



Annual Report 2021

Solid growth in lending and earnings

Highlights 12M 2021

Solid growth in lending and earnings

Profit

Profit of DKK 1,411m – **ROE of 11.2%** p.a. after tax

Core income

Core income of DKK 4,436m in 12M 2021 – **up by 21%** compared with 12M 2020

Costs

Costs in 12M 2021 **up by 15%** compared with 12M 2020

Impairment charges

Impairment charges represented an **income of DKK 415m** in 12M 2021 – of which DKK 104m in Q4 2021

Bank loans

DKK 2.7bn increase in bank loans in Q4 2021

CET1 ratio

CET1 ratio of 17.9% – up by 1.1% in Q4 2021

Dividend

Proposed dividend of 50% of profit for the year, equal to DKK 12.00 per share.
New share buyback programme of DKK 425m in 2022

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Core income – growth of 21%

DKKm	12M 2021	12M 2020	Index	Q4 2021	Q3 2021	Index
Net interest income etc	1,776	1,476	120	470	441	107
Mortgage credit	693	607	114	171	174	98
Payment services	203	152	134	52	54	96
Remortgaging and loan fees	169	172	98	40	35	114
Commission and brokerage	470	372	126	132	97	136
Commission etc investment funds and pooled pension plans	340	278	122	85	84	101
Asset management	380	288	132	101	94	107
Custody account fees	115	88	131	38	28	136
Other operating income	290	237	122	67	80	84
Total	4,436	3,670	121	1,156	1,087	106

Key points 12M 2021 vs 12M 2020

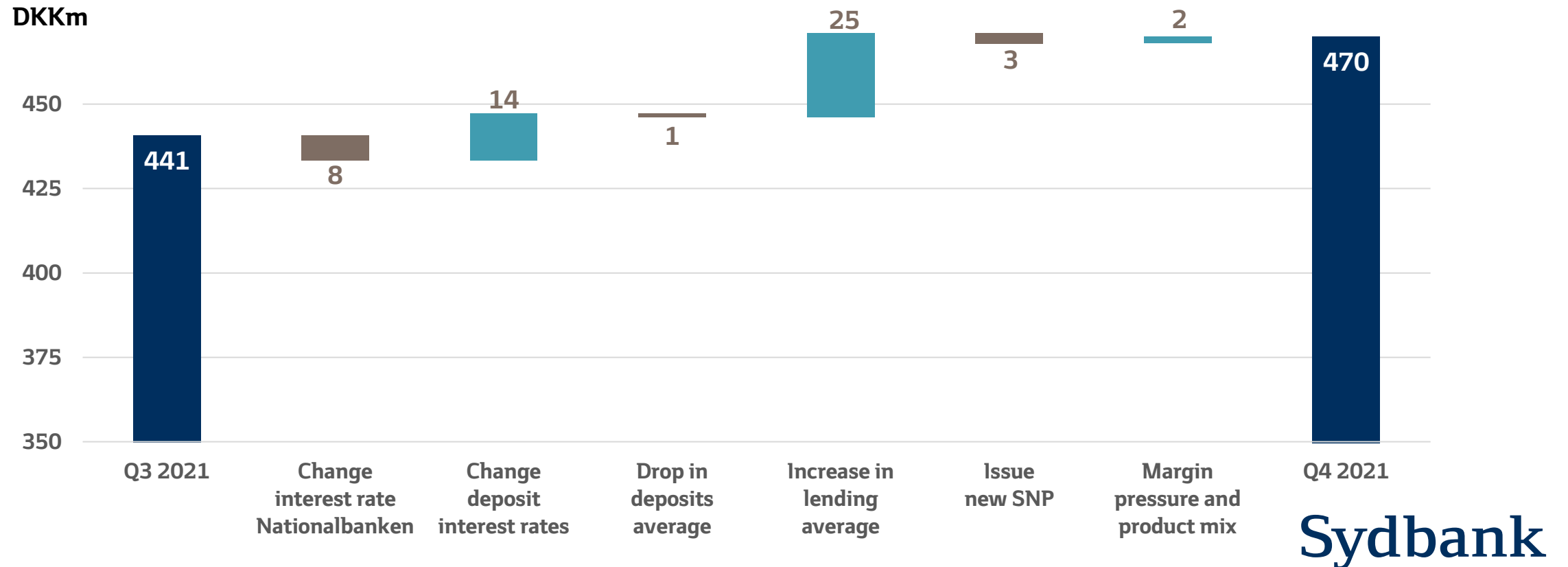
- Net interest income etc up by 20%
- Mortgage credit up by 14%
- Commission and brokerage up by 26% due to significant trading activity in 2021
- Other items, in total up by 23%.

Key points Q4 2021 vs Q3 2021

- Net interest income etc up by 7%
- Mortgage credit down by 2%
- Commission and brokerage up by 36%
- Other items, in total up by 2%.

