

## Sydbank's Interim Report – Q1-Q3 2018

**Q1-Q3 2018 is characterised by strong credit quality, improved customer satisfaction as well as lower income**

On the back of the satisfactory results achieved during the two most recent strategy periods from 2014 and until now, Sydbank today releases a new 3-year strategy plan to ensure that the positive trend since the beginning of 2014 continues. The strategy is named: “**A stronger bank**”.

CEO Karen Frøsig comments on Sydbank's Q1-Q3 result:

- We want to be a bank with satisfied customers. Therefore it is highly satisfactory to note that the efforts made by all Sydbank employees have lifted customer satisfaction. The first nine months were characterised by a continued improvement in customers' sound financial health. Consequently impairment charges were reversed for the 6th consecutive quarter. As a result of lower than expected income in Q3 we have downgraded our forecast of profit after tax to be in the range of DKK 1,250m-1,325m.

On Sydbank's new 3-year strategy plan Karen Frøsig comments:

- We will build a **stronger bank** with the objective of enhancing our market position during the strategy period. Our customers must receive greater value, our employees must have even simpler and more efficient processes and we must be more distinct. This is a brief summary of our strategic direction for the next three years. It means that we will translate the values from our underlying philosophy and the Bank's core story more clearly into value – for our customers, for our shareholders, for our employees and for society.

Karen Frøsig elaborates:

- We will build a **stronger bank** focusing on three themes: “Customer first”, “More Sydbank” and “What works”. The themes must go hand in hand with a level of profitability ensuring that Sydbank will continue to be an independent and resourceful bank – also in the future. The themes will guide us and ensure that we can meet the new strategy's goals of continuing to focus on the customer, providing a workplace for some of our industry's most skilled and dedicated employees and strengthening our profile and visibility in the market place, among employees and in society at large.

### Q1-Q3 2018 – highlights

- Profit of DKK 963m equals a return on shareholders' equity of 11.2% p.a. after tax.
- Core income of DKK 3,003m is 4% lower compared with the same period in 2017.
- Impairment charges for loans and advances represent an income of DKK 71m, equal to an improvement of DKK 33m compared with the same period in 2017.
- Total credit intermediation has declined by DKK 1.1bn, equal to 0.7% compared to year-end 2017.
- The share buyback of DKK 500m commenced on 21 February 2018 and was increased by DKK 750m at the extraordinary general meeting on 22 June 2018, bringing the total share buyback programme to DKK 1,250m. The overall share buyback programme has reduced capital ratios by 2.1 percentage points.
- Predominantly due to the overall share buyback programme, the Common Equity Tier 1 capital ratio has declined by 1.2 percentage points compared to year-end 2017 and constitutes 16.1% excluding profit for the period. When including 50% of profit for the period, the Common Equity Tier 1 capital ratio stands at 17.0%.

### Outlook for 2018 – downward revision

- Limited growth is projected for the Danish economy in 2018.
- Total income is expected to be lower than 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.
- Non-recurring items, net are expected to represent an income of around DKK 60m.
- Profit after tax is forecast to be in the range of DKK 1,250m-1,325m. In our interim report for the first half-year profit after tax for the year was expected to be in the lower part of the range of DKK 1,340m-1,540m.

**Additional information**

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

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: 52490722#