

## Sydbank's Interim Report – First Half 2021

### Earnings up by 20%

#### 1H 2021 – highlights

- Profit of DKK 645m equals a return on equity of 10.4% p.a. after tax.
- Core income of DKK 2,193m is 20% higher compared to the same period in 2020.
- Costs (core earnings) are 16% higher compared to the same period in 2020 and constitute DKK 1,647m.
- Impairment charges for loans and advances represent an income of DKK 206m compared with an expense of DKK 42m in the same period in 2020.
- Bank loans and advances constitute DKK 61.4bn – an increase of DKK 1.2bn in 1H 2021.
- Total credit intermediation amounts to DKK 168.9bn – an increase of DKK 3.3bn in 1H 2021.
- The CET1 ratio has declined by 1.1 percentage points compared to year-end 2020 and constitutes 17.7% excluding profit for the period.

#### We are undertaking a number of initiatives to strengthen:

- Sydbank's position – Denmark's corporate bank – significant increase in awareness
- our earnings – via new terms and conditions for corporate deposits
- our customer focus – via a change in Sydbank's organisation
- our engine room – we will simplify processes for Sydbank's advisers.

#### Denmark's corporate bank – significant increase in awareness

Our targeted efforts to raise the awareness of Sydbank's strengths and competences in the corporate area have produced measurable results:

- A significant increase in awareness
- Many positive responses to the campaign
- Influx of new customers
- Increased business volume with existing customers.

The next stage of the campaign will focus on value creation and specific customer benefits. **Sydbank – Denmark's corporate bank.**

#### Adjusted terms and conditions for corporate deposits

Sydbank's deposit surplus set a new record at 30 June 2021. We will adjust the interest rate of corporate clients' deposit accounts from minus 0.75% to minus 0.95%, which is in line with developments in the marketplace.

#### Change in Sydbank's organisation

Sydbank will strengthen its position in the Private Banking and Retail Client segments. As a result the division Retail Clients & Private Banking will be split into 2 divisions. Consequently we will have a division for each of the customer segments: Corporate, Private Banking and Retail. This aims to clarify more fully the Bank's competences, strengths and value propositions for the individual customer. In addition customer-facing areas will be anchored more firmly within the Group Executive Management. This will ensure greater customer focus throughout the Bank – starting at the Group Executive Management level.

#### We will simplify processes for Sydbank's advisers

We will continue to strengthen the Bank's engine room. Digitization and automation of tasks will be further accelerated via the introduction of a new portal concerning the handling of retail client cases. We work continuously to deliver faster and improve quality, to create easier and simpler processes for our employees and to build a more cost effective engine room to the benefit of the Bank's shareholders.

CEO Karen Frøsig comments on Sydbank's 1H result:

- An earnings growth of 20% is strong and is the result of measures implemented, including the acquisition of Alm. Brand Bank which accounts for half of the growth in earnings.

Board chairman Lars Mikkelaard-Jensen on Sydbank's capital position:

- We acted very responsibly by cancelling the announced dividend distribution to our shareholders last year. I hope and expect that the authorities will allow the cancelled distribution to be effected later this year.

## **Outlook for 2021**

- Growth is projected in the Danish economy in 2021 and is expected to exceed the negative growth in 2020.
- Total income is expected to rise sharply as a result of the acquisition of Alm. Brand Bank and measures implemented as regards deposits and fees.
- Costs (core earnings) are projected to increase as a result of the acquisition of Alm. Brand Bank.
- Impairment charges for 2021 are forecast to represent a net reversal in the region of DKK 250m.
- Non-recurring costs are expected to be in the range of DKK 100-150m. The item consists of costs related to "A stronger bank", costs to establish a bank/insurance partnership as well as costs related to the integration of Alm. Brand Bank.
- Profit after tax is expected to be in the range of DKK 1,150-1,350m.
- The outlook is subject to uncertainty and depends among other things on financial market developments and macroeconomic factors.

## **Additional information**

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