

Sydbank's Interim Report – Q1-Q3 2021

Impressive growth in lending and strong earnings

On the back of the satisfactory results achieved during the current strategy period from 2019 and until now, Sydbank releases a new 3-year strategy plan today to ensure that the positive trend since the beginning of 2014 will continue. The strategy is called “**Growing our business**”.

CEO Karen Frøsig comments on Sydbank's Q1-Q3 result:

- It is highly satisfactory to note that the efforts made by all Sydbank employees have lifted our earnings. The first 9 months of 2021 were characterised by a continued improvement in customers' sound financial health. Consequently impairment charges totalling DKK 311m were reversed.
- Furthermore we are pleased to see that our customers are starting to draw on their credit facilities. This has raised lending significantly and boosted growth in lending by DKK 2.9bn in Q3 2021.

Q1-Q3 2021 – highlights

- Profit of DKK 1,013m equals a return on equity of 10.7% p.a. after tax.
- Core income of DKK 3,280m is 21% higher compared to the same period in 2020.
- Impairment charges for loans and advances represent an income of DKK 311m, equal to an improvement of DKK 357m compared with the same period in 2020.
- Bank loans and advances have risen by DKK 4.1bn, equal to an increase of 6.8% compared to year-end 2020.
- Total credit intermediation has increased by DKK 7.0bn, equal to an increase of 4.2% compared to year-end 2020.
- A share buyback of DKK 219m was commenced on 4 October 2021.
- A dividend of DKK 5.70 per share will be distributed on 29 October 2021.
- The CET1 ratio has declined by 2.0pp compared to year-end 2020 and constitutes 16.8% excluding profit for the period. When including 50% of profit for the period, the CET1 ratio stands at 17.6%.

Board chairman Lars Mikkilgaard-Jensen comments on Sydbank's new 3-year strategy plan:

- As a natural next step for the current strategy “A stronger bank” we must zoom out and concentrate on **growing our business** in the coming strategy period. We will enhance our market position during the strategy period. We must deliver even greater value to customers and shareholders and we must be distinct. This is a brief summary of our strategic direction for the next 3 years.

Karen Frøsig elaborates:

- The strategy “**Growing our business**” centres on 3 themes: “Better known and bigger”, “Sound business” and “Stronger competitive position”. The themes must go hand in hand with a level of profitability ensuring that Sydbank will continue to be an independent and resourceful bank – also in the future.
The themes will guide us and ensure that we can meet the new strategy's goals of greater visibility in the marketplace and stronger competitive position. Furthermore we will continue to focus on the customer and be the workplace for some of our industry's most skilled and dedicated employees.

Outlook for 2021

- Growth is projected in the Danish economy in 2021.
- 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 400m.
- Non-recurring costs are expected to be in the range of DKK 100-125m. 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 1,300-1,450m.
- The outlook is subject to uncertainty and depends among other things on financial market developments and macroeconomic factors.

Additional information

Jørn Adam Møller, Deputy Group Chief Executive, tel +45 74 37 20 30

Susanne Ingemann Faber, Press Officer, tel +45 26 29 11 29