167	1,228
Loans/advances, guarantees and provisions	41,403	44,957	41,899	45,454
Provisions:				
As % of ordinary loans/advances, guarantees and provisions				
A-provisions	2.7	2.8	2.7	2.7
B-provisions	0.5	0.2	0.4	0.2
Total provisions	3.2	3.0	3.1	2.9
As % of loans/advances, guarantees and provisions				
A-provisions	2.5	2.5	2.4	2.5
B-provisions	0.4	0.3	0.4	0.2
Total provisions	2.9	2.8	2.8	2.7
Provisions for bad and doubtful debts:				
New net provisions for the half-year	105	126	104	127
Directly written off without previous provisions	22	19	19	15
Recovered from debts previously written off	17	16	16	16
Provisions for bad and doubtful debts	110	129	107	126
Non-performing loans and advances:				
Non-performing loans and advances	247	192	225	176
As % of ordinary loans/advances, guarantees and provisions	0.7	0.5	0.5	0.4
Provisions for non-performing loans and advances	144	108	134	98
As % of non-performing loans and advances	58.2	56.5	59.4	55.7

NOTES

DKKm	Sydbank Group		Sydbank A/S	
	2000	2001	2000	2001

Note 5

Trading income:

Bonds	54	63	54	63
Shares	132	65	132	65
Derivative financial instruments	35	43	35	43
Asset management	74	74	74	74
Total	295	245	295	245

Note 6

Interest income/forward premium:

Due from credit institutions and central banks	127	100	127	100
Loans and advances	1,090	1,339	1,081	1,331
Bonds	273	298	273	298
Total derivative financial instruments	(11)	52	(11)	52
comprising:				
Foreign exchange contracts	8	42	8	42
Interest rate contracts	(19)	10	(19)	10
Other	3	4	0	2
Total	1,482	1,793	1,470	1,783

Income from genuine purchase and resale transactions included in:

Due from credit institutions and central banks	81	45	81	45
Loans and advances	70	91	70	91

Note 7

Interest expense:

Due to credit institutions and central banks	342	371	340	371
Deposits	429	599	430	599
Subordinated capital (tier 2)	17	31	17	31
Total	788	1,001	787	1,001

Expense to genuine sale and repurchase transactions included in:

Due to credit institutions and central banks	123	79	123	79
Deposits	4	3	4	3

NOTES

<i>Sydbank Group</i>	<i>1st half 2000</i>			<i>1st half 2001</i>		
	DKKm	Interest	Average balance	%	Interest	Average balance
Note 8						
Net interest income and average balance sheet sums:						
Due from credit institutions and central banks	127	6,499	3.91	100	4,198	4.78
Ordinary loans and advances	1,020	27,766	7.35	1,248	31,072	8.03
Reverse repo loans and advances	70	3,544	3.95	91	3,445	5.28
Bonds	273	8,860	6.16	298	9,108	6.54
Interest earning assets	1,490	46,669	6.39	1,737	47,823	7.26
Due to credit institutions and central banks	342	17,285	3.96	371	16,194	4.59
Ordinary deposits	425	28,373	2.99	596	30,325	3.93
Repo deposits	4	223	3.95	3	134	5.01
Subordinated capital (tier 2)	17	952	3.57	31	1,339	4.56
Interest bearing liabilities	788	46,833	3.37	1,001	47,992	4.17
Total interest margin			3.02			3.09

Average balance sheet sums have been calculated on the basis of day-to-day averages – adjustments have been made in respect of negative bond portfolios.

