

The Copenhagen Stock Exchange  
The London Stock Exchange  
Other stakeholders

## Stock Exchange Announcement No. 20/02

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Dear Sirs

### Sydbank Group's Q1-Q3 2002 Report

Sydbank recorded a satisfactory pre-tax profit of DKK 416m for the nine months to 30 September 2002, equal to a return of 17% p.a. on shareholders' equity at the beginning of the year.

The merger with Egnsbank Fyn as of 1 January 2002 has been accounted for as an acquisition. Comparative figures for previous years have not been restated.

<b>Profit and loss account Q1-Q3 (DKKm)</b>	<b>2001</b>	<b>2002</b>
Core income excl trading income	1,350	1,389
Trading income	326	351
<b>Total core income</b>	<b>1,676</b>	<b>1,740</b>
Costs and depreciation	1,091	1,166
Provisions for bad and doubtful debts	195	225
<b>Core earnings</b>	<b>390</b>	<b>349</b>
Profit from investment portfolios	85	67
<b>Pre-tax profit</b>	<b>475</b>	<b>416</b>
Tax	102	126
<b>Post-tax profit</b>	<b>373</b>	<b>290</b>

Core income excl trading income grew by DKK 39m to DKK 1,389m. The increase is mainly attributable to earnings related to Egnsbank Fyn.

Trading income rose from DKK 326m to DKK 351m.

### Executive Management

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Total core income has gone up by DKK 64m to DKK 1,740m.

Costs and depreciation represent DKK 1,166m – an increase of DKK 75m of which DKK 35m can be ascribed to Egnsbank Fyn. At the end of Q3 2002, staff numbered 1,966 (incl Egnsbank Fyn) compared with 1,926 one year ago.

The charge for loans and advances etc has been raised to DKK 225m (2001: DKK 195m), equal to 0.7% p.a. of ordinary loans and advances, guarantees and provisions for the first nine months of 2002.

Provisions etc at 30 September	2001		2002	
	DKKm	%*	DKKm	%*
Total provisions	1,279	3.2	1,374	3.2
A-provisions	1,148	2.8	1,264	2.9
Non-performing ordinary loans and advances	214	0.5	200	0.5

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

Total provisions constitute 687% (2001: 598%) of non-performing ordinary loans and advances.

Core earnings represent DKK 349m against DKK 390m during the same period in 2001. The main cause of this decrease is lower than projected net interest income from customers due to stagnating loans and advances and declining interest margin. In contrast costs and provisions are according to expectations.

Profit from investment portfolios amounts to DKK 67m for the nine months to 30 September 2002 (2001: DKK 85m). Profit includes return on own shares of DKK 13m.

The Group's pre-tax profit makes up DKK 416m. Less a calculated tax charge of DKK 126m, profit stands at DKK 290m and book value at DKK 476 per share.

### **Balance sheet, capital and customers**

At 30 September 2002 the Group's total assets constitute DKK 65bn (2001: DKK 59bn). Compared with Q3 2001, ordinary loans and advances have risen by DKK 1.5bn to DKK 33.4bn and deposits by DKK 3.2bn to DKK 33.8bn. Approx 40% of the increase in ordinary loans and advances and 25% of the rise in deposits can be attributed to the acquisition of Egnsbank Fyn.

Guarantees etc rose by 22% to DKK 8.7bn.

The Group's solvency ratio (total capital) stands at 10.1% (2001: 10.2%) and the core capital ratio (tier 1) at 7.2% (2001: 7.5%). If profit for the nine months is included, solvency and core capital ratios amount to 10.8% and 7.8% respectively.

As of 30 September 2002 the Bank has issued a tier II floating-rate note of EUR 40m. The loan has been raised as part of an arrangement to refinance existing tier II capital of which DKK 150m was repaid on 1 October 2002.

During the past nine months Sydbank has continued to experience a satisfactory influx of shareholders and customers.

**Outlook for 2002 as a whole**

When adding core earnings for the first three quarters to the expectations for Q4, core earnings in the region of DKK 450-500m are now forecast for 2002 as a whole as opposed to core earnings of DKK 450-550m as previously announced. Furthermore pre-tax profit will depend on investment portfolio earnings.

