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Dear Sirs

EU-wide stress test 2016

The 2016 stress test was conducted by the European Banking Authority (EBA) in cooperation with national authorities, the European Central Bank (ECB), the European Commission and the European Systemic Risk Board (ESRB). From Denmark the Danish FSA participated as the national authority.

The stress test seeks to assess the resilience of European banks, including the banks' capital resources, to severe shocks under hypothetical adverse scenarios.

The EBA's EU-wide stress test covers a sample of 51 banks. Sydbank was not among these 51 banks but the Danish FSA has decided to conduct a similar stress test as regards Sydbank.

The stress test is based on the EBA's common methodology and guidelines as described in the EBA's Methodological Note. Neither the result of the baseline scenario nor the result of the adverse scenario can be construed as Sydbank's forecasts or be compared to other information published by Sydbank.

The stress test uses a baseline scenario and an adverse scenario that cover the period 2016-2018.

The baseline scenario is based on the European Commission's forecast from November 2015.

The adverse scenario has been designed by the ESRB and reflects the systemic risks that are currently assessed as representing the most pertinent threats to the stability of the EU banking sector.

The assumptions and methodology were developed to assess banks' capital adequacy under the baseline scenario and the adverse scenario, respectively.

Sydbank is pleased that the EU-wide stress test has been conducted and with the Group's individual results indicating:

- great resilience to adverse economic developments in the period 2016-2018
- no appreciable exposure to governments and banks in countries with increased risk
- a very robust capital structure.

The most significant capital ratios represent:

Percentage of total risk exposure (RWA)	Common Equity Tier 1 capital	Total capital
31 Dec 2015	14.5	17.6
Baseline scenario year-end 2018	16.6	19.4
Adverse scenario, year-end 2018 transitional CRR/CRD IV	12.6	15.3
Adverse scenario, year-end 2018 fully loaded CRR/CRD IV	12.6	14.8
Capital requirement adverse scenario, year-end 2018 transitional CRR/CRD IV	8.1	12.4
Capital requirement adverse scenario, year-end 2018 fully loaded CRR/CRD IV	9.0	13.2
Excess cover, year-end 2015	8.1	7.7
Excess cover adverse scenario, year-end 2018 transitional CRR/CRD IV	4.5	2.9
Excess cover adverse scenario, year-end 2018 fully loaded CRR/CRD IV	3.7	1.6

Under the adverse scenario the capital requirement has been calculated as the minimum requirement + Pillar II add-on (calculated at year-end 2015) + capital conservation buffer + SIFI buffer. 56% of the Pillar II add-on is included in the calculation of the CET1 capital requirement.

Detailed results

The detailed results of the stress test under the baseline and adverse scenarios as well as information on banks' credit exposures and exposures to central and local governments are provided in the accompanying disclosure templates based on the common format provided by the EBA.

Further information

See more details on the scenarios, assumptions and methodology on the EBA website: <http://www.eba.europa.eu/risk-analysis-and-data/eu-wide-stress-testing/2016>.

Yours sincerely



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Appendix

Stress template