

The Copenhagen Stock Exchange  
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## Stock Exchange Announcement No 15/03

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Dear Sirs

### Sydbank Group's Q1-Q3 2003 Report

Sydbank recorded a highly satisfactory pre-tax profit of DKK 619m for the nine months to 30 September 2003, equal to a return of 22% p.a. on shareholders' equity at the beginning of the year. Representing DKK 460m, core earnings exceed previously published outlooks – mainly as a result of substantially increased trading income. Consequently the core earnings outlook for the year 2003 has been adjusted upwards to a more exact amount of DKK 550-600m.

### The Executive Management

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<b>Profit and loss account Q1-Q3 (DKKm)</b>		
	<b>2002</b>	<b>2003</b>
Core income excl trading income	1,389	1,422
Trading income	351	475
<b>Total core income</b>	<b>1,740</b>	<b>1,897</b>
Costs and depreciation	1,166	1,211
Provisions for bad and doubtful debts	225	226
<b>Core earnings</b>	<b>349</b>	<b>460</b>
Profit from investment portfolios	67	159
<b>Pre-tax profit</b>	<b>416</b>	<b>619</b>
Tax	126	208
<b>Post-tax profit</b>	<b>290</b>	<b>411</b>

Core income excl trading income grew by DKK 33m to DKK 1,422m. The increase is mainly attributable to a continued high level of activity within and a rise in income from the mortgage credit area. Interest margin income is slightly declining due to a competitive environment and reduced interest rates coupled with modest growth in loans and advances.

Business activity in Sydbank Markets continues to be bustling and has generated a rise in trading income from DKK 351m to DKK 475m albeit all business areas represent satisfactory growth rates. The Bank's corporate clients show growing interest in hedging transactions related to foreign exchange and interest rate risks.

Core income totals DKK 1,897m – an increase of DKK 157m or 9%.

Costs and depreciation related to core income grew by DKK 45m or just under 4% to DKK 1,211m. At the end of Q3 2003, staff members numbered 2,004 compared with 1,966 at the same time in 2002. The growing number of employees is mainly ascribable to the establishment of branches in the Bank's new areas of operation. In September Sydbank opened a branch in Holstebro – which together with the branches in Silkeborg and Skanderborg brings the number of new branches in this region of Jutland to three over the past two years.

Provisions for bad and doubtful debts total DKK 226m (2002: DKK 225m), equal to 0.7% p.a. of ordinary loans and advances, guarantees and provisions for the first nine months of 2003.

Provisions etc at 30 September	2002		2003	
	DKKm	%*	DKKm	%*
Total provisions	1,374	3.2	1,410	3.2
A-provisions	1,264	2.9	1,292	2.9
Non-performing ordinary loans and advances	200	0.5	182	0.4

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

Total core earnings constitute DKK 460m compared with DKK 349m in 2002.

Profit from investment portfolios amounts to DKK 159m for the nine months to 30 September 2003 (2002: DKK 67m).

The Group's pre-tax profit makes up DKK 619m. Less a calculated tax charge of DKK 208m, profit stands at DKK 411m.

### Balance sheet and capital

The Group's total assets represent DKK 69bn at 30 September 2003 (2002: DKK 65bn). Compared with Q3 2002, ordinary loans and advances have risen by DKK 0.3bn to DKK 33.7bn and deposits by DKK 1.9bn to DKK 35.7bn.

Guarantees etc went up by DKK 0.6bn to DKK 9.3bn.

The Group's solvency ratio (total capital) stands at 10.5% (2002: 10.1%) and the core capital ratio (Tier 1) at 8.2% (2002: 7.2%). If profit for the nine months is included, solvency and core capital ratios amount to 11.4% and 9.1% respectively and book value constitutes DKK 563 per share.

Supplementary capital (Tier 2) totals DKK 1,257m at the end of September 2003. During the last 12 months, supplementary capital amounting to DKK 350m and EUR 100m has been repaid and EUR 155m has been raised under the Global MTN Programme.

