

The Copenhagen Stock Exchange  
The London Stock Exchange  
Other stakeholders

## Stock Exchange Announcement No 12/04

Date  
25 October 2004

Dear Sirs

### Sydbank Group's Q1-Q3 2004 Report

Sydbank recorded a satisfactory pre-tax profit of DKK 601m for the nine months to 30 September 2004, equal to a return of 19% p.a. on shareholders' equity. Exceeding expectations, core earnings represent DKK 499m. Therefore the 2004 outlook for core earnings is adjusted upwards and narrowed to DKK 625-675m.

<b>Profit and loss account Q1-Q3 (DKKm)</b>	<b>2003</b>	<b>2004</b>
Core income excl trading income	1,422	1,453
Trading income	475	522
<b>Total core income</b>	<b>1,897</b>	<b>1,975</b>
Costs and depreciation	1,211	1,276
Provisions for bad and doubtful debts	226	200
<b>Core earnings</b>	<b>460</b>	<b>499</b>
Profit from investment portfolios	159	102
<b>Pre-tax profit</b>	<b>619</b>	<b>601</b>
Tax	208	192
<b>Post-tax profit</b>	<b>411</b>	<b>409</b>

Core income excl trading income totals DKK 1,453m compared with DKK 1,422m for the first nine months of 2003. Interest margin income etc remains unchanged compared with 2003. Consequently the satisfactory growth in loans and advances and deposits has compensated for reduced income due to receding interest margins. Other core income excl trading income records an overall rise of DKK 31m, particularly generated by mortgage credit activities.

### 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

In the first nine months of 2004 trading income has gone up from DKK 475m to DKK 522m, mainly due to an exceptionally high level of business activity within Sydbank Markets and the Bank's decentralized investment units during Q1 2004.

Total core income amounts to DKK 1,975m.

Costs and depreciation related to core income grew by DKK 65m or just over 5% to DKK 1,276m. Rising activity has generated an increase in employees to 2,051 at the end of Q3 2004 compared with 2,004 one year ago.

Provisions for bad and doubtful debts etc total DKK 200m (2003: DKK 226m), equal to 0.5% p.a. of ordinary loans and advances, guarantees and provisions for the first nine months of 2004.

Provisions etc at 30 September	2003		2004	
	DKKm	%*	DKKm	%*
Total provisions	1,410	3.2	1,544	3.2
A-provisions	1,292	2.9	1,404	2.9
Non-performing ordinary loans and advances	182	0.4	144	0.3

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

### Core earnings

Total core earnings constitute DKK 499m compared with DKK 460m in 2003.

### Profit from investment portfolios

Profit from investment portfolios amounts to DKK 102m for the nine months to 30 September 2004 (2003: DKK 159m).

### Subsidiary undertakings

The subsidiary undertakings, DMK-Holding and SBK-Invest, contribute a pre-tax profit of DKK 37m (2003: DKK 34m). The subsidiary bank, Sydbank (Schweiz) AG in St. Gallen, recorded a pre-tax loss of DKK 10m. Representing DKK 29m, the total profit of subsidiary undertakings has been included in core earnings.

### Post-tax profit

The Group's pre-tax profit makes up DKK 601m. Less a calculated tax charge of DKK 192m, profit stands at DKK 409m and book value at DKK 591 per share. Adjusting for the most recently adopted capital reduction of DKK 25m nominal (cf capital below), book value represents DKK 613 per share.

### Balance sheet

At 30 September 2004 the Group's total assets amount to DKK 69bn. Compared with a year ago, ordinary loans and advances have risen by 10% to DKK 37.2bn and deposits by 15% to DKK 41.0bn.

### Capital

Supplementary capital (Tier 2) totals DKK 1,262m at the end of September 2004.

Shareholders' equity (Tier 1) of DKK 4,331m at year-end 2003 was reduced by DKK 222m in the first half of 2004 in connection with the reduction of the nominal share capital from DKK 750m to DKK 725m.

As a result of the capital reduction which was adopted by the General Meeting on 7 September, shareholders' equity has been further reduced by DKK 230m. It is expected that the capital reduction will be finally registered with the Danish Commerce and Companies Agency in mid-December 2004 after which the nominal share capital will be lowered from DKK 725m to DKK 700m. As at 30 September 2004 shareholders' equity constitutes DKK 4,288m, including profit for the first three quarters of 2004.

