

The Copenhagen Stock Exchange  
The London Stock Exchange  
Other stakeholders

## **Stock Exchange Announcement No 13/03**

### **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  
CVR No DK 12626509, Aabenraa

Date  
18 August 2003

Direct tel +45 74 36 20 02  
direktionen@sydbank.dk

Dear Sirs

### **The Sydbank Group 2003 Interim Report**

#### **Highly satisfactory pre-tax profit of DKK 454m**

Sydbank recorded a highly satisfactory pre-tax profit of DKK 454m for the first six months of 2003, equal to a 24% return p.a. on shareholders' equity. Exceeding expectations, core earnings represent DKK 318m. On the basis of developments during the first half year, the 2003 outlook for core earnings has been adjusted upwards to DKK 500-575m.

The interim profit and loss account is characterized by:

- DKK 30m increase in core income excl trading income to DKK 959m
- 33% rise in trading income to DKK 320m
- 3.5% growth in costs
- unchanged provisions for bad and doubtful debts
- DKK 136m profit from investment portfolios<sup>4</sup>

<b>Profit and loss account – 1 January to 30 June (DKKm)</b>	<b>2002</b>	<b>2003</b>
Core income excl trading income	929	959
Trading income	240	320
<b>Total core income</b>	<b>1,169</b>	<b>1,279</b>
Costs and depreciation	785	812
Provisions for bad and doubtful debts	149	149
<b>Core earnings</b>	<b>235</b>	<b>318</b>
Profit from investment portfolios	76	136
<b>Pre-tax profit</b>	<b>311</b>	<b>454</b>
Tax	95	153
<b>Post-tax profit</b>	<b>216</b>	<b>301</b>

With a tax charge of DKK 153m the profit of DKK 301m is equal to a 15% return p.a. on average shareholders' equity. Book value constitutes DKK 549 per share.

Group balance sheet highlights include:

- 7% rise in ordinary loans and advances to DKK 34.7bn
- 8% growth in deposits to DKK 35.5bn

### Core income

Core income excl trading income grew by DKK 30m to DKK 959m – mainly attributable to income from mortgage credit activities.

Increased business activity in Sydbank Markets has generated a rise in trading income from DKK 240m to DKK 320m. In particular turnover in bond markets as well as foreign exchange and money market transactions with corporate and institutional clients represent substantial growth rates. Moreover the retail customer investment climate has improved.

Total core income amounts to DKK 1,279m.

### Costs and depreciation

Costs and depreciation related to core income grew by DKK 27m (3.5%) to DKK 812m.

At the end of the first six months of 2003 the Bank's staff totalled 1,979 (full-time equivalent) compared with 1,958 one year ago. Since mid-2002 four branches have been closed, bringing the total number down to 116. In early September Sydbank will open a new branch in Holstebro.

### Provisions for bad and doubtful debts

The charge for loans and advances etc make up DKK 149m for the first six months, equal to 0.7% p.a. of ordinary loans and advances, guarantees and provisions.

Provisions etc at 30 June	2002		2003	
	DKKm	%*	DKKm	%*
Total provisions	1,352	3.2	1,399	3.1
A-provisions	1,227	2.9	1,287	2.9
Non-performing ordinary loans and advances	178	0.4	166	0.4

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

Total provisions constitute 843% (2002: 760%) of non-performing ordinary loans and advances.

### Core earnings

Total core earnings represent DKK 318m compared with DKK 235m a year ago.

### Profit from investment portfolios

Profit from investment portfolios amounts to DKK 136m for the first six months of 2003 (2002: DKK 76m), including return on own shares of DKK 24m.

### Subsidiary undertakings

The subsidiary undertakings, DMK-Holding and SBK-Invest, contribute a pre-tax profit of DKK 23m (2002: DKK 22m). The newly opened subsidiary bank, Sydbank (Schweiz) AG in St. Gallen, Switzerland, has recorded a pre-tax loss of DKK 8m. Representing DKK 15m, the total profit of subsidiary undertakings has been included in core earnings.

### Total assets

At 30 June 2003 the Group's total assets amount to DKK 70bn.

Ordinary loans and advances have increased by DKK 2.2bn to DKK 34.7bn compared with a year ago.

