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Sydbank A/S
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Company Announcement No 14/2020

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Dear Sirs

Profit after tax for Q1 2020 represents DKK 55m

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 profit for Q1 2020.

Profit for the first three months of 2020 is impacted by the negative effects of covid-19 but also by a positive development in the Group's core income. In terms of performance the negative effects of covid-19 are mainly related to trading income, impairment of loans and advances etc and investment portfolio earnings.

Income statement

DKKm	Q1	Q1	Index	Q1	Q4	Index
	2020	2019		2020	2019	
Core income	960	900	107	960	926	104
Trading income	7	96	7	7	38	18
Total income	967	996	97	967	964	100
Costs, core earnings	718	719	100	718	703	102
Core earnings before impairment	249	277	90	249	261	95
Impairment of loans and advances etc	84	-14	-	84	-48	-
Core earnings	165	291	57	165	309	53
Investment portfolio earnings	-78	-14	-	-78	-14	-
Profit before non-recurring items	87	277	31	87	295	29
Non-recurring items, net	-17	-17	100	-17	-24	71
Profit before tax	70	260	27	70	271	26
Tax	15	55	27	15	76	20
Profit for the period	55	205	27	55	195	28

Core income

Core income represents DKK 960m in Q1 2020 – the highest level of core income since Q3 2018. As a result of the positive development in core income an increase of 7% can be recorded for Q1 2020 compared to Q1 2019 and an increase of 4% compared to Q4 2019.

Core income is composed as follows:

DKKm	Q1	Q1	Index	Q1	Q4	Index
	2020	2019		2020	2019	
Net interest etc	389	381	102	389	363	107
Mortgage credit	154	141	109	154	153	101
Payment services	40	48	83	40	39	103
Remortgaging and loan fees	48	34	141	48	52	92
Commisison and brokerage	107	78	137	107	89	120
Commission etc investment funds and pooled plans	73	84	87	73	78	94
Asset management	70	66	106	70	72	97
Custody account fees	20	18	111	20	18	111
Other operating income	59	50	118	59	62	95
Total	960	900	107	960	926	104

Net interest etc constitutes DKK 389m in Q1 2020 compared to DKK 381m in Q1 2019 and DKK 363m in Q4 2019 respectively. The DKK 26m increase compared to Q4 2019 is mainly attributable to a widening range of deposits on which customers pay negative interest.

Commission and brokerage represent DKK 107m in Q1 2020 compared to DKK 78m in Q1 2019 and DKK 89m in Q4 2019 respectively. The DKK 18m increase compared to Q4 2019 is attributable to increased trading volume throughout the quarter.

Other core income amounts to DKK 464m in Q1 2020 compared to DKK 441m in Q1 2019 and DKK 474m in Q4 2019 respectively.

Trading income and investment portfolio earnings

The impact on trading income and investment portfolio earnings is a consequence of increased uncertainty, which has also resulted in widening credit spreads on mortgage bonds and corporate bonds. Moreover the uncertainty has prompted a significant decline in share prices. Both factors have had an adverse impact on trading income and the widening credit spreads on bonds have impacted investment portfolio earnings.

Impairment of loans and advances etc

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

Outlook for 2020

In connection with the release of Group's Interim Report – Q1 2020 we expect that we will be able to give an update as regards the Group's financial outlook for the year's result.

Yours sincerely



Karen Frøsig
CEO



Jørn Adam Møller
Deputy Group Chief Executive