

Sydbank's 2017 Annual Report

A highly satisfactory result ensures a record-high dividend per share and a new share buyback programme of DKK 500m. Total distribution represents 83% of profit for the year after tax.

Sydbank's 2017 financial statements show a profit before tax of DKK 1,956m compared with DKK 1,869m in 2016. The improvement is due to a reversal of impairment charges and very satisfactory investment portfolio earnings. Profit before tax equals a return of 16.8% p.a. on average shareholders' equity. The profit exceeds the expectations presented in the 2016 financial statements.

Profit for the year represents DKK 1,531m against DKK 1,472m in 2016, equal to a return on average shareholders' equity of 13.1% after tax.

CEO Karen Frøsig comments on the year's result:

- As a result of the negative interest rate environment combined with fierce competition in the sector, the Group's net interest income continues to be under pressure. I am therefore very happy that we have succeeded in holding total core income at the same level as in 2016, which is in no small part thanks to the efforts of Sydbank's many competent employees.

Chairman of Sydbank's Board of Directors Torben Nielsen elaborates:

- We have generated a return of 13.1% on shareholders' equity in a highly competitive market and ensured a record-high dividend per share as well as the launch of a new share buyback programme of DKK 500m. After a total distribution of DKK 1,266m, the Bank will continue to be highly capitalised.

2017 highlights

- A 1% decrease in total income
- A 2% rise in costs (core earnings)
- A reversal of DKK 51m in impairment charges
- A rise in core earnings of DKK 56m to DKK 1,814m
- Investment portfolio earnings of DKK 182m
- Bank loans and advances of DKK 64.3bn
- Deposits of DKK 82.7bn
- A capital ratio of 20.8%, including a Common Equity Tier 1 capital ratio of 17.3%
- A proposed dividend of DKK 11.31 per share.

Outlook for 2018

Limited growth is projected for the Danish economy in 2018.

Total income is expected to be on a par with the income generated in 2017.

Costs (core earnings) are projected to rise slightly in 2018.

Impairment charges for 2018 are forecast to be at a low level.

The uncertainty surrounding price developments in the agricultural sector may however affect impairment charges.

Non-recurring costs are expected to represent around DKK 75m.

In 2017 very satisfactory investment portfolio earnings and the reversal of impairment charges had a positive effect on profit for the year. However we cannot be sure that this will be the case also in 2018. As a result profit after tax of DKK 1,200-1,400m is projected for 2018.

The outlook is subject to uncertainty and depends among other things on macroeconomic factors.

Additional information

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Karen Frøsig, CEO, Bjarne Larsen, Deputy Group Chief Executive, and Jørn Adam Møller, CFO, will present the 2017 Annual Report today at 10.00 (CET) at a teleconference. The teleconference will be held in Danish and may be attended via http://www.qbrick.dk/sydbank/Aarsrapport_2017.html

Danish attendees are invited to call +45 70 22 35 00. International attendees are invited to call +44 (0) 207 57 21 187. Please quote the following code: 49762466#