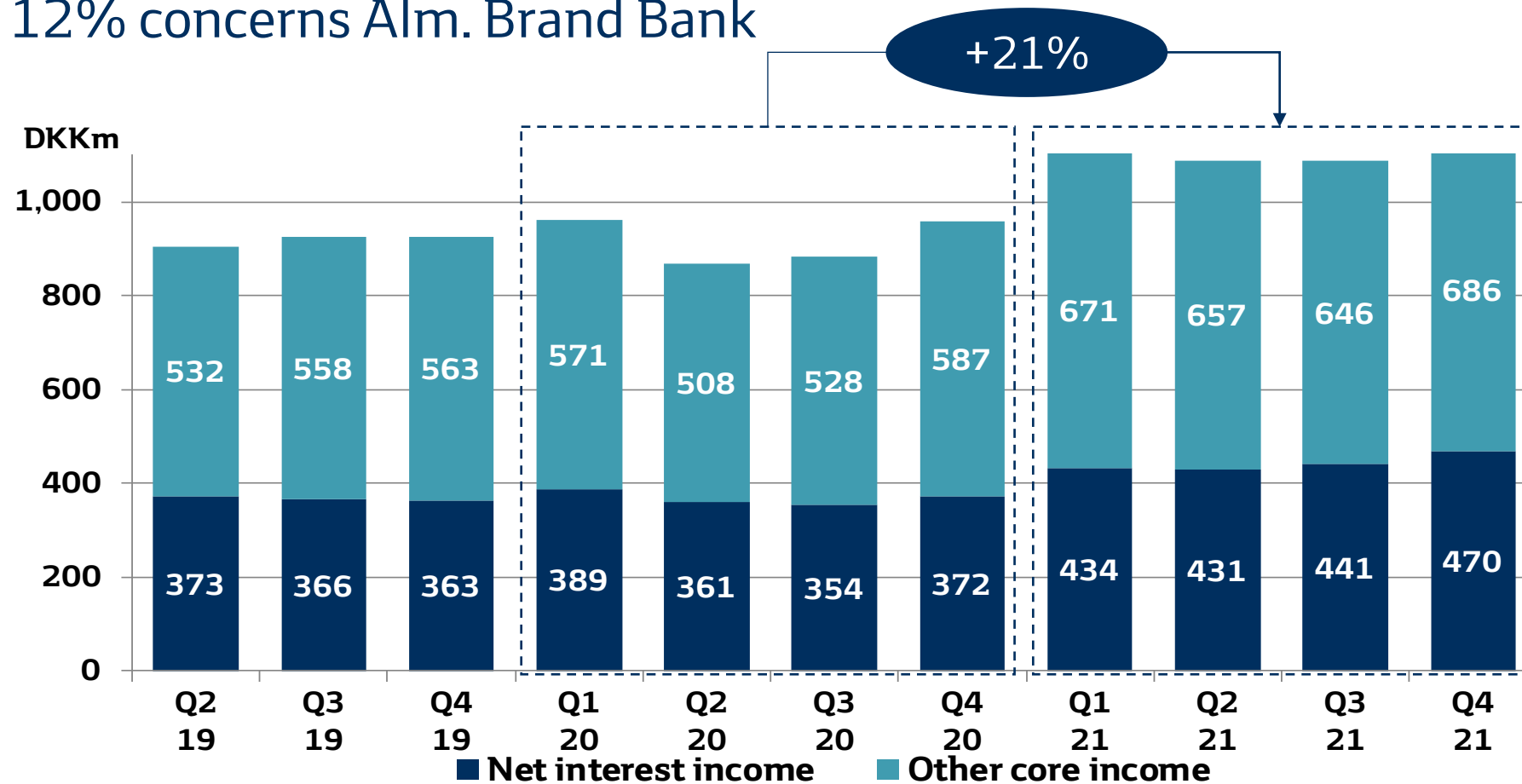
Net interest income etc

Development from Q3 2021 to Q4 2021



Core income - up by 21%

12% concerns Alm. Brand Bank

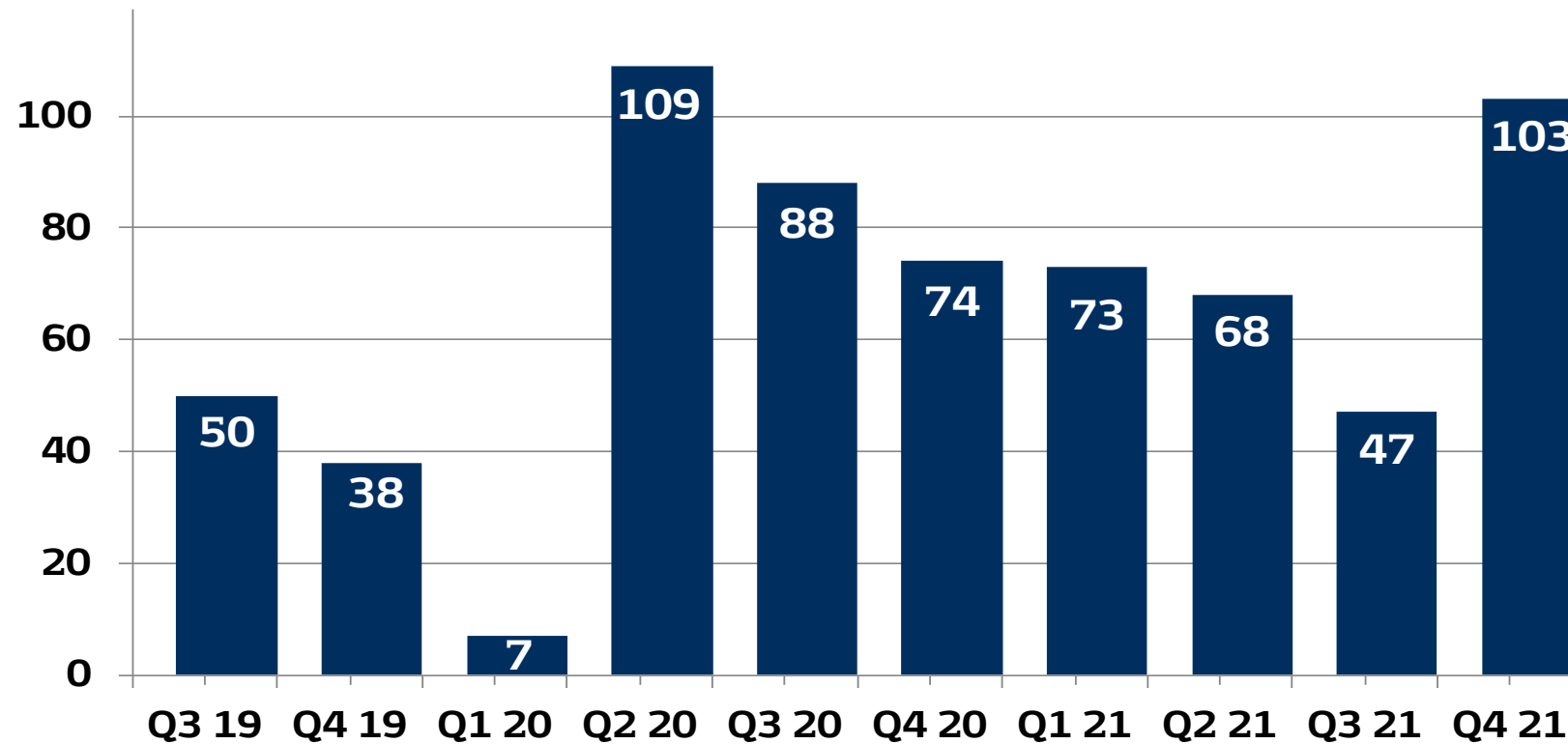


