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Aabenraa, Denmark, 2017-08-29 08:25 CEST (GLOBE NEWSWIRE) -- Sydbank has delivered a highly satisfactory performance for the first six months of 2017 and continues the positive trend. Trading income as well as investment portfolio earnings are at a very high level in 1H 2017. Impairment charges have declined by DKK 90m compared to the same period in 2016. The Bank's loans and advances have effectively dropped by DKK 0.3bn adjusted for the effect of the funding of mortgage-like loans.

CEO Karen Fr sig comments on Sydbank's 1H result:

- It is highly satisfactory to note an increase of DKK 173m in profit after tax compared with the same period in 2016. The increase in profit is driven by improvements in trading income, impairment charges and investment portfolio earnings. Profit after tax equals a return on shareholders' equity of 14.2% p.a.

Karen Fr sig elaborates:

- The financial health of the Bank's clients is generally good, which means that the need for impairment charges for loans and advances is limited. As a result of the current level of interest rates combined with relatively low demand for new loans and advances as well as keen competition, net interest income continues to be under pressure. But I am very pleased that the drop in net interest income has been offset by a rise in other core income, bringing total core income to the level achieved in the same period in 2016.

#### 1H 2017 highlights

- Profit of DKK 816m, equal to a return of 14.2% p.a. on shareholders' equity after tax.
- Total income of DKK 2,232m on a par with the level in 1H 2016.
- Impairment charges for loans and advances represent an income of DKK 9m and have declined by DKK 90m compared with the same period in 2016.
- Bank loans and advances including funded mortgage-like loans have declined by DKK 0.3bn, equal to 0.4% compared to year-end 2016. Bank loans and advances excluding funded mortgage-like loans have declined by DKK 6.6bn, equal to 8.6% for the half year.
- The Common Equity Tier 1 capital ratio has declined by 0.5 percentage points compared to year-end 2016 and constitutes 15.6% excluding profit for the period. When including 50% of profit for the period, the Common Equity Tier 1 capital ratio stands at 16.3%.
- A share buyback of DKK 664m was commenced on 2 March 2017.

#### Outlook for 2017

- Limited growth is projected for the Danish economy in 2017.
- Based on the level of interest rates at the beginning of 2017, core income is expected to be on a par with the core income generated in 2016.
- Trading income is anticipated to remain unchanged relative to income in 2016 but is dependent on financial market developments.
- As a consequence of general pay rises for the financial sector and a payroll tax increase of 0.5%, costs (core earnings) are projected to rise slightly despite measures implemented.
- Impairment charges in 2017 are forecast to be lower than the level recorded in 2016.
- As a result of intensified digitization of the Bank as well as the establishment of a new mortgage platform, non-recurring costs are expected to represent around DKK 75m.

#### Additional information

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Karen Fr sig, CEO, Bjarne Larsen, Deputy Group Chief Executive, and J rn Adam M ller, 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: 56039229#

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