

Sydbank's 2022 Annual Report

Record-breaking profit due to high activity and rising interest rates

The Sydbank Group's 2022 financial statements show a profit before tax of DKK 2,405m compared to DKK 1,764m in 2021. The increase of DKK 641m is primarily attributable to a rise in earnings of DKK 751m and a drop in costs (core earnings) of DKK 137m set off against the effect of a lower reversal of impairment charges of DKK 316m. Profit before tax equals a return of 18.9% p.a. on average equity.

Profit for the year represents DKK 1,901m against DKK 1,411m in 2021, equal to a return on average equity of 14.8% after tax. At the beginning of 2022 profit after tax was projected to be in the range of DKK 1,150-1,450m.

CEO Karen Frøsig comments on the record-breaking profit:

- It is very good news that we can deliver the best result in the Bank's history. We have improved our performance because we have succeeded in increasing interest income significantly while at the same time reducing costs.

Karen Frøsig comments on the development in interest income:

- The effect of the Danish central bank's 4 interest rate hikes during H2 2022 is clearly reflected in the Bank's net interest income, which is now at a substantially higher level. Net interest income has been greatly influenced by the rise in loans and advances as well as by higher interest payments on the Bank's significant deposit surplus, which has so far earned negative interest.

Board chairman Lars Mikkjelgaard-Jensen comments:

- It is highly satisfactory that the record-breaking profit and the Bank's strong capital position allow us to distribute an all-time high dividend of DKK 16.77 per share, equal to 50% of profit for 2022. Following the dividend payout the Bank will continue to be well capitalised.

Outlook for 2023

- Negative growth is projected for the Danish economy.
- Core income is expected to be higher than in 2022.
- Costs (core earnings) are projected to be higher than in 2022.
- Impairment charges are forecast to represent a minor expense.
- Non-recurring costs are expected to be in the range of DKK 50-60m.
- Profit after tax is expected to be in the range of DKK 1,900-2,200m.
- The outlook is subject to uncertainty and depends on financial market developments and macroeconomic factors which may affect eg the level of impairment charges.

Additional information

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