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Trading income

– a high level

DKKm

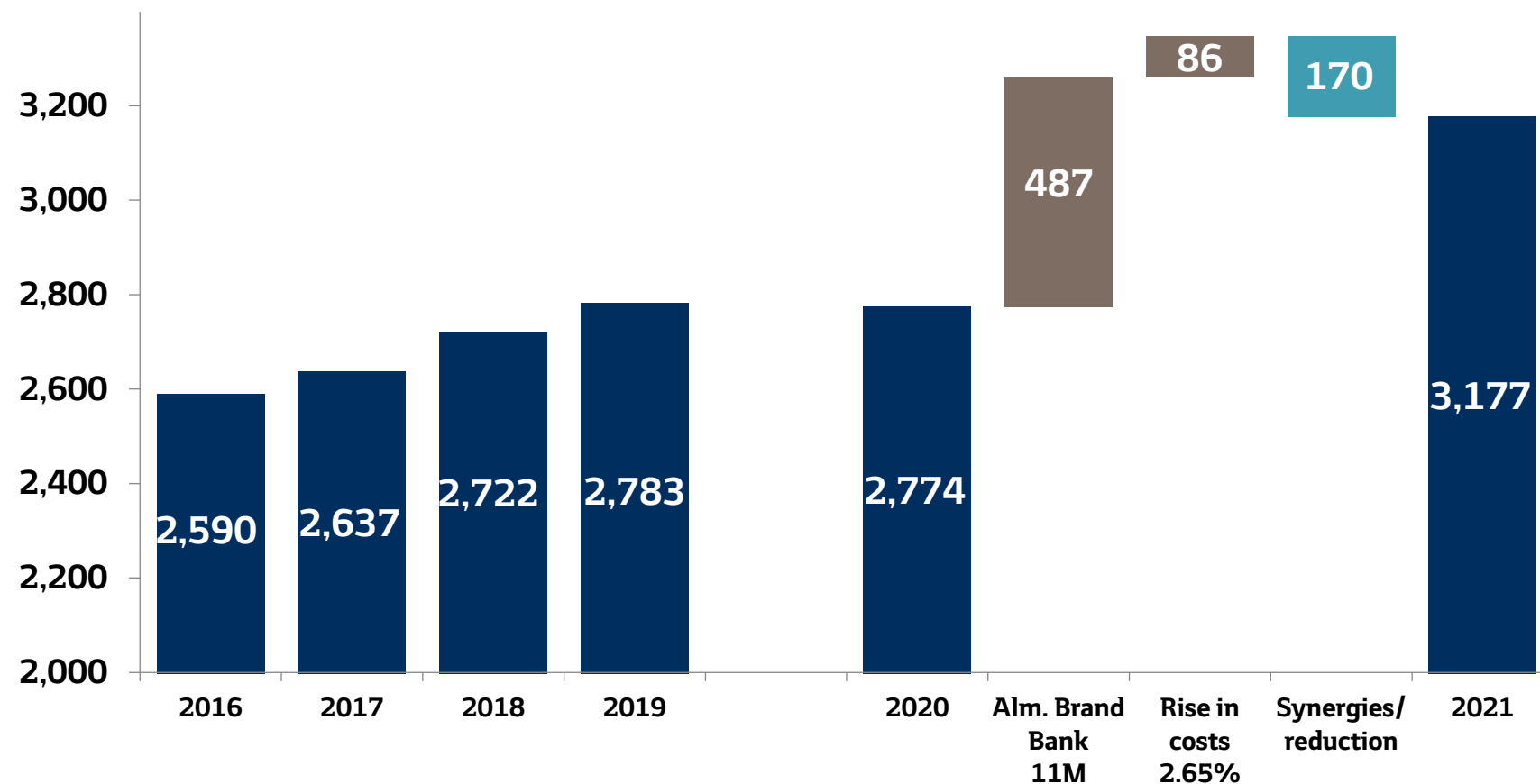


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Costs (core earnings)

