

Interim Report – Q1

2024

Sydbank Group

Sydbank

Sydbank

Sydbank's Interim Report – Q1 2024

Q1 2024 – highlights

- Profit for the period of DKK 861m equals a return on equity of 23.4% p.a. after tax
- Core income of DKK 1,849m is 13% higher compared to the same period in 2023
- Trading income of DKK 89m against DKK 117m in the same period in 2023
- Costs (core earnings) of DKK 831m against DKK 797m in the same period in 2023
- Core earnings before impairment of DKK 1,107m are 16% higher compared to the same period in 2023
- Impairment charges for loans and advances etc represent an expense of DKK 8m
- Bank loans and advances have risen by DKK 3.4bn, equal to an increase of 5% compared to year-end 2023
- The CET1 ratio stands at 17.4%, equal to a decline of 1.5pp compared to year-end 2023

CEO Karen Frøsig comments on the profit:

- We have achieved a very strong start to the year. It is positive that we were able to lift core income and total income in the first quarter from their all-time high levels in Q3 and Q4 last year. Earnings have risen despite a small decline in net interest income because the decline is more than offset by a rise in other core income elements. The profit for Q1 2024 is 17% higher than the profit for the same period a year ago and equals a return of 23.4% on shareholders' equity, which is a highly satisfactory level.

Karen Frøsig comments on the developments in bank loans and advances:

- We are pleased to see the continued effects of our strong value propositions to existing as well as new customers, which have resulted in an increase in bank loans and advances of DKK 3.4bn in Q1 – the highest level in recent times.

Board chairman Lars Mikkellaard-Jensen comments:

- It is good news that after initiating the share buyback of DKK 1,200m the Bank remains highly capitalised and resilient. It is particularly important in times of geopolitical uncertainty, war in Ukraine and unrest in the Middle East that Sydbank is well prepared to navigate this uncertainty and support our customers.

Outlook for 2024

- Moderate growth is projected for the Danish economy.
- Profit after tax is expected to be in the range of DKK 2,500-2,900m.
- The profit forecast assumes that Denmark's Nationalbank will lower the rate of interest on certificates of deposit by 0.75pp in 2024.
- The outlook is subject to uncertainty and depends on financial market developments and macroeconomic factors which may affect eg the level of impairment charges.

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Group Financial Highlights

| | Q1 2024 | Q1 2023 | Index 24/23 | Full year 2023 |
|---|--------------|--------------|----------------|-------------------|
| Income statement (DKKm) | | | | |
| Core income | 1,849 | 1,635 | 113 | 7,071 |
| Trading income | 89 | 117 | 76 | 275 |
| Total income | 1,938 | 1,752 | 111 | 7,346 |
| Costs, core earnings | 831 | 797 | 104 | 3,136 |
| Core earnings before impairment | 1,107 | 955 | 116 | 4,210 |
| Impairment of loans and advances etc | 8 | (10) | - | (27) |
| Core earnings | 1,099 | 965 | 114 | 4,237 |
| Investment portfolio earnings | 24 | 29 | 83 | 88 |
| Profit before non-recurring items | 1,123 | 994 | 113 | 4,325 |
| Non-recurring items, net | 15 | (14) | - | (44) |
| Profit before tax | 1,138 | 980 | 116 | 4,281 |
| Tax | 277 | 246 | 113 | 939 |
| Profit for the period | 861 | 734 | 117 | 3,342 |
| Balance sheet highlights (DKKbn) | | | | |
| Loans and advances at amortised cost | 77.9 | 75.1 | 104 | 74.5 |
| Loans and advances at fair value | 16.0 | 9.9 | 162 | 16.7 |
| Deposits and other debt | 109.2 | 101.5 | 108 | 111.7 |
| Bonds issued at amortised cost | 11.2 | 13.2 | 85 | 11.2 |
| Subordinated capital | 1.9 | 1.1 | 173 | 1.1 |
| AT1 capital | 0.7 | 0.7 | 100 | 0.8 |
| Shareholders' equity | 14.1 | 13.0 | 108 | 14.9 |
| Total assets | 183.9 | 174.5 | 105 | 185.1 |
| Financial ratios per share (DKK per share of DKK 10) | | | | |
| EPS | 15.5 | 12.8 | | 58.8 |
| Share price at end of period | 356.8 | 308.8 | | 293.6 |
| Book value | 258.9 | 229.4 | | 273.9 |
| Share price/book value | 1.38 | 1.35 | | 1.07 |
| Average number of shares outstanding (in millions) | 54.5 | 56.5 | | 56.0 |
| Dividend per share | - | - | | 30.56 |
| Other financial ratios and key figures | | | | |
| CET1 ratio | 17.4 | 18.2 | | 18.9 |
| T1 capital ratio | 18.7 | 19.4 | | 20.1 |
| Capital ratio | 21.0 | 20.5 | | 21.1 |
| Pre-tax profit as % p.a. of average equity | 31.0 | 29.6 | | 30.3 |
| Post-tax profit as % p.a. of average equity | 23.4 | 22.1 | | 23.6 |
| Costs (core earnings) as % of total income | 42.9 | 45.5 | | 42.7 |
| Return on assets (%) | 0.47 | 0.42 | | 1.83 |
| Interest rate risk | 0.5 | 0.6 | | 0.5 |
| Foreign exchange position | 3.4 | 5.4 | | 0.7 |
| Foreign exchange risk | 0.0 | 0.0 | | 0.0 |
| Liquidity, LCR (%) | 220 | 195 | | 223 |
| Loans and advances relative to deposits | 0.6 | 0.6 | | 0.6 |
| Loans and advances relative to equity | 5.5 | 5.8 | | 5.0 |
| Growth in loans and advances during the period | 4.5 | 1.6 | | 0.8 |
| Total large exposures | 119 | 144 | | 137 |
| Accumulated impairment ratio | 2.0 | 2.1 | | 2.1 |
| Impairment ratio for the period | 0.01 | (0.01) | | (0.03) |
| Number of full-time staff at end of period | 2,026 | 2,062 | 98 | 2,029 |

When calculating financial ratios AT1 capital is considered a liability regardless of the fact that it is accounted for as equity.

Reference is made to financial ratio definitions in the 2023 Annual Report (page 128).

Highlights

Sydbank's financial statements for Q1 2024 show a profit before tax of DKK 1,138m compared with DKK 980m in the same period in 2023. Profit before tax equals a return of 31.0% p.a. on average equity.

Profit before tax shows an increase of DKK 158m, which is primarily attributable to a rise in net interest income.

Core income constitutes DKK 1,849m compared to DKK 1,635m in 2023 – a rise of DKK 214m, equivalent to 13%. The increase is mainly attributable to the effects of a higher interest rate level as well as a rise in bank loans and advances and deposits.

Core income is in line with the expectations presented in the 2023 Annual Report.

Trading income in Q1 2024 constituted DKK 89m compared with DKK 117m in 2023.

Total income amounts to DKK 1,938m, which is an increase of 11% compared to the same period in 2023.

Costs (core earnings) constituted DKK 831m in Q1 2024 – an increase of DKK 34m compared to the same period in 2023. The increase is in line with the expectations presented in the 2023 Annual Report.

Core earnings before impairment total DKK 1,107m for Q1 2024 – an increase of DKK 152m, equivalent to 16% compared to the same period in 2023.

Impairment charges for loans and advances represent an expense of DKK 8m compared with an income of DKK 10m in the same period in 2023.

Core earnings for Q1 2024 represent DKK 1,099m – an increase of DKK 134m compared with the same period in 2023.

Non-recurring items etc total an income of DKK 15m compared to a net expense of DKK 14m in the same period in 2023.

Profit for the period before tax represents DKK 1,138m compared to DKK 980m in 2023 – an increase of DKK 158m. Tax represents DKK 277m, equal to an effective tax rate of 24.3%.

Profit for the period amounts to DKK 861m compared with DKK 734m in the same period in 2023, equal to a return of 23.4% p.a. on average equity.

Sydbank's strategy for 2022-24: "Growing our business"

Growing our business centres on 3 themes:

- Better known and bigger
- Sound business
- Stronger competitive position

Better known and bigger – profitable growth
Sydbank has a good reputation – and needs to be better known. On the back of Denmark's Corporate Bank we will increase awareness of Sydbank focusing in particular on large towns and cities. Our growth is profitable and organic and we are in good shape for friendly takeovers. We will incorporate ESG and sustainability in the Bank's products and processes.

Sound business – higher earnings
At Sydbank focus is on banking and sound business. Our employees are highly qualified, proactive and value-creating. We work on the principle of quid pro quo and will increase the Bank's earnings.

Stronger competitive position – efficient bank
We will prioritise the Bank's efforts and reduce costs. We will optimise working procedures and processes to reduce time spent, enhance quality and shorten response times to customers. As a decent and responsible bank our constant focus is on compliance, including IT security.

Strategic goals represent the values from the Bank's underlying philosophy and its core story with promises to its customers, to its employees and to its shareholders.

The strategic goals cover these areas:

- Awareness
- Return on equity
- Rate of costs

Awareness
By means of targeted efforts we will increase awareness of Sydbank and our value creation for customers. We will elevate unaided brand awareness from its level of around 20% at year-end 2021 to around 40% by the end of the strategy period. At end-Q1 2024 unaided awareness had risen to 26%.

Return on equity
We will continue to deliver competitive returns to the Bank's shareholders and our goal is a return on equity in the region of 10% in 2024 – based on a normalised level of impairment charges. The goal was set in the context of a negative interest rate environment. In Q1 2024 return on equity constituted 23.4% against 22.1% in Q1 2023.

Rate of costs

We will continue to focus on the balance between income and costs. This will be achieved by continuing to increase income while maintaining a constant focus on costs. We will prioritise our initiatives and ensure a better understanding of costs throughout the organisation as well as continue to ensure a powerful engine room. The strategic goal for the rate of costs is around 60%. In Q1 2024 the rate of costs stood at 43% compared with 45% in Q1 2023.

Sydbank's customers

The Bank's customer portfolio can be divided into the segments: corporate clients, Private Banking clients and retail clients, and institutional clients.

Sydbank has succeeded in building relationships in particular as regards the backbone of the Danish corporate sector – medium-sized and large enterprises – and by developing the expertise of its employees the Bank has secured a strong position as a full-service corporate and advisory bank offering a wide variety of professional financing solutions tailored to the requirements of the individual business.

The Bank strives to have an increase in customers primarily with the following profiles:

- Medium-sized or large enterprises in the SME segment with growth potential
- Retail clients with healthy finances
- Young customers
- Wealthy retail clients

Q1 2024 performance

Net interest income has risen by DKK 160m to DKK 1,146m, equal to an increase of 16% compared to the same period in 2023. The increase is mainly attributable to the effects of a higher interest rate level.

Total core income has risen by DKK 214m to DKK 1,849m, equal to 13% compared with the same period in 2023.

Trading income constituted DKK 89m in Q1 2024 compared with DKK 117m in the same period in 2023.

Total income has increased by DKK 186m to DKK 1,938m.

Costs (core earnings) have gone up by DKK 34m to DKK 831m.

Core earnings before impairment for Q1 2024 represent DKK 1,107m – an increase of DKK 152m and equal to 16% compared with the same period in 2023.

Impairment charges for loans and advances represent an expense of DKK 8m compared with an income of DKK 10m in the same period in 2023.

Core earnings for Q1 2024 represent DKK 1,099m – an increase of DKK 134m compared with the same period in 2023.

Together the Group's position-taking and liquidity handling generated positive earnings of DKK 24m in Q1 2024 compared to DKK 29m a year ago.

Non-recurring items etc total an income of DKK 15m compared to an expense of DKK 14m in the same period in 2023.

Profit before tax for Q1 2024 amounts to DKK 1,138m compared with DKK 980m in 2023. Tax represents DKK 277m, equal to an effective tax rate of 24.3%.

Profit for the period amounts to DKK 861m compared with DKK 734m in 2023.

Return on shareholders' equity before and after tax constitutes 31.0% and 23.4% respectively against 29.6% and 22.1% respectively in the same period in 2023.

Bank loans and advances

Bank loans and advances represented DKK 77.9bn at 31 March 2024 – an increase of DKK 2.8bn since 31 March 2023 and an increase of DKK 3.4bn compared to year-end 2023.

| Bank loans and advances (DKKbn) | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2023 |
|---------------------------------|-------------|-------------|-------------|
| Corporate clients | 65.5 | 61.8 | 61.7 |
| Retail clients | 12.4 | 12.7 | 13.4 |
| Public authorities | 0.0 | 0.0 | 0.0 |
| Total | 77.9 | 74.5 | 75.1 |

Bank loans and advances to retail clients represent DKK 12.4bn – a decrease of DKK 0.3bn in Q1 2024.

Bank loans and advances to corporate clients represent DKK 65.5bn – an increase of DKK 3.7bn in Q1 2024.

| Credit facilities to corporate clients (DKKbn) | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2023 |
|---|--------------|--------------|--------------|
| Drawn facilities = loans/advances before impairment charges | 66.9 | 63.2 | 63.2 |
| Undrawn facilities | 47.1 | 47.9 | 43.3 |
| Total | 114.0 | 111.1 | 106.5 |

Credit facilities to corporate clients rose by DKK 2.9bn to DKK 114.0bn in Q1 2024.

During Q1 2024 corporate clients drew a further DKK 3.7bn under their credit facilities.

Credit intermediation

In addition to traditional bank loans and advances the Group arranges for mortgage loans from Totalkredit and DLR Kredit. The Group's total credit intermediation comprises bank loans and advances, mortgage-like loans funded by Totalkredit as well as mortgage loans arranged through Totalkredit and DLR Kredit.

| Total credit intermediation (DKKbn) | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2023 |
|---------------------------------------|--------------|--------------|--------------|
| Bank loans and advances | 77.9 | 74.5 | 75.1 |
| Funded mortgage-like loans | 4.1 | 4.2 | 4.7 |
| Arranged mortgage loans - Totalkredit | 84.5 | 84.6 | 85.8 |
| Arranged mortgage loans - DLR | 14.7 | 14.7 | 13.6 |
| Total | 181.2 | 178.0 | 179.2 |

The Group's total credit intermediation represents DKK 181.2bn – an increase of DKK 3.2bn compared to year-end 2023. The change is attributable to a rise in bank loans and advances of DKK 3.4bn, a decline in funded mortgage-like loans of DKK 0.1bn and a drop in arranged mortgage loans of DKK 0.1bn.

Outlook for 2024

Moderate growth is projected for the Danish economy.

Profit after tax is expected to be in the range of DKK 2,500-2,900m.

The profit forecast assumes that Danmarks Nationalbank will lower the rate of interest on certificates of deposit by 0.75pp in 2024.

The outlook is subject to uncertainty and depends on financial market developments and macroeconomic factors which may affect eg the level of impairment charges.

Sydbank's core story

Banking

Sydbank's mission is to be a bank that is close to its customers. We find solutions where they are – quickly and efficiently. We build on relationships between people. And we focus on what is important – banking and sound business. Banking – pure and simple.