Balance sheet at 30 June (DKKbn)	2002	2003
<b>Assets</b>		
Amounts owed by credit institutions etc	8.1	4.9
Ordinary loans and advances	32.5	34.7
Reverse repo loans and advances	4.9	4.7
Securities and holdings in associated and group undertakings	17.8	20.9
Other assets	6.8	4.6
<b>Total assets</b>	<b>70.1</b>	<b>69.8</b>
<b>Liabilities</b>		
Amounts owed to credit institutions	20.9	20.9
Deposits	32.8	35.5
Bonds issued	1.9	1.9
Other liabilities	9.8	5.9
Subordinated capital (tier 2)	1.2	1.5
Shareholders' equity (tier 1)	3.5	4.1
<b>Total liabilities</b>	<b>70.1</b>	<b>69.8</b>

Group deposits rose by DKK 2.7bn to DKK 35.5bn.

Guarantees etc went up by DKK 0.8bn to DKK 9.1bn.

### Capital

Supplementary capital (tier 2) constitutes DKK 1,459m at the end of June 2003. During the latest 12 months, supplementary capital amounting to DKK 150m and EUR 100m has been repaid and an amount of EUR 155m has been raised under the Global MTN Programme. At 30 September 2003 a further DKK 200m in supplementary capital will be repaid.

Effective from 1 January 2003 the Executive Order on Bank Accounts was amended according to which unlisted securities must be included at fair value as opposed to cost value, which

has so far been the rule. This accounting policy amendment means that shareholders' equity (tier 1) was adjusted up by DKK 237m, bringing total shareholders' equity (tier 1) to DKK 3,814m. Including post-tax profit for the half-year, shareholders' equity (tier 1) represents DKK 4,115m at 30 June 2003.

The Group's solvency ratio (total capital) stands at 10.5% (2002: 10.4%) and the core capital ratio (tier 1) at 7.9% (2002: 7.6%). If half-year profit is included, solvency and core capital ratios amount to 11.2% and 8.5% respectively.

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

### **Outlook for 2003 as a whole**

Performance and customer development has been satisfactory in the first half of 2003. The Group's core earnings for the first six months of 2003 have outperformed the Bank's previously announced profit outlook for 2003, predominantly as a result of greatly improved trading income. The core earnings forecast for 2003 as a whole is therefore adjusted upwards to DKK 500-575m.

This forecast does not include the consequences of the scheduled acquisition of Totalkredit by Nykredit as of 1 October 2003. Sydbank's ownership share of Totalkredit represents 10.38% as of 30 June 2003 and based on the present conditions, the Bank's income in connection with the amalgamation of the two mortgage credit companies can be calculated at DKK 742m after tax, equal to a profit of around DKK 530m. However any impact on the profit and loss account of Sydbank in 2003 and the years ahead cannot be assessed until a final agreement is in place.

Yours faithfully



Carsten Andersen  
Chief Executive

Please address any enquiries regarding the Interim Report to Carsten Andersen, Chief Executive, on telephone +45 7436 2000 or Mogens Asmund, General Manager, on telephone +45 7436 2050.

## GROUP FINANCIAL HIGHLIGHTS

	1st half 2001	2nd half 2001	1st half 2002	2nd half 2002	1st half 2003	Full year 2002
<b>Profit and loss account (DKKm)</b>						
Core income excl trading income	897	898	929	917	959	1,846
Trading income	245	206	240	275	320	515
<b>Total core income</b>	<b>1,142</b>	<b>1,104</b>	<b>1,169</b>	<b>1,192</b>	<b>1,279</b>	<b>2,361</b>
Costs and depreciation	731	744	785	788	812	1,573
Provisions for bad and doubtful debts	129	131	149	150	149	299
<b>Core earnings</b>	<b>282</b>	<b>229</b>	<b>235</b>	<b>254</b>	<b>318</b>	<b>489</b>
Profit from investment portfolios	82	18	76	44	136	120
<b>Pre-tax profit</b>	<b>364</b>	<b>247</b>	<b>311</b>	<b>298</b>	<b>454</b>	<b>609</b>
Tax	76	80	95	100	153	195
<b>Post-tax profit</b>	<b>288</b>	<b>167</b>	<b>216</b>	<b>198</b>	<b>301</b>	<b>414</b>

### Balance sheet, end of half-year (DKKbn)

Ordinary loans and advances	33.0	32.7	32.5	33.9	34.7	33.9
Reverse repo loans and advances	3.8	4.6	4.9	4.7	4.7	4.7
Deposits	30.1	31.6	32.8	33.4	35.5	33.4
Bonds issued	-	1.9	1.9	1.9	1.9	1.9
Subordinated capital (tier 2)	1.4	1.2	1.2	1.3	1.5	1.3
Shareholders' equity (tier 1)	3.4	3.4	3.5	3.6	4.1	3.6
Total assets	59.2	66.0	70.1	66.8	69.8	66.8
Guarantees etc	6.9	7.5	8.3	8.6	9.1	8.6