Synergies/reduction of DKK 170m in 2021

DKKm



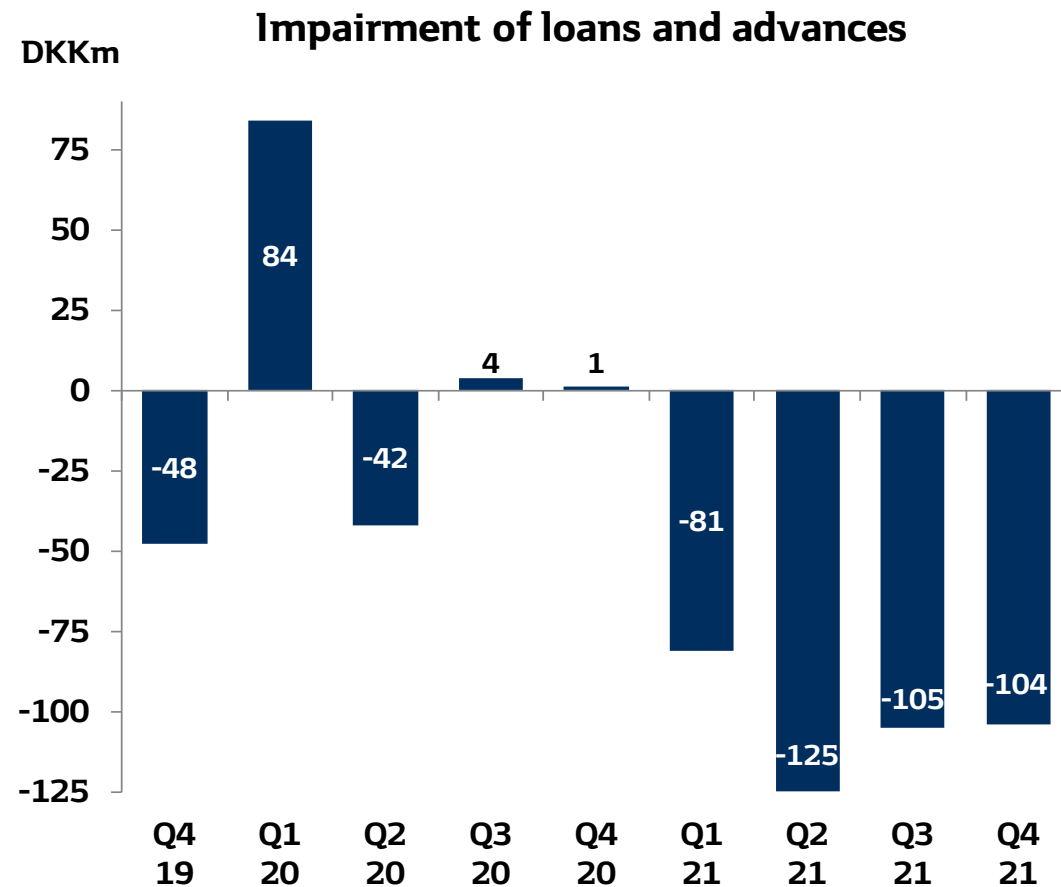
Key points

- Number of staff has dropped from 2,286 at year-end 2020 to 2,077 at end-Q4 2021
- Synergies/reduction of DKK 170m in 12M 2021.

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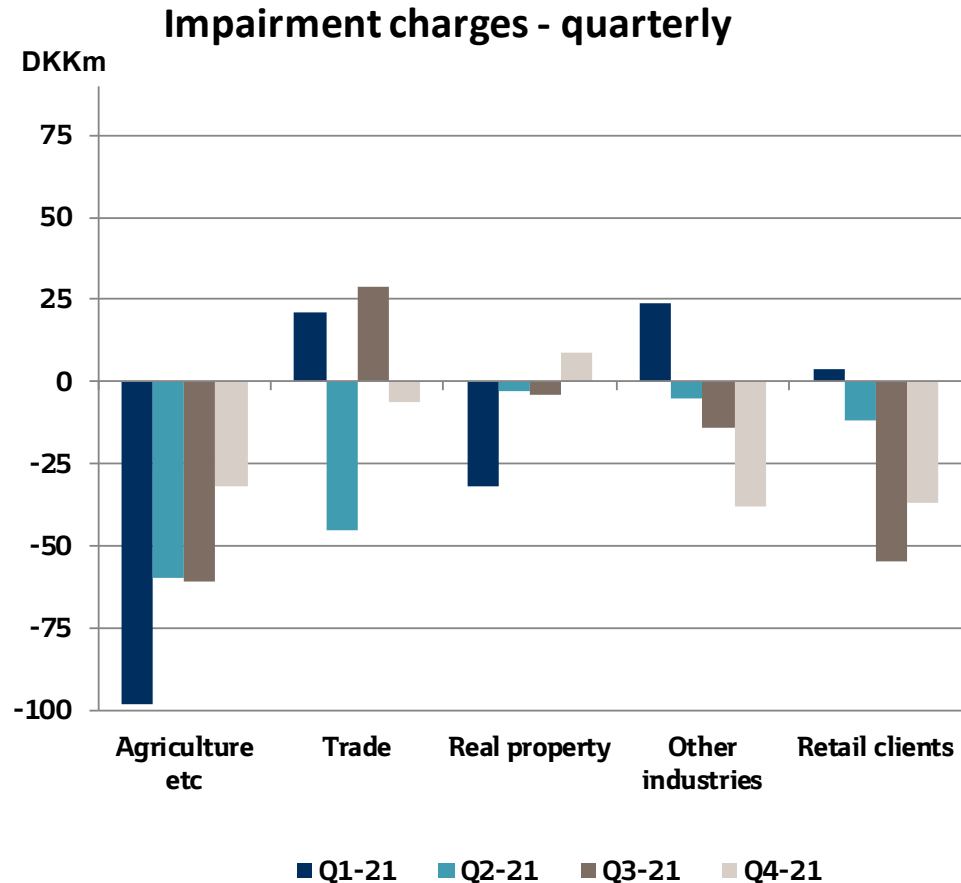
Impairment charges

Reversal of DKK 104m in Q4 2021



- Unsecured loans in the weakest rating categories without objective evidence of credit impairment represent DKK 489m (excluding agriculture). Due to covid-19 a management estimate of DKK 125m has been recognised to hedge the risk of these loans, equal to 25%.
- Furthermore the impairment charges include a management estimate of DKK 200m as a result of covid-19 to cover unforeseen events as regards the remaining part of the lending portfolio, the credit risk of which is satisfactory or normal.
- Management estimates as a result of covid-19 represent DKK 325m (Q3 2021: DKK 325m).
- Impairment charges for lending to pig farming comprise a new management estimate of DKK 60m.

