

The Copenhagen Stock Exchange  
The London Stock Exchange  
Other stakeholders

## Stock Exchange Announcement No. 08/03

Date  
28 April 2003

Dear Sirs

### Quarterly Report – Q1 2003 of the Sydbank Group

Sydbank recorded a satisfactory pre-tax profit of DKK 173m for the first three months of 2003, equal to a return of 18% p.a. on shareholders' equity at the beginning of the year.

**The 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

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

<b>Profit and loss account – Q1 (DKKm)</b>	<b>2002</b>	<b>2003</b>
Core income excl trading income	459	478
Trading income	121	149
<b>Total core income</b>	<b>580</b>	<b>627</b>
Costs and depreciation	395	418
Provisions for bad and doubtful debts	75	74
<b>Core earnings</b>	<b>110</b>	<b>135</b>
Profit from investment portfolios	61	38
<b>Pre-tax profit</b>	<b>171</b>	<b>173</b>
Tax	54	55
<b>Post-tax profit</b>	<b>117</b>	<b>118</b>

Core income excl trading income grew by DKK 19m to DKK 478m – mainly attributable to income from mortgage credit activities.

Trading income rose from DKK 121m to DKK 149m. Compared with Q1 2002, income from asset management, money market transactions and customer bond transactions has increased in contrast to income from customer equity trading which remains low.

Total core income amounts to DKK 627m.

Representing DKK 418m costs and depreciation are consistent with the budget. At the end of Q1 2003, staff members numbered 1,959 compared with 1,955 at the same time in 2002. The subsidiary bank, Sydbank (Schweiz) AG, opened in St. Gallen in February 2003.

Provisions for bad and doubtful debts total DKK 74m (2002: DKK 75m) – equal to 0.7% p.a. of ordinary loans and advances, guarantees and provisions for the first three months of 2003.

Provisions etc at 31 March	2002		2003	
	DKKm	%*	DKKm	%*
Total provisions	1,327	3.1	1,428	3.2
A-provisions	1,202	2.9	1,316	3.0
Non-performing ordinary loans and advances	194	0.5	183	0.4

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

Total provisions constitute 780% (2002: 684%) of non-performing ordinary loans and advances.

Total core earnings represent DKK 135m compared with DKK 110m in Q1 2002.

Profit from investment portfolios amounts to DKK 38m for Q1 2003 (2002: DKK 61m).

The Group's pre-tax profit makes up DKK 173m. Less a calculated tax charge of DKK 55m, profit stands at DKK 118m and book value at DKK 524 per share.

### Balance sheet and capital

The Group's total assets amount to DKK 69.8bn at 31 March 2003 (2002: DKK 63.3bn). Compared with Q1 2002, ordinary loans and advances have risen by DKK 1.3bn to DKK 34.1bn and deposits by DKK 3.5bn to DKK 35.0bn.

Guarantees etc have gone up by DKK 0.5bn to DKK 8.6bn.

The Group's solvency ratio (total capital) stands at 12.3% (2002: 10.4%) and the core capital ratio (tier 1) at 8.3% (2002: 7.7%). Incorporating profit for the three months, solvency and core capital ratios amount to 12.6% and 8.6% respectively.

Last year supplementary capital in the amount of DKK 150m was repaid, and supplementary capital of EUR 105m was raised under the Global MTN Programme of which EUR 65m was raised in Q1 2003. Following the end of the first quarter – as at 5 April – supplementary capital of a further EUR 100m was repaid.

As from 1 January 2003 unlisted securities will be included at fair value, which has resulted in a positive adjustment of shareholders' equity at the beginning of the year by DKK 237m to a total of DKK 3,814m.

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

**Development and outlook**

In Q1 2003 performance and customer development was satisfactory and the Bank's core earnings are consistent with the outlook presented in the 2002 Annual Report.

Yours faithfully



Carsten Andersen  
Chief Executive

Please address any enquiries regarding the Q1 2003 Report to Carsten Andersen, Chief Executive, on telephone +45 74 36 20 00, or Mogens Asmund, General Manager, on telephone +45 74 36 20 50.

## GROUP FINANCIAL HIGHLIGHTS

	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Q1 2003	Full year 2002
<b>Profit and loss account (DKKm)</b>						
Core income excl trading income	459	470	460	457	478	1,846
Trading income	121	119	111	164	149	515
<b>Total core income</b>	<b>580</b>	<b>589</b>	<b>571</b>	<b>621</b>	<b>627</b>	<b>2,361</b>
Costs and depreciation	395	390	381	407	418	1,573
Provisions for bad and doubtful debts	75	74	76	74	74	299
<b>Core earnings</b>	<b>110</b>	<b>125</b>	<b>114</b>	<b>140</b>	<b>135</b>	<b>489</b>
Profit from investment portfolios	61	15	(9)	53	38	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>609</b>
Tax	54	41	31	69	55	195
<b>Post-tax profit</b>	<b>117</b>	<b>99</b>	<b>74</b>	<b>124</b>	<b>118</b>	<b>414</b>
<b>Balance sheet end of period (DKKbn)</b>						
Ordinary loans and advances	32.8	32.5	33.4	33.9	34.1	33.9
Reverse repo loans and advances	3.9	4.9	4.5	4.7	5.0	4.7
Deposits	31.5	32.8	33.8	33.4	35.0	33.4
Bonds issued	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	1.3
Shareholders' equity (tier 1)	3.4	3.5	3.5	3.6	3.9	3.6
Total assets	63.3	70.1	65.2	66.8	69.8	66.8
Guarantees etc	8.1	8.3	8.7	8.6	8.6	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	81.2
Post-tax profit	15.6	13.2	9.8	16.5	15.7	55.1
Share price at end of period	443	490	478	490	511	490
Book value	453	466	476	477	524	477
Share price/book value	0.98	1.05	1.00	1.03	0.97	1.03
<b>Sydbank Group</b>						
Solvency ratio (total capital) (%)	10.4	10.4	10.1	11.4	12.3	11.4
Core capital ratio (tier 1) (%)	7.7	7.6	7.2	8.3	8.3	8.3
Pre-tax profit as % of average shareholders' equity p.a.	20.5	16.3	11.8	21.6	17.9	17.8
Post-tax profit as % of average shareholders' equity p.a.	14.1	11.5	8.3	13.8	12.2	12.1
Income/cost ratio (DKK)	1.36	1.30	1.23	1.40	1.35	1.32
Interest rate risk	2.8	4.8	6.2	5.9	5.3	5.9
Foreign exchange risk	0.2	0.1	0.1	0.1	0.1	0.1
Provisioning ratio	2.9	2.9	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
Number of full-time staff at end of period	1,955	1,958	1,966	1,945	1,959	1,945