Our bank

Rooted in Southern Jutland, Sydbank is a strong and independent nationwide bank operating on its own terms. For the backbone of the Danish corporate sector and for retail clients who value professional advice we are a bank for most people but not the same bank for everyone. Good old-fashioned attentiveness, new technology – we use what works. We know our customers and we are close to them providing advice tailored to their individual needs. Backed by the best business partners our competitive strength is increased. Our bank – excellence and relationships create value.

Sydbank

Our bank makes 3 promises – to our customers, to our employees and to our shareholders. You will know us for the value we create for our customers. You will know us for our belief that excellent and committed employees are our most important asset. And you will know us for always having a level of profitability that will enable us to remain an independent and resourceful bank. Sydbank – what can we do for you?

Financial Review – Performance in Q1 2024

The Sydbank Group has recorded a profit before tax of DKK 1,138m compared to DKK 980m in 2023. Profit before tax equals a return of 31.0% p.a. on average equity.

Profit for the period after tax represents DKK 861m compared with DKK 734m in 2023, equal to a return of 23.4% p.a. on average equity.

Profit for Q1 2024 exceeds expectations at the beginning of the year.

The financial statements are characterised by the following:

- A rise in core income of DKK 214m, equal to 13%
- A drop in trading income of DKK 28m
- A rise in costs (core earnings) of DKK 34m
- Impairment charges for loans and advances represent an expense of DKK 8m
- A rise in core earnings of DKK 134m to DKK 1,099m
- Investment portfolio earnings of DKK 24m
- Non-recurring items etc represent an income of DKK 15m
- Bank loans and advances of DKK 77.9bn (year-end 2023: DKK 74.5bn)
- Bank deposits of DKK 109.2bn (year-end 2023: DKK 111.7bn)
- A CET1 ratio of 17.4% (year-end 2023: 18.9%)
- An individual solvency need of 10.4% (year-end 2023: 10.2%)

| Income statement – Q1 (DKKm) | 2024 | 2023 |
|--|--------------|--------------|
| Core income | 1,849 | 1,635 |
| Trading income | 89 | 117 |
| Total income | 1,938 | 1,752 |
| Costs, core earnings | 831 | 797 |
| Core earnings before impairment | 1,107 | 955 |
| Impairment of loans and advances etc | 8 | (10) |
| Core earnings | 1,099 | 965 |
| Investment portfolio earnings | 24 | 29 |
| Profit before non-recurring items | 1,123 | 994 |
| Non-recurring items, net | 15 | (14) |
| Profit before tax | 1,138 | 980 |
| Tax | 277 | 246 |
| Profit for the period | 861 | 734 |

Core income

Total core income has risen by DKK 214m or 13% to DKK 1,849m. The increase is primarily a result of higher net interest income.

Net interest income has gone up by DKK 160m to DKK 1,146m. The increase is mainly attributable to the effects of a higher interest rate level as well as a rise in bank loans and advances and deposits.

Net interest income represented DKK 1,146m in Q1 2024, DKK 1,116m in Q4 2023 and DKK 1,202m in Q3 2023. On 3 October 2023 the Bank raised the deposit rates of all deposits in DKK and EUR by a minimum of 0.25%. Moreover in recent quarters the Bank has seen a rise in the use of time deposits, which has resulted in a drop in interest income.

Net income from the cooperation with Totalkredit represents DKK 111m (2023: DKK 100m) after a set-off of loss of DKK 1m (2023: DKK 1m).

The cooperation with DLR Kredit has generated an income of DKK 39m (2023: DKK 40m).

Total mortgage credit income represents DKK 150m – an increase of DKK 10m compared to 2023. The increase is predominantly attributable to funded mortgage-like loans where income has reached a normal level as the announced interest rate increases in 2023 have taken effect.

The remaining income components have risen by DKK 44m – an increase of 9% compared with the same period in 2023.

| Core income – Q1 (DKKm) | 2024 | 2023 |
|--|--------------|--------------|
| Net interest etc | 1,146 | 986 |
| Mortgage credit | 150 | 140 |
| Payment services | 73 | 60 |
| Remortgaging and loan fees | 47 | 49 |
| Commission and brokerage | 122 | 124 |
| Commission etc investment funds and pooled pension plans | 82 | 76 |
| Asset management | 98 | 84 |
| Custody account fees | 26 | 26 |
| Other operating income | 105 | 90 |
| Total | 1,849 | 1,635 |

Trading income

Trading income represents DKK 89m against DKK 117m in the same period in 2023. Trading income is considered satisfactory.

Costs and depreciation

The Group's costs and depreciation total DKK 843m – an increase of DKK 30m compared to the same period in 2023.

| Costs and depreciation – Q1 (DKKm) | 2024 | 2023 |
|---|------------|------------|
| Staff costs | 476 | 465 |
| Other administrative expenses | 330 | 308 |
| Amortisation/depreciation and impairment of intangible assets and property, plant and equipment | 29 | 32 |
| Other operating expenses | 8 | 8 |
| Total | 843 | 813 |
| Distributed as follows: | | |
| Costs, core earnings | 831 | 797 |
| Costs, investment portfolio earnings | 2 | 2 |
| Non-recurring costs | 10 | 14 |

Costs (core earnings) represent DKK 831m against DKK 797m in the same period in 2023.

At 31 March 2024 the Group's staff numbered 2,026 (full-time equivalent) compared to 2,062 at 31 March 2023 and 2,029 at 31 December 2023.

Compared to year-end 2023 the number of branches is unchanged and is 54 in Denmark and 3 in Germany at end-March 2024.

Core earnings before impairment of loans and advances

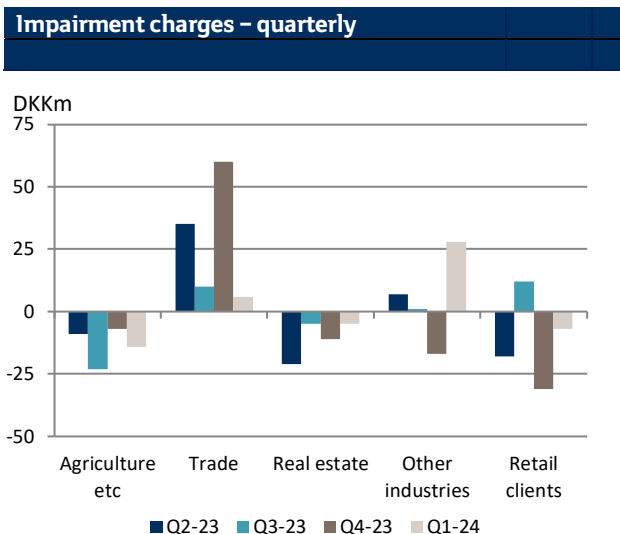
Core earnings before impairment charges for loans and advances represent DKK 1,107m – an increase of DKK 152m or 16% compared to the same period in 2023.

Impairment of loans and advances etc

Impairment charges for loans and advances represent an expense of DKK 8m compared with an income of DKK 10m in the same period in 2023.

At 31 March 2024 the Group maintained its management estimate of DKK 500m to hedge macroeconomic uncertainty. The management estimate represents DKK 400m as regards corporate clients and DKK 100m as regards retail clients. The management estimate as regards macroeconomic risks covers potential losses related to the negative effects of geopolitical tension, a higher interest rate environment as well as the risk of a recession etc.

The chart below shows impairment charges for loans and advances in the last 4 quarters as regards agriculture etc, trade, real estate, other industries as well as retail clients.



At 31 March 2024 accumulated impairment and provisions amounted to DKK 1,897m (year-end 2023: DKK 1,899m).

In Q1 2024 reported losses amounted to DKK 37m (Q1 2023: DKK 7m). Of the reported losses DKK 35m has previously been written down (Q1 2023: DKK 4m).

At 31 March 2024 the impairment ratio for the period represented 0.01% relative to bank loans and advances and guarantees.

Impairment charges are made for expected credit losses as regards all financial assets measured at amortised cost and similar provisions are made for expected credit losses as regards undrawn credit commitments and financial guarantees. Impairment charges for expected credit losses depend on whether the credit risk of a financial asset has increased significantly since initial recognition and follow a 3-stage model. The portfolio in stage 3 acquired from Alm. Brand Bank is recognised under “credit impaired at initial recognition”:

Stage 1 – facilities with no significant increase in credit risk. The asset is written down by an amount equal to the expected credit loss as a result of the probability of default over the coming 12 months.

Stage 2 – facilities with a significant increase in credit risk. The asset is transferred to stage 2 and is written down by an amount equal to the expected credit loss over the life of the asset.

Stage 3 – facilities where the financial asset is in default or is otherwise credit impaired.

Credit impaired at initial recognition (POCI) –

facilities which were credit impaired at the time of acquisition of Alm. Brand Bank. They are recognised on acquisition at the fair value of the debt acquired.

The Group's loans and advances and impairment charges at 31 March 2024 allocated to these stages are shown below.

| Loans/advances and impairment charges – 31 Mar 2024 | | | | | |
|---|---------------|--------------|------------|------------|---------------|
| (DKKm) | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Loans/advances before impairment charges | 69,907 | 8,412 | 1,186 | 109 | 79,614 |
| Impairment charges | 377 | 668 | 713 | | 1,758 |
| Total loans/advances | 69,530 | 7,744 | 473 | 109 | 77,856 |

| 31 Mar 2024 | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|--|---------|---------|---------|------|-------|
| Impairment charges as % of bank loans/advances | 0.5 | 7.9 | 60.1 | - | 2.2 |
| Share of bank loans/advances before impairment charges (%) | 87.8 | 10.6 | 1.5 | 0.1 | 100 |
| Share of bank loans/advances after impairment charges (%) | 89.3 | 10.0 | 0.6 | 0.1 | 100 |

Credit impaired bank loans and advances – stage 3 – represent 1.5% (year-end 2023: 1.5%) of total bank loans and advances before impairment charges and 0.6% (year-end 2023: 0.6%) of total bank loans and advances after impairment charges.

Credit impaired bank loans and advances acquired from Alm. Brand Bank – credit impaired at initial recognition – amount to 0.1% of total bank loans and advances before impairment charges and 0.1% of total bank loans and advances after impairment charges.

Impairment charges concerning credit impaired bank loans and advances as a percentage of credit impaired bank loans and advances at 31 March 2024 stand at 60.1% (year-end 2023: 61.1%).

Core earnings

Core earnings for Q1 2024 represent DKK 1,099m – an increase of DKK 134m compared with the same period in 2023.

Investment portfolio earnings

Together the Group's position-taking and liquidity handling generated earnings of DKK 24m in Q1 2024 compared to earnings of DKK 29m a year ago.

| Investment portfolio earnings – Q1 (DKKm) | 2024 | 2023 |
|---|-----------|-----------|
| Position-taking | 0 | 0 |
| Liquidity generation and liquidity reserves | 21 | 32 |
| Strategic positions | 5 | (1) |
| Costs | (2) | (2) |
| Total | 24 | 29 |

The interest rate risk was positive at end-Q1 2024 and consequently the Group would suffer a loss in the event of interest rate increases. In terms of the Group's bond portfolios – including cash resources – the interest rate risk is considered to be modest.

Non-recurring items, net

Non-recurring items represent an income of DKK 15m compared to an expense of DKK 14m in Q1 2023.

In Q1 2024 DKK 25m was recognised as income in connection with Fynske Bank becoming an associate at end-Q1 2024. Thus far the shareholding has been recognised at the share price. At 31 March 2024 the shares are recognised at Sydbank's share of the equity value.

In Q1 2024 costs related to the housing loan processes and the development of the bank/insurance partnership represented DKK 10m.

Profit for the period

Profit before tax for Q1 2024 amounts to DKK 1,138m compared with DKK 980m in 2023. Tax represents DKK 277m, equal to an effective tax rate of 24.3%. Profit for the period amounts to DKK 861m compared with DKK 734m in 2023.

Return

Return on shareholders' equity after tax constitutes 23.4% against 22.1% in Q1 2023.

Earnings per share stands at DKK 15.5 compared with DKK 12.8 in 2023.

Subsidiaries

Profit after tax of the subsidiaries represents DKK 24m (Q1 2023: DKK 51m).

Group – Q1 2024 compared with Q4 2023

The Group's profit before tax for the quarter represents DKK 1,138m (Q4 2023: DKK 1,107m).

Compared to Q4 2023 profit before tax reflects:

- A rise in core income of DKK 5m
- An increase in trading income of DKK 54m
- A rise in costs (core earnings) of DKK 30m

- Impairment charges for loans and advances: an expense of DKK 8m (Q4: income of DKK 6m)
- Investment portfolio earnings of DKK 24m (Q4: DKK 30m)

| Quarterly results (DKKm) | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 |
|--|----------------|----------------|----------------|----------------|----------------|
| Core income | 1,849 | 1,844 | 1,838 | 1,754 | 1,635 |
| Trading income | 89 | 35 | 54 | 69 | 117 |
| Total income | 1,938 | 1,879 | 1,892 | 1,823 | 1,752 |
| Costs, core earnings | 831 | 801 | 735 | 803 | 797 |
| Core earnings before impairment | 1,107 | 1,078 | 1,157 | 1,020 | 955 |
| Impairment of loans and advances etc | 8 | (6) | (5) | (6) | (10) |
| Core earnings | 1,099 | 1,084 | 1,162 | 1,026 | 965 |
| Investment portfolio earnings | 24 | 30 | 28 | 1 | 29 |
| Profit before non-recurring items | 1,123 | 1,114 | 1,190 | 1,027 | 994 |
| Non-recurring items, net | 15 | (7) | (11) | (12) | (14) |
| Profit before tax | 1,138 | 1,107 | 1,179 | 1,015 | 980 |
| Tax | 277 | 174 | 262 | 257 | 246 |
| Profit for the period | 861 | 933 | 917 | 758 | 734 |

Total assets

At 31 March 2024 the Group's total assets made up DKK 183.9bn (year-end 2023: DKK 185.1bn).

| Assets (DKKbn) | 31 Mar 2024 | 31 Dec 2023 |
|--|--------------|--------------|
| Amounts owed by credit institutions etc | 20.2 | 24.8 |
| Loans and advances at fair value (reverse transactions) | 16.0 | 16.7 |
| Loans and advances at amortised cost (bank loans and advances) | 77.9 | 74.5 |
| Securities and holdings etc | 37.5 | 37.8 |
| Assets related to pooled plans | 24.3 | 22.9 |
| Other assets etc | 8.0 | 8.4 |
| Total | 183.9 | 185.1 |

The Group's bank loans and advances totalled DKK 77.9bn at 31 March 2024. Compared to year-end 2023 this is an increase of DKK 3.4bn.