The Group's solvency ratio (total capital) stands at 10.1% (2003: 10.5%) and the core capital ratio (Tier 1) at 8.1% (2003: 8.2%). Incorporating profit for the three quarters, solvency (total capital) and core capital (Tier 1) ratios amount to 10.9% and 8.9% respectively.

### **Implementing IAS/IFRS**

The Group's continued preparations for the implementation of the international accounting standards as from 2005 are progressing according to plan.

### **Outlook for 2004 as a whole**

Performance and customer development was satisfactory in the first nine months of 2004. The Group's core earnings in Q1-Q3 2004 have exceeded previous 2004 profit expectations. Therefore the 2004 core earnings outlook is adjusted upwards and narrowed to DKK 625-675m.

Profit from investment portfolios will depend on financial market developments in the remainder of 2004.

As of 1 October 2004, Sydbank sold 87,592 shares in Totalkredit to Nykredit. The sale will affect the Group's post-tax profit favourably by DKK 88m in Q4 2004.

Sydbank expects to publish its 2004 Annual Report on 15 February 2005.

Yours faithfully



Carsten Andersen  
Group Chief Executive

Please address any enquiries regarding this Q1-Q3 Report to Carsten Andersen, Group Chief Executive, on tel +45 74 36 20 00, or Mogens Asmund, Group Executive Vice President on tel +45 74 36 20 50.

## GROUP FINANCIAL HIGHLIGHTS

	Q1-Q3 2003	Q1-Q3 2004	Full year 2003
<b>Profit and loss account (DKKm)</b>			
Core income excl trading income	1,422	1,453	1,865
Trading income	475	522	638
<b>Total core income</b>	<b>1,897</b>	<b>1,975</b>	<b>2,503</b>
Costs and depreciation	1,211	1,276	1,654
Provisions for bad and doubtful debts	226	200	300
<b>Core earnings</b>	<b>460</b>	<b>499</b>	<b>549</b>
Profit from investment portfolios	159	102	217
<b>Profit before Totalkredit gain</b>	<b>619</b>	<b>601</b>	<b>766</b>
Gain on sale of Totalkredit	-	-	282
<b>Pre-tax profit</b>	<b>619</b>	<b>601</b>	<b>1,048</b>
Tax	208	192	376
<b>Post-tax profit</b>	<b>411</b>	<b>409</b>	<b>672</b>
<b>Balance sheet, end of period (DKKbn)</b>			
Ordinary loans and advances	33.7	37.2	34.9
Reverse repo loans and advances	4.5	6.4	4.7
Deposits	35.7	41.0	37.8
Bonds issued	1.9	1.9	1.9
Subordinated capital (Tier 2)	1.3	1.3	1.3
Shareholders' equity (Tier 1)	4.2	4.3	4.3
Total assets	68.7	69.5	73.5
Guarantees etc	9.3	9.8	9.3
<b>Financial ratios and key figures</b>			
<b>The Sydbank share (DKK per share)</b>			
Pre-tax profit	82.5	81.5	139.7
Post-tax profit	54.8	55.5	89.6
Share price, end of period	670	939	803
Book value	563	591	578
Share price/book value	1.19	1.59	1.39
<b>Sydbank Group</b>			
Solvency ratio (total capital)	10.5	10.1	11.1
Core capital (Tier 1) ratio	8.2	8.1	8.9
Pre-tax profit as % p.a. of avg shareholders' equity	20.5	18.6	25.7
Post-tax profit as % p.a. of avg shareholders' equity	13.6	12.7	16.5
Income/cost ratio (DKK)	1.43	1.41	1.53
Interest rate risk	3.6	3.2	4.8
Foreign exchange risk	0.0	0.0	0.1
Provisions ratio	2.9	2.8	2.9
Write-off and provisions ratios p.a. for the period	0.5	0.5	0.6
Number of full-time staff, end of period	2,004	2,051	1,988

## COMMENTS – SELECTED FINANCIAL HIGHLIGHTS

---

DKKm	Q1-Q3 2003	Q1-Q3 2004	Full year 2003
<b>Core income excl trading income:</b>			
Interest margins etc	1,103	1,102	1,444
Mortgage credit	94	108	125
Payment services	51	55	68
Remortgaging and loan fees	74	76	97
Other commission	81	87	110
Other operating income	19	25	21
<b>Total</b>	<b>1,422</b>	<b>1,453</b>	<b>1,865</b>
<b>Trading income:</b>			
Bonds	138	123	167
Shares	84	133	122
Foreign exchange	60	66	85
Money market	50	46	71
Asset management	143	154	193
<b>Total</b>	<b>475</b>	<b>522</b>	<b>638</b>

