

Press Release No 01/2018

Peberlyk 4
6200 Aabenraa, Denmark

Tel +45 74 37 37 37
Fax +45 74 37 35 36

Sydbank A/S
CVR No DK 12626509, Aabenraa
sydbank.dk

2 November 2018

Dear Sirs

EU-wide stress test 2018

The 2018 stress test was conducted by the European Banking Authority (EBA) in cooperation with national authorities, the ECB 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 48 banks. Sydbank was not among these 48 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 2018-2020. The stress test was conducted on the assumption of a static balance sheet, which means that the stress test results do not take into account future business strategies as well as management actions.

The baseline scenario is based on estimates of the national central banks from autumn 2017.

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 2018-2020
- 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 risk exposure amount (REA)	Common Equity Tier 1 capital	Total capital
Year-end 2017	17.3	20.8
Baseline scenario, year-end 2020	18.6	22.1
Adverse scenario, year-end 2020 fully loaded CRR/CRD IV	12.7	15.8
Capital requirement adverse scenario, year-end 2020 fully loaded CRR/CRD IV	9.7	14.5
Excess cover, year-end 2017	9.3	7.9
Excess cover adverse scenario, year-end 2020 fully loaded CRR/CRD IV	3.0	1.3

Under the adverse scenario the capital requirement has been calculated as the minimum requirement + Pillar II add-on (calculated at year-end 2017) + 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 template based on the common format provided by the EBA.

Further information

See more details on the scenarios, assumptions and methodology on the EBA website:

<https://www.eba.europa.eu/risk-analysis-and-data/eu-wide-stress-testing/2018>.

Yours sincerely

Sydbank

Sydbank contacts

Søren Hansen Reumert, CCO, tel +45 74 37 20 50

Jørn Adam Møller, CFO, tel +45 74 37 24 00

Appendix

[Stress template](#)