As a consequence of a political agreement to defer payment of A tax and social security contributions for July and August 2023 to October/November 2023 and February 2024 respectively, the Group's corporate lending normalised in Q1 2024.

| Equity and liabilities (DKKbn) | 31 Mar 2024 | 31 Dec 2023 |
|---|--------------|--------------|
| Amounts owed to credit institutions etc | 6.9 | 6.4 |
| Deposits and other debt | 109.2 | 111.7 |
| Deposits in pooled plans | 24.3 | 22.9 |
| Bonds issued | 11.2 | 11.2 |
| Other liabilities etc | 15.4 | 15.9 |
| Provisions | 0.1 | 0.2 |
| Subordinated capital | 1.9 | 1.1 |
| Equity | 14.9 | 15.7 |
| Total | 183.9 | 185.1 |

The Group's deposits make up DKK 109.2bn – a decline of DKK 2.5bn compared to year-end 2023.

Equity

At 31 March 2024 shareholders' equity constituted DKK 14,069m – a decrease of DKK 881m since the beginning of the year. The change comprises additions from comprehensive income for the period of DKK 889m, net purchases of own shares etc of DKK 84m as well as dividend paid of DKK 1,686m.

Capital

The Bank announced a new share buyback programme of DKK 1,200m on 28 February. The share buyback is made as part of the adjustment to optimise the capital structure in accordance with the Bank's capital targets and capital policy.

The share buyback programme was initiated on 4 March 2024 and will be completed by 31 January 2025.

At 31 March shares totalling DKK 104m had been repurchased.

On 25 January 2024 the Group issued T2 capital of NOK 650m and SEK 550m. In addition the Group will look into the possibilities of issuing SNP loans of up to EUR 500m and T2 capital of around EUR 100m in 2024. These issues will constitute the natural refinancing of existing loans.

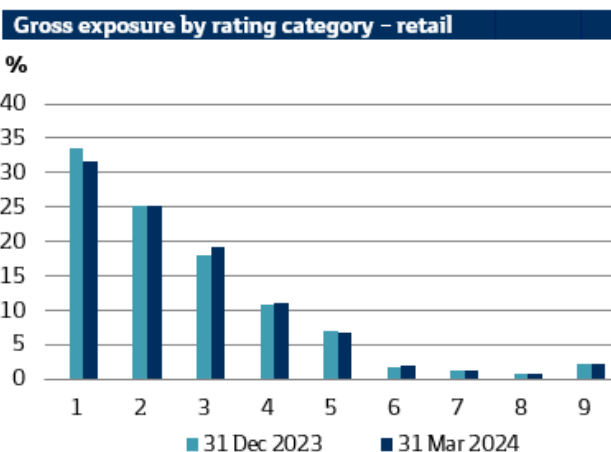
Risk exposure amount

The risk exposure amount represents DKK 61.5bn (year-end 2023: DKK 61.9bn).

| REA (DKKbn) | 31 Mar 2024 | 31 Dec 2023 |
|---------------------------|-------------|-------------|
| Credit risk | 39.9 | 39.2 |
| Market risk | 5.0 | 6.0 |
| Operational risk | 10.3 | 10.3 |
| Other exposures, incl CVA | 6.3 | 6.4 |
| Total | 61.5 | 61.9 |

Retail

The development in the gross exposure by rating category at 31 December 2023 and 31 March 2024 is illustrated below.

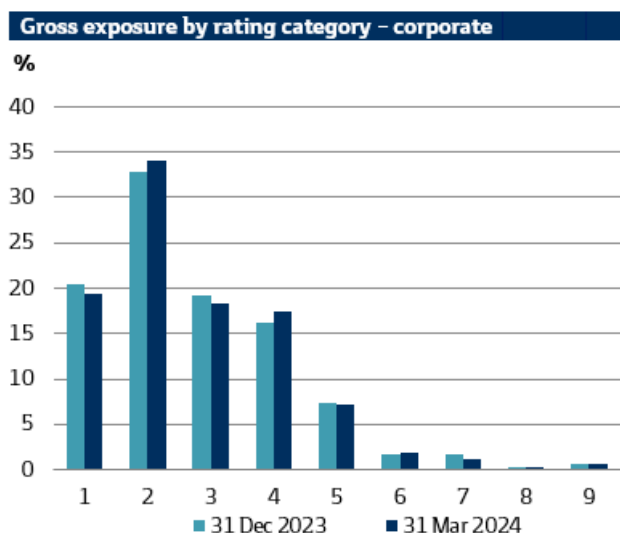


The gross exposure consists of loans and advances, undrawn credit commitments, interest receivable, guarantees and counterparty risk on derivatives. The graph comprises exposures treated according to A-IRB. Exposures relating to customers in default are not included in the breakdown of rating categories. Impairment charges for exposures have not been deducted from the exposure.

The gross exposure by rating category shows that a large share continues to be in the 4 best rating categories.

Corporate

The development in the gross exposure by rating category at 31 December 2023 and 31 March 2024 is illustrated below.



The gross exposure consists of loans and advances, undrawn credit commitments, interest receivable, guarantees and counterparty risk on derivatives. The graph comprises exposures treated according to A-IRB. Exposures relating to customers in default are not included in the breakdown of rating categories. Impairment charges for exposures have not been deducted from the exposure.

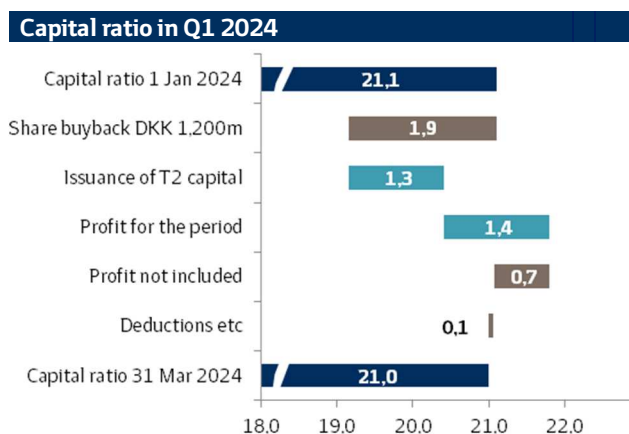
The gross exposure by rating category shows that a large share continues to be in the 4 best rating categories.

Solvency

| Solvency (DKKkm) | 31 Mar 2024 | 31 Dec 2023 |
|------------------|-------------|-------------|
| REA | 61,509 | 61,896 |
| CET1 capital | 10,731 | 11,671 |
| T1 capital | 11,477 | 12,416 |
| Total capital | 12,892 | 13,056 |
| CET1 ratio | 17.4 | 18.9 |
| T1 capital ratio | 18.7 | 20.1 |
| Capital ratio | 21.0 | 21.1 |

At 31 March 2024 the CET1 ratio and the capital ratio stood at 17.4% and 21.0% respectively compared to 18.9% and 21.1% respectively at year-end 2023.

The development in the capital ratio in Q1 2024 is shown below.



In Q1 2024 the capital ratio dropped by 0.1pp, which is attributable to the inclusion of half of profit for the period as well as the issue of T2 capital of NOK 650m and SEK 550m set off against the effect of the initiated share buyback programme of DKK 1,200m.

At 31 March 2024 the individual solvency need represented 10.4% (31 December 2023: 10.2%).

Solvency of the parent

At 31 March 2024 the CET1 ratio and the capital ratio of the parent stood at 17.5% and 21.0% respectively (31 December 2023: 18.3% and 20.4% respectively).

Capital and solvency and capital requirements

The Group's capital management is anchored in the Internal Capital Adequacy Assessment Process (ICAAP), a review conducted to identify risks and determine the individual solvency need.

At end-March 2024 the individual solvency need represented 10.4%. The solvency need consists of a minimum capital requirement of 8% under Pillar I and a capital add-on under Pillar II. Approximately 56% of the solvency need must be covered by CET1 capital, equal to 5.9% of the risk exposure amount.

In addition to the solvency need the Group must meet a combined buffer requirement of 5.8% at 31 March 2024.

| Capital and solvency and capital requirements (% of REA) | 31 Mar 2024 | 31 Dec 2023 |
|--|-------------|-------------|
| Capital and solvency | | |
| CET1 ratio | 17.4 | 18.9 |
| T1 capital ratio | 18.7 | 20.1 |
| Capital ratio | 21.0 | 21.1 |
| Capital requirements (incl buffers)* | | |
| Total capital requirement | 16.2 | 16.0 |
| CET1 capital requirement | 11.7 | 11.5 |
| - of which SIFI buffer | 1.0 | 1.0 |
| - of which capital conservation buffer | 2.5 | 2.5 |
| - of which countercyclical buffer** | 2.3 | 2.3 |
| Excess capital | | |
| CET1 capital | 5.7 | 7.4 |
| Total capital | 4.8 | 5.1 |

* The total capital requirement consists of an individual solvency need and a combined buffer requirement. The countercyclical buffer is determined by the Danish Ministry of Industry, Business and Financial Affairs and may not exceed 2.5%. The rate currently makes up 2.5%.

** The countercyclical buffer is calculated as an exposure weighted average of the specific rates as regards the countries in which the companies to which exposures have been granted are domiciled. The rate as regards exposures to companies domiciled in Denmark constitutes 2.5%.

Market risk

At 31 March 2024 the Group's interest rate risk represented DKK 58m. The Group's exchange rate risk continues to be very low and its equity position modest.

Funding and liquidity

The guidelines for calculating the Liquidity Coverage Ratio (LCR) specify a run-off of exposures while taking into account counterparties, funding size, hedging and maturity. Consequently the most stable deposits are favoured relative to large deposits, in particular from businesses and financial counterparties.

The Group's LCR constituted 220% at 31 March 2024 (31 December 2023: 223%).

| LCR (DKKbn) | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2023 |
|------------------------|-------------|-------------|-------------|
| Total liquidity buffer | 53.9 | 57.7 | 46.4 |
| Net cash outflows | 24.5 | 25.9 | 23.8 |
| LCR (%) | 220 | 223 | 195 |

The Group meets the LCR requirement of 100% and its excess cover is significant at 31 March 2024.

NSFR

The guidelines for calculating the Net Stable Funding Ratio (NSFR) require that the available stable funding exceeds the required stable funding. The required stable funding is calculated on the basis of the balance sheet values and degree of stability of assets where the strictest requirements in terms of degree of stability are imposed on long-term illiquid assets. The available stable funding is calculated on the basis of the balance sheet values and degree of stability of the funding where the highest degrees of stability apply to equity and long-term funding.

The Group's NSFR constituted 136% at 31 March 2024 (year-end 2023: 140%).

| NSFR (DKKbn) | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2023 |
|--------------------------|-------------|-------------|-------------|
| Required stable funding | 93.6 | 90.8 | 90.8 |
| Available stable funding | 127.2 | 126.9 | 115.4 |
| NSFR (%) | 136 | 140 | 127 |

The Group meets the NSFR requirement of 100% and its excess cover is significant at 31 March 2024.

Rating

Moody's most recent rating of Sydbank:

- Outlook: Positive
- Long-term deposit: A1
- Baseline Credit Assessment: Baa1
- Senior unsecured: A1
- Short-term deposit: P-1

Supervisory Diamond

The Supervisory Diamond sets up a number of benchmarks to indicate banking activities that initially should be regarded as involving a higher risk. Any breach of the Supervisory Diamond is subject to reactions by the Danish FSA.

At 31 March 2024 the Group as well as the parent comply with all the benchmarks of the Supervisory Diamond.

| Supervisory Diamond benchmarks | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2023 |
|------------------------------------|-------------|-------------|-------------|
| Sum of 20 largest exposures < 175% | 119 | 137 | 144 |
| Lending growth < 20% annually | 5 | 1 | 5 |
| Commercial property exposure < 25% | 11 | 10 | 8 |
| Excess liquidity coverage > 100% | 231 | 241 | 215 |

The calculation of the sum of the 20 largest exposures has been changed and is now identical to the definitions of CRR. The change in calculation method is the main reason why the benchmark has dropped from 137 at year-end 2023 to 119 at 31 March 2024.

Subordinated debt and MREL requirements

Once a year the Danish FSA sets requirements as to subordinated debt and own funds and eligible liabilities (MREL) for Danish institutions, including Sydbank.

At 1 January 2024 the subordinated debt and MREL requirements were set at 26.4% and 24.1% respectively of the risk exposure amount.

The subordinated debt requirement can be calculated as follows:

| Subordinated debt at 31 Mar 2024 | Requirement (%) | DKKkm |
|--|-----------------|---------------|
| REA | | 61,509 |
| Total requirement | 26.4 | 16,238 |
| Total capital | | 12,892 |
| SNP loans with maturities exceeding 1 year | | 11,172 |
| Total subordinated debt | 39.1 | 24,064 |
| Excess cover | 12.7 | 7,826 |

At 31 March 2024 the Group met the subordinated debt requirement with an excess cover of DKK 7,826m. The excess cover corresponds to an increase in the solvency need of 6.3pp or an increase in the risk exposure amount of DKK 29,645m.

The MREL can be calculated as follows:

| MREL at 31 Mar 2024 | Requirement (%) | DKKm |
|--|-----------------|---------------|
| REA | | 61,509 |
| Total requirement | 24.1 | 14,824 |
| Total capital | | 12,892 |
| SNP loans with maturities exceeding 1 year | | 11,172 |
| Cover of combined buffer requirement | | (3,577) |
| Total MREL | 33.3 | 20,487 |
| Excess cover | 9.2 | 5,663 |

At 31 March 2024 the Group met the MREL with an excess cover of DKK 5,663m. The excess cover corresponds to an increase in the solvency need of 4.6pp or an increase in the risk exposure amount of DKK 23,502m.

Leverage ratio

The CRR2 Regulation stipulates that T1 capital must constitute at least 3% of total exposures.

The Group's leverage ratio constituted 6.1% at 31 March 2024 (year-end 2023: 6.5%) taking into account the transitional rules.

SIFI

Sydbank has been designated as a SIFI in Denmark and there is an additional buffer requirement of 1% as regards CET1 capital. The intention is to bring Danish SIFI capital requirements on a par with the requirements in other comparable European countries.

Bank Recovery and Resolution Directive

The directive, including the bail-in provisions, was implemented in Danish law on 1 June 2015. According to legislation each credit institution must meet a minimum requirement for own funds and eligible liabilities (MREL).

The general resolution principle for SIFIs is that it should be possible to restructure them and send them back to the market with adequate capitalisation to ensure market confidence. The Group's MREL is based on the risk exposure amount using a factor which has been set at the sum of twice the solvency need plus the combined capital buffer requirement, excluding the countercyclical buffer.

The establishment of a resolution fund is underway. Credit institutions must make contributions to the fund according to their relative size and risk in Denmark. The resolution fund must be established and have assets at its disposal equal to at least 1% of the covered deposits of all Danish credit institutions by 31 December 2024.

The Group's contribution to the resolution fund for 2024 is expected to represent DKK 34m.

Basel IV

Since the Basel Committee on Banking Supervision published its recommendations regarding changes to the calculation of capital requirements – Basel IV – in 2017, the EU has worked on implementing these changes into CRR (regulation) or CRD (directive). Some of the proposed changes have already been implemented and at the end of 2021 the EU proposed implementing the remaining elements. It is expected that this implementation will take place on 1 January 2025 and that it will take place over an extended period of time and with significant transitional rules. The Group expects that the proposed changes will have a limited impact on the Group's capital requirements.

