

Sydbank's Interim Report – First Half 2015

Sydbank reports historically high core income and growth in lending for sixth consecutive quarter

CEO Karen Frøsig comments on the interim financial statements:

- We have delivered a solid performance in 1H and we are very pleased. Core income represented DKK 2,227m in 1H, which is an increase of 5% compared to 1H 2014. This is a historically high level for Sydbank and, coupled with a growth in loans and advances of 4.3% for the half year, it shows that Sydbank is maintaining a high level of activity with significant customer focus.
- It is pleasing that we now project significantly lower impairment charges for the year.

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

- Earlier this year we initiated a share buy-back programme and it is progressing as planned. At the end of Q2 our purchases totalled DKK 209m of a total share buy-back of DKK 500m, which is satisfactory.

1H – highlights

- Profit of DKK 530m. This is equal to a return on shareholders' equity of 9.4%.
- Core income of DKK 2,227m. This is an increase of 5% compared with 1H 2014. A historically high income.
- Total income of DKK 2,379m. This is an increase of 4% compared with 1H 2014.
- Impairment charges for loans and advances represent DKK 217m and have declined by 50% compared with 1H 2014.
- Bank loans and advances have risen by DKK 2.9bn, equal to 4.3%, in 1H 2015.
- The Common Equity Tier 1 capital ratio has climbed by 0.2 percentage points in 1H 2015 and constitutes 14.1%.
- 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 limited positive economic growth in 2015. Furthermore we expect:

- A slight rise in core income due in part to an increase in bank loans and advances resulting from the measures implemented and despite continued fierce competition and the negative interest rate environment.
- Increasing trading income relative to income for 2014 but dependent on financial market developments.
- Unchanged costs (core earnings) – despite the general pay rises agreed for the financial sector of 1.75% and a payroll tax increase of 0.80%.
- Significantly lower impairment charges in 2015.

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, CFO, will present the 1H 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: 5104 3628#