DKKm	<i>Sydbank Group</i>		<i>Sydbank A/S</i>	
	2000	2001	2000	2001

Note 9

Fee and commission income:

Guarantee commission	34	36	34	36
Securities and custody commission	198	162	198	162
Payment services	33	34	33	34
Remortgaging and loan fees	42	40	37	35
Other commission	35	35	22	21
Total	342	307	324	288

Note 10

Market value adjustments of:

Bonds	(96)	22	(96)	22
Shares	56	(67)	56	(67)
Fixed rate loans and advances	2	(3)	2	(3)
Foreign exchange	55	83	55	83
Total derivative financial instruments comprising:	20	(9)	20	(9)
Foreign exchange contracts	0	(9)	0	(9)
Interest rate contracts	20	1	20	1
Share contracts	0	(1)	0	(1)
Pension pools	6	94	6	94
Total	43	120	43	120

NOTES

DKKm	Sydbank Group		Sydbank A/S	
	2000	2001	2000	2001
Note 10 (cont)				
Market value adjustments excl pension pools:				
Bonds	(60)	38	(60)	38
Shares	41	44	41	44
Fixed rate loans and advances	2	(3)	2	(3)
Foreign exchange	41	50	41	50
Total derivative financial instruments	19	(9)	19	(9)
comprising:				
Foreign exchange contracts	0	(9)	0	(9)
Interest rate contracts	20	1	20	1
Share contracts	(1)	(1)	(1)	(1)
Total	43	120	43	120

Note 11

Staff costs and administrative expenses:

Salaries and emoluments to:				
Executive Management	2	3	2	3
Board of Directors	1	1	1	1
Shareholders' Committee	1	1	1	1
Total	4	5	4	5
Staff costs:				
Wages and salaries	308	332	302	326
Pensions	28	30	27	29
Social security	31	35	31	35
Total	367	397	360	390
Other administrative expenses	274	294	271	291
Total	645	696	635	686

Note 12

Profit on holdings in associated and group undertakings:

Profit on interests in associated undertakings, etc	(3)	0	(3)	0
Profit on shares in group undertakings	-	-	20	18
Total	(3)	0	17	18

Note 13

Effective tax rate:

Current tax rate of the Sydbank Group	32.0	30.0
Permanent differences	-	(8.9)
Adjustment of tax for previous years	(1.4)	-
Effective tax rate	30.6	21.1

NOTES

DKKm	Sydbank Group		Sydbank A/S	
	2000	2001	2000	2001

Note 14

Due from credit institutions and central banks:

At notice from central banks	-	288	-	288
Credit institutions	7,768	2,606	7,769	2,606
Total	7,768	2,894	7,769	2,894

Note 15

Own shares:

Nominal portfolio of own shares	29	12	29	12
Nominal portfolio of own shares as % of share capital	3.7	1.6	3.7	1.6

Note 16

Other assets:

Positive market value of derivative financial instruments	2,845	4,192	2,845	4,192
Interest and commission receivable	394	541	361	510
Other assets	194	197	107	126
Total	3,433	4,930	3,313	4,828

Note 17

Deposits:

On demand	14,461	14,754	14,453	14,751
At notice	2,622	2,630	2,622	2,630
Time deposits	4,762	5,649	4,762	5,649
Special categories of deposit	6,998	7,073	6,998	7,073
Total	28,843	30,106	28,835	30,103

Note 18

Other liabilities:

Item setting off negative bond portfolio in relation to repo reverse transactions	3,513	1,256	3,513	1,256
Negative market value of derivative financial instruments	2,554	3,646	2,554	3,646
Interest and commission payable	402	596	400	588
Other liabilities	1,536	1,309	1,498	1,284
Total	8,005	6,807	7,965	6,774

NOTES

DKK m	Sydbank Group		Sydbank A/S	
	2000	2001	2000	2001

Note 19

Provisions for obligations:

Deferred tax	-	49	-	49
Losses in connection with legal actions	35	32	35	32
Total	35	81	35	81

Note 20

Subordinated capital (tier 2):

Interest rate (%)		Nominal m	Maturity				
Floating	Bond loan	JPY 5,500	-	406	0	406	0
Floating	Subord. capital	DKK 150	-	150	0	150	0
Floating	Subord. capital	DKK 200	18.05.04	200	200	200	200
4.00	Bond loan	DKK 200	30.09.06	200	200	200	200
Floating	Subord. capital	DKK 150	01.10.05	0	150	0	150
Floating	Bond loan	EUR 100	05.04.06	0	744	0	744
Floating	Bond loan	GBP 10	17.04.08	0	124	0	124
Total				956	1,418	956	1,418
Subordinated capital (tier 2) included in the computation of the solvency ratio, cf Note 3				933	1,344	933	1,344