Yours sincerely



Carsten Andersen

Chief Executive

## GROUP FINANCIAL HIGHLIGHTS

	Q1-Q3 2001	Q1-Q3 2002	Full year 2001
<b>Profit and loss account (DKKm)</b>			
Core income excl trading income	1,350	1,389	1,795
Trading income	326	351	451
<b>Total core income</b>	<b>1,676</b>	<b>1,740</b>	<b>2,246</b>
Costs and depreciation	1,091	1,166	1,474
Provisions for bad and doubtful debts	195	225	260
<b>Core earnings</b>	<b>390</b>	<b>349</b>	<b>512</b>
Profit from investment portfolios	85	67	99
<b>Pre-tax profit</b>	<b>475</b>	<b>416</b>	<b>611</b>
Tax	102	126	156
<b>Post-tax profit</b>	<b>373</b>	<b>290</b>	<b>455</b>
<b>Balance sheet end of period (DKKbn)</b>			
Ordinary loans and advances	31.9	33.4	32.7
Reverse repo loans and advances	3.3	4.5	4.6
Deposits	30.6	33.8	31.6
Bonds issued	-	1.9	1.9
Subordinated capital (tier 2)	1.2	1.5	1.2
Shareholders' equity (tier 1)	3.5	3.6	3.4
Total assets	59.0	65.2	66.0
Guarantees etc	7.1	8.7	7.5
<b>Financial ratios and key figures</b>			
<b>The Sydbank share (DKK per share)</b>			
Pre-tax profit	61.8	55.4	79.6
Post-tax profit	48.6	38.7	59.3
Share price end of period	425	478	430
Book value	462	476	458
Share price/book value	0.92	1.00	0.94
<b>Sydbank Group</b>			
Solvency ratio (total capital)	10.2	10.1	10.4
Core capital ratio (tier 1)	7.5	7.2	7.8
Pre-tax profit as % of average shareholders' equity p.a.	18.9	16.2	18.4
Post-tax profit as % of average shareholders' equity p.a.	14.9	11.3	13.7
Income/cost ratio (DKK)	1.37	1.30	1.35
Interest rate risk	2.4	6.2	4.2
Foreign exchange risk	0.2	0.1	0.1
Provisioning ratio	2.9	2.9	2.7
Write-off and provisioning ratio p.a. for the period	0.6	0.6	0.6
Full-time staff end of period	1,926	1,966	1,897
<b>Rating</b>			
Moody's (long-term)	A2	A2	A2
Moody's (short-term)	P-1	P-1	P-1
Moody's (financial strength)	C+	C+	C+

## COMMENTS – SELECTED FINANCIAL HIGHLIGHTS

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DKKm	Q1-Q3 2001	Q1-Q3 2002	Full year 2001
<b>Core income excl trading income</b>			
Interest margin etc	1,142	1,138	1,524
Mortgage credit	36	52	51
Payment services	33	48	43
Remortgaging and loan fees	58	65	78
Other commission	62	58	83
Other operating income	19	28	15
<b>Total</b>	<b>1,350</b>	<b>1,389</b>	<b>1,795</b>
<b>Trading income</b>			
Bonds	91	90	124
Shares	73	68	107
Foreign exchange	29	29	41
Money market	32	50	46
Asset management	101	114	133
<b>Total</b>	<b>326</b>	<b>351</b>	<b>451</b>

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## GROUP FINANCIAL HIGHLIGHTS – 7 QUARTERS

	Q1 2001	Q2 2001	Q3 2001	Q4 2001	Q1 2002	Q2 2002	Q3 2002	Full year 2001
<b>Profit and loss account (DKK m)</b>								
Core income excl trading income	441	456	453	445	459	470	460	1,795
Trading income	141	104	81	125	121	119	111	451
<b>Total core income</b>	<b>582</b>	<b>560</b>	<b>534</b>	<b>570</b>	<b>580</b>	<b>589</b>	<b>571</b>	<b>2,246</b>
Costs and depreciation	370	361	360	384	395	390	381	1,474
Provisions for bad and doubtful debts	64	65	66	65	75	74	76	260
<b>Core earnings</b>	<b>148</b>	<b>134</b>	<b>108</b>	<b>121</b>	<b>110</b>	<b>125</b>	<b>114</b>	<b>512</b>
Profit from investment portfolios	60	22	3	15	61	15	(9)	99
<b>Pre-tax profit on ordinary activities</b>	<b>208</b>	<b>156</b>	<b>111</b>	<b>136</b>	<b>171</b>	<b>140</b>	<b>105</b>	<b>611</b>
Tax	58	18	26	54	54	41	31	156
<b>Post-tax profit</b>	<b>150</b>	<b>138</b>	<b>85</b>	<b>82</b>	<b>117</b>	<b>99</b>	<b>74</b>	<b>455</b>

### Balance sheet end of period (DKK bn)

Ordinary loans and advances	32.1	33.0	31.9	32.7	32.8	32.5	33.4	32.7
Reverse repo loans and advances	3.3	3.8	3.3	4.6	3.9	4.9	4.5	4.6
Deposits	29.6	30.1	30.6	31.6	31.5	32.8	33.8	31.6
Bonds issued	-	-	1.9	1.9	1.9	1.9	1.9	1.9
Subordinated capital (tier 2)	0.9	1.4	1.2	1.2	1.2	1.2	1.5	1.2
Shareholders' equity (tier 1)	3.4	3.4	3.5	3.4	3.4	3.5	3.6	3.4
Total assets	59.5	59.2	59.0	66.0	63.3	70.1	65.2	66.0
Guarantees etc	6.7	6.9	7.1	7.5	8.1	8.3	8.7	7.5

### Financial ratios and key figures

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

Pre-tax profit	26.5	20.4	14.7	18.2	22.8	18.7	13.9	79.6
Post-tax profit	19.1	18.0	11.4	11.0	15.6	13.2	9.8	59.3
Share price end of period	371	437	425	430	443	490	478	430
Book value	429	451	462	458	453	466	476	458
Share price/book value	0.86	0.97	0.92	0.94	0.98	1.05	1.00	0.94