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

### **Sale of shares in Totalkredit to Nykredit**

It is expected that the shareholders of Totalkredit will sell a majority holding to Nykredit as of 10 November 2003, and that options will be issued to the effect that Nykredit may acquire the remaining shareholdings in 2004 and 2006. Payment regarding the sale of shares consists of a cash payment and a 9-y conditional, continuous payment.

Sydbank's ownership share of Totalkredit constitutes 10.38% at 30 September 2003. If the sale and exercise of options are implemented the net present value of the total gain including the conditional continuous payments currently amounts to DKK 521m after tax in relation to Sydbank. The impact on the profit and loss account in 2003 and the years ahead cannot be assessed until the Financial Business Council has decided on the accounting treatment thereof.

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

Performance and customer development was satisfactory in the first nine months of 2003. Group core earnings for the first three quarters exceed previously published outlooks for the whole year, predominantly due to significantly increased trading income. Therefore the core earnings forecast for 2003 has been adjusted upwards to DKK 550-600m.

This forecast does not include the implications of a sale of shares in Totalkredit.

Yours sincerely



Carsten Andersen  
Chief Executive

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## GROUP FINANCIAL HIGHLIGHTS

	Q1-Q3 2002	Q1-Q3 2003	Full year 2002
<b>Profit and loss account (DKKm)</b>			
Core income excl trading income	1,389	1,422	1,846
Trading income	351	475	515
<b>Total core income</b>	<b>1,740</b>	<b>1,897</b>	<b>2,361</b>
Costs and depreciation	1,166	1,211	1,573
Provisions for bad and doubtful debts	225	226	299
<b>Core earnings</b>	<b>349</b>	<b>460</b>	<b>489</b>
Profit from investment portfolios	67	159	120
<b>Pre-tax profit</b>	<b>416</b>	<b>619</b>	<b>609</b>
Tax	126	208	195
<b>Post-tax profit</b>	<b>290</b>	<b>411</b>	<b>414</b>
<b>Balance sheet end of period (DKKbn)</b>			
Ordinary loans and advances	33.4	33.7	33.9
Reverse repo loans and advances	4.5	4.5	4.7
Deposits	33.8	35.7	33.4
Bonds issued	1.9	1.9	1.9
Subordinated capital (Tier 2)	1.5	1.3	1.3
Shareholder's equity (Tier 1)	3.6	4.2	3.6
Total assets	65.2	68.7	66.8
Guarantees etc	8.7	9.3	8.6
<b>Financial ratios and key figures</b>			
<b>The Sydbank share (DKK per share)</b>			
Pre-tax profit	55.4	82.5	81.2
Post-tax profit	38.7	54.8	55.1
Share price end of period	478	670	490
Book value	476	563	477
Share price/book value	1.00	1.19	1.03
<b>Sydbank Group</b>			
Solvency ratio (total capital) (%)	10.1	10.5	11.4
Core capital ratio (Tier 1) (%)	7.2	8.2	8.3
Pre-tax profit as % of average shareholders' equity p.a.	16.2	20.5	17.8
Post-tax profit as % of average shareholders' equity p.a.	11.3	13.6	12.1
Income/cost ratio (DKK)	1.30	1.43	1.32
Interest rate risk	6.2	3.6	5.9
Foreign exchange risk	0.1	0.0	0.1
Provisioning ratio	2.9	2.9	2.8
Write-off and provisioning ratio p.a. for the period	0.6	0.5	0.6
Full-time staff end of period	1,966	2,004	1,945

## COMMENTS – SELECTED FINANCIAL HIGHLIGHTS

	Q1-Q3	Q1-Q3	Full year
DKKm	2002	2003	2002
<b>Core income excl trading income</b>			
Interest margin etc	1,138	1,103	1,509
Mortgage credit	52	94	73
Payment services	48	51	66
Remortgaging and loan fees	65	74	87
Other commission	58	81	76
Other operating income	28	19	35
<b>Total</b>	<b>1,389</b>	<b>1,422</b>	<b>1,846</b>
<b>Trading income</b>			
Bonds	90	138	145
Shares	68	84	89
Foreign exchange	29	60	42
Money market	50	50	79
Asset management	114	143	160
<b>Total</b>	<b>351</b>	<b>475</b>	<b>515</b>