---

## GROUP FINANCIAL HIGHLIGHTS

	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Full year 2003
<b>Profit and loss account (DKKm)</b>								
Core income excl trading income	478	481	463	443	479	486	488	1,865
Trading income	149	171	155	163	231	145	146	638
<b>Total core income</b>	<b>627</b>	<b>652</b>	<b>618</b>	<b>606</b>	<b>710</b>	<b>631</b>	<b>634</b>	<b>2,503</b>
Costs and depreciation	418	394	399	443	432	418	426	1,654
Provisions for bad and doubtful debts	74	75	77	74	75	73	52	300
<b>Core earnings</b>	<b>135</b>	<b>183</b>	<b>142</b>	<b>89</b>	<b>203</b>	<b>140</b>	<b>156</b>	<b>549</b>
Profit/(Loss) from investment portfolios	38	98	23	58	90	(16)	28	217
<b>Profit before Totalkredit gain</b>	<b>173</b>	<b>281</b>	<b>165</b>	<b>147</b>	<b>293</b>	<b>124</b>	<b>184</b>	<b>766</b>
Gain on sale of Totalkredit	-	-	-	282	-	-	-	282
<b>Pre-tax profit</b>	<b>173</b>	<b>281</b>	<b>165</b>	<b>429</b>	<b>293</b>	<b>124</b>	<b>184</b>	<b>1,048</b>
Tax	55	98	55	168	90	38	64	376
<b>Post-tax profit</b>	<b>118</b>	<b>183</b>	<b>110</b>	<b>261</b>	<b>203</b>	<b>86</b>	<b>120</b>	<b>672</b>

### Balance sheet, end of period (DKKbn)

Ordinary loans and advances	34.1	34.7	33.7	34.9	35.9	37.5	37.2	34.9
Reverse repo loans and advances	5.0	4.7	4.5	4.7	5.9	6.3	6.4	4.7
Deposits	35.0	35.5	35.7	37.8	37.0	41.5	41.0	37.8
Bonds issued	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Subordinated capital (Tier 2)	1.8	1.5	1.3	1.3	1.3	1.3	1.3	1.3
Shareholders' equity (Tier 1)	3.9	4.1	4.2	4.3	4.3	4.4	4.3	4.3
Total assets	69.8	69.8	68.7	73.5	69.9	69.2	69.5	73.5
Guarantees etc	8.6	9.1	9.3	9.3	9.4	10.2	9.8	9.3

### Financial ratios and key figures

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

Pre-tax profit	23.1	37.4	22.0	57.2	39.0	16.8	25.5	139.7
Post-tax profit	15.7	24.4	14.7	34.8	27.1	11.7	16.6	89.6
Share price, end of period	511	687	670	803	870	895	939	803
Book value	524	549	563	578	575	607	591	578
Share price/book value	0.97	1.25	1.19	1.39	1.51	1.48	1.59	1.39

#### Sydbank Group

Solvency ratio (total capital)	12.3	10.5	10.5	11.1	10.2	10.1	10.1	11.1
Core capital (Tier 1) ratio	8.3	7.9	8.2	8.9	8.3	8.1	8.1	8.9
Pre-tax profit as % p.a. of avg shareholders' equity	17.9	27.9	15.8	40.1	27.1	11.4	17.0	25.7
Post-tax profit as % p.a. of avg shareholders' equity	12.2	18.2	10.6	24.4	18.8	7.9	11.1	16.5
Income/cost ratio (DKK)	1.35	1.60	1.35	1.82	1.57	1.25	1.39	1.53
Interest rate risk	5.3	5.3	3.6	4.8	5.3	2.4	3.2	4.8
Foreign exchange risk	0.1	0.1	0.0	0.1	0.1	0.0	0.0	0.1
Provisions ratio	2.9	2.8	2.9	2.9	2.8	2.7	2.8	2.9
Write-off and provisions ratios p.a. for the period	0.6	0.6	0.6	0.6	0.6	0.6	0.4	0.6
Number of full-time staff, end of quarter	1,959	1,979	2,004	1,988	1,991	2,024	2,051	1,988