#### Sydbank Group

Solvency ratio (total capital)	9.6	10.3	10.2	10.4	10.4	10.4	10.1	10.4
Core capital ratio (tier 1)	7.7	7.3	7.5	7.8	7.7	7.6	7.2	7.8
Pre-tax profit as % of average equity p.a.	25.3	18.5	12.9	15.8	20.5	16.3	11.8	18.4
Post-tax profit as % of average equity p.a.	18.2	16.3	10.0	9.5	14.1	11.5	8.3	13.7
Income/cost ratio (DKK)	1.48	1.36	1.26	1.30	1.36	1.30	1.23	1.35
Interest rate risk	3.5	3.7	2.4	4.2	2.8	4.8	6.2	4.2
Foreign exchange risk	0.2	0.1	0.2	0.1	0.2	0.1	0.1	0.1
Provisioning ratio	2.9	2.8	2.9	2.7	2.9	2.9	2.9	2.7
Write-off and provisioning ratio p.a. for the period	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Full-time staff end of quarter	1,891	1,900	1,926	1,897	1,955	1,958	1,966	1,897

# SYDBANK GROUP

	Q1-Q3 2001	Q1-Q3 2002	Full year 2001
<b>Profit and loss account (DKKm)</b>			
Interest income	2,647	2,408	3,478
Interest expense	1,466	1,125	1,872
<b>Net interest income</b>	<b>1,181</b>	<b>1,283</b>	<b>1,606</b>
Dividends from shares	49	43	51
Fee and commission income	439	492	601
Fee and commission expense	59	53	83
<b>Net interest and fee income</b>	<b>1,610</b>	<b>1,765</b>	<b>2,175</b>
Market value adjustments of securities and foreign exchange income	137	20	156
Other operating income	19	27	15
Staff costs and administrative expenses	1,038	1,108	1,404
Depreciation of tangible assets	57	62	75
Other operating expenses	1	2	1
Provisions for bad and doubtful debts	195	225	260
Profit on holdings in associated and group undertakings	0	1	5
<b>Pre-tax profit on ordinary activities</b>	<b>475</b>	<b>416</b>	<b>611</b>
Tax	102	126	156
<b>Post-tax profit</b>	<b>373</b>	<b>290</b>	<b>455</b>
<b>Balance sheet end of period (DKKm)</b>			
<b>Assets</b>			
Cash and balances on demand at central banks	590	485	580
Amounts owed by credit institutions and central banks	3,934	4,580	4,948
Loans and advances	35,241	37,900	37,328
Bonds	12,917	15,729	17,213
Shares etc	1,363	1,231	1,584
Interests in associated undertakings etc	277	195	282
Tangible assets	974	954	945
Own shares	104	52	136
Other assets	3,574	4,001	3,004
Prepayments and accrued income	37	48	28
<b>Total assets</b>	<b>59,011</b>	<b>65,175</b>	<b>66,048</b>
<b>Liabilities</b>			
Amounts owed to credit institutions and central banks	15,641	17,114	21,815
Deposits	30,619	33,846	31,640
Bonds issued	1,859	1,857	1,859
Other liabilities	6,104	7,160	5,951
Accruals and deferred income	29	39	40
Provisions for obligations	79	83	93
Subordinated capital (tier 2)	1,213	1,508	1,215
Shareholders' equity (tier 1)	3,467	3,568	3,435
<b>Total liabilities</b>	<b>59,011</b>	<b>65,175</b>	<b>66,048</b>

## SYDBANK GROUP

	Q1-Q3 2001	Q1-Q3 2002	Full year 2001
<b>Off-balance sheet items</b>			
Guarantees etc	7,146	8,687	7,521
Other commitments	415	164	484
<b>Total off-balance sheet items</b>	<b>7,561</b>	<b>8,851</b>	<b>8,005</b>

### Shareholders' equity (tier 1)

Changes in capital:			
Shareholders' equity (tier 1) at 1 January	3,221	3,435	3,221
Write-off of goodwill etc	-	(157)	-
<b>Adjusted shareholders' equity (tier 1) at 1 January</b>	<b>3,221</b>	<b>3,278</b>	<b>3,221</b>
Allocated for other purposes	-	-	(2)
Capital reduction	(127)	-	(127)
Dividend	-	-	(112)
Profit for the period	373	290	455
<b>Total shareholders' equity (tier 1)</b>	<b>3,467</b>	<b>3,568</b>	<b>3,435</b>

Share capital consists of 7,500,000 shares at a nominal value of DKK 100 each, totalling DKK 750m.

### Solvency (excl profit for the period)

Composition of capital and weighted items:

Core capital (tier 1) after deductions	2,990	3,226	3,299
Capital base (tiers 1+2) after deductions	4,094	4,541	4,400
Weighted items outside the trading portfolio	35,588	37,541	35,927
Weighted items with market risks etc	4,480	7,278	6,520
<b>Total weighted items</b>	<b>40,068</b>	<b>44,819</b>	<b>42,447</b>
Solvency ratio (total capital)	10.2	10.1	10.4
Core capital ratio (tier 1)	7.5	7.2	7.8