## GROUP FINANCIAL HIGHLIGHTS

	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Q1 2003	Q2 2003	Q3 2003	Full year 2002
<b>Profit and loss account (DKK m)</b>								
Core income excl trading income	459	470	460	457	478	481	463	1,846
Trading income	121	119	111	164	149	171	155	515
<b>Total core income</b>	<b>580</b>	<b>589</b>	<b>571</b>	<b>621</b>	<b>627</b>	<b>652</b>	<b>618</b>	<b>2,361</b>
Costs and depreciation	395	390	381	407	418	394	399	1,573
Provisions for bad and doubtful debts	75	74	76	74	74	75	77	299
<b>Core earnings</b>	<b>110</b>	<b>125</b>	<b>114</b>	<b>140</b>	<b>135</b>	<b>183</b>	<b>142</b>	<b>489</b>
Profit/(Loss) from investment portfolios	61	15	(9)	53	38	98	23	120
<b>Pre-tax profit on ordinary activities</b>	<b>171</b>	<b>140</b>	<b>105</b>	<b>193</b>	<b>173</b>	<b>281</b>	<b>165</b>	<b>609</b>
Tax	54	41	31	69	55	98	55	195
<b>Post-tax profit</b>	<b>117</b>	<b>99</b>	<b>74</b>	<b>124</b>	<b>118</b>	<b>183</b>	<b>110</b>	<b>414</b>
<b>Balance sheet end of period (DKK bn)</b>								
Ordinary loans and advances	32.8	32.5	33.4	33.9	34.1	34.7	33.7	33.9
Reverse repo loans and advances	3.9	4.9	4.5	4.7	5.0	4.7	4.5	4.7
Deposits	31.5	32.8	33.8	33.4	35.0	35.5	35.7	33.4
Bonds issued	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Subordinated capital (Tier 2)	1.2	1.2	1.5	1.3	1.8	1.5	1.3	1.3
Shareholders' equity (Tier 1)	3.4	3.5	3.5	3.6	3.9	4.1	4.2	3.6
Total assets	63.3	70.1	65.2	66.8	69.8	69.8	68.7	66.8
Guarantees etc	8.1	8.3	8.7	8.6	8.6	9.1	9.3	8.6
<b>Financial ratios and key figures</b>								
<b>The Sydbank share (DKK per share)</b>								
Pre-tax profit	22.8	18.7	13.9	25.7	23.1	37.4	22.0	81.2
Post-tax profit	15.6	13.2	9.8	16.5	15.7	24.4	14.7	55.1
Share price end of period	443	490	478	490	511	687	670	490
Book value	453	466	476	477	524	549	563	477
Share price/book value	0.98	1.05	1.00	1.03	0.97	1.25	1.19	1.03
<b>Sydbank Group</b>								
Solvency ratio (total capital) (%)	10.4	10.4	10.1	11.4	12.3	10.5	10.5	11.4
Core capital ratio (Tier 1) (%)	7.7	7.6	7.2	8.3	8.3	7.9	8.2	8.3
Pre-tax profit as % of avg shareholders' equity p.a.	20.5	16.3	11.8	21.6	17.9	27.9	15.8	17.8
Post-tax profit as % of avg shareholders' equity p.a.	14.1	11.5	8.3	13.8	12.2	18.2	10.6	12.1
Income/cost ratio (DKK)	1.36	1.30	1.23	1.40	1.35	1.60	1.35	1.32
Interest rate risk	2.8	4.8	6.2	5.9	5.3	5.3	3.6	5.9
Foreign exchange risk	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.1
Provisioning ratio	2.9	2.9	2.9	2.8	2.9	2.8	2.9	2.8
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	1,955	1,958	1,966	1,945	1,959	1,979	2,004	1,945

