

Sydbank's Interim Report – Q1 2021

Strong and promising start to 2021

Q1 2021 – highlights

- Profit of DKK 291m equals a return on equity of 9.5% p.a. after tax.
- Core income of DKK 1,105m is 15% higher compared to the same period in 2020.
- Costs (core earnings) are 16% higher compared to the same period in 2020 and constitute DKK 833m.
- Impairment charges for loans and advances represent an income of DKK 81m compared with an expense of DKK 84m in the same period in 2020.
- Bank loans and advances constitute DKK 61.5bn – an increase of DKK 1.3bn in Q1 2021.
- Total credit intermediation amounts to DKK 168.1bn – an increase of DKK 2.5bn in Q1 2021.
- The CET1 ratio has declined by 0.7 percentage points compared to year-end 2020 and constitutes 18.1% excluding profit for the period.

CEO Karen Frøsig comments on Sydbank's Q1 result:

- It is good news that profit for Q1 shows a clear positive trend. Income has increased sharply as a result of the measures implemented to lift earnings, the acquisition of Alm. Brand Bank and a high activity level in financial markets.

CEO Karen Frøsig on the integration of Alm. Brand Bank:

- The integration of Alm. Brand Bank is progressing completely as planned. All branches have been amalgamated with the existing Sydbank branches. In their everyday lives former employees and customers of Alm. Brand Bank are experiencing the Sydbank culture, which is rooted in our underlying philosophy, our core story and our 10 rules to live by.

Board chairman Lars Mikkjelgaard-Jensen on Sydbank's handling of the coronavirus crisis:

- I am pleased that Sydbank has fared well through this past year dominated by Covid-19. The Bank has been very successful in adapting to conditions. Now that society is opening up more and more we expect that our customers will need increased credit facilities.

Outlook for 2021

- Growth is projected in the Danish economy in 2021 despite expectations of negative growth influenced by Covid-19 in the first 6 months.
- 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 be at a low level. In addition most of the amounts owed to the Group by the mink industry are expected to be repaid in full, which could result in a reversal of impairment charges of up to DKK 150m.
- Non-recurring costs are expected to be in the range of DKK 150-175m. 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 850-1,150m.
- In light of the Covid-19 crisis the outlook for 2021 is subject to greater uncertainty than usual.

Additional information

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