Note 21

Off-balance sheet items:

Guarantees, etc:				
Financial guarantees	5,209	6,005	5,524	6,272
Other guarantees	907	933	907	933
Acceptances and endorsements, etc	4	4	4	4
Total	6,120	6,942	6,435	7,209
Other commitments:				
Irrevocable loan commitments	386	391	386	391
Other commitments	24	23	22	22
Total	410	414	408	413

Note 22

This half-year:

Upon expiry of the half-year no matters of any significant influence on the financial position of the Sydbank Group have occurred.

NOTES

DKKm	<i>Sydbank Group</i>		<i>Sydbank A/S</i>	
	2000	2001	2000	2001
Note 23				
Genuine sale and repurchase transactions and genuine purchase and resale transactions:				
Of the below asset line items genuine purchase and resale transactions amount to:				
Due from credit institutions and central banks	6,271	941	6,271	941
Loans and advances	4,151	3,769	4,151	3,769
Of the below liability line items genuine sale and repurchase transactions amount to:				
Due to credit institutions and central banks	8,832	2,212	8,832	2,212
Deposits	145	0	145	0
Assets sold as part of genuine sale and repurchase transactions				
Bonds	8,905	2,159	8,905	2,159

Note 24

Security:

As at 30 June 2001, Sydbank has deposited securities at a market value of DKK 4,308m with Danish and foreign stock exchanges and clearing houses, etc in connection with margins and securities settlements.

NOTES

DKKkm	Sydbank Group		Sydbank A/S	
	2000	2001	2000	2001
Note 25				
No market value adjustment:				
Sydbank adopts a cash flow methodology for managing interest rate risks on all positions other than Danish callable mortgage credit bonds.				
This methodology requires daily updating of all the Bank's positions, distributed into different portfolios, dependent on responsibility and product. One of these portfolios consists of the Bank's positions in fixed rate loans and advances, fixed rate deposits, and the relevant hedging transactions.				
Interest rate risk management of this portfolio is ensured in that the system provides a synthetic cash flow to describe the Bank's risk positions in selected interest rate scenarios.				
The Bank's basis for concluding hedging transactions - primarily interest rate swaps - is thus a synthetic net cash flow, based on the actual cash flow of loans and advances, deposits and previously concluded hedging transactions in the relevant portfolio.				
The aim is to keep the interest rate risk in this portfolio at a minimum as the Bank wishes to place its interest rate risk in other portfolios containing bonds and other cash equivalent positions.				
Loans and advances:				
Nominal amount	3,950	5,064	3,950	5,064
Purchase price	3,950	5,064	3,950	5,064
Book value, including interest	3,981	5,082	3,981	5,082
Market value	3,909	5,118	3,909	5,118
Deposits:				
Nominal amount	1,086	1,139	1,086	1,139
Purchase price	1,086	1,139	1,086	1,139
Book value, including interest	1,099	1,148	1,099	1,148
Market value	1,082	1,151	1,082	1,151
Total fixed rate assets and liabilities (net):				
Nominal amount	2,864	3,925	2,864	3,925
Purchase price	2,864	3,925	2,864	3,925
Book value, including interest	2,882	3,934	2,882	3,934
Market value	2,827	3,967	2,827	3,967
The below derivative financial instruments hedge the above:				
Forward rate agreement:				
Notional amount	(19)	(1,310)	(19)	(1,310)
Book value, including interest	0	0	0	0
Market value	(1)	5	(1)	5
Interest rate swaps:				
Notional amount	2,764	4,072	2,764	4,072
Book value, including interest	(39)	(25)	(39)	(25)
Market value	73	(26)	73	(26)
Total derivative financial instruments (net):				
Notional amount	2,745	2,762	2,745	2,762
Book value, including interest	(39)	(25)	(39)	(25)
Market value	72	(21)	72	(21)