### Financial ratios and key figures

#### The Sydbank share (DKK per share)

Pre-tax profit	47.5	32.9	41.5	39.7	60.5	55.1
Post-tax profit	37.5	22.4	28.9	26.3	40.1	15.0
Share price, end of half-year	437	430	490	490	687	490
Book value	451	458	466	477	549	477
Share price/book value	0.97	0.94	1.05	1.03	1.25	1.03

#### Sydbank Group

Solvency ratio (total capital)	10.3	10.4	10.4	11.4	10.5	11.4
Core capital ratio (tier 1)	7.3	7.8	7.6	8.3	7.9	8.3
Pre-tax profit as % of average shareholders' equity p.a.	22.1	14.5	18.4	16.8	22.9	17.8
Post-tax profit as % of average shareholders' equity p.a.	17.4	9.8	12.8	11.1	15.2	12.1
Income/cost ratio (DKK)	1.42	1.28	1.33	1.32	1.47	1.32
Number of full-time staff, end of half-year	1,900	1,897	1,958	1,945	1,979	1,945

## PROFIT AND LOSS ACCOUNT FOR THE FIRST HALF-YEAR

DKKm	Note	Sydbank Group		Sydbank A/S	
		2002	2003	2002	2003
Interest income	5	1,607	1,530	1,595	1,515
Interest expense	6	758	653	758	651
<b>Net interest income</b>	<b>7</b>	<b>849</b>	<b>877</b>	<b>837</b>	<b>864</b>
Dividends from shares		36	30	36	30
Fee and commission income		339	394	320	365
Fee and commission expense		36	38	35	38
<b>Net interest and fee income</b>		<b>1,188</b>	<b>1,263</b>	<b>1,158</b>	<b>1,221</b>
Market value adjustments of securities and foreign exchange income	8	40	145	41	147
Other operating income	9	19	14	13	8
Staff costs and administrative expenses	10	747	772	735	749
Depreciation of tangible assets		41	42	39	37
Other operating expenses		0	2	1	2
Provisions for bad and doubtful debts	4	149	149	145	145
Profit/(Loss) on holdings in associated and group undertakings	11	1	(3)	19	11
<b>Pre-tax profit on ordinary activities</b>		<b>311</b>	<b>454</b>	<b>311</b>	<b>454</b>
Tax	12	95	153	95	153
<b>Post-tax profit</b>		<b>216</b>	<b>301</b>	<b>216</b>	<b>301</b>

## BALANCE SHEET AT 30 JUNE

DKKm	Note	Sydbank Group		Sydbank A/S	
		2002	2003	2002	2003
<b>Assets</b>					
Cash and balances on demand at central banks		498	515	498	514
Amounts owed by credit institutions and central banks	13	7,587	4,424	7,587	4,358
Loans and advances		37,369	39,365	37,544	39,516
Bonds		16,160	19,043	16,160	19,043
Shares etc		1,418	1,630	1,417	1,629
Interests in associated undertakings etc		195	172	195	172
Shares in group undertakings		-	-	70	127
Tangible assets		967	906	717	664
Own shares	14	37	70	37	70
Other assets	15	5,781	3,600	5,692	3,518
Prepayments and accrued income		43	38	42	37
<b>Total assets</b>		<b>70,055</b>	<b>69,763</b>	<b>69,959</b>	<b>69,648</b>
<b>Liabilities</b>					
Amounts owed to credit institutions and central banks		20,882	20,911	20,881	20,911
Deposits	16	32,816	35,469	32,813	35,469
Bonds issued		1,858	1,858	1,858	1,857
Other liabilities	17	9,674	5,769	9,622	5,703
Accruals and deferred income		40	48	0	0
Provisions for obligations	18	84	134	84	134
Subordinated capital (tier 2)	19	1,207	1,459	1,207	1,459
Shareholders' equity (tier 1):	1				
Share capital		750	750	750	750
Reserves		363	433	363	433
Brought forward from previous years		2,165	2,631	2,165	2,631
Post-tax profit year-to-date		216	301	216	301
Total shareholders' equity (tier 1)		3,494	4,115	3,494	4,115
<b>Total liabilities</b>		<b>70,055</b>	<b>69,763</b>	<b>69,959</b>	<b>69,648</b>
<b>Off-balance sheet items</b>					
Guarantees etc	20	8,348	9,063	8,558	9,080
Other commitments	20	176	156	176	156
<b>Total off-balance sheet items</b>		<b>8,524</b>	<b>9,219</b>	<b>8,734</b>	<b>9,236</b>

## ACCOUNTING POLICIES

Sydbank's Interim Report has been prepared in compliance with the Danish Banking Act and the Executive Order on Bank Accounts, including accounting standards issued by the Danish Financial Supervisory Authority. Moreover the Interim Report has been prepared in compliance with Copenhagen Stock Exchange accounting requirements as regards listed companies, including Danish accounting standards.

