

Sydbank's Interim Report – Q1 2019

Q1 2019 was characterised by brisk activity in financial markets, strong credit quality and continued pressure on core income

On the back of the results achieved during the two most recent strategy periods, Sydbank has entered a new 3-year strategy period. The new strategy **"A stronger bank"** seeks to ensure that the positive trend since the beginning of 2014 continues.

CEO Karen Frøsig comments on Sydbank's Q1 result:

- We are pleased that despite significant pressure on the Bank's core income we have recorded an increase in total income compared with Q4 2018 thanks to very high activity in Sydbank Markets. Moreover it is positive to note continued growth in core corporate lending also in Q1 2019 as well as the reversal of impairment charges for the 8th consecutive quarter.

On the transition to Sydbank's new 3-year strategy plan she comments:

- Customers set great store by decency, accessibility, transparency and speed. In other words banks that can be trusted. We strive to honour this through Sydbank's strategy "A stronger bank". A task taken on by everyone at Sydbank. Therefore it is highly satisfying to see a significant increase in employee engagement from an already high level and a continued positive development in customer satisfaction.

Q1 2019 – highlights

- Profit of DKK 205m equals a return on equity of 7.3% p.a. after tax.
- Total income of DKK 996m is 5% higher than total income in Q4 2018.
- Impairment charges for loans and advances represent an income of DKK 14m, on a par with the same period in 2018.
- Total credit intermediation has increased by DKK 0.3bn, equal to 0.2% compared to year-end 2018.
- A share buyback of DKK 250m will be commenced on 2 May 2019.
- Predominantly due to the announced share buyback programme, the Common Equity Tier 1 capital ratio has declined by 0.4 percentage points compared to year-end 2018 and constitutes 16.9% excluding profit for the period. When including 50% of profit for the period, the Common Equity Tier 1 capital ratio stands at 17.1%.

Outlook for 2019

- Limited growth is projected for the Danish economy in 2019.
- Total income is expected to be lower than the income generated in 2018.
- Costs (core earnings) are projected to rise slightly in 2019.
- Impairment charges for 2019 are forecast to be at a low level.
- Non-recurring costs are expected to represent around DKK 75m.
- Profit after tax is expected to be in the range of DKK 800-1,100m.
- The outlook is subject to uncertainty and depends among other things on financial market developments and 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 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

Attendees are invited to call +45 35 44 55 77. Please quote the following code: 95646079#