Sector-specific systemic risk buffer

On 3 October 2023 the Systemic Risk Council recommended that effective 30 June 2024 a sector-specific systemic risk buffer be activated for exposures to real estate companies at a rate of 7% of the exposures' risk-weighted assets.

The council recommends that the measure apply exclusively to exposures to real estate companies, ie under activity code "Development of building projects" as well as "Real estate" and that exposures to "Social housing associations" and "Cooperative housing societies" under activity code "Real estate" be exempt.

On 26 April 2024 the government activated the systemic risk buffer effective 30 June 2024. As a result the Bank will be subject to a sector-specific systemic risk buffer of approx 0.2% in addition to the regulatory capital requirements.

Income Statement

| DKKm | Note | Sydbank Group | | |
|---|------|---------------|--------------|-------------------|
| | | Q1 2024 | Q1 2023 | Full year 2023 |
| Interest income calculated using the effective interest method | | 1,322 | 1,040 | 4,921 |
| Other interest income | | 409 | 242 | 1,240 |
| Interest income | 2 | 1,731 | 1,282 | 6,161 |
| Interest expense | 3 | 639 | 279 | 1,694 |
| Net interest income | | 1,092 | 1,003 | 4,467 |
| Dividends on shares | | 4 | 19 | 20 |
| Fee and commission income | 4 | 643 | 599 | 2,494 |
| Fee and commission expense | 4 | 58 | 60 | 309 |
| Net interest and fee income | | 1,681 | 1,561 | 6,672 |
| Market value adjustments | 5 | 275 | 213 | 737 |
| Other operating income | | 7 | 7 | 24 |
| Staff costs and administrative expenses | 6 | 806 | 773 | 3,024 |
| Amortisation/depreciation and impairment of intangible assets and property, plant and equipment | | 29 | 32 | 139 |
| Other operating expenses | 8 | 8 | 8 | 23 |
| Impairment of loans and advances etc | 9 | 8 | (10) | (27) |
| Profit/(Loss) on holdings in associates and subsidiaries | 10 | 26 | 2 | 7 |
| Profit before tax | | 1,138 | 980 | 4,281 |
| Tax | 11 | 277 | 246 | 939 |
| Profit for the period | | 861 | 734 | 3,342 |
| Distribution of profit for the period | | | | |
| Shareholders of Sydbank A/S | | 848 | 722 | 3,297 |
| Holders of AT1 capital | | 10 | 10 | 39 |
| Minority shareholders | | 3 | 2 | 6 |
| Total amount to be allocated | | 861 | 734 | 3,342 |
| Interest paid to holders of AT1 capital | | 10 | 10 | 39 |
| Minority shareholders | | 3 | 2 | 6 |
| Dividend etc | | - | - | 1,686 |
| Transfer to equity | | 848 | 722 | 1,611 |
| Total amount allocated | | 861 | 734 | 3,342 |
| EPS Basic for the period (DKK) * | | 15.5 | 12.8 | 58.8 |
| EPS Diluted for the period (DKK) * | | 15.5 | 12.8 | 58.8 |
| Dividend per share (DKK) | | - | - | 30.56 |

* Calculated on the basis of average number of shares outstanding, see page 19.

Statement of Comprehensive Income

| | | | |
|---|------------|------------|--------------|
| Profit for the period | 861 | 734 | 3,342 |
| Other comprehensive income | | | |
| Items that may not be reclassified to the income statement: | | | |
| Property revaluations | - | - | (10) |
| Value adjustment of certain strategic shares | 41 | 14 | 39 |
| Other comprehensive income after tax | 41 | 14 | 29 |
| Comprehensive income for the period | 902 | 748 | 3,371 |

Balance Sheet

| DKKm | Note | Sydbank Group | | |
|--|------|----------------|----------------|----------------|
| | | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2023 |
| Assets | | | | |
| Cash and balances on demand at central banks | | 1,001 | 6,523 | 5,483 |
| Amounts owed by credit institutions and central banks | 12 | 19,287 | 18,262 | 20,574 |
| Loans and advances at fair value | | 16,013 | 16,743 | 9,874 |
| Loans and advances at amortised cost | 13 | 77,856 | 74,535 | 75,105 |
| Bonds at fair value | | 34,202 | 34,619 | 29,190 |
| Shares etc | | 2,918 | 3,018 | 2,845 |
| Holdings in associates etc | | 419 | 164 | 166 |
| Assets related to pooled plans | | 24,289 | 22,903 | 21,109 |
| Intangible assets | | 323 | 329 | 356 |
| Owner-occupied property | | 1,093 | 1,095 | 1,123 |
| Owner-occupied property (leasing) | | 98 | 107 | 98 |
| Total land and buildings | | 1,191 | 1,202 | 1,221 |
| Other property, plant and equipment | | 54 | 60 | 40 |
| Current tax assets | | - | 88 | 404 |
| Deferred tax assets | | 97 | 94 | 9 |
| Other assets | 14 | 6,210 | 6,478 | 8,051 |
| Prepayments | | 66 | 83 | 67 |
| Total assets | | 183,926 | 185,101 | 174,494 |
| Equity and liabilities | | | | |
| Amounts owed to credit institutions and central banks | 15 | 6,897 | 6,395 | 6,570 |
| Deposits and other debt | 16 | 109,199 | 111,651 | 101,464 |
| Deposits in pooled plans | | 24,289 | 22,903 | 21,109 |
| Bonds issued at amortised cost | | 11,172 | 11,161 | 13,204 |
| Current tax liabilities | | 89 | 38 | 11 |
| Other liabilities | 17 | 15,372 | 15,906 | 17,091 |
| Deferred income | | 18 | 15 | 12 |
| Total liabilities | | 167,036 | 168,069 | 159,461 |
| Provisions | 18 | 148 | 166 | 169 |
| Subordinated capital | 19 | 1,887 | 1,118 | 1,117 |
| Equity: | | | | |
| Share capital | | 565 | 565 | 584 |
| Revaluation reserves | | 134 | 134 | 144 |
| Other reserves: | | | | |
| Reserves according to articles of association | | 429 | 429 | 425 |
| Reserve for net revaluation according to equity method | | 3 | 3 | 2 |
| Retained earnings | | 12,938 | 12,133 | 11,809 |
| Proposed dividend etc | | - | 1,686 | - |
| Shareholders of Sydbank A/S | | 14,069 | 14,950 | 12,964 |
| Holders of AT1 capital | | 750 | 759 | 748 |
| Minority shareholders | | 36 | 39 | 35 |
| Total equity | | 14,855 | 15,748 | 13,747 |
| Total equity and liabilities | | 183,926 | 185,101 | 174,494 |

Financial Highlights - Quarterly

| | Sydbank Group | | | | |
|---|---------------|--------------|--------------|--------------|--------------|
| | Q1 | Q4 | Q3 | Q2 | Q1 |
| | 2024 | 2023 | 2023 | 2023 | 2023 |
| Income statement (DKKm) | | | | | |
| Core income | 1,849 | 1,844 | 1,838 | 1,754 | 1,635 |
| Trading income | 89 | 35 | 54 | 69 | 117 |
| Total income | 1,938 | 1,879 | 1,892 | 1,823 | 1,752 |
| Costs, core earnings | 831 | 801 | 735 | 803 | 797 |
| Core earnings before impairment | 1,107 | 1,078 | 1,157 | 1,020 | 955 |
| Impairment of loans and advances etc | 8 | (6) | (5) | (6) | (10) |
| Core earnings | 1,099 | 1,084 | 1,162 | 1,026 | 965 |
| Investment portfolio earnings | 24 | 30 | 28 | 1 | 29 |
| Profit before non-recurring items | 1,123 | 1,114 | 1,190 | 1,027 | 994 |
| Non-recurring items, net | 15 | (7) | (11) | (12) | (14) |
| Profit before tax | 1,138 | 1,107 | 1,179 | 1,015 | 980 |
| Tax | 277 | 174 | 262 | 257 | 246 |
| Profit for the period | 861 | 933 | 917 | 758 | 734 |
| Balance sheet highlights (DKKbn) | | | | | |
| Loans and advances at amortised cost | 77.9 | 74.5 | 72.1 | 74.6 | 75.1 |
| Loans and advances at fair value | 16.0 | 16.7 | 10.9 | 9.7 | 9.9 |
| Deposits and other debt | 109.2 | 111.7 | 106.8 | 102.7 | 101.5 |
| Bonds issued at amortised cost | 11.2 | 11.2 | 13.2 | 13.2 | 13.2 |
| Subordinated capital | 1.9 | 1.1 | 1.1 | 1.1 | 1.1 |
| AT1 capital | 0.7 | 0.8 | 0.8 | 0.8 | 0.7 |
| Shareholders' equity | 14.1 | 14.9 | 14.3 | 13.7 | 13.0 |
| Total assets | 183.9 | 185.1 | 181.0 | 179.3 | 174.5 |
| Financial ratios per share (DKK per share of DKK 10) | | | | | |
| EPS | 15.5 | 16.8 | 16.1 | 13.2 | 12.8 |
| Share price at end of period | 356.8 | 293.6 | 336.2 | 315.2 | 308.8 |
| Book value | 258.9 | 273.9 | 257.8 | 242.7 | 229.4 |
| Share price/book value | 1.38 | 1.07 | 1.30 | 1.30 | 1.35 |
| Average number of shares outstanding (in millions) | 54.5 | 55.1 | 56.1 | 56.5 | 56.5 |
| Dividend per share | - | 30.56 | - | - | - |
| Other financial ratios and key figures | | | | | |
| CET1 ratio | 17.4 | 18.9 | 18.5 | 18.7 | 18.2 |
| T1 capital ratio | 18.7 | 20.1 | 19.7 | 20.0 | 19.4 |
| Capital ratio | 21.0 | 21.1 | 20.8 | 21.0 | 20.5 |
| Pre-tax profit as % p.a. of average equity | 31.0 | 30.0 | 33.3 | 30.1 | 29.6 |
| Post-tax profit as % p.a. of average equity | 23.4 | 25.2 | 25.8 | 22.4 | 22.1 |
| Costs (core earnings) as % of total income | 42.9 | 42.6 | 38.8 | 44.0 | 45.5 |
| Return on assets (%) | 0.5 | 0.5 | 0.5 | 0.4 | 0.4 |
| Interest rate risk | 0.5 | 0.5 | 0.6 | 1.0 | 0.6 |
| Foreign exchange position | 3.4 | 0.7 | 1.3 | 1.8 | 5.4 |
| Foreign exchange risk | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liquidity, LCR (%) | 220 | 223 | 249 | 227 | 195 |
| Loans and advances relative to deposits | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| Loans and advances relative to equity | 5.5 | 5.0 | 5.0 | 5.4 | 5.8 |
| Growth in loans and advances during the period | 4.5 | 0.8 | (3.4) | (0.7) | 1.6 |
| Total large exposures | 119 | 137 | 144 | 142 | 144 |
| Accumulated impairment ratio | 2.0 | 2.1 | 2.2 | 2.1 | 2.1 |
| Impairment ratio for the period | 0.01 | (0.01) | (0.01) | (0.01) | (0.01) |
| Number of full-time staff at end of period | 2,026 | 2,029 | 2,048 | 2,053 | 2,062 |

When calculating financial ratios AT1 capital is considered a liability regardless of the fact that it is accounted for as equity. Reference is made to financial ratio definitions in the 2023 Annual Report (page 128).

Statement of Changes in Equity

| DKK m | Sydbank Group | | | | | | | | | |
|--|---------------|----------------------|--|--|-------------------|-----------------------|-----------------------------|---------------|-----------------------|---------------|
| | Share capital | Revaluation reserves | Reserves acc to articles of association* | Reserve for net revaluation acc to equity method | Retained earnings | Proposed dividend etc | Shareholders of Sydbank A/S | AT1 capital** | Minority shareholders | Total equity |
| Equity at 1 Jan 2024 | 565 | 134 | 429 | 3 | 12,133 | 1,686 | 14,950 | 759 | 39 | 15,748 |
| Profit for the period | | | | | 848 | | 848 | 10 | 3 | 861 |
| Other comprehensive income | | | | | 41 | | 41 | | | 41 |
| Comprehensive income for the period | - | - | - | - | 889 | - | 889 | 10 | 3 | 902 |
| Transactions with owners | | | | | | | | | | |
| Purchase of own shares | | | | | (433) | | (433) | | | (433) |
| Sale of own shares | | | | | 344 | | 344 | | | 344 |
| Interest paid on AT1 capital | | | | | | | - | (20) | | (20) |
| Exchange rate adjustment | | | | | (1) | | (1) | 1 | | - |
| Dividend etc paid | | | | | | (1,686) | (1,686) | | (6) | (1,692) |
| Dividend, own shares | | | | | 6 | | 6 | | | 6 |
| Total transactions with owners | - | - | - | - | (84) | (1,686) | (1,770) | (19) | (6) | (1,795) |
| Equity at 31 Mar 2024 | 565 | 134 | 429 | 3 | 12,938 | - | 14,069 | 750 | 36 | 14,855 |
| Equity at 1 Jan 2023 | 584 | 144 | 425 | 2 | 11,071 | 959 | 13,185 | 757 | 39 | 13,981 |
| Profit for the period | | | | | 722 | | 722 | 10 | 2 | 734 |
| Other comprehensive income | | | | | 14 | | 14 | | | 14 |
| Comprehensive income for the period | - | - | - | - | 736 | - | 736 | 10 | 2 | 748 |
| Transactions with owners | | | | | | | | | | |
| Purchase of own shares | | | | | (415) | | (415) | | | (415) |
| Sale of own shares | | | | | 419 | | 419 | | | 419 |
| Interest paid on AT1 capital | | | | | | | - | (21) | | (21) |
| Exchange rate adjustment | | | | | (2) | | (2) | 2 | | 0 |
| Dividend paid | | | | | | (959) | (959) | | (6) | (965) |
| Dividend, own shares | | | | | 0 | | 0 | | | 0 |
| Total transactions with owners | - | - | - | - | 2 | (959) | (957) | (19) | (6) | (982) |
| Equity at 31 Mar 2023 | 584 | 144 | 425 | 2 | 11,809 | - | 12,964 | 748 | 35 | 13,747 |

* Reserves according to the articles of association equal the undistributable savings bank reserve in accordance with Article 4 of the Articles of Association.

** AT1 capital has no maturity date. Payment of interest and repayment of principal are voluntary. Therefore AT1 capital is accounted for as equity. In May 2018 Sydbank issued EUR 100m with optional redemption on 28 August 2025. The issue carries interest at the Mid-Swap Rate + a margin of 4.62%, a total of 5.25%. Under the issue the loan will be written down if the CET1 ratio of Sydbank A/S or the Sydbank Group drops below 7%.

| The Sydbank share | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2023 |
|---|-------------|-------------|-------------|
| Share capital (DKK) | 565,003,200 | 565,003,200 | 583,873,200 |
| Shares issued (number) | 56,500,320 | 56,500,320 | 58,387,320 |
| Shares outstanding at end of period (number) | 54,347,366 | 54,582,651 | 56,505,577 |
| Average number of shares outstanding (number) | 54,544,332 | 56,032,491 | 56,494,845 |

The Bank has only one class of shares as all shares carry the same rights.

