

The Copenhagen Stock Exchange
Other stakeholders

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Dear Sirs

The Sydbank Group's 2001 Interim Report

Highly satisfactory pre-tax profit of DKK 364m

Sydbank recorded a pre-tax profit of DKK 364m for the first six months of 2001, equal to a 23% return p.a. on shareholders' equity 1 January.

The profit and loss account is characterised by

- 12% increase in core income excl trading income to DKK 897m.
- 17% fall in trading income to DKK 245m.
- 8% growth in costs.
- 17% rise in provisions for bad and doubtful debts to DKK 129m.
- DKK 82m profit from investment portfolios.
- 21% increase in pre-tax profit.

Profit and Loss Account - 1 January to 30 June (DKKm)	2000	2001
Core income excl trading income	800	897
Trading income	295	245
Total core income	1,095	1,142
Costs and depreciation	675	731
Provisions for bad and doubtful debts	110	129
Core earnings	310	282
Profit/(Loss) from investment portfolios	(9)	82
Pre-tax profit	301	364
Tax	92	76
Post-tax profit	209	288

Executive Management

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With a tax charge of DKK 76m, profit amounts to DKK 288m, equal to a return of 17% p.a. on average shareholders' equity.

Group balance sheet highlights include:

- 10% rise in ordinary loans and advances to DKK 33bn.
- 4% growth in deposits to DKK 30.1bn.

Indeed, the half-year profit fully matches up to the expectations published in the latest annual report. Sydbank's management considers the accounts to be highly satisfactory.

Core income

For the first half of 2001, core income excl trading income totals DKK 897m, equal to a DKK 97m increase. Performance has improved as a consequence of a growth in lending and in spite of a slight decline in interest margin.

Customer-facing investment banking activities decreased in the first half of 2001 resulting in a fall in trading income from DKK 295m (first half of 2000) to DKK 245m.

Core income totals DKK 1,142m compared with DKK 1,095m for the first half of 2000.

Costs and depreciation

Costs and depreciation related to core income rose by DKK 56m to DKK 731m, primarily due to staff costs triggered by the high business activity level. At 30 June 2001, staff members numbered 1,900 - almost the same as a year ago. The number of branches has been reduced by 2 to 118 since mid-2000. We do not expect costs and depreciation in the second half-year to exceed first half-year level and consequently the rate of increase will be lower for 2001 as a whole.

Provisions for bad and doubtful debts

The charge for loans and advances, etc has been raised to DKK 129m (2000: DKK 110m). For the half-year, provisions total 0.6% p.a. of ordinary loans/advances, guarantees and provisions.

Group provisions totalled DKK 1,244m as at 30 June (2000: DKK 1,186m), equal to 3% (2000: 3.2%) of ordinary loans/advances, guarantees and provisions. Non-performing loans and advances amounted to DKK 192m (2000: DKK 247m), corresponding to 0.5% (2000: 0.7%) of the Group's ordinary loans/advances, guarantees and provisions. Provisions stand at 648% (2000: 480%) of non-performing loans and advances.

A-provisions constitute DKK 1,133m (2000: DKK 1,019m), equal to 2.8% (2000: 2.7%) of total ordinary loans/advances, guarantees and provisions.

Core earnings

Core earnings represent DKK 282m for the first half of 2001 compared with DKK 310m a year ago.

Subsidiary undertakings

In the first six months, the subsidiary undertakings, DMK-Holding and SBK-Invest, contributed a pre-tax profit of DKK 20m to total core income.

Profit/(Loss) from investment portfolios

Profit from investment portfolios amounts to DKK 82m for the first half-year of 2001 (2000: loss of DKK 9m) less funding charges, and less related costs of DKK 3m. Two main contributing factors in this respect are a fall in interest rates of short-term bonds during the period and a DKK 26m return on own shares.

Total interest rate sensitivity – expressed as expected loss/profit at an interest rate change of 1 percentage point – was DKK 112m as at 30 June 2001. Standing slightly above DKK 100m, the exposure of Sydbank's investment portfolio of shares remains modest. Foreign exchange risks continue to be limited.

