

Sydbank's 2014 Annual Report

A good performance enabling Sydbank to pay a historically high dividend

CEO Karen Frøsig comments on the financial statements:

– Sydbank has delivered its best results since 2007 and it is gratifying to see that Sydbank's plan to improve profitability is working.

– The sound and stable development continues; Sydbank's loans and advances have increased by almost 3% in a highly competitive market.

2014 highlights

- Core income has risen by 6% to DKK 4,319m compared with 2013 due in part to the acquisition of DiBa Bank.
- Sydbank continues to see an influx of new clients – both retail clients, private banking clients and corporate clients.
- Loans and advances have gone up by 2.9% in a declining and highly competitive market.
- Impairment charges for loans and advances constitute DKK 707m. This is at the positive end of expectations.
- Costs (core earnings) have increased by 4% as a result of the integration of DiBa Bank.
- Return on shareholders' equity represents 9.8% after tax.
- Profit for the period amounts to DKK 1,052m – the best annual result since 2007.

Possibility of historically high dividend

Anders Thoustrup, Chairman of Sydbank's Board of Directors, says:

– In 2014 Sydbank determined new capital targets that are sufficiently prudent and that enable a satisfactory return on shareholders' equity. In other words Sydbank is well-positioned to face the competition in the banking market in the future.

– I am very pleased that we are able to pay half of the year's profit as dividend to Sydbank's shareholders.

Q4 2014

Developments in Q4 were characterised by stable core income and a continued rise in loans and advances. At the same time financial market jitters resulted in a loss in trading income of DKK 9m. The profit for Q4 2014 amounted to DKK 224m compared to minus DKK 282m in Q4 2013.

Outlook for 2015

Very limited positive economic growth is projected in 2015. Based on the level of interest rates at the beginning of 2015, core income is expected to rise slightly due in part to a slight increase in bank loans and advances resulting from the measures implemented and despite continued fierce competition. The longer the current upward pressure on DKK and by extension the negative interest rate environment last, the greater the uncertainty of the projection.

Trading income is projected to remain unchanged or rise slightly relative to income for 2014 but is very dependent on developments in the financial markets. In spite of the general pay rises agreed for the financial sector of 1.75% and a payroll tax increase of 0.80%, costs (core earnings) are expected to remain unchanged. Lower impairment charges are forecast for 2015. The uncertainty surrounding price developments in the agricultural sector may however affect impairment charges.

Additional information

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Karen Frøsig, CEO, Bjarne Larsen, Deputy Group Chief Executive, and Jørn Adam Møller, Chief Investor Relations Officer, will present the 2014 Annual Report today at 10.00 (CET) at a teleconference. The teleconference will be held in Danish and may be attended via www.sydbank.dk/audiocast.

Attendees, please call by 09.55 (CET). Danish attendees are invited to call 70 25 23 00 or 70 25 67 00. International attendees are invited to call +44 208 817 93 11. Please quote the following code: 9460 3040#