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Dear Sirs

Strong start for AL Sydbank: Growth and integration on the right track

AL Sydbank has got off to a good start. The first quarterly report of the merged bank shows growth in both deposits and lending as well as a continued solid return on equity. The bank has maintained momentum despite continuing global unrest and fast-paced merger activities.

For the first time AL Sydbank has delivered a full quarterly report based on the merged bank. Despite continuing global unrest the bank has managed to create growth. Total credit intermediation represents DKK 387.3bn, equal to an increase of DKK 3.3bn compared to year-end 2025. Deposits have grown from DKK 209.3bn at year-end 2025 to DKK 212.9bn in Q1 2026. Profit for the period totals DKK 803m, which yields a return on tangible equity of 11.8% after tax.

“Even though the start to 2026 has been jittery, we continue to show growth in lending as well as deposits in the first quarter of the year. The conflict in the Middle East, which escalated in March, has caused further geopolitical uncertainty with volatility in financial markets and consequences for the short-term energy supply and inflation. Continuing disruptions in global energy markets could put a damper on economic activity, also in Denmark. Despite global uncertainty the result for Q1 is in line with expectations,” says Mark Luscombe, CEO of AL Sydbank.

“In times of significant geopolitical uncertainty and global energy supply challenges it is particularly important that AL Sydbank is well prepared to navigate this uncertainty and support its customers. It is gratifying to note that also after initiating the share buyback of DKK 1,100m the bank remains highly capitalised and resilient. It is positive that, in the first quarter for the merged bank, we have been able to achieve a return on tangible equity of 11.8%,” says Ellen Trane Nørby, board chair of AL Sydbank.

Merger at full speed

Barely five months after the launch of AL Sydbank as one entity the new management is in place. At the same time the integration of the nationwide branch network is making good progress. The planned amalgamations are expected to be implemented before the summer holidays.

“The integration of the three banks has got off to a good start. During the first quarter we have appointed all the managers of the new major bank, merged the first 17 branches – in towns where we had more than one branch – and initiated the work of preparing the IT migration to Bankdata in 2027. The integration work follows a structured process in which large parts of the organisation are involved. At the same time we have made dedicated efforts to describe the culture we want for AL Sydbank. These efforts include focus on values and management principles,” says Mark Luscombe.

“The ambition for AL Sydbank is to combine scale and presence. We must take advantage of our scale and the strength of being a major bank – with the opportunities for investment, development and professionalism this brings. At the same time we want to remain close to our customers and the local communities we are part of. To achieve this we must collaborate well and keep customers at the centre of our business,” says Ellen Trane Nørby.

Outlook for 2026

- Moderate growth is projected for the Danish economy.
- Profit after tax is expected to be in the range of DKK 3,500-4,000m.
- The outlook is subject to uncertainty and depends on financial market developments and macroeconomic factors which may affect eg interest rate levels and the level of impairment charges.

About the financial statements

The financial statements for Q1 2026 comprise the merged entity AL Sydbank. Comparative figures for Q1 2025 concern the former Sydbank and are thus not comparable.

Q1 2026 highlights

- Profit for the period of DKK 803m equals a return on tangible equity of 11.8% after tax
- Core income of DKK 2,925m is 72% higher compared to the same period in 2025
- Trading income of DKK 80m compared to DKK 64m in the same period in 2025
- Costs (core earnings) of DKK 1,755m compared to DKK 881m in the same period in 2025

- Core earnings before impairment of DKK 1,250m are 42% higher compared to the same period in 2025
- Impairment charges for loans and advances etc represent an expense of DKK 57m
- Bank loans and advances have gone up by DKK 2.1bn, equal to an increase of 1.5% compared to year-end 2025
- The CET1 ratio is 15.7% compared to 15.8% at year-end 2025

Further information:

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Yours sincerely

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