The accounting policies applied are consistent with those adopted in the preceding year apart from the following: As from 1 January 2003 unlisted securities are included at fair value if the value increase is deemed to be of a permanent nature. If an approximate fair value cannot be calculated the instrument will be included at cost.

This accounting policy amendment means that shareholders' equity (tier 1) was adjusted up by DKK 237m, bringing total shareholders' equity (tier 1) to DKK 3,814m at 1 January.

## GROUP STRUCTURE

	Share capital (m)	Equity (DKKm)*	Ownership share (%)
<b>Sydbank A/S</b>	DKK 750	4,115	
<b>Consolidated subsidiary undertakings</b>			
DMK-Holding A/S	DKK 11	29	100
SBK-Invest A/S	DKK 10	16	100
Ejendomsselskabet af 1. juni 1986 A/S	DKK 3	17	100
Sydbank (Schweiz) AG, St. Gallen, Switzerland	CHF 20	65	100

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

\* Including profit for the period

## SIX QUARTER SUMMARY

	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Q1 2003	Q2 2003
<b>Profit and loss account (DKKm)</b>						
Core income excl trading income	459	470	460	457	478	481
Trading income	121	119	111	164	149	171
<b>Total core income</b>	<b>580</b>	<b>589</b>	<b>571</b>	<b>621</b>	<b>627</b>	<b>652</b>
Costs and depreciation	395	390	381	407	418	394
Provisions for bad and doubtful debts	75	74	76	74	74	75
<b>Core earnings</b>	<b>110</b>	<b>125</b>	<b>114</b>	<b>140</b>	<b>135</b>	<b>183</b>
Profit/(Loss) from investment portfolios	61	15	(9)	53	38	98
<b>Pre-tax profit</b>	<b>171</b>	<b>140</b>	<b>105</b>	<b>193</b>	<b>173</b>	<b>281</b>
Tax	54	41	31	69	55	98
<b>Post-tax profit</b>	<b>117</b>	<b>99</b>	<b>74</b>	<b>124</b>	<b>118</b>	<b>183</b>

## ITEMIZED GROUP FINANCIAL HIGHLIGHTS

DKKm	1st half 2002	1st half 2003	Full year 2002
<b>Core income excl trading income:</b>			
Interest margin etc	759	744	1,509
Mortgage credit	33	62	73
Payment services	29	33	66
Remortgaging and loan fees	50	50	87
Other commission	39	56	76
Other operating income	19	14	35
<b>Total</b>	<b>929</b>	<b>959</b>	<b>1,846</b>
<b>Trading income:</b>			
Bonds	59	93	145
Shares	52	47	89
Foreign currency	21	36	42
Money market	25	42	79
Asset management	83	102	160
<b>Total</b>	<b>240</b>	<b>320</b>	<b>515</b>