Balance sheet and capital

At 30 June 2001, the Group's total assets amount to DKK 59.2bn (2000: DKK 61.3bn).

The Group's overall level of activity has been high. Ordinary loans and advances account for DKK 33bn, equal to a 10% increase. Reverse repo loans and advances make up DKK 3.8bn (2000: DKK 4.2bn).

Securities portfolios total DKK 13bn (2000: DKK 14.5bn) consisting of pension pool securities portfolios of DKK 3.9bn and investment and trading portfolios of DKK 9.1bn (shares and holdings DKK 0.7bn; bonds DKK 8.4bn).

Group deposits rose by DKK 1.3bn to DKK 30.1bn.

Guarantees, primarily financial guarantees, grew by 13% to DKK 6.9bn.

In June 2001, the nominal capital reduction from DKK 785m to DKK 750m was registered as adopted by the AGM. As a result shareholders' equity (tier 1) was reduced by DKK 128m. When including the half-year's post-tax profit, shareholders' equity makes up DKK 3,381m.

Supplementary capital (tier 2) totalled DKK 1,418m as at 30 June 2001. During the first six months of 2001, supplementary capital amounting to DKK 870m was drawn under Sydbank's Global MTN Programme of EUR 1bn. During the same period, supplementary capital of DKK 384m was repaid. In addition, supplementary capital totalling DKK 200m was repaid on 17 August 2001.

In July, also under the Global MTN Programme, Sydbank raised senior debt by issuing 5-year FRNs totalling EUR 250m to strengthen Sydbank's funding.

At 30 June 2001 the solvency ratio (total capital) stands at 10.3% (2000: 9.4%) and the core capital (tier 1) ratio at 7.9% (2000: 7.4%). If half-year profit is included, solvency and core capital ratios amount to 10.9% and 8.0% respectively.

Balance Sheet as at 30 June (DKKbn)	2000	2001
Assets		
Due from credit institutions, etc	8.2	3.4
Ordinary loans and advances	29.9	33.0
Reverse repo loans and advances	4.2	3.8
Securities and holdings in associated and group undertakings	14.5	13.0
Other assets	4.5	6.0
Total assets	61.3	59.2
Liabilities		
Due to credit institutions	20.5	17.4
Deposits	28.8	30.1
Other liabilities	8.0	6.9
Subordinated capital (tier 2)	1.0	1.4
Shareholders' equity (tier 1)	3.0	3.4
Total liabilities	61.3	59.2

In the first six months, the number of shareholders grew by almost 5,000 bringing the total to 116,000. The favourable influx of customers – retail customers as well as corporate clients – continues.

On 15 August 2001, Sydbank opened a new branch in the town of Silkeborg.

At a price slightly above DKK 16m, Sydbank acquired 5.2% of the share capital in the recently formed public limited company, DLR Kredit A/S (formerly Dansk Landbrugs Realkreditfond).

Outlook for 2001 as a whole

Sydbank expects to generate core earnings in the region of DKK575m to DKK625m, trading income being the most difficult figure to project. Further, pre-tax profit will depend on investment portfolio earnings. Sydbank expects to maintain the satisfactory earnings level.

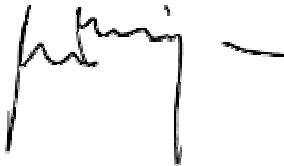
The 2001 Q3 Report is expected on 22 October 2001 and the 2001 Annual Report on 18 February 2002.

Sydbank's Executive Management

Bent Andersen, Assistant Chief Executive, will be leaving Sydbank in the near future to join the management team of DLR Kredit A/S as CEO after J Fløystrup Jensen who is about to retire.

Sydbank's Executive Management will then comprise Carsten Andersen, Chief Executive, and Preben L. Hansen, Assistant Chief Executive.

Yours faithfully



Kresten Philipsen
Board Chairman



Carsten Andersen
Chief Executive

Below follows Sydbank's financial highlights and notes to the 2001 Interim Report