Capital Statement

| DKKm | Sydbank Group | | |
|--|----------------|----------------|----------------|
| | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2023 |
| Solvency | | | |
| CET1 ratio | 17.4 | 18.9 | 18.2 |
| T1 capital ratio | 18.7 | 20.1 | 19.4 |
| Capital ratio | 21.0 | 21.1 | 20.5 |
| Total capital | | | |
| Equity, shareholders of Sydbank A/S | 14,069 | 14,950 | 12,964 |
| Not included share of profit for the period | (447) | - | (376) |
| Capital deduction – prudent valuation | (79) | (82) | (70) |
| Actual or contingent obligations to purchase own shares | (1,129) | (9) | (8) |
| Proposed dividend | - | (1,686) | - |
| Intangible assets and capitalised deferred tax assets | (262) | (267) | (293) |
| Significant investments in the financial sector | (1,355) | (1,189) | (1,197) |
| Insufficient coverage for non-performing exposures | (66) | (46) | (17) |
| CET1 capital | 10,731 | 11,671 | 11,003 |
| AT1 capital – equity | 746 | 745 | 745 |
| T1 capital | 11,477 | 12,416 | 11,748 |
| T2 capital | 1,331 | 559 | 558 |
| Instruments in entities in the financial sector in which the institution has significant investments | (146) | (146) | (156) |
| Difference between expected losses and impairment for accounting purposes | 230 | 227 | 233 |
| Total capital | 12,892 | 13,056 | 12,383 |
| Credit risk* | 39,897 | 39,187 | 41,453 |
| Market risk | 5,001 | 6,047 | 4,865 |
| Operational risk | 10,250 | 10,250 | 8,137 |
| Other exposures, incl CVA | 6,361 | 6,412 | 5,979 |
| REA | 61,509 | 61,896 | 60,434 |
| Pillar I capital requirement | 4,948 | 4,952 | 4,835 |
| * Credit risk | | | |
| Corporate clients, IRB | 29,950 | 29,002 | 33,021 |
| Retail clients, IRB | 8,476 | 8,740 | 5,847 |
| Corporate clients, STD | 261 | 340 | 351 |
| Retail clients, STD | 444 | 503 | 871 |
| Credit institutions etc | 766 | 602 | 1,363 |
| Total | 39,897 | 39,187 | 41,453 |

Cash Flow Statement

| DKKm | Sydbank Group | | |
|--|----------------|-------------------|----------------|
| | Q1 2024 | Full year 2023 | Q1 2023 |
| Operating activities | | | |
| Pre-tax profit for the period | 1,138 | 4,281 | 980 |
| Taxes paid | (147) | (528) | (89) |
| <u>Adjustment for non-cash operating items:</u> | | | |
| Profit/(Loss) on holdings in associates | 24 | 0 | 0 |
| Amortisation and depreciation of intangible assets and property, plant and equipment | 29 | 139 | 32 |
| Impairment of loans and advances/guarantees | 8 | (27) | (10) |
| Other non-cash operating items | (21) | (116) | (28) |
| <u>Changes in working capital:</u> | | | |
| Credit institutions and central banks | (335) | 4,523 | 2,290 |
| Trading portfolio | 219 | (4,132) | 1,471 |
| Other financial instruments at fair value | (4) | 120 | (33) |
| Loans and advances | (2,599) | (6,827) | (546) |
| Deposits | (2,451) | 4,149 | (6,037) |
| Other assets/liabilities | (223) | 288 | (7) |
| Cash flows from operating activities | (4,362) | 1,870 | (1,977) |
| Investing activities | | | |
| Purchase of holdings in associates | (2) | - | - |
| Sale of holdings in associates | - | 3 | - |
| Purchase of equity investments | (5) | (134) | (120) |
| Sale of equity investments | 26 | 245 | 231 |
| Purchase/sale of intangible assets | - | - | (1) |
| Purchase of property, plant and equipment | (6) | (92) | (8) |
| Sale of property, plant and equipment | - | 2 | 0 |
| Cash flows from investing activities | 13 | 24 | 102 |
| Financing activities | | | |
| Purchase and sale of own holdings | (89) | (600) | 3 |
| Dividend etc | (1,680) | (959) | (959) |
| Raising of subordinated capital | 783 | - | - |
| Issue of bonds | - | 3,727 | - |
| Redemption of bonds | - | (5,758) | - |
| Cash flows from financing activities | (986) | (3,590) | (956) |
| Cash flows for the period | (5,335) | (1,696) | (2,831) |
| Cash and cash equivalents at 1 Jan | 6,904 | 8,600 | 8,600 |
| Cash flows for the period | (5,335) | (1,696) | (2,831) |
| Cash and cash equivalents at end of period | 1,569 | 6,904 | 5,769 |
| Cash and cash equivalents at end of period | | | |
| Cash and balances on demand at central banks | 1,001 | 6,523 | 5,483 |
| Fully secured cash and cash equivalent balances on demand with credit institutions and insurance companies | 568 | 381 | 286 |
| Cash and cash equivalents at end of period | 1,569 | 6,904 | 5,769 |

Segment Reporting etc

| DKKm | Sydbank Group | | | | | |
|--|---------------|------------------|-----------------|-----------|-------------|--------------|
| | Banking | Asset Management | Sydbank Markets | Treasury | Other | Total |
| Operating segments | | | | | | |
| Q1 2024 | | | | | | |
| Core income | 1,722 | 99 | 28 | - | - | 1,849 |
| Trading income | - | - | 89 | - | - | 89 |
| Total income | 1,722 | 99 | 117 | - | - | 1,938 |
| Costs, core earnings | 724 | 36 | 51 | - | 20 | 831 |
| Impairment of loans and advances etc | 8 | - | - | - | - | 8 |
| Core earnings | 990 | 63 | 66 | - | (20) | 1,099 |
| Investment portfolio earnings | 5 | - | - | 19 | - | 24 |
| Profit before non-recurring items | 995 | 63 | 66 | 19 | (20) | 1,123 |
| Non-recurring items, net | (10) | - | - | - | 25 | 15 |
| Profit before tax | 985 | 63 | 66 | 19 | 5 | 1,138 |
| Q1 2023 | | | | | | |
| Core income | 1,521 | 84 | 30 | - | - | 1,635 |
| Trading income | - | - | 117 | - | - | 117 |
| Total income | 1,521 | 84 | 147 | - | - | 1,752 |
| Costs, core earnings | 689 | 34 | 55 | - | 19 | 797 |
| Impairment of loans and advances etc | (10) | - | - | - | - | (10) |
| Core earnings | 842 | 50 | 92 | - | (19) | 965 |
| Investment portfolio earnings | (1) | - | - | 30 | - | 29 |
| Profit before non-recurring items | 841 | 50 | 92 | 30 | (19) | 994 |
| Non-recurring items, net | (14) | - | - | - | - | (14) |
| Profit before tax | 827 | 50 | 92 | 30 | (19) | 980 |

Operating segments

The Group's segment statements are divided into the following business units: Banking, Asset Management, Sydbank Markets, Treasury and Other.

Banking serves all types of retail and corporate clients.

Asset Management primarily comprises the Bank's advisory-related income from customers and investment funds.

Sydbank Markets comprises trading income as well as a share of the income from customers with decentral affiliation calculated on the basis of its market price. The share represents the payment by Banking for Sydbank Markets' facilities, including advisory services and administration.

Treasury comprises the Group's return on positions handled by Treasury, including liquidity allocation.

Other includes non-recurring items, costs to the Group Executive Management etc as well as return on strategic shareholdings that are not allocated to Banking or Sydbank Markets.

Inter-segment transactions are settled on an arm's length basis. Centrally incurred costs are allocated to the business units in accordance with their estimated proportionate share of overall activities.

Excess liquidity is settled primarily at short-term money market rates whereas other balances are settled on an arm's length basis.

Segment Reporting etc

| DKKkm | Sydbank Group | | | | | | | |
|--|---------------|----------------|----------------------|-----------------------------------|---------------|-------------------------------|--------------------------|-------------------|
| | Core income | Trading income | Costs, core earnings | Impairment of loans/ advances etc | Core earnings | Investment portfolio earnings | Non-recurring items, net | Profit before tax |
| Correlation between the Group's performance measures and the income statement according to IFRS | | | | | | | | |
| Q1 2024 | | | | | | | | |
| Net interest and fee income | 1,668 | 29 | | | 1,697 | (16) | | 1,681 |
| Market value adjustments | 148 | 60 | | 0 | 208 | 42 | 25 | 275 |
| Other operating income | 7 | | | | 7 | | | 7 |
| Income | 1,823 | 89 | - | 0 | 1,912 | 26 | 25 | 1,963 |
| Staff costs and administrative expenses | | | (794) | | (794) | (2) | (10) | (806) |
| Amortisation, depreciation and impairment of intangible assets and property, plant and equipment | | | (29) | | (29) | | | (29) |
| Other operating expenses | | | (8) | | (8) | | | (8) |
| Impairment of loans and advances etc | | | | (8) | (8) | | | (8) |
| Profit/(Loss) on holdings in associates and subsidiaries | 26 | | | | 26 | | | 26 |
| Profit before tax | 1,849 | 89 | (831) | (8) | 1,099 | 24 | 15 | 1,138 |
| Q1 2023 | | | | | | | | |
| Net interest and fee income | 1,510 | 30 | | | 1,540 | 21 | | 1,561 |
| Market value adjustments | 116 | 87 | | 0 | 203 | 10 | | 213 |
| Other operating income | 7 | | | | 7 | | | 7 |
| Income | 1,633 | 117 | - | 0 | 1,750 | 31 | - | 1,781 |
| Staff costs and administrative expenses | | | (757) | | (757) | (2) | (14) | (773) |
| Amortisation, depreciation and impairment of intangible assets and property, plant and equipment | | | (32) | | (32) | | | (32) |
| Other operating expenses | | | (8) | | (8) | | | (8) |
| Impairment of loans and advances etc | | | | 10 | 10 | | | 10 |
| Profit/(Loss) on holdings in associates and subsidiaries | 2 | | | | 2 | | | 2 |
| Profit before tax | 1,635 | 117 | (797) | 10 | 965 | 29 | (14) | 980 |

The Sydbank Group's internal reporting is not made on the basis of products and services. Reference is made to notes 2, 3 and 4 for the distribution of net interest income as well as fee income.

Notes

Note 1

Accounting policies

The interim report covers the period from 1 January to 31 March 2024 and is prepared in compliance with IAS 34 "Interim Financial Reporting" as adopted by the EU and in compliance with Danish disclosure requirements for interim reports of listed financial companies. As a result of the use of IAS 34, the presentation is less complete compared with the presentation of an annual report and the recognition and measurement principles are in compliance with IFRS.

The accounting policies are consistent with those adopted in the 2023 Annual Report, to which reference is made.

The 2023 Annual Report provides a comprehensive description of the accounting policies applied.

Accounting estimates and judgements

The measurement of certain assets and liabilities requires that management makes accounting estimates as to how future events will affect the value of such assets, liabilities, income and costs. Actual results may deviate from such estimates.

The significant estimates made by management in the use of the Group's accounting policies and the inherent considerable uncertainty of such estimates used in the preparation of the interim report are identical to those used in the preparation of the 2023 Annual Report.

Impairment of loans and advances and provisions for guarantees and undrawn credit commitments are made to take into account the expected losses on conclusion as well as any credit impairment after initial recognition. The determination of impairment charges for expected losses is subject to a number of estimates, including which loans and advances or portfolios of loans and advances are subject to credit impairment as well as calculation of expected losses.

Assessing the degree of credit impairment of exposures involves a number of estimates which may be subject to uncertainty.

To a large extent the determination of expected losses at exposure level is based on risk registrations, models and past experience but it also involves a number of estimates of risks and expected developments in the individual exposure, including the future ability to pay and the value of collateral which in particular comprises mortgages on property. During periods of uncertain economic trends or significant demographic or structural changes uncertainty is greater. This is reflected in the need for management adjustments that by their nature are subject to uncertainty.

The Group's models to calculate impairment of exposures in stages 1 and 2 include expectations as to economic developments. The outlook is based on estimates of the probability of different outcomes of economic growth.

The outlook results in a determination of the probability of the scenarios baseline, upturn and downturn. At 31 March 2024 the probability of the downturn scenario was fixed at 95%, which is unchanged compared with 31 December 2023.

Impairment of exposures in stage 3 and the weak part of stage 2 is based on individual assessments which include expectations of future changes in collateral value etc.

Notes



Note 1 - continued

In addition to the calculated impairment charges, management estimates whether there is a need for special impairment charges as regards exposed industries, customer segments or other elements that are estimated as having not yet been reflected in the Bank's registrations.

At 31 March 2024 the Group maintained its management estimate of DKK 500m to hedge macroeconomic uncertainty. The management estimate represents DKK 400m as regards corporate clients and DKK 100m as regards retail clients.

The management estimate as regards macroeconomic risks covers potential losses related to the negative effects of geopolitical tension, a higher interest rate environment as well as the risk of a recession etc.

The Group's significant risks and the external elements which may affect the Group are described in greater detail in the 2023 Annual Report.

Notes

| DKKm | Sydbank Group | | |
|---|---------------|--------------|-------------------|
| | Q1 2024 | Q1 2023 | Full year 2023 |
| Note 2 | | | |
| Interest income calculated using the effective interest method | | | |
| Amounts owed by credit institutions and central banks | 232 | 156 | 926 |
| Loans and advances and other amounts owed | 1,090 | 878 | 3,994 |
| Other interest income | 0 | 6 | 1 |
| Total | 1,322 | 1,040 | 4,921 |
| Other interest income | | | |
| Reverse transactions with credit institutions and central banks | 27 | 13 | 92 |
| Reverse loans and advances | 154 | 59 | 370 |
| Bonds | 219 | 138 | 675 |
| Total derivatives | 9 | 32 | 103 |
| comprising: | | | |
| Foreign exchange contracts | 18 | 15 | 66 |
| Interest rate contracts | (9) | 17 | 37 |
| Total | 409 | 242 | 1,240 |
| Total interest income | 1,731 | 1,282 | 6,161 |
| Fair value, designated at initial recognition | 181 | 72 | 462 |
| Fair value, held for trading | 228 | 170 | 778 |
| Assets recognised at amortised cost | 1,322 | 1,040 | 4,921 |
| Total | 1,731 | 1,282 | 6,161 |

The Group's cash resources primarily comprise Danish mortgage bonds. The interest rate risk concerning these positions has been reduced via derivatives. As a result the Group's external income statement is affected in terms of interest income and the market value adjustment of bonds and derivatives. The same applies to the Group's position-taking as regards bonds as well as shares. The breakdown by income statement item does not disclose income independently and consequently these items must be regarded as one as they are in "Segment Reporting" as well as in the Group's financial review, which also takes funding of the positions into account.