## SYDBANK GROUP

	Q1-Q3 2002	Q1-Q3 2003	Full year 2002
<b>Profit and loss account (DKKm)</b>			
Interest income	2,408	2,216	3,209
Interest expense	1,125	906	1,476
<b>Net interest income</b>	<b>1,283</b>	<b>1,310</b>	<b>1,733</b>
Dividends from shares	43	37	48
Fee and commission income	492	586	671
Fee and commission expense	53	54	71
<b>Net interest and fee income</b>	<b>1,765</b>	<b>1,879</b>	<b>2,381</b>
Market value adjustments of securities and foreign exchange income	20	167	72
Other operating income	27	19	36
Staff costs and administrative expenses	1,108	1,152	1,492
Depreciation of tangible assets	62	62	86
Other operating expenses	2	3	3
Provisions for bad and doubtful debts	225	226	299
Profit/(Loss) on holdings in associated and group undertakings	1	(3)	0
<b>Pre-tax profit on ordinary activities</b>	<b>416</b>	<b>619</b>	<b>609</b>
Tax	126	208	195
<b>Post-tax profit</b>	<b>290</b>	<b>411</b>	<b>414</b>
<b>Balance sheet end of period (DKKm)</b>			
<b>Assets</b>			
Cash and balances on demand at central banks	485	803	727
Amounts owed by credit institutions and central banks	4,580	4,116	4,925
Loans and advances	37,900	38,163	38,568
Bonds	15,729	19,341	16,094
Shares etc	1,231	1,783	1,248
Interests in associated undertakings etc	195	172	195
Tangible assets	954	904	936
Own shares	52	55	59
Other assets	4,001	3,348	4,001
Prepayments and accrued income	48	36	39
<b>Total assets</b>	<b>65,175</b>	<b>68,721</b>	<b>66,792</b>
<b>Liabilities</b>			
Amounts owed to credit institutions and central banks	17,114	18,693	19,517
Deposits	33,846	35,719	33,369
Bonds issued	1,857	1,856	1,856
Other liabilities	7,160	6,783	6,943
Accruals and deferred income	39	54	43
Provisions for obligations	83	134	134
Subordinated capital (Tier 2)	1,508	1,257	1,353
Shareholders' equity (Tier 1)	3,568	4,225	3,577
<b>Total liabilities</b>	<b>65,175</b>	<b>68,721</b>	<b>66,792</b>

## SYDBANK GROUP

DKKm	Q1-Q3 2002	Q1-Q3 2003	Full year 2002
<b>Off-balance sheet items</b>			
Guarantees etc	8,687	9,326	8,552
Other commitments	164	163	146
<b>Total off-balance sheet items</b>	<b>8,851</b>	<b>9,489</b>	<b>8,698</b>

### Accounting policies

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.

### Shareholders' equity (Tier 1)

Changes in capital:

Shareholders' equity (Tier 1) at 1 January	3,435	3,577	3,435
Write-off of goodwill etc	(157)	-	(157)
Revaluation of unlisted securities to fair value	-	237	-
<b>Adjusted shareholders' equity (Tier 1) at 1 January</b>	<b>3,278</b>	<b>3,814</b>	<b>3,278</b>
Allocated for other purposes	-	-	(2)
Dividends	-	-	(113)
Profit for the period	290	411	414
<b>Total shareholders' equity (Tier 1)</b>	<b>3,568</b>	<b>4,225</b>	<b>3,577</b>

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

### Solvency (excluding profit for the period)

Composition of capital and weighted items:

Core capital (Tier 1) after deductions	3,226	3,760	3,518
Capital base (Tiers 1+2) after deductions	4,541	4,815	4,831
Weighted items outside the trading portfolio	37,541	39,512	37,129
Weighted items with market risk etc	7,278	6,319	5,359
<b>Total weighted items</b>	<b>44,819</b>	<b>45,831</b>	<b>42,488</b>
Solvency ratio (total capital) (%)	10.1	10.5	11.4
Core capital ratio (Tier 1) (%)	7.2	8.2	8.3