## FINANCIAL RATIOS FOR THE FIRST HALF-YEAR

%	1999	2000	2001	2002	2003
<b>Sydbank Group</b>					
Solvency and capital:					
Solvency ratio (total capital)	10.3	9.4	10.3	10.4	10.5
Core capital ratio (tier 1)	8.0	7.4	7.3	7.6	7.9
Earnings:					
Pre-tax return on shareholders' equity	9.2	10.3	11.0	9.2	11.4
Post-tax return on shareholders' equity	6.4	7.1	8.7	6.4	7.6
Income/cost ratio (DKK)	1.32	1.38	1.42	1.33	1.47
Market risk:					
Interest rate risk	3.1	0.6	3.7	4.8	5.3
Foreign exchange position	19.1	9.9	10.2	2.9	15.7
Foreign exchange risk	0.1	0.1	0.1	0.1	0.1
Liquidity:					
Excess cover relative to statutory liquidity requirements	121.6	48.5	80.0	110.0	88.7
Large exposures:					
Total large exposures as % of capital base (tiers 1+2)	83.3	94.2	87.9	95.2	99.9
Credit risk:					
Provisioning ratio	3.3	2.9	2.8	2.9	2.8
Write-off and provisioning ratio	0.4	0.3	0.3	0.3	0.3
Loans and advances:					
Growth in loans and advances	4.9	10.1	5.0	0.1	2.1
Loans and advances relative to shareholders' equity	9.5	11.4	10.9	10.7	9.6
<b>Sydbank A/S</b>					
Solvency and capital:					
Solvency ratio (total capital)	10.1	9.3	10.2	10.3	10.5
Core capital ratio (tier 1)	7.8	7.4	7.3	7.6	7.9
Earnings:					
Pre-tax return on shareholders' equity	9.2	10.3	11.0	9.2	11.4
Post-tax return on shareholders' equity	6.4	7.1	8.7	6.4	7.6
Income/cost ratio (DKK)	1.33	1.39	1.43	1.34	1.49
Market risk:					
Interest rate risk	3.0	0.6	3.7	4.8	5.3
Foreign exchange position	19.2	10.0	9.9	3.1	15.4
Foreign exchange risk	0.1	0.1	0.1	0.1	0.1
Liquidity:					
Loans and advances and provisions relative to deposits	102.7	122.7	126.8	118.3	115.2
Excess cover relative to statutory liquidity requirements	119.4	48.0	79.4	109.7	88.9
Large exposures:					
Total large exposures as % of capital base (tiers 1+2)	83.3	94.2	87.9	95.2	99.9
Credit risk:					
Provisioning ratio	3.2	2.8	2.7	2.8	2.8
Write-off and provisioning ratio	0.4	0.3	0.3	0.3	0.3
Loans and advances:					
Growth in loans and advances	5.0	9.8	5.2	(0.1)	2.0
Loans and advances relative to shareholders' equity	9.7	11.5	10.9	10.7	9.6
Return per share:					
Pre-tax profit (DKK)	30.4	37.4	47.5	41.5	60.5
Post-tax profit (DKK)	21.0	26.0	37.5	28.9	40.1
Book value (DKK)	344	380	451	466	549
Share price/book value	0.88	0.70	0.97	1.05	1.25

## NOTES

---

DKKm	Sydbank Group		Sydbank A/S	
	2002	2003	2002	2003
<b>Note 1</b>				
<b>Shareholders' equity (tier 1):</b>				
Changes in capital:				
Shareholders' equity (tier 1) at 1 January	3,435	3,577	3,435	3,577
Write-off of goodwill etc	(157)	-	(157)	-
Revaluation of unlisted securities to fair value	-	237	-	237
<b>Adjusted shareholders' equity (tier 1) at 1 January</b>	<b>3,278</b>	<b>3,814</b>	<b>3,278</b>	<b>3,814</b>
Post-tax profit year-to-date	216	301	216	301
<b>Total shareholders' equity (tier 1)</b>	<b>3,494</b>	<b>4,115</b>	<b>3,494</b>	<b>4,115</b>

Share capital consists of 7,500,000 shares at a nominal value of DKK 100 each.

### Note 2

#### Large shareholders:

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

---

### Note 3

#### Solvency:

Composition of capital and weighted items:

Core capital (tier 1) after deductions	3,230	3,744	3,230	3,744
Capital base (tiers 1+2) and short-term supplementary capital after deductions of capital requirements of items with market risk	3,901	4,430	3,901	4,430
Weighted items outside the trading portfolio	36,180	40,469	36,349	40,474
Weighted items with market risk	6,421	6,859	6,420	6,856
<b>Total weighted items</b>	<b>42,601</b>	<b>47,328</b>	<b>42,769</b>	<b>47,330</b>
Solvency ratio (total capital) (%)	10.4	10.5	10.3	10.5
Core capital ratio (tier 1) (%)	7.6	7.9	7.6	7.9

## NOTES

DKKm	Sydbank Group		Sydbank A/S	
	2002	2003	2002	2003
<b>Note 4</b>				
<b>Credit risks:</b>				
Provisions:				
Provisions at 1 January	1,258	1,372	1,243	1,358
Of which provisions written off during the half-year	86	69	86	68
New net provisions for the half-year	149	96	148	93
Acquisitions through merger	31	-	31	-
Provisions at 30 June	1,352	1,399	1,336	1,383
Of which A-provisions	1,227	1,287	1,217	1,273
Of which B-provisions	125	112	119	110
Loans and advances and guarantees:				
Ordinary loans and advances	32,479	34,659	32,654	34,810
Reverse transactions	4,890	4,706	4,890	4,706
Guarantees	8,348	9,063	8,558	9,080
Provisions	1,352	1,399	1,336	1,383
Loans and advances, guarantees and provisions	47,069	49,827	47,438	49,979
Provisions (%):				
As % of ordinary loans and advances, guarantees and provisions				
A-provisions	2.9	2.9	2.9	2.8
B-provisions	0.3	0.2	0.2	0.3
Total provisions	3.2	3.1	3.1	3.1
As % of loans and advances, guarantees and provisions:				
A-provisions	2.6	2.6	2.6	2.5
B-provisions	0.3	0.2	0.2	0.3
Total provisions	2.9	2.8	2.8	2.8
Provisions for bad and doubtful debts:				
New net provisions for the half-year	149	96	147	93
Directly written off without previous provisions	30	74	28	73
Recovered from debts previously written off	30	21	30	21
Provisions for bad and doubtful debts	149	149	145	145
Non-performing ordinary loans and advances:				
Non-performing ordinary loans and advances	178	166	166	149
As % of ordinary loans and advances, guarantees and provisions	0.4	0.4	0.4	0.3
Provisions against non-performing ordinary loans and advances	79	84	75	81
As % of non-performing ordinary loans and advances	44.4	50.4	45.2	54.2