Notes

| DKKm | Sydbank Group | | |
|--|---------------|------------|-------------------|
| | Q1 2024 | Q1 2023 | Full year 2023 |
| Note 3 | | | |
| Interest expense | | | |
| Repo transactions with credit institutions and central banks | 29 | 15 | 100 |
| Amounts owed to credit institutions and central banks | 17 | 9 | 52 |
| Repo deposits | 26 | 7 | 55 |
| Deposits and other debt | 443 | 155 | 1,053 |
| Bonds issued | 99 | 82 | 386 |
| Subordinated capital | 24 | 10 | 46 |
| Other interest expense | 1 | 1 | 2 |
| Total | 639 | 279 | 1,694 |
| Fair value, designated at initial recognition | 55 | 22 | 155 |
| Liabilities recognised at amortised cost | 584 | 257 | 1,539 |
| Total | 639 | 279 | 1,694 |

Note 4

| | | | |
|--|------------|------------|--------------|
| Fee and commission income | | | |
| Securities trading and custody accounts | 199 | 197 | 788 |
| Advisory fee, asset management | 101 | 86 | 357 |
| Payment services | 95 | 86 | 381 |
| Loan fees | 52 | 53 | 206 |
| Guarantee commission | 42 | 46 | 176 |
| Income concerning funded mortgage-like loans | 13 | (5) | 12 |
| Other fees and commission | 141 | 136 | 574 |
| Total fee and commission income | 643 | 599 | 2,494 |
| Fee expense, asset management | 2 | 1 | 12 |
| Other fee and commission expense | 56 | 59 | 297 |
| Total fee and commission expense | 58 | 60 | 309 |
| Net fee and commission income | 585 | 539 | 2,185 |

Except for guarantee commission recognised according to IFRS 9, fee and commission income is recognised according to IFRS 15. The set-off of loss concerning arranged mortgage loans represented DKK 1m in Q1 2024 (Q1 2023: DKK 1m) and has been deducted from commission received which is included under other fees and commission.

Notes

| DKKkm | Sydbank Group | | |
|---|---------------|------------|-------------------|
| | Q1 2024 | Q1 2023 | Full year 2023 |
| Note 5 | | | |
| Market value adjustments | | | |
| Other loans and advances and amounts owed at fair value | 8 | 9 | 37 |
| Bonds | 64 | 97 | 329 |
| Shares etc | 96 | 50 | 238 |
| Foreign exchange | 70 | 72 | 268 |
| Derivatives | 37 | (14) | (134) |
| Assets related to pooled plans | 1,149 | 345 | 1,877 |
| Deposits in pooled plans | (1,149) | (345) | (1,877) |
| Other assets/liabilities | 0 | (1) | (1) |
| Total | 275 | 213 | 737 |
| Note 6 | | | |
| Staff costs and administrative expenses | | | |
| Salaries and remuneration: | | | |
| Group Executive Management | 4 | 4 | 48 |
| Board of Directors | 2 | 2 | 8 |
| Shareholders' Committee | 1 | 1 | 4 |
| Total | 7 | 7 | 60 |
| Staff costs: | | | |
| Wages and salaries | 374 | 370 | 1,437 |
| Pensions | 41 | 38 | 157 |
| Social security contributions | 2 | 3 | 8 |
| Payroll tax | 52 | 47 | 201 |
| Total | 469 | 458 | 1,803 |
| Other administrative expenses: | | | |
| IT | 215 | 183 | 798 |
| Rent etc | 25 | 20 | 112 |
| Marketing and entertainment expenses | 27 | 18 | 101 |
| Other costs | 63 | 87 | 150 |
| Total | 330 | 308 | 1,161 |
| Total | 806 | 773 | 3,024 |
| Note 7 | | | |
| Staff | | | |
| Average number of staff (full-time equivalent) | 2,053 | 2,079 | 2,076 |

Notes

| DKKm | Sydbank Group | | |
|--|---------------|--------------|-------------------|
| | Q1 2024 | Q1 2023 | Full year 2023 |
| Note 8 | | | |
| Other operating expenses | | | |
| Contribution to the resolution fund | 8 | 7 | 14 |
| Other expenses | 0 | 1 | 9 |
| Total | 8 | 8 | 23 |
| Note 9 | | | |
| Impairment of loans and advances recognised in the income statement | | | |
| Impairment and provisions | 19 | 37 | 46 |
| Write-offs | 2 | 3 | 29 |
| Recovered from debt previously written off | 13 | 50 | 102 |
| Impairment of loans and advances etc | 8 | (10) | (27) |
| Impairment and provisions at end of period (allowance account) | | | |
| Stage 1 | 138 | 127 | 133 |
| Stage 2 | 586 | 650 | 608 |
| Stage 3 | 673 | 695 | 658 |
| Management estimates | 500 | 500 | 500 |
| Impairment and provisions at end of period | 1,897 | 1,972 | 1,899 |
| Impairment and provisions | | | |
| Impairment and provisions at 1 Jan | 1,899 | 1,929 | 1,929 |
| New impairment charges and provisions during the period, net | 33 | 47 | 19 |
| Impairment charges previously recorded, now finally written off | 35 | 4 | 49 |
| Impairment and provisions at end of period | 1,897 | 1,972 | 1,899 |
| Impairment charges for loans and advances | 1,758 | 1,812 | 1,738 |
| Provisions for undrawn credit commitments | 50 | 51 | 67 |
| Provisions for guarantees | 89 | 109 | 94 |
| Impairment and provisions at end of period | 1,897 | 1,972 | 1,899 |

Loans and advances recognised as a loss for the period constitute DKK 37m. As regards losses recognised for the period a legal claim of DKK 29m has been upheld. As regards loans and advances recognised as a loss a legal claim of DKK 35m has been upheld at year-end 2023.

Notes

| DKKm | Loans/advances and guarantees | | Impairment and provisions | | Impairment charges for loans/advances etc for the period | | Sydbank Group Losses for the period | |
|--|-------------------------------|---------------|---------------------------|--------------|--|-------------|-------------------------------------|----------|
| | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2024 | 31 Dec 2023 | Q1 2024 | Q1 2023 | Q1 2024 | Q1 2023 |
| | | | | | | | | |
| Note 9 - continued | | | | | | | | |
| Loans and advances and guarantees as well as impairment of loans and advances etc by industry | | | | | | | | |
| Building and construction | 4,714 | 4,387 | 145 | 146 | 20 | 20 | 23 | 2 |
| Energy supply | 4,919 | 5,181 | 13 | 16 | (2) | (3) | 0 | 0 |
| Real estate | 9,575 | 8,821 | 55 | 59 | (5) | 1 | 0 | 0 |
| Finance and insurance | 10,036 | 8,855 | 139 | 127 | 15 | (2) | 4 | 0 |
| Trade | 18,067 | 17,155 | 502 | 488 | 6 | 25 | 2 | 1 |
| Hotels and restaurants | 421 | 391 | 62 | 67 | (7) | 8 | 0 | 0 |
| Manufacturing and extraction of raw materials | 9,360 | 8,769 | 245 | 246 | (1) | 26 | 0 | 1 |
| Information and communication | 478 | 473 | 29 | 32 | (4) | 2 | 0 | 0 |
| Agriculture, hunting, forestry and fisheries | 3,786 | 4,004 | 177 | 189 | (14) | (46) | 1 | 1 |
| Transportation | 2,632 | 2,694 | 23 | 25 | (3) | (2) | 0 | 0 |
| Other industries | 10,772 | 10,525 | 148 | 143 | 10 | 8 | 0 | 0 |
| Total corporate | 74,760 | 71,255 | 1,538 | 1,538 | 15 | 37 | 30 | 5 |
| Public authorities | 38 | 36 | | | | | | |
| Retail | 19,879 | 20,503 | 359 | 361 | (7) | (47) | 7 | 2 |
| Total | 94,677 | 91,794 | 1,897 | 1,899 | 8 | (10) | 37 | 7 |
| Building and construction | | | | | | | | |
| Completion of building projects | 635 | 630 | 33 | 3 | 28 | 0 | 0 | 0 |
| Building and construction activities | 1,979 | 1,812 | 88 | 111 | 0 | 13 | 23 | 2 |
| Construction of buildings | 948 | 890 | 22 | 30 | (8) | 8 | 0 | 0 |
| Other building and construction | 1,152 | 1,055 | 2 | 2 | 0 | (1) | 0 | 0 |
| Total | 4,714 | 4,387 | 145 | 146 | 20 | 20 | 23 | 2 |
| Real estate | | | | | | | | |
| Non-profit housing associations | 4,977 | 4,328 | 3 | 2 | 0 | (2) | 0 | 0 |
| Leasing of commercial property | 2,598 | 2,555 | 33 | 38 | (6) | 5 | 0 | 0 |
| Leasing of residential property | 748 | 789 | 5 | 5 | 1 | 0 | 0 | 0 |
| Other related to real estate | 1,252 | 1,149 | 14 | 14 | 0 | (2) | 0 | 0 |
| Total | 9,575 | 8,821 | 55 | 59 | (5) | 1 | 0 | 0 |
| Finance and insurance | | | | | | | | |
| Holding companies | 5,889 | 5,123 | 100 | 82 | 17 | (1) | 0 | 0 |
| Financing companies | 4,147 | 3,732 | 39 | 45 | (2) | (1) | 4 | 0 |
| Total | 10,036 | 8,855 | 139 | 127 | 15 | (2) | 4 | 0 |

Notes

| DKKm | Loans/advances and guarantees | | Impairment and provisions | | Impairment charges for loans/advances etc for the period | | Sydbank Group Losses for the period | |
|--|-------------------------------|---------------|---------------------------|-------------|--|-------------|-------------------------------------|----------|
| | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2024 | 31 Dec 2023 | Q1 2024 | Q1 2023 | Q1 2024 | Q1 2023 |
| | | | | | | | | |
| Note 9 – continued | | | | | | | | |
| Loans and advances and guarantees as well as impairment of loans and advances etc by industry | | | | | | | | |
| Trade | | | | | | | | |
| Retail | 2,053 | 1,842 | 49 | 52 | (2) | 3 | 0 | 0 |
| Trade, passenger cars and motorcycles | 3,249 | 3,188 | 69 | 70 | (4) | 5 | 0 | 0 |
| Wholesale, other machinery | 1,953 | 1,808 | 29 | 30 | 0 | 0 | 2 | 0 |
| Wholesale, food, beverages and tobacco | 2,196 | 1,982 | 42 | 39 | 2 | (1) | 0 | 0 |
| Wholesale, household durables | 3,808 | 3,579 | 230 | 210 | 16 | 17 | 0 | 0 |
| Wholesale, agricultural raw materials and live animals | 1,428 | 1,405 | 34 | 34 | 0 | (1) | 0 | 0 |
| Other specialised wholesale | 2,198 | 2,237 | 29 | 30 | (4) | (1) | 0 | 0 |
| Other trade | 1,182 | 1,114 | 20 | 23 | (2) | 3 | 0 | 1 |
| Total | 18,067 | 17,155 | 502 | 488 | 6 | 25 | 2 | 1 |
| Manufacturing and extraction of raw materials | | | | | | | | |
| Extraction of raw materials | 221 | 213 | 1 | 2 | (1) | 0 | 0 | 0 |
| Manufacture of textiles and clothing | 808 | 772 | 8 | 7 | 1 | 0 | 0 | 0 |
| Manufacture and repair of machinery and equipment | 1,675 | 1,635 | 26 | 32 | (5) | 0 | 0 | 0 |
| Manufacture of food products | 2,416 | 1,920 | 70 | 59 | 10 | 2 | 0 | 1 |
| Manufacture of fabricated metal products, excl machinery and equipment | 1,384 | 1,356 | 69 | 69 | (1) | 5 | 0 | 0 |
| Other manufacturing | 2,856 | 2,873 | 71 | 77 | (5) | 19 | 0 | 0 |
| Total | 9,360 | 8,769 | 245 | 246 | (1) | 26 | 0 | 1 |
| Agriculture, hunting, forestry and fisheries | | | | | | | | |
| Pig farming | 535 | 729 | 18 | 24 | (5) | (4) | 0 | 0 |
| Cattle farming | 972 | 1,127 | 61 | 59 | 1 | (23) | 1 | 0 |
| Crop production | 1,387 | 1,220 | 47 | 53 | (8) | (26) | 0 | 1 |
| Other agriculture | 892 | 928 | 51 | 53 | (2) | 7 | 0 | 0 |
| Total | 3,786 | 4,004 | 177 | 189 | (14) | (46) | 1 | 1 |
| Transportation | | | | | | | | |
| Land transport | 970 | 1,029 | 13 | 16 | (3) | (3) | 0 | 0 |
| Water transport | 428 | 438 | 0 | 0 | 0 | 0 | 0 | 0 |
| Air transport | 264 | 268 | 4 | 3 | 0 | 0 | 0 | 0 |
| Other transportation | 970 | 959 | 6 | 6 | 0 | 1 | 0 | 0 |
| Total | 2,632 | 2,694 | 23 | 25 | (3) | (2) | 0 | 0 |
| Other industries | | | | | | | | |
| Rental and leasing activities | 4,627 | 4,319 | 24 | 23 | 1 | 5 | 0 | 0 |
| Activities of head offices | 1,768 | 2,022 | 9 | 13 | (1) | (2) | 0 | 0 |
| Liberal professions | 1,634 | 1,471 | 45 | 39 | 7 | 7 | 1 | 0 |
| Other industries | 2,743 | 2,713 | 70 | 68 | 3 | (2) | (1) | 0 |
| Total | 10,772 | 10,525 | 148 | 143 | 10 | 8 | 0 | 0 |

Notes

| DKKm | Sydbank Group | | |
|------|---------------|------------|-------------------|
| | Q1 2024 | Q1 2023 | Full year 2023 |

Note 10

Profit/(Loss) on holdings in associates and subsidiaries

| | | | |
|---|-----------|----------|----------|
| Profit/(Loss) on holdings in associates etc | 26 | 2 | 7 |
| Total | 26 | 2 | 7 |

Note 11

Effective tax rate

| | | | |
|--------------------------------------|-------------|-------------|-------------|
| Current tax rate of Sydbank | 26.0 | 25.2 | 25.2 |
| Permanent differences | (1.7) | - | (1.8) |
| Adjustment of prior year tax charges | - | - | (1.5) |
| Effective tax rate | 24.3 | 25.2 | 21.9 |

| DKKm | Sydbank Group | | |
|------|----------------|----------------|----------------|
| | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2023 |

Note 12

Amounts owed by credit institutions and central banks

| | | | |
|---|---------------|---------------|---------------|
| Amounts owed at notice by central banks | 14,158 | 14,006 | 13,720 |
| Amounts owed by credit institutions | 5,129 | 4,256 | 6,854 |
| Total | 19,287 | 18,262 | 20,574 |
| Of which reverse transactions | 3,857 | 3,874 | 3,629 |