# SYDBANK GROUP

(DKKm)	Q1 2002	Q1 2003	Full year 2002
<b>Profit and loss account</b>			
Interest income	787	782	3,209
Interest expense	377	343	1,476
<b>Net interest income</b>	<b>410</b>	<b>439</b>	<b>1,733</b>
Dividends from shares	17	11	48
Fee and commission income	166	189	671
Fee and commission expense	18	20	71
<b>Net interest and fee income</b>	<b>575</b>	<b>619</b>	<b>2,381</b>
Market value adjustments of securities and foreign exchange income	59	38	72
Other operating income	9	9	36
Staff costs and administrative expenses	376	400	1,492
Depreciation of tangible assets	20	20	86
Other operating expenses	0	0	3
Provisions for bad and doubtful debts	75	74	299
Profit on holdings in associated and group undertakings	0	1	0
<b>Pre-tax profit on ordinary activities</b>	<b>171</b>	<b>173</b>	<b>609</b>
Tax	54	55	195
<b>Post-tax profit</b>	<b>117</b>	<b>118</b>	<b>414</b>
<b>Balance sheet at end of period</b>			
<b>Assets</b>			
Cash and balances on demand at central banks	443	424	727
Amounts owed by credit institutions and central banks	4,440	5,693	4,925
Loans and advances	36,675	39,082	38,568
Bonds	16,375	18,871	16,094
Shares etc	1,742	1,473	1,248
Interests in associated undertakings etc	192	196	195
Tangible assets	975	907	936
Own shares	29	97	59
Other assets	2,386	3,058	4,001
Prepayments and accrued income	35	38	39
<b>Total assets</b>	<b>63,292</b>	<b>69,839</b>	<b>66,792</b>
<b>Liabilities</b>			
Amounts owed to credit institutions and central banks	19,149	21,098	19,517
Deposits	31,490	35,015	33,369
Bonds issued	1,858	1,857	1,856
Other liabilities	6,059	5,923	6,943
Accruals and deferred income	36	50	43
Provisions for obligations	91	134	134
Subordinated capital (tier 2)	1,214	1,830	1,353
Shareholders' equity (tier 1)	3,395	3,932	3,577
<b>Total liabilities</b>	<b>63,292</b>	<b>69,839</b>	<b>66,792</b>

## SYDBANK GROUP

(DKKm)	Q1 2002	Q1 2003	Full year 2002
<b>Off-balance sheet items</b>			
Guarantees etc	8,057	8,608	8,552
Other commitments	286	126	146
<b>Total off-balance sheet items</b>	<b>8,342</b>	<b>8,734</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) at 1 January to DKK 3,814m.

### Shareholders' equity (tier 1):

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>
Profit for the period	117	118	414
Allocated for other purposes	-	-	(2)
Dividends	-	-	(113)
<b>Total shareholders' equity (tier 1)</b>	<b>3,395</b>	<b>3,932</b>	<b>3,577</b>

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

### Solvency (excluding profit for the period):

Composition of capital and weighted items:			
Core capital (tier 1) after deductions	3,249	3,717	3,518
Capital base (tiers 1+2) after deductions	4,434	5,514	4,831
Weighted items outside the trading portfolio	36,385	39,277	37,129
Weighted items with market risks etc	6,068	5,370	5,359
<b>Total weighted items</b>	<b>42,453</b>	<b>44,647</b>	<b>42,488</b>
Solvency ratio (total capital) (%)	10.4	12.3	11.4
Core capital ratio (tier 1) (%)	7.7	8.3	8.3

## SYDBANK GROUP

---

	Q1	Q1	Full year
(DKKm)	2002	2003	2002
<b>Core income excl trading income:</b>			
Interest margins etc	377	379	1,509
Mortgage credit	16	31	73
Payment services	13	15	66
Remortgaging and loan fees	20	25	87
Other commission	24	19	76
Other operating income	9	9	35
<b>Total</b>	<b>459</b>	<b>478</b>	<b>1,846</b>
<b>Trading income:</b>			
Bonds	32	46	145
Shares	35	18	89
Foreign currency	9	9	42
Money market	8	30	79
Asset management	37	46	160
<b>Total</b>	<b>121</b>	<b>149</b>	<b>515</b>

---