## NOTES

---

	Sydbank Group		Sydbank A/S	
DKKm	2002	2003	2002	2003
<b>Note 5</b>				
<b>Interest income/forward premium from:</b>				
Amounts owed by credit institutions and central banks	83	68	83	68
Loans and advances	1,136	1,013	1,124	998
Bonds	375	395	375	395
Total derivative financial instruments	6	49	6	49
comprising				
Currency contracts	41	63	41	63
Interest rate contracts	(35)	(14)	(35)	(14)
Other	7	5	7	5
<b>Total</b>	<b>1,607</b>	<b>1,530</b>	<b>1,595</b>	<b>1,515</b>
Of which income from genuine purchase and resale transactions stated under:				
Amounts owed by credit institutions and central banks	33	21	33	21
Loans and advances	78	65	78	65
<b>Note 6</b>				
<b>Interest expense to:</b>				
Amounts owed to credit institutions and central banks	237	171	237	171
Deposits	459	421	459	421
Bonds issued	34	28	34	28
Subordinated capital (tier 2)	28	29	28	29
Other	-	4	-	2
<b>Total</b>	<b>758</b>	<b>653</b>	<b>758</b>	<b>651</b>
Of which expense to genuine sale and repurchase transactions stated under:				
Amounts owed to credit institutions and central banks	50	33	50	33
Deposits	1	1	1	1

## NOTES

Sydbank Group	1st half 2002			1st half 2003		
	Interest	Average total assets	%	Interest	Average total assets	%
DKKm						
<b>Note 7</b>						
<b>Net interest income and average total assets:</b>						
Amounts owed by credit institutions and central banks	83	4,928	3.38	68	5,280	2.57
Ordinary loans and advances	1,058	31,384	6.74	949	32,575	5.82
Reverse repo loans and advances	78	4,318	3.61	65	4,680	2.77
Bonds	375	12,839	5.84	395	15,767	5.01
Interest earning assets	1,594	53,469	5.96	1,477	58,302	5.06
Amounts owed to credit institutions and central banks	237	16,787	2.82	171	16,535	2.07
Ordinary deposits	459	33,280	2.76	420	37,496	2.24
Repo deposits	0	0	0	1	43	2.96
Bonds issued	34	1,858	3.64	28	1,857	3.03
Subordinated capital (tier 2)	28	1,213	4.63	29	1,466	3.93
Interest bearing liabilities	758	53,138	2.85	649	57,397	2.26
Total interest margin			3.11			2.80

Average balance sheet sums calculated on the basis of day-to-day averages. Adjusted for negative bond portfolios.

DKKm	Sydbank Group		Sydbank A/S	
	2002	2003	2002	2003
<b>Note 8</b>				
<b>Market value adjustments of:</b>				
Bonds	11	90	11	90
Shares	(187)	131	(186)	131
Fixed rate loans and advances	(2)	(26)	(2)	(24)
Foreign currency	6	23	6	23
Total derivative financial instruments comprising	(18)	2	(18)	2
Currency contracts	5	(2)	5	(2)
Interest rate contracts	(11)	(1)	(11)	(1)
Equity contracts	(12)	5	(12)	5
Return to pooled schemes	230	(75)	230	(75)
<b>Total</b>	<b>40</b>	<b>145</b>	<b>41</b>	<b>147</b>

### Market value adjustments excl pooled scheme adjustments:

Bonds	7	39	7	39
Shares	2	75	2	75
Fixed rate loans and advances	(2)	(26)	(2)	(24)
Foreign currency	51	55	52	55
Total derivative financial instruments comprising	(18)	2	(18)	2
Currency contracts	5	(2)	5	(2)
Interest rate contracts	(11)	(1)	(11)	(1)
Equity contracts	(12)	5	(12)	5
<b>Total</b>	<b>40</b>	<b>145</b>	<b>41</b>	<b>147</b>