Impairment charges – by industry



Key points Q4 2021

- Impairment charges as regards corporate exposures represent an income of DKK 67m
- Impairment charges as regards retail exposures represent an income of DKK 37m.

Key points 12M 2021

- Impairment charges as regards corporate exposures represent an income of DKK 315m, of which an income of DKK 109m concerns mink farming
- Impairment charges as regards retail exposures represent an income of DKK 100m.

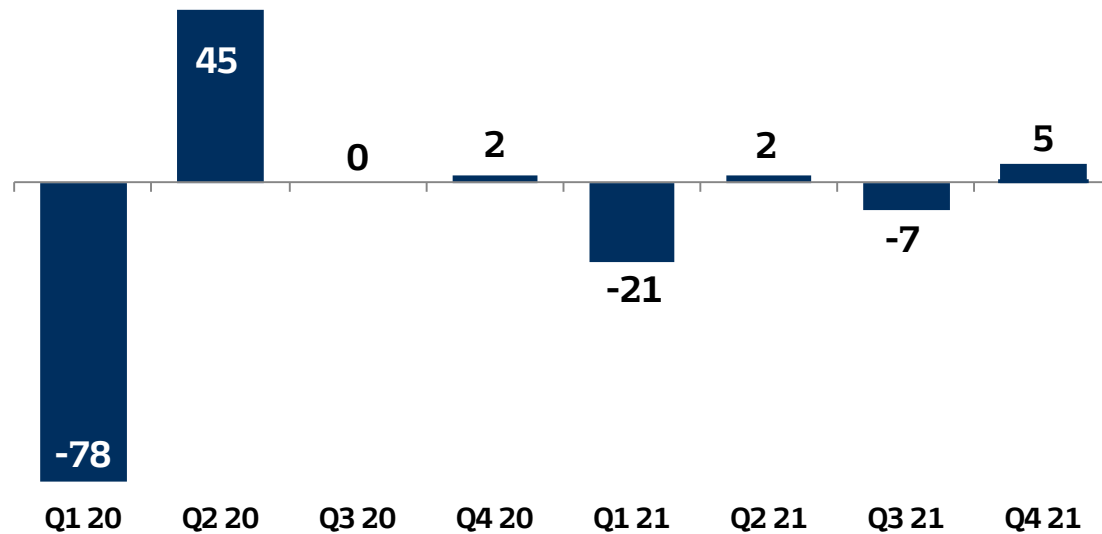
Quarterly impairment charges

DKK m	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Agriculture etc	7	-48	-98	-60	-61	-32
Trade	39	-33	21	-45	29	-6
Real property	-26	8	-32	-3	-4	9
Other industries	2	79	24	-5	-14	-38
Total corporate lending	22	6	-85	-113	-50	-67
Retail clients	-18	-5	4	-12	-55	-37
Total	4	1	-81	-125	-105	-104

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Investment portfolio earnings

Investment portfolio earnings – DKKm



- Investment portfolio earnings constituted DKK 5m in Q4 2021 compared with earnings of minus DKK 7m in Q3 2021.
- The portfolio has been composed with the aim of making position-taking neutral to interest rate changes.

DKKm	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Position-taking	16	9	-9	0	-4	0
Liquidity generation and reserves	-14	-10	-11	-1	0	7
Strategic positions	-1	5	1	5	-2	0
Costs	-1	-2	-2	-2	-1	-2
Total	0	2	-21	2	-7	5

Income statement

– ROE of 11.2% in 12M 2021

DKKm	12M 2021	12M 2020	Index	Q4 2021	Q3 2021	Index
Core income	4,436	3,670	121	1,156	1,087	106
Trading income	291	278	105	103	47	219
Total income	4,727	3,948	120	1,259	1,134	111
Costs, core earnings	3,177	2,774	115	782	748	105
Core earnings before impairment	1,550	1,174	132	477	386	124
Impairment of loans and advances etc	-415	47	-	-104	-105	-
Core earnings	1,965	1,127	174	581	491	118
Investment portfolio earnings	-21	-31	-	5	-7	-
Profit before non-recurring items	1,944	1,096	177	586	484	121
Non-recurring items, net	-180	-75	-	-104	-27	-
Profit before tax	1,764	1,021	173	482	457	105
Tax	353	222	159	84	89	94
Profit for the period	1,411	799	177	398	368	108
Costs (core earnings) / total income, C/I	0.67	0.70		0.62	0.66	
Return on equity, ROE full-year basis	11.2	6.6		12.5	11.5	
Earnings per share, EPS	23.0	12.8		6.6	6.0	

Key points 12M 2021 vs 12M 2020

- Core income up by 21%
- Total income up by 20%
- Costs (core earnings) up by 15% due to acquisition of Alm. Brand Bank
- Impairment charges – an income of DKK 415m
- Core earnings up by DKK 838m.

Key points Q4 2021 vs Q3 2021

- Core income up by 6%
- Total income up by 11%
- Costs (core earnings) up by 5% due to seasonal fluctuations.