Notes

| DKKm | Sydbank Group | | | | | |
|--|---------------|--------------|--------------|--|-------------------|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | Credit impaired at initial recognition | 31 Mar 2024 Total | 31 Dec 2023 Total |
| Note 13 | | | | | | |
| Loans and advances, guarantees and allowance account by stage | | | | | | |
| Loans and advances before impairment charges | 69,907 | 8,412 | 1,186 | 109 | 79,614 | 76,273 |
| Guarantees | 14,180 | 759 | 124 | | 15,063 | 15,521 |
| Total loans and advances and guarantees | 84,087 | 9,171 | 1,310 | 109 | 94,677 | 91,794 |
| % | 88.8 | 9.7 | 1.4 | 0.1 | 100.0 | 100.0 |
| Impairment charges for loans and advances | 377 | 668 | 713 | | 1,758 | 1,738 |
| Provisions for undrawn credit commitments | 19 | 24 | 7 | | 50 | 67 |
| Provisions for guarantees | 9 | 34 | 46 | | 89 | 94 |
| Total allowance account | 405 | 726 | 766 | - | 1,897 | 1,899 |
| Allowance account at 1 Jan | 400 | 740 | 759 | | 1,899 | 1,929 |
| New impairment charges and provisions during the period, net | 5 | (14) | 42 | | 33 | 19 |
| Impairment charges previously recorded, now finally written off | | | 35 | | 35 | 49 |
| Total allowance account at end of period | 405 | 726 | 766 | - | 1,897 | 1,899 |
| Impairment charges as % of loans and advances | 0.5 | 7.9 | 60.1 | | 2.2 | 2.3 |
| Provisions as % of guarantees | 0.1 | 4.5 | 37.1 | | 0.6 | 0.6 |
| Allowance account as % of loans and advances and guarantees | 0.5 | 7.9 | 58.5 | | 2.0 | 2.1 |
| Loans and advances before impairment charges | 69,907 | 8,412 | 1,186 | 109 | 79,614 | 76,273 |
| Impairment charges for loans and advances | 377 | 668 | 713 | | 1,758 | 1,738 |
| Loans and advances after impairment charges | 69,530 | 7,744 | 473 | 109 | 77,856 | 74,535 |
| % | 89.3 | 10.0 | 0.6 | 0.1 | 100.0 | 100.0 |

Notes

| DKKm | Sydbank Group | | | | | |
|---|---------------|--------------|--------------|--|-------------------|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | Credit impaired at initial recognition | 31 Mar 2024 Total | 31 Dec 2023 Total |
| Note 13 – continued | | | | | | |
| Loans and advances before impairment charges | | | | | | |
| Rating category | | | | | | |
| 1 | 11,986 | 1 | | | 11,987 | 11,981 |
| 2 | 23,876 | 1 | | | 23,877 | 22,097 |
| 3 | 10,077 | 4 | | | 10,081 | 10,751 |
| 4 | 15,734 | 1,361 | | | 17,095 | 14,931 |
| 5 | 5,978 | 2,513 | | | 8,491 | 8,482 |
| 6 | 1,056 | 1,474 | | | 2,530 | 2,159 |
| 7 | 95 | 1,339 | | | 1,434 | 1,843 |
| 8 | 12 | 418 | | | 430 | 380 |
| 9 | | 1,278 | | | 1,278 | 1,258 |
| Default | | 3 | 1,164 | | 1,167 | 1,138 |
| NR/STD | 1,093 | 20 | 22 | 109 | 1,244 | 1,253 |
| Total | 69,907 | 8,412 | 1,186 | 109 | 79,614 | 76,273 |
| Impairment of loans and advances | | | | | | |
| Rating category | | | | | | |
| 1 | 2 | | | | 2 | 2 |
| 2 | 18 | | | | 18 | 17 |
| 3 | 79 | | | | 79 | 80 |
| 4 | 95 | 18 | | | 113 | 106 |
| 5 | 86 | 49 | | | 135 | 142 |
| 6 | 66 | 47 | | | 113 | 107 |
| 7 | 19 | 73 | | | 92 | 101 |
| 8 | 2 | 46 | | | 48 | 43 |
| 9 | | 428 | | | 428 | 427 |
| Default | | | 697 | | 697 | 695 |
| NR/STD | 10 | 7 | 16 | | 33 | 18 |
| Total | 377 | 668 | 713 | | 1,758 | 1,738 |
| Loans and advances after impairment charges | | | | | | |
| Rating category | | | | | | |
| 1 | 11,984 | 1 | | | 11,985 | 11,979 |
| 2 | 23,858 | 1 | | | 23,859 | 22,080 |
| 3 | 9,998 | 4 | | | 10,002 | 10,671 |
| 4 | 15,639 | 1,343 | | | 16,982 | 14,825 |
| 5 | 5,892 | 2,464 | | | 8,356 | 8,340 |
| 6 | 990 | 1,427 | | | 2,417 | 2,052 |
| 7 | 76 | 1,266 | | | 1,342 | 1,742 |
| 8 | 10 | 372 | | | 382 | 337 |
| 9 | | 850 | | | 850 | 831 |
| Default | | 3 | 467 | | 470 | 443 |
| NR/STD | 1,083 | 13 | 6 | 109 | 1,211 | 1,235 |
| Total | 69,530 | 7,744 | 473 | 109 | 77,856 | 74,535 |

Notes

| DKKm | Sydbank Group | | | | | |
|---|---------------|--------------|--------------|--|-------------------|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | Credit impaired at initial recognition | 31 Mar 2024 Total | 31 Dec 2023 Total |
| Note 13 – continued | | | | | | |
| Loans and advances before impairment charges | | | | | | |
| 1 Jan | 66,698 | 8,325 | 1,138 | 112 | 76,273 | 75,673 |
| Transfers between stages | | | | | | |
| Transfers to stage 1 | 1,166 | (1,157) | (9) | | - | - |
| Transfers to stage 2 | (1,699) | 1,715 | (16) | | - | - |
| Transfers to stage 3 | (8) | (103) | 111 | | - | - |
| New exposures | 6,273 | 208 | 53 | | 6,534 | 16,825 |
| Final repayments | (3,686) | (477) | (68) | | (4,231) | (14,551) |
| Changes in balances | 1,163 | (99) | 14 | (3) | 1,075 | (1,596) |
| Write-offs | | | (37) | | (37) | (78) |
| End of period | 69,907 | 8,412 | 1,186 | 109 | 79,614 | 76,273 |
| Impairment of loans and advances | | | | | | |
| 1 Jan | 368 | 675 | 695 | - | 1,738 | 1,740 |
| Transfers between stages | | | | | | |
| Transfers to stage 1 | 38 | (38) | | | - | - |
| Transfers to stage 2 | (27) | 33 | (6) | | - | - |
| Transfers to stage 3 | | (34) | 34 | | - | - |
| New exposures | 33 | 11 | 41 | | 85 | 196 |
| Final repayments | (22) | (24) | (29) | | (75) | (257) |
| Changes in balances | (13) | 45 | 13 | | 45 | 108 |
| Write-offs | | | (35) | | (35) | (49) |
| End of period | 377 | 668 | 713 | - | 1,758 | 1,738 |
| Loans and advances after impairment charges | | | | | | |
| 1 Jan | 66,330 | 7,650 | 443 | 112 | 74,535 | 73,933 |
| Transfers between stages | | | | | | |
| Transfers to stage 1 | 1,128 | (1,119) | (9) | | - | - |
| Transfers to stage 2 | (1,672) | 1,682 | (10) | | - | - |
| Transfers to stage 3 | (8) | (69) | 77 | | - | - |
| New exposures | 6,240 | 197 | 12 | | 6,449 | 16,629 |
| Final repayments | (3,664) | (453) | (39) | | (4,156) | (14,294) |
| Changes in balances | 1,176 | (144) | 1 | (3) | 1,030 | (1,704) |
| Write-offs | | | (2) | | (2) | (29) |
| End of period | 69,530 | 7,744 | 473 | 109 | 77,856 | 74,535 |

Notes

| DKKm | Sydbank Group | | |
|--|----------------|----------------|----------------|
| | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2023 |
| Note 14 | | | |
| Other assets | | | |
| Positive market value of derivatives etc | 4,388 | 4,718 | 6,161 |
| Sundry debtors | 894 | 730 | 759 |
| Interest and commission receivable | 426 | 406 | 265 |
| Cash collateral provided, CSA agreements | 502 | 623 | 863 |
| Other assets | 0 | 1 | 3 |
| Total | 6,210 | 6,478 | 8,051 |
| Note 15 | | | |
| Amounts owed to credit institutions and central banks | | | |
| Amounts owed to central banks | 7 | 10 | 3 |
| Amounts owed to credit institutions | 6,890 | 6,385 | 6,567 |
| Total | 6,897 | 6,395 | 6,570 |
| Of which repo transactions | 3,726 | 3,485 | 3,323 |
| Note 16 | | | |
| Deposits and other debt | | | |
| On demand | 78,902 | 83,910 | 88,619 |
| At notice | 70 | 78 | 101 |
| Time deposits | 26,154 | 23,558 | 8,095 |
| Special categories of deposits | 4,073 | 4,105 | 4,649 |
| Total | 109,199 | 111,651 | 101,464 |
| Of which repo transactions | 2,401 | 3,299 | 1,617 |
| Note 17 | | | |
| Other liabilities | | | |
| Negative market value of derivatives etc | 4,254 | 4,588 | 5,877 |
| Sundry creditors | 4,779 | 4,719 | 4,440 |
| Negative portfolio, reverse transactions | 5,421 | 5,950 | 5,942 |
| Interest and commission etc | 432 | 224 | 232 |
| Cash collateral received, CSA agreements | 486 | 425 | 600 |
| Total | 15,372 | 15,906 | 17,091 |

Notes

| DKKm | Sydbank Group | | |
|------|----------------|----------------|----------------|
| | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2023 |

Note 18

Provisions

| | | | |
|---|------------|------------|------------|
| Provisions for pensions and similar obligations | 2 | 2 | 2 |
| Provisions for deferred tax | 3 | - | 5 |
| Provisions for guarantees | 89 | 94 | 109 |
| Other provisions | 54 | 70 | 53 |
| Total | 148 | 166 | 169 |

Note 19

Subordinated capital

| Interest rate | Note | | Nominal (m) | Maturity | | | |
|-----------------------------------|------|-----------|-------------|-------------|--------------|--------------|--------------|
| 5.755 (floating) | 1) | Bond loan | EUR 75 | 2 Nov 2029 | 559 | 559 | 558 |
| 3.252 (floating) | 2) | Bond loan | EUR 75 | Perpetual | 559 | 559 | 559 |
| 7.750 (floating) | 3) | Bond loan | NOK 650 | 25 Apr 2034 | 414 | - | - |
| 7.087 (floating) | 4) | Bond loan | SEK 550 | 25 Apr 2034 | 355 | - | - |
| Total T2 capital | | | | | 1,887 | 1,118 | 1,117 |
| Total subordinated capital | | | | | 1,887 | 1,118 | 1,117 |

1) Optional redemption from 2 November 2024 after which the interest rate will be fixed at 1.85% above 3M EURIBOR.

2) The interest rate follows the 10Y Mid-Swap plus a margin of 0.2%. Not included in total capital.

3) Optional redemption from 25 April 2029. The interest rate will be fixed at 3.05% above 3M Nibor.

4) Optional redemption from 25 April 2029. The interest rate will be fixed at 3.00% above 3M STIBOR.

| | | | |
|--|---|---|---|
| Costs relating to raising and redeeming subordinated capital | 0 | 0 | 0 |
|--|---|---|---|

Note 20

Contingent liabilities and other obligating agreements

Contingent liabilities

| | | | |
|--|---------------|---------------|---------------|
| Financial guarantees | 6,565 | 5,964 | 6,548 |
| Mortgage finance guarantees | 3,096 | 3,174 | 4,362 |
| Funded mortgage-like loan guarantees | 695 | 703 | 788 |
| Registration and remortgaging guarantees | 2,877 | 4,073 | 2,262 |
| Other contingent liabilities | 1,830 | 1,607 | 1,839 |
| Total | 15,063 | 15,521 | 15,799 |

Other obligating agreements

| | | | |
|--------------------------------|--------------|--------------|--------------|
| Irrevocable credit commitments | 1,497 | 1,627 | 1,381 |
| Other liabilities | 6 | 6 | 7 |
| Total | 1,503 | 1,633 | 1,388 |

Notes

| DKKm | Sydbank Group | | |
|------|----------------|----------------|----------------|
| | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2023 |

Note 20 – continued

Totalkredit loans arranged for by Sydbank are comprised by an agreed right of set-off against future current commission which Totalkredit may invoke in the event of losses on the loans arranged.

Sydbank does not expect that this set-off will have a significant impact on Sydbank's financial position.

As a result of the Bank's membership of Bankdata, the Bank is obligated to pay an exit charge in the event of exit.

As a result of the statutory participation in the deposit guarantee scheme, the industry paid an annual contribution of 2.5‰ of covered net deposits until the Banking Department's capital exceeded 1% of total covered net deposits, which was reached at year-end 2015. The Banking Department will cover the direct losses in connection with the winding-up of distressed financial institutions under Bank Package III and Bank Package IV which are attributable to covered net deposits. Any losses as a result of the final winding-up will be covered by the Guarantee Fund via the Winding-up and Restructuring Department as regards which Sydbank is currently liable for 6.1% of any losses.

As a result of the statutory participation in the resolution financing arrangement (the resolution fund), credit institutions pay an annual contribution over a 10-year period to reach a target funding level totalling 1% of covered deposits. Credit institutions must make contributions to the fund according to their relative size and risk in Denmark. In the period from 2015 to 2023 Sydbank has contributed DKK 194m and expects that contributions will total approximately DKK 225m over the 10-year period.

The Group is party to legal actions. These legal actions are under continuous review and the necessary provisions made are based on an assessment of the risk of loss. Pending legal actions are not expected to have any significant impact on the financial position of the Group.

Note 21

Collateral

At 31 March 2024 the Group had deposited as collateral securities at a market value of DKK 167m with Danish and foreign exchanges and clearing centres etc in connection with margin calls and securities settlements etc. In addition the Group has provided cash collateral of DKK 502m and deposited as collateral securities at a market value of DKK 8m in connection with GMRA agreements.

In connection with repo transactions, which involve selling securities to be repurchased at a later date, the securities remain on the balance sheet and consideration received is recognised as a debt. Repo transaction securities are treated as assets provided as collateral for liabilities. Counterparties are entitled to sell the securities or deposit them as collateral for other loans.

In connection with reverse transactions, which involve purchasing securities to be resold at a later date, the Group is entitled to sell the securities or deposit them as collateral for other loans. The securities are not recognised in the balance sheet and consideration paid is recognised as a receivable.

Assets received as collateral in connection with reverse transactions may be sold to a third party. In such cases a negative portfolio may arise as a result of the accounting rules. This is recognised under "Other liabilities".

