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Sydbank A/S  
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## Company Announcement No 13/2020

7 April 2020

Dear Sirs

### **Impairment charges represent an expense of DKK 84m in Q1 2020**

Referring to Company Announcement No 10 dated 17 March 2020, in which the Bank suspended its outlook for the annual result for 2020 due to covid-19, this is to publish the Bank's impairment charges in Q1 2020.

Sydbank's impairment charges in Q1 2020 represent DKK 84m.

The Bank's collective impairment charges include a management estimate of DKK 225m to cover the consequences of the covid-19 outbreak. The estimate is based on a current assessment of the effects of covid-19 on the Bank's lending portfolio and therefore the estimate may change in the coming quarters.

### **Impairment charges for the quarter**

In the first quarter Sydbank recorded impairment charges of around DKK 175m due to covid-19. Moreover the Bank recorded reversals as regards agriculture for instance. Impairment charges for the quarter represent DKK 84m.

### **Management estimates as a result of covid-19**

At 31 March 2020 Sydbank's unsecured loans in the weakest rating categories (exclusive of agriculture, but including mink farming) amount to DKK 610m. These loans are not subject to objective indication of credit impairment but in the short term they are the most critical in terms of credit impairment due to covid-19. The Bank's collective impairment charges include a management estimate of DKK 125m to hedge the risk of these loans, equal to approx 20%.

Furthermore the Bank's collective impairment charges include a management estimate of DKK 100m to cover unforeseen events as regards the remaining part of the lending portfolio, the credit risk of which is satisfactory or normal.

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The Bank's total lending to the entertainment industry, retail and the very small businesses is low.

Management estimates as a result of covid-19 total DKK 225m.

**Risk exposure amount concerning credit risk**

It must be expected that the Bank's risk exposure amount concerning credit risk will increase in the coming quarters as the effects of covid-19 appear in the credit quality and rating of individual businesses and households.

At 31 December 2019 Sydbank's capital ratio stood at 22.9%. A 10% increase in the risk exposure amount concerning credit risk will lower the Bank's capital ratio by 1.4 percentage points. The Bank's capital base is strong and we do not anticipate that any effects of covid-19 will influence Sydbank's lending capacity.

Yours sincerely



Karen Frøsig  
CEO



Bjarne Larsen  
Deputy Group Chief Executive