

Nasdaq Copenhagen A/S
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Peberlyk 4
6200 Aabenraa, Denmark

Tel +45 74 37 37 37
Fax +45 74 37 35 36

Sydbank A/S
CVR No DK 12626509, Aabenraa
sydbank.dk

Company Announcement No 22/2020

1 October 2020

Dear Sirs

Sydbank A/S to acquire Alm. Brand Bank A/S

Sydbank A/S and Alm. Brand A/S have concluded an agreement to the effect that Sydbank will acquire Alm. Brand Bank and consequently take over all the bank's employees and the bank's customers.

Moreover the agreement involves the establishment of a partnership to create attractive value propositions for bank customers and insurance customers. The partners' investments to develop new and integrated customer solutions where banking and insurance are linked will total a minimum of DKK 100m over the coming three years. The partnership is expected to increase the business volume and income of both parties. Sydbank projects that in a 3-5 year period the annual income from this cooperation will represent around DKK 40-50m.

Purchase price

The parties have agreed a price involving the payment of the value of the equity at the date of acquisition deducting intellectual property rights and adding DKK 25m. The cash purchase price cannot be finally calculated until the date of acquisition. The provisionally calculated purchase price totals DKK 1,833m, equal to 95% of book equity.

Terms of acquisition

The implementation of the acquisition is conditional upon:

- The approval of the implementation of the acquisition by the Danish Financial Supervisory Authority
- The approval of the implementation of the acquisition by the Danish Competition and Consumer Authority.

The terms are expected to be met by the end of 2020.

Sydbank's CEO Karen Frøsig on the acquisition:

- I am pleased that we acquire Alm. Brand Bank. The agreement is to everybody's advantage. With Sydbank customers will get a large bank that is also close to its customers. This will boost not least Sydbank's retail banking segment. In addition we have established a partnership between Sydbank and Alm. Brand in which we will invest jointly in new good solutions for our customers. I have high expectations in this regard.

The acquisition includes approx 55,000 NemKonto (Easy Account) customers, bank loans and advances totalling DKK 4.8bn and arranged Totalkredit mortgage loans representing DKK 16.9bn and it will make Sydbank the largest distributor of Totalkredit mortgage loans.

It must be expected that the acquired portfolio of loans and advances of DKK 4.8bn will decrease to between DKK 3.5bn and DKK 4.0bn in the long term. The expected decline is mainly attributable to an expectation that loans and advances to weak corporate clients will be phased out.

As a consequence of the acquisition of Alm. Brand Bank, Sydbank's annual results are projected to increase by approx DKK 100m as from 2022. This is after an expected reduction of DKK 250m in the two banks' total costs.

In the course of 2021 the head office functions will be gathered at Sydbank's head office in Aabenraa.

It is expected that the acquisition will result in a decline in Sydbank's capital ratios of around 2 percentage points.

Outlook for 2020

Profit after tax is still expected to be in the range of DKK 600-800m as announced in connection with the Interim Report – First Half 2020.

Yours sincerely



Karen Frøsig
CEO



Bjarne Larsen
Deputy Group Chief Executive