

DANMARKS NATIONALBANK

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SECURITIES, APRIL 2019

Fall in dividends to banks' shareholders

In the first four months of 2019, Danish listed banks paid kr. 9.2 billion to their shareholders in dividends. This corresponds to a decrease of kr. 2.3 billion compared to the same period last year. The dividends relate to the financial year 2018 and are typically paid to the shareholders in connection with the general assemblies in March and April.

The decrease in dividend payments should be seen in the light of lower profits for the banks in 2018. Dividend payments in the first four months of the year amounted to 43 per cent of the banks' profits after tax, which is roughly the same as last year.

There are a total of 23 Danish listed banks. Of these, 13 banks have chosen to pay dividends in 2019.

There are large variations in the size of the individual banks' dividend payments. Dividend payments were between 6 and 58 per cent of profits after tax. It was especially the large banks that paid a large share of their profits in dividends.

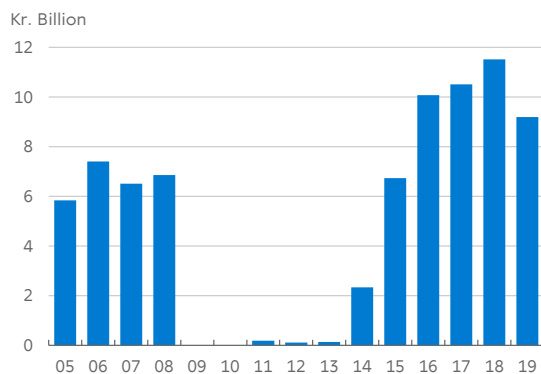
The banks also repurchase shares

As an alternative to the dividend payments, the banks can also pay out profits in the form of capital gains by repurchasing own shares. When banks buy back shares, the number of shares is reduced, which means that the price of the remaining shares, seen in isolation, increases.

It is especially the big banks that buy back shares. However, they have different approaches to dividend payments and share buybacks. At Jyske Bank's general assembly, it was decided, for example, to buy back own shares rather than paying dividends. Conversely, Spar Nord Bank only paid out dividends, while Sydbank paid dividends and decided at its general assembly also to buy back shares. Danske Bank paid dividends, but stopped buying own shares in October 2018.

Based on dividend payments during the first four months of the year and the largest banks' announcements regarding share buybacks, this year's total dividends and buybacks will be 46 pct. of last year's profits. In 2018, the banks paid out 80 per cent. The banks' dividend payments have varied over time. In the first years after the financial crisis, the banks did not pay dividends to the shareholders.

Banks' dividend payments decreased in 2019 but are still at a high level



Note: Data for Danish listed banks from 2005 to 2019 for the months January to April.

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