Assets sold as part of repo transactions

| | | | |
|---------------------|-------|-------|-------|
| Bonds at fair value | 6,082 | 6,743 | 4,910 |
|---------------------|-------|-------|-------|

Assets purchased as part of reverse transactions

| | | | |
|---------------------|--------|--------|--------|
| Bonds at fair value | 20,049 | 20,864 | 13,605 |
|---------------------|--------|--------|--------|

Notes

| DKKkm | Sydbank Group | | | |
|-------|---------------|------------|----------------|----------------|
| | Q1 2024 | Q1 2023 | Index 24/23 | 31 Dec 2023 |

Note 22

Related parties

Sydbank is the bank of a number of related parties. Transactions with related parties are settled on an arm's length basis.

No unusual transactions took place with related parties in Q1 2024. Reference is made to the Group's 2023 Annual Report for a more detailed description of related party transactions.

Note 23

Reporting events occurring after the balance sheet date

No matters of significant impact on the financial position of the Sydbank Group have occurred after the expiry of Q1.

Note 24

Large shareholders

Dimensional Holdings Inc., USA, and Nykredit Realkredit A/S own more than 5% of Sydbank's share capital.

Note 25

Core income

| | | | | |
|--|--------------|--------------|------------|--------------|
| Net interest etc | 1,146 | 986 | 116 | 4,470 |
| Mortgage credit* | 150 | 140 | 107 | 545 |
| Payment services | 73 | 60 | 122 | 268 |
| Remortgaging and loan fees | 47 | 49 | 96 | 184 |
| Commission and brokerage | 122 | 124 | 98 | 467 |
| Commission etc investment funds and pooled pension plans | 82 | 76 | 108 | 310 |
| Asset management | 98 | 84 | 117 | 345 |
| Custody account fees | 26 | 26 | 100 | 96 |
| Other operating income | 105 | 90 | 117 | 386 |
| Total | 1,849 | 1,635 | 113 | 7,071 |

* Mortgage credit

| | | | | |
|------------------------------|------------|------------|------------|------------|
| Totalkredit cooperation | 112 | 101 | 111 | 424 |
| Totalkredit, set-off of loss | 1 | 1 | 100 | 8 |
| Totalkredit cooperation, net | 111 | 100 | 111 | 416 |
| DLR Kredit | 39 | 40 | 98 | 128 |
| Other mortgage credit income | 0 | 0 | - | 1 |
| Total | 150 | 140 | 107 | 545 |

Notes

| DKKm | FVPL | Fair value | | Sydbank Group | |
|--|---------------|---------------|--------------|------------------|-------------------------------|
| | | option | FVOCI | Total fair value | 31 Mar 2024 Amortised cost |
| Note 26 | | | | | |
| Fair value disclosure | | | | | |
| Financial instruments are included in the balance sheet either at fair value or at amortised cost. The table below breaks down financial instruments by valuation technique. | | | | | |
| Financial assets | | | | | |
| Cash and balances on demand at central banks | | | | - | 1,001 |
| Amounts owed by credit institutions and central banks | 3,857 | | | 3,857 | 15,430 |
| Loans and advances at fair value | 16,013 | | | 16,013 | - |
| Loans and advances at amortised cost | | | | - | 77,856 |
| Bonds at fair value | 11,551 | 22,651 | | 34,202 | - |
| Shares etc | 130 | 2,444 | 344 | 2,918 | - |
| Assets related to pooled plans | | 24,289 | | 24,289 | - |
| Land and buildings | | | 1,191 | 1,191 | - |
| Other assets | 4,479 | 187 | | 4,666 | 1,544 |
| Total | 36,030 | 49,571 | 1,535 | 87,136 | 95,831 |
| Undrawn credit commitments | | | | - | 59,524 |
| Maximum credit risk, collateral not considered | 36,030 | 49,571 | 1,535 | 87,136 | 155,355 |
| Financial liabilities | | | | | |
| Amounts owed to credit institutions and central banks | 3,726 | | | 3,726 | 3,171 |
| Deposits and other debt | 2,401 | | | 2,401 | 106,798 |
| Deposits in pooled plans | | 24,289 | | 24,289 | - |
| Bonds issued at amortised cost | | | | - | 11,172 |
| Other liabilities | 9,683 | | | 9,683 | 5,689 |
| Subordinated capital | | | | - | 1,887 |
| Total | 15,810 | 24,289 | - | 40,099 | 128,717 |

Notes

| DKKm | FVPL | Fair value option | FVOCI | Sydbank Group 31 Dec 2023 | |
|---|---------------|-------------------|--------------|------------------------------|----------------|
| | | | | Total fair value | Amortised cost |
| Note 26 – continued | | | | | |
| Financial assets | | | | | |
| Cash and balances on demand at central banks | | | | - | 6,523 |
| Amounts owed by credit institutions and central banks | 3,874 | | | 3,874 | 14,388 |
| Loans and advances at fair value | 16,743 | | | 16,743 | - |
| Loans and advances at amortised cost | | | | - | 74,535 |
| Bonds at fair value | 13,914 | 20,705 | | 34,619 | - |
| Shares etc | 94 | 2,378 | 546 | 3,018 | - |
| Assets related to pooled plans | | 22,903 | | 22,903 | - |
| Land and buildings | | | 1,202 | 1,202 | - |
| Other assets | 4,815 | 177 | | 4,992 | 1,486 |
| Total | 39,440 | 46,163 | 1,748 | 87,351 | 96,932 |
| Undrawn credit commitments | | | | - | 60,952 |
| Maximum credit risk, collateral not considered | 39,440 | 46,163 | 1,748 | 87,351 | 157,884 |
| Financial liabilities | | | | | |
| Amounts owed to credit institutions and central banks | 3,485 | | | 3,485 | 2,910 |
| Deposits and other debt | 3,299 | | | 3,299 | 108,351 |
| Deposits in pooled plans | | 22,903 | | 22,903 | - |
| Bonds issued at amortised cost | | | | - | 11,161 |
| Other liabilities | 10,549 | | | 10,549 | 5,358 |
| Subordinated capital | | | | - | 1,118 |
| Total | 17,333 | 22,903 | - | 40,236 | 128,898 |

To take into account changes in credit risk concerning derivatives with positive fair value, an adjustment is made – CVA. CVA is a function of the risk of counterparty default (PD), the expected positive exposure and the loss ratio in the event of default. PD is determined on the basis of the Group's credit models – default probability in 12 months. PD beyond 12 months is adjusted on the basis of market data of exposures with a similar PD level. At 31 March 2024 CVA constituted DKK 16m compared to DKK 16m at year-end 2023.

Customer margins recognised in connection with derivatives are amortised over the life of the transaction. At 31 March 2024 customer margins not yet recognised as income totalled DKK 13m compared to DKK 12m at year-end 2023.

Financial instruments recognised at fair value

Measurement of financial instruments is based on quoted prices from an active market, on generally accepted valuation models with observable market data or on available data that only to a limited extent is observable market data.

Measurement of financial instruments for which prices are quoted in an active market or which is based on generally accepted valuation models with observable market data is not subject to significant estimates.

As regards financial instruments where measurement is based on available data that only to a limited extent is observable market data, measurement is subject to estimates. Such financial instruments appear from the column unobservable inputs below and include primarily unlisted shares, including shares in DLR Kredit A/S.

The fair value of unlisted shares and other holdings is calculated on the basis of available information on trades etc – including to a very significant extent on shareholders' agreements based on book value. To an insignificant extent fair value is calculated on the basis of expected cash flows.

A 10% change in the calculated market value of financial assets measured on the basis of unobservable inputs will affect profit before tax by DKK 359m (31 December 2023: DKK 354m).

Notes

| DKKm | Quoted prices | Observable inputs | Unobservable inputs | Total fair value | Sydbank Group Carrying amount |
|---|---------------|-------------------|---------------------|------------------|-------------------------------|
| Note 26 – continued | | | | | |
| 31 Mar 2024 | | | | | |
| Financial assets | | | | | |
| Amounts owed by credit institutions and central banks | | 3,857 | | 3,857 | 3,857 |
| Loans and advances at fair value | | 16,013 | | 16,013 | 16,013 |
| Bonds at fair value | | 34,202 | | 34,202 | 34,202 |
| Shares etc | 492 | 32 | 2,394 | 2,918 | 2,918 |
| Assets related to pooled plans | 17,108 | 7,181 | | 24,289 | 24,289 |
| Land and buildings | | | 1,191 | 1,191 | 1,191 |
| Other assets | 199 | 4,469 | | 4,668 | 4,668 |
| Total | 17,799 | 65,754 | 3,585 | 87,138 | 87,138 |
| Financial liabilities | | | | | |
| Amounts owed to credit institutions and central banks | | 3,726 | | 3,726 | 3,726 |
| Deposits and other debt | | 2,401 | | 2,401 | 2,401 |
| Deposits in pooled plans | | 24,289 | | 24,289 | 24,289 |
| Other liabilities | 214 | 9,469 | | 9,683 | 9,683 |
| Total | 214 | 39,885 | | 40,099 | 40,099 |
| 31 Dec 2023 | | | | | |
| Financial assets | | | | | |
| Amounts owed by credit institutions and central banks | | 3,874 | | 3,874 | 3,874 |
| Loans and advances at fair value | | 16,743 | | 16,743 | 16,743 |
| Bonds at fair value | | 34,619 | | 34,619 | 34,619 |
| Shares etc | 658 | 22 | 2,338 | 3,018 | 3,018 |
| Assets related to pooled plans | 16,021 | 6,882 | | 22,903 | 22,903 |
| Land and buildings | | | 1,202 | 1,202 | 1,202 |
| Other assets | 272 | 4,720 | | 4,992 | 4,992 |
| Total | 16,951 | 66,860 | 3,540 | 87,351 | 87,351 |
| Financial liabilities | | | | | |
| Amounts owed to credit institutions and central banks | | 3,485 | | 3,485 | 3,485 |
| Deposits and other debt | | 3,299 | | 3,299 | 3,299 |
| Deposits in pooled plans | | 22,903 | | 22,903 | 22,903 |
| Other liabilities | 198 | 10,351 | | 10,549 | 10,549 |
| Total | 198 | 40,038 | - | 40,236 | 40,236 |

| DKKm | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2023 |
|--|--------------|--------------|--------------|
| Assets measured on the basis of unobservable inputs | | | |
| Carrying amount at 1 Jan | 2,338 | 2,382 | 2,382 |
| Additions | 5 | 2 | - |
| Disposals | 26 | 245 | 231 |
| Market value adjustment | 78 | 199 | 41 |
| Carrying amount at end of period | 2,395 | 2,338 | 2,192 |
| Recognised in profit for the period | | | |
| Dividend | 0 | 19 | 17 |
| Market value adjustment | 78 | 199 | 41 |
| Total | 78 | 218 | 58 |

Notes

| DKKm | Sydbank Group | | |
|---|----------------|----------------|----------------|
| | 31 Mar 2024 | 31 Dec 2023 | 31 Mar 2023 |
| Note 27 | | | |
| Leverage ratio | | | |
| Leverage ratio exposures | | | |
| Total assets | 183,926 | 185,101 | 174,494 |
| Of which pooled assets | (24,289) | (22,903) | (21,109) |
| Correction derivatives etc | 3,834 | 5,161 | 3,036 |
| Guarantees etc | 15,063 | 15,521 | 15,799 |
| Undrawn credit commitments etc | 11,497 | 11,832 | 11,629 |
| Other adjustments | (2,157) | (2,603) | (2,709) |
| Total | 187,874 | 192,109 | 181,140 |
| T1 capital – current (transitional rules) | 11,477 | 12,416 | 11,748 |
| T1 capital – fully loaded | 11,477 | 12,416 | 11,748 |
| Leverage ratio (%) – current (transitional rules) | 6.1 | 6.5 | 6.5 |
| Leverage ratio (%) – fully loaded | 6.1 | 6.5 | 6.5 |

| 31 Mar 2024 | Activity | Share capital (DKKm) | Equity (DKKm) | Profit/(Loss) (DKKm) | Sydbank Group Ownership share (%) | |
|---------------------------------------|---|-------------------------|------------------|-------------------------|---|-----|
| Note 28 | | | | | | |
| Group holdings and enterprises | | | | | | |
| | Sydbank A/S | 565 | | | | |
| Consolidated subsidiaries | | | | | | |
| | Ejendomsselskabet af 1. juni 1986 A/S, Aabenraa | Real estate | 11 | 34 | (2) | 100 |
| | Syd Administration A/S, Aabenraa | Invt & admin. | 50 | 67 | 17 | 100 |
| | Syd Fund Management A/S, Aabenraa | Administration | 100 | 109 | 9 | 67 |
| Held for sale | | | | | | |
| | Green Team Group A/S, Sønder Omme* | Wholesale | 101 | (15) | (26) | 100 |
| Holdings in associates | | | | | | |
| | Foreningen Bankdata, Fredericia* | IT | 472 | 465 | 4 | 34 |
| | Fynske Bank A/S, Svendborg | Bank | 76 | 1,359 | 157 | 20 |
| | Komplementarselskabet Core Property Management A/S, Copenhagen* | Real estate | 1 | 1 | 0 | 20 |
| | Core Property Management P/S, Copenhagen* | Real estate | 5 | 44 | 31 | 20 |

* Financial information according to the companies' most recently published annual reports.

Management Statement

We have reviewed and approved the Interim Report – Q1 2024 of Sydbank A/S.

The consolidated interim financial statements are prepared in accordance with the IFRS Accounting Standards as adopted by the EU, and the parent company interim financial statements are prepared in accordance with the legislative requirements, including the Danish Financial Business Act.

Furthermore the consolidated financial statements are prepared in compliance with Danish disclosure requirements for listed financial companies.

The Interim Report has not been audited or reviewed. However the Bank's external auditor has conducted a verification of profit for the period, including audit procedures consistent with the requirements as regards a review and has thus verified that the conditions for ongoing recognition of profit for the period in CET1 capital were met.

In our opinion the interim financial statements give a true and fair view of the Group's assets, equity and liabilities and financial position at 31 March 2024 and of the results of the Group's operations and cash flows for the period 1 January – 31 March 2024.

Moreover it is our opinion that the management's review includes a fair review of the developments in the Group's operations and financial position as well as a description of the most significant risks and elements of uncertainty which may affect the Group.

Aabenraa, 1 May 2024

Group Executive Management

Karen Frøsig
CEO

Jørn Adam Møller

Stig Westergaard

Mark Luscombe

Board of Directors

Lars Mikkelsen-Jensen
Chairman

Ellen Trane Nørby
Vice-Chairman

Carsten Andersen

Henrik Hoffmann

Søren Holm

Janne Moltke-Leth

Jarl Oxlund

Gitte Poulsen

Susanne Schou

Jon Stefansson

Jørn Krogh Sørensen

Pia Wrang

Supplementary Information

Financial calendar

In 2024 the Group's preliminary announcement of financial statements will be released as follows:

- Interim Report – First Half 2024
21 August 2024
- Interim Report – Q1-Q3 2024
30 October 2024

Sydbank contacts

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Relevant links

sydbank.dk
sydbank.com

For further information reference is made to Sydbank's 2023 Annual Report at sydbank.com