## NOTES

DKKm	Sydbank Group		Sydbank A/S	
	2002	2003	2002	2003
<b>Note 9</b>				
<b>Other operating income:</b>				
Net profit on property	18	13	12	7
Other operating income	1	1	1	1
<b>Total</b>	<b>19</b>	<b>14</b>	<b>13</b>	<b>8</b>
<b>Note 10</b>				
<b>Staff costs and administrative expenses:</b>				
Salaries and emoluments to:				
Executive Management	4	4	4	4
Board of Directors	1	1	1	1
Shareholders' Committee	1	1	1	1
<b>Total</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Staff costs:				
Wages and salaries	347	361	341	349
Pension costs	34	35	33	35
Social security costs	36	38	36	37
<b>Total</b>	<b>417</b>	<b>434</b>	<b>410</b>	<b>421</b>
Other administrative expenses:				
IT expenses	138	145	137	143
Rent etc	56	70	56	68
Marketing etc	23	21	23	21
Other expenses	107	96	103	90
<b>Total</b>	<b>324</b>	<b>332</b>	<b>319</b>	<b>322</b>
<b>Total</b>	<b>747</b>	<b>772</b>	<b>735</b>	<b>749</b>
<b>Note 11</b>				
<b>Profit on holdings in associated and group undertakings:</b>				
Profit on interests in associated undertakings etc	1	(3)	1	(3)
Profit on shares in group undertakings	-	-	18	14
<b>Total</b>	<b>1</b>	<b>(3)</b>	<b>19</b>	<b>11</b>
<b>Note 12</b>				
<b>Effective tax rate:</b>				
Current tax rate	30.0	30.0	30.0	30.0
Permanent differences	1.0	3.0	1.0	3.0
Adjustment of tax calculated for previous years	(1.0)	0.7	(1.0)	0.7
<b>Effective tax rate</b>	<b>30.0</b>	<b>33.7</b>	<b>30.0</b>	<b>33.7</b>

## NOTES

DKKm	Sydbank Group		Sydbank A/S	
	2002	2003	2002	2003

### Note 13

#### Amounts owed by credit institutions and central banks:

Amounts owed by central banks at notice	3,630	899	3,630	899
Amounts owed by credit institutions	3,957	3,525	3,957	3,459
<b>Total</b>	<b>7,587</b>	<b>4,424</b>	<b>7,587</b>	<b>4,358</b>

### Note 14

#### Own shares:

Nominal portfolio of own shares	7	10	7	10
Nominal portfolio of own shares as % of share capital	1.0	1.3	1.0	1.3

### Note 15

#### Other assets:

Positive market value of derivative financial instruments	5,084	2,876	5,084	2,876
Interest and commission receivable	435	420	434	420
Other assets	262	304	174	222
<b>Total</b>	<b>5,781</b>	<b>3,600</b>	<b>5,692</b>	<b>3,518</b>

### Note 16

#### Deposits:

On demand	16,561	19,133	16,558	19,133
At notice	2,899	3,294	2,899	3,294
Time deposits	6,256	5,884	6,256	5,884
Special categories of deposit	7,100	7,158	7,100	7,158
<b>Total</b>	<b>32,816</b>	<b>35,469</b>	<b>32,813</b>	<b>35,469</b>

### Note 17

#### Other liabilities:

Item to set off negative bond portfolios in connection with repo reverse transactions	2,446	1,215	2,446	1,215
Negative market value of derivative financial instruments	5,286	2,575	5,286	2,575
Interest and commission payable	486	365	485	364
Other liabilities	1,456	1,614	1,405	1,549
<b>Total</b>	<b>9,674</b>	<b>5,769</b>	<b>9,622</b>	<b>5,703</b>

## NOTES

DKKm	Sydbank Group		Sydbank A/S	
	2002	2003	2002	2003

### Note 18

#### Provisions for obligations:

Provisions for pensions and similar obligations	-	1	-	1
Provisions for deferred tax	62	113	62	113
Provisions for losses in connection with legal actions	22	20	22	20
<b>Total</b>	<b>84</b>	<b>134</b>	<b>84</b>	<b>134</b>