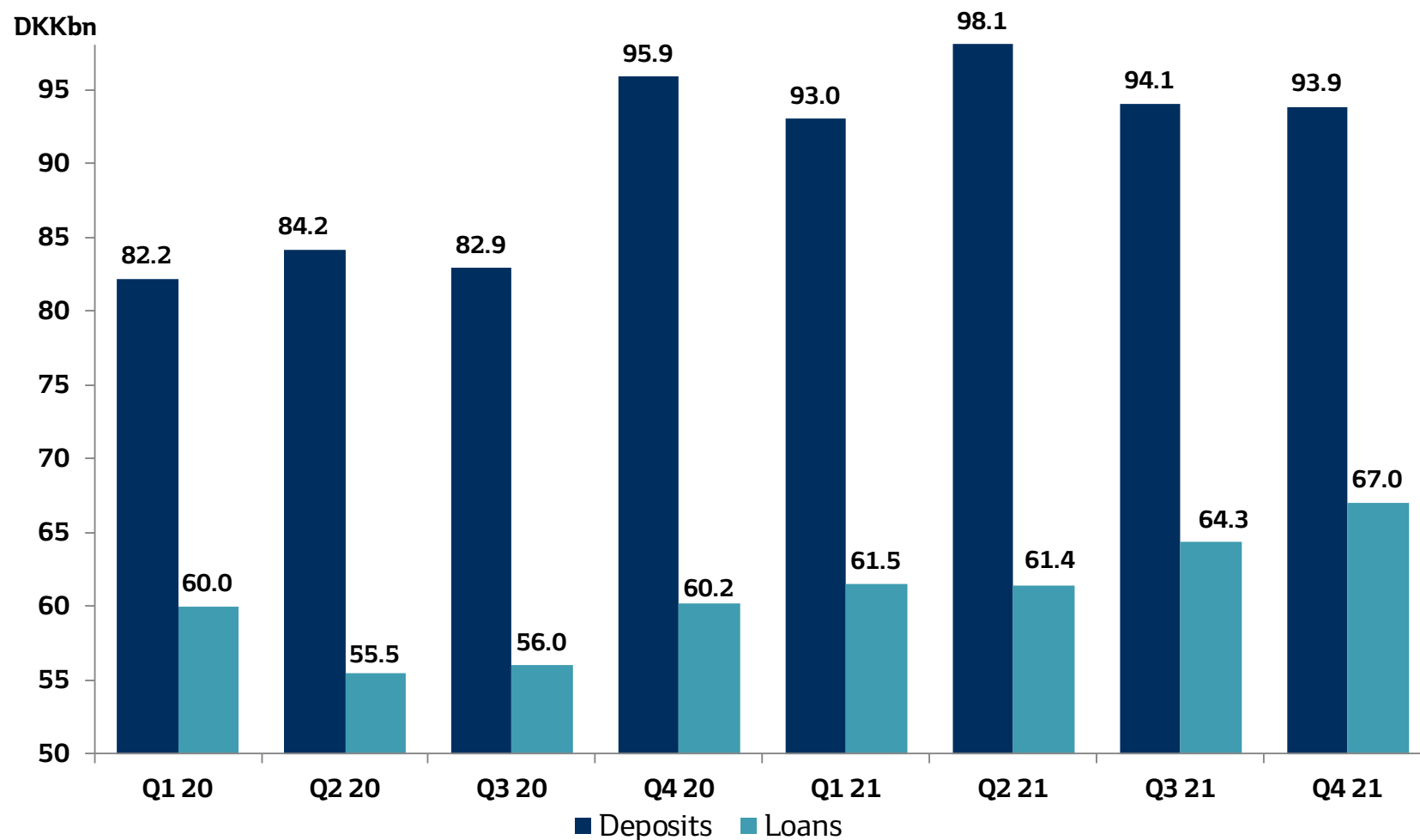
Non-recurring items, 12M 2021

- “A stronger bank” – costs of DKK 38m
- Integration of ABB – costs of DKK 60m
- Insurance partnership with ABF – DKK 10m
- Capital market platform – residual depreciation of DKK 117m
- ABB portfolio acquired – realised capital gains of DKK 45m.