# SYDBANK GROUP

	Q1-Q3 2003	Q1-Q3 2004	Full year 2003
<b>Profit and loss account (DKKm)</b>			
Interest income	2,216	1,980	2,881
Interest expense	906	762	1,162
<b>Net interest income</b>	<b>1,310</b>	<b>1,218</b>	<b>1,719</b>
Dividends from shares	37	47	44
Fee and commission income	586	656	793
Fee and commission expense	54	68	72
<b>Net interest and fee income</b>	<b>1,879</b>	<b>1,853</b>	<b>2,484</b>
Market value adjustment of securities and foreign exchange income	167	207	498
Other operating income	19	24	21
Staff costs and administrative expenses	1,152	1,229	1,567
Depreciation of tangible assets	62	53	97
Other operating expenses	3	0	0
Provisions for bad and doubtful debts	226	200	300
Profit/(Loss) on holdings in associated and group undertakings	(3)	(1)	9
<b>Pre-tax profit</b>	<b>619</b>	<b>601</b>	<b>1,048</b>
Tax	208	192	376
<b>Post-tax profit</b>	<b>411</b>	<b>409</b>	<b>672</b>
<b>Balance sheet end of period (DKKm)</b>			
<b>Assets</b>			
Cash and balances on demand at central banks	803	727	575
Amounts owed by credit institutions and central banks	4,116	6,373	8,421
Loans and advances	38,163	43,628	39,580
Bonds	19,341	13,003	18,534
Shares etc	1,783	1,972	1,842
Interests in associated undertakings etc	172	185	185
Tangible assets	904	828	902
Own holdings	55	73	204
Other assets	3,348	2,706	3,182
Prepayments	36	40	32
<b>Total assets</b>	<b>68,721</b>	<b>69,535</b>	<b>73,457</b>
<b>Liabilities</b>			
Amounts owed to credit institutions and central banks	18,693	14,289	21,462
Deposits	35,719	40,970	37,796
Bonds issued	1,856	1,860	1,861
Other liabilities	6,783	6,709	6,598
Deferred income	54	47	46
Provisions for obligations	134	110	103
Subordinated capital (Tier 2)	1,257	1,262	1,260
Shareholders' equity (Tier 1)	4,225	4,288	4,331
<b>Total liabilities</b>	<b>68,721</b>	<b>69,535</b>	<b>73,457</b>

## SYDBANK GROUP

	Q1-Q3 2003	Q1-Q3 2004	Full year 2003
<b>Off-balance sheet items:</b>			
Guarantees etc	9,326	9,805	9,346
Other commitments	163	107	175
<b>Total off-balance sheet items</b>	<b>9,489</b>	<b>9,912</b>	<b>9,521</b>

### Accounting policies:

The accounting policies applied are consistent with those adopted in the preceding period.

### Shareholders' equity (Tier 1):

Changes in capital:			
Shareholders' equity (Tier 1) at 1 January	3,577	4,331	3,577
Revaluation of unlisted securities to fair value	237	-	237
<b>Adjusted shareholders' equity (Tier 1) at 1 January</b>	<b>3,814</b>	<b>4,331</b>	<b>3,814</b>
Profit for the period	411	409	672
Capital reduction from DKK 750m nominal to DKK 725m nominal (registered)	-	(222)	-
Capital reduction from DKK 725m to DKK 700m nominal (not registered)	-	(230)	-
Allocated for other purposes	-	-	(5)
Dividends	-	-	(150)
<b>Total shareholders' equity (Tier 1)</b>	<b>4,225</b>	<b>4,288</b>	<b>4,331</b>

Share capital comprises 7,250,000 shares at a nominal value of DKK 100 or a total of DKK 725m.

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

Composition of capital and weighted items:			
Core capital (Tier 1) after deductions	3,760	3,805	4,127
Capital base (Tiers 1+2) after deductions	4,815	4,750	5,160
Weighted items outside the trading portfolio	39,512	42,936	40,711
Weighted items with market risk etc	6,319	4,273	5,894
<b>Total weighted items</b>	<b>45,831</b>	<b>47,209</b>	<b>46,605</b>
Solvency ratio (total capital)	10.5	10.1	11.1
Core capital (Tier 1) ratio	8.2	8.1	8.9