### Note 19

#### Subordinated capital (tier 2):

Interest rate (%)		Nominal (m)	Maturity					
Floating	Bond loan	EUR	40	11.09.12	-	297	-	297
Floating	Bond loan	EUR	15	16.01.09	-	111	-	111
4.00	Bond loan	DKK	200	30.09.06	200	200	200	200
Floating	Bond loan	EUR	50	28.02.08	-	372	-	372
Floating	Bond loan	EUR	50	08.05.09	-	372	-	372
Floating	Bond loan	GBP	10	17.04.08	114	107	114	107
Floating	Bond loan	EUR	100	Repaid	743	-	743	-
Floating	Subordinated capital	DKK	150	Repaid	150	-	150	-
<b>Total</b>					<b>1,207</b>	<b>1,459</b>	<b>1,207</b>	<b>1,459</b>
Subordinated capital (tier 2) included in the computation of the solvency ratio (total capital)					1,185	1,431	1,185	1,431

### Note 20

#### Off-balance sheet items:

Guarantees etc:					
Financial guarantees		7,453	8,118	7,663	8,135
Other guarantees		891	943	891	943
Acceptances and endorsements etc		4	2	4	2
<b>Total</b>		<b>8,348</b>	<b>9,063</b>	<b>8,558</b>	<b>9,080</b>
Other commitments:					
Irrevocable loan commitments		153	134	153	134
Other commitments		23	22	23	22
<b>Total</b>		<b>176</b>	<b>156</b>	<b>176</b>	<b>156</b>

## NOTES

---

DKKm	Sydbank Group		Sydbank A/S	
	2002	2003	2002	2003

---

### Note 21

#### This half-year:

In July 2003 the Danish Customs Authorities decided to not allow deduction of losses on shares held in the ordinary course of business in connection with the Bank's capital reduction in 1999. It is the Bank's that the loss is eligible for deduction and therefore the decision will be appealed to the National Tax Tribunal. If the National Tax Tribunal or any higher judicial instances were to reach a different outcome, the Bank's total unhedged risks represent around DKK 100m for 1999, 2000 and 2001. Apart from that no matters of significant impact on the financial position of the Sydbank Group have occurred after the expiry of the half-year.

---

### Note 22

#### Contribution to the profit by foreign entities:

Total interest income, dividend income, fee and commission income, market value adjustments of securities and foreign exchange income, and other operating income:

Germany	52	49	52	49
Switzerland	-	(4)	-	(5)

### 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:

Amounts owed by credit institutions and central banks	1,936	1,491	1,936	1,491
Loans and advances	4,890	4,706	4,890	4,706

Of the below liability line items genuine sale and repurchase transactions amount to:

Amounts owed to credit institutions and central banks	3,008	4,586	3,008	4,586
Deposits	0	0	0	0

Assets sold as part of genuine sale and repurchase transactions

Bonds	2,954	4,500	2,954	4,500
-------	-------	-------	-------	-------

---

### Note 24

#### Security:

As at 30 June 2003 the Bank has deposited securities at a market value of DKK 8,754m with Danish and foreign stock exchanges and clearing centres etc in connection with margin and securities settlements.

---

## NOTES

DKKm	Sydbank Group		Sydbank A/S	
	2002	2003	2002	2003
<b>Note 25</b>				
<b>No market value adjustment:</b>				
Sydbank adopts a cash flow model for managing interest rate risks on all positions other than Danish callable mortgage credit bonds.				
This model requires daily updating of all the Bank's positions. These are distributed into different portfolios according to responsibility and product. One of these portfolios consists of the Bank's positions in fixed rate loans and advances, fixed rate deposits, and related hedging transactions.				
To ensure interest rate risk management the model generates 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 value	4,774	3,570	4,774	3,570
Purchase price	4,774	3,570	4,774	3,570
Book value, including interest	4,804	3,572	4,804	3,572
Market value	4,887	3,726	4,887	3,726
Deposits:				
Nominal value	1,341	155	1,341	155
Purchase price	1,341	155	1,341	155
Book value, including interest	1,355	157	1,355	157
Market value	1,359	159	1,359	159
Total fixed rate assets and liabilities (net):				
Nominal value	3,432	3,415	3,432	3,415
Purchase price	3,432	3,415	3,432	3,415
Book value, including interest	3,449	3,415	3,449	3,415
Market value	3,528	3,567	3,528	3,567
The following derivative financial instruments hedge the above:				
Forward rate agreement:				
Notional principal amount	(512)	(434)	(512)	(434)
Book value, including interest	0	0	0	0
Market value	5	15	5	15
Interest rate swaps:				
Notional principal amount	4,288	3,034	4,288	3,034
Book value, including interest	(42)	(39)	(42)	(39)
Market value	(97)	(202)	(97)	(202)
Total derivative financial instruments (net):				
Notional principal amount	3,776	2,600	3,776	2,600
Book value, including interest	(42)	(39)	(42)	(39)
Market value	(92)	(187)	(92)	(187)