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Loans/advances and deposits

Bank loans up 2.7bn and deposits down by DKK 0.2bn in Q4 2021

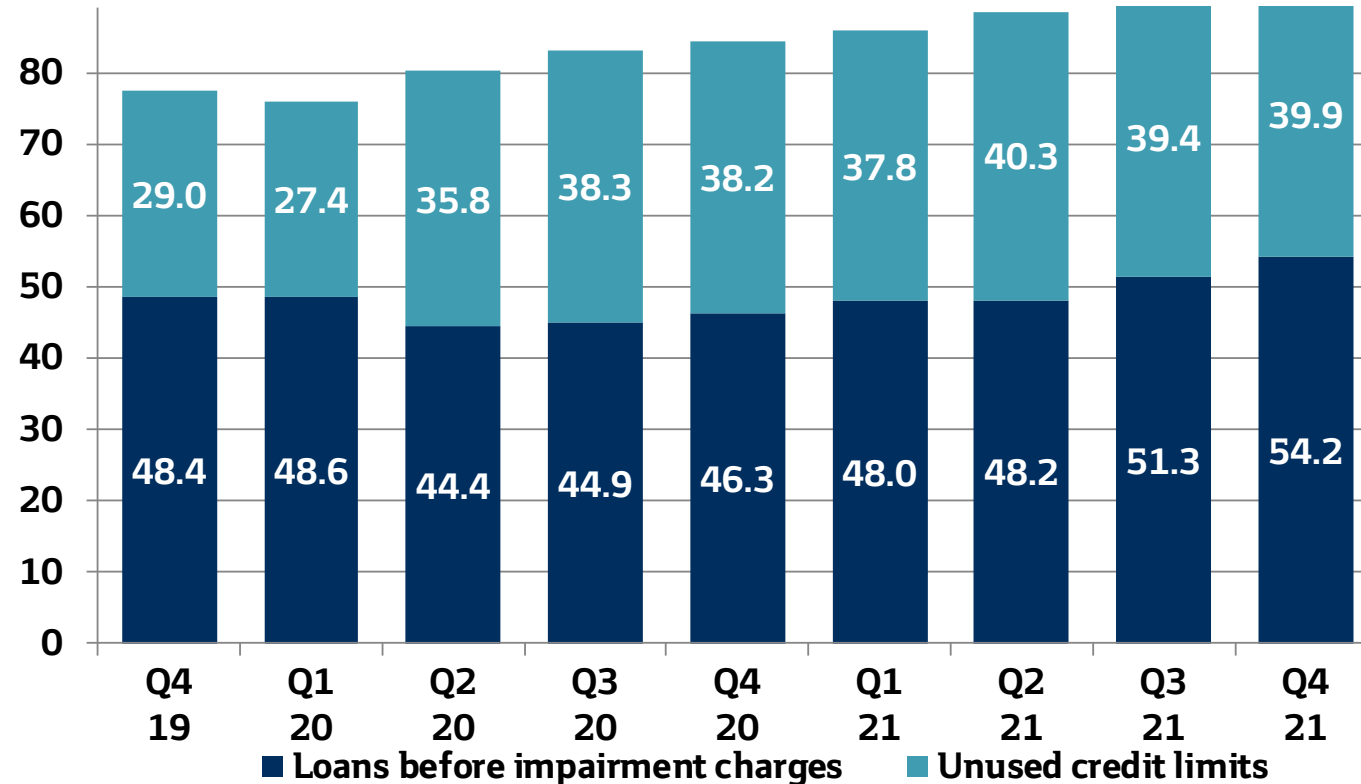


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Credit facilities to corporate clients

Increase – 7 consecutive quarters

DKKbn



Key points Q4 2021 vs Q3 2020

- Lending to corporate clients before impairment charges rose by DKK 2.9bn in Q4 2021
- Repayment of funds received under the government's relief packages, which include a deferral of VAT and tax payments, has begun and that has in turn affected corporate lending
- As a result of the uncertainty in connection with covid-19, many corporate clients have increased their cash resources, which the Bank has accommodated.

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Significant rise in corporate lending

DKKbn	Q4 21	Q3 21	Q2 21	Q1 21	Q4 20
Manufacturing and extraction of raw materials	9,458	8,798	8,515	8,761	8,460
Energy supply etc	3,075	2,382	2,330	2,328	2,675
Building and construction	4,578	4,125	3,823	3,784	3,541
Trade	14,664	13,853	11,581	12,140	10,575
Transportation, hotels and restaurants	3,069	3,081	2,892	2,813	2,682
Information and communication	426	422	650	605	629
Finance and insurance	5,764	5,748	5,580	5,418	5,176
Other industries	3,733	3,420	3,488	3,359	3,253
Total core corporate	44,767	41,829	38,859	39,208	36,991
Agriculture, hunting, forestry and fisheries	2,612	2,887	2,636	2,647	2,677
Real property	5,401	5,222	5,286	4,613	5,054
Total corporate	52,780	49,938	46,781	46,468	44,722
Change in Q4 2021 - core corporate	2,938				
Change in Q4 2021 - other corporate	-96				
Change in Q4 2021 - total corporate	2,842				

Key points Q4 2021

- Core corporate up by DKK 2.9bn
- Total corporate up by DKK 2.8bn.

Key points 12M 2021

- Core corporate up by DKK 7.8bn
- Total corporate up by DKK 8.1bn.

Total credit intermediation continues to rise

Total credit intermediation

DKKbn	Q4 2019	Q4 2020	Q3 2021	Q4 2021	Change Q4
Bank loans - retail	13.5	15.2	14.2	14.1	-0.1
Bank loans - corporate	46.8	44.7	50.0	52.8	2.8
Bank loans - public authorities	0.3	0.3	0.1	0.1	0.0
Bank loans - total	60.6	60.2	64.3	67.0	2.7
Funded mortgage-like loans	8.3	7.0	5.9	5.6	-0.3
Bank loans and funded mortgage-like loans	68.9	67.2	70.2	72.6	2.4
Arranged mortgage loans - Totalkredit	64.7	85.7	89.0	89.2	0.2
Arranged mortgage loans - DLR	11.4	12.7	13.4	13.5	0.1
Total	145.1	165.6	172.6	175.3	2.7

Key points Q4 2021

- Total credit intermediation rose by DKK 2.7bn in Q4 2021
- Total credit intermediation to retail clients – by way of bank loans and advances, funded mortgage-like loans and arranged mortgage loans – dropped by DKK 0.2bn in Q4 2021
- Total credit intermediation to corporate clients, including DLR, rose by DKK 2.9bn in Q4 2021.

