

Sydbank's Interim Report – Q1 2015

Historically high income – good start to the year

CEO Karen Frøsig comments on the interim financial statements:

- We have had a good start to 2015 and we are very pleased. It has now been a year since we launched our plan to increase profitability at Sydbank. The entire organisation has made a targeted effort to implement the plan since then and the Q1 results show a Sydbank with a solid and high earnings capacity.
- Our total income in Q1 amounted to DKK 1,233m, which is an increase of 6% compared with Q1 2014. This is a historically high income for Sydbank and a sign that the continued high activity in the Bank together with lower impairment charges are the key to creating lasting profitability improvements.

Chairman of Sydbank's Board of Directors Torben Nielsen, former Central Bank Governor, says:

- When we presented the 2014 Annual Report we announced that Sydbank would issue Tier 2 capital and that it might be possible to initiate a share buy-back programme. It is very gratifying to be able to say that we have implemented a successful issue of Tier 2 capital worth EUR 100m and that we have commenced our share buy-back programme.

Q1 – highlights

- Profit of DKK 304m. This is equal to a return on shareholders' equity of 10.9%.
- Total income of DKK 1,233m. This is an increase of 6% compared with Q1 2014. A historically high income.
- Impairment charges for loans and advances represent DKK 116m and have declined by 64% compared with Q1 2014.
- Bank loans and advances have risen by DKK 2.1bn, equal to 3.2%, in Q1 2015.
- The Common Equity Tier 1 capital ratio has climbed by 0.7% in Q1 2015 and constitutes 14.6%.
- Tier 2 capital worth EUR 100m has been issued.
- A share buy-back programme of DKK 500m was commenced on 13 April 2015.

Outlook for 2015

Sydbank projects very limited positive economic growth in 2015. Furthermore we expect:

- Slightly rising core income 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 negative interest rate environment lasts, the greater the uncertainty of the projection.
- Increasing trading income relative to income for 2014 but dependent on financial market developments.
- Unchanged costs (core earnings) – in spite of the general pay rises agreed for the financial sector of 1.75% and a payroll tax increase of 0.80%.
- Lower impairment charges in 2015. The uncertainty surrounding price developments in the agricultural sector may however affect impairment charges.

Projections for core income and costs (core earnings) are exclusive of the effect of the acquisition of Sydinvest Administration A/S as of 31 March 2015, which is expected to result in an increase in both items of approximately DKK 50m.

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 Q1 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 22 35 00. International attendees are invited to call +44 207 57 21 187. Please quote the following code: 3164 4051#