Capital ratio up by 1.3% in Q4 2021

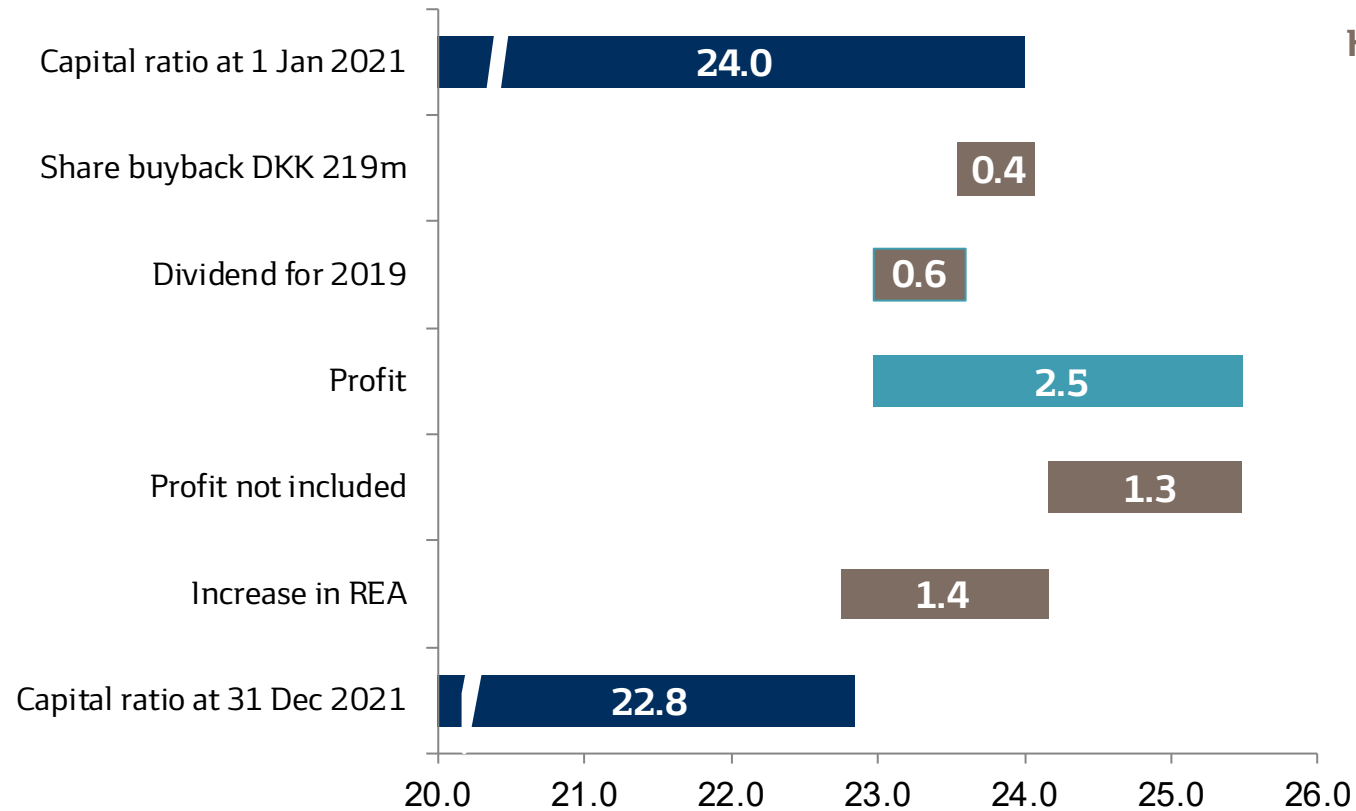
DKKm	Q4 2019	Q4 2020	Q3 2021	Q4 2021
Credit risk	35,747	33,355	39,398	38,849
Market risk	6,177	6,675	6,399	5,467
Operational risk	7,171	6,708	6,708	7,195
Other exposures incl CVA	6,065	7,302	6,114	5,904
Risk exposure amount	55,160	54,039	58,619	57,415
CET1	9,807	10,185	9,838	10,277
Tier 1	10,722	11,041	10,638	11,077
Total capital	12,620	12,952	12,609	13,082
CET1 ratio	17.8	18.8	16.8	17.9
Tier 1 ratio	19.4	20.4	18.1	19.3
Capital ratio	22.9	24.0	21.5	22.8
Individual solvency need	10.8	10.8	10.7	10.6

- The capital ratio rose by 1.3pp in Q4 2021 due to the decrease in the risk exposure amount as well as recognition of profit for the year for 2021 after dividend
- A new share buyback programme of DKK 425m will be implemented in 2022. The effect has not been deducted from capital ratios.

DKKm	Q4 2019	Q4 2020	Q3 2021	Q4 2021
Corporate, IRB	26,353	21,811	28,137	28,508
Retail, IRB	7,425	5,798	5,598	5,414
Corporate, STD	262	460	433	560
Retail, STD	903	3,476	3,214	3,561
Credit institutions etc	804	1,810	2,016	806
Total credit risk	35,747	33,355	39,398	38,849

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Capital ratio in 2021



Key points 2021

- The capital ratio declined by 1.2pp in 2021 primarily due to an increase in the risk exposure amount, which is mainly attributable to the new definition of default as from 1 January 2021.

Outlook for 2022

- **Growth is projected in the Danish economy** in 2022.
- **Core income is expected to be higher** than in 2021.
- **Costs (core earnings) are projected to be lower** than in 2021.
- **Impairment charges for 2022 are forecast to represent a low level.**
- **Non-recurring costs are expected to be in the range of DKK 50-60m.** This is an investment in the future and concerns the automation of housing loan processes and an investment in the bank/insurance partnership.
- **Profit after tax is expected to be in the range of DKK 1,150-1,450m.**
- The outlook for 2022 is subject to uncertainty and depends among other things on financial market developments and macroeconomic factors.

Thank you

Additional information:

Karen Frøsig, CEO

phone +45 74 37 20 00, direktionen@sydbank.dk

Jørn Adam Møller, Deputy Group Chief Executive

phone +45 74 37 20 30, jam@sydbank.dk

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