

Sydbank's Interim Report – Q1 2023

Historically high income – a strong start to the year

Q1 2023 – highlights

- Profit for the period of DKK 734m equals a return on equity of 22.1% p.a. after tax
- Core income of DKK 1,635m is 36% higher compared to the same period in 2022
- Trading income of DKK 117m is 17% higher compared to the same period in 2022
- Costs (core earnings) of DKK 797m against DKK 799m in the same period in 2022
- Core earnings before impairment of DKK 955m are 91% higher compared to the same period in 2022
- Impairment charges for loans and advances etc represent an income of DKK 10m
- Bank loans and advances have risen by DKK 1.2bn, equal to an increase of 2% compared to year-end 2022
- The CET1 ratio stands at 18.2%, equal to an increase of 0.9pp compared to year-end 2022

CEO Karen Frøsig comments on the result:

- We have had a strong start to 2023 and we are very pleased. The Bank's performance has been lifted markedly owing to higher income which has been generated without a rise in costs. Profit for Q1 shows that Sydbank has a high earnings capacity.

Karen Frøsig comments on developments in interest income:

- The effect of the Danish central bank's 6 interest rate hikes since July 2022 is clearly reflected in the Bank's net interest income, which has doubled compared with Q1 2022. Net interest income has been greatly influenced by higher loans and advances and by higher interest payments on the Bank's significant deposit surplus, which has previously earned negative interest.

Board chairman Lars Mikkjelgaard-Jensen comments:

- It is positive to note that the Bank's capital position has strengthened even further. Coupled with the increase in earnings capacity Sydbank's resilience is thereby enhanced at a time when more customers may be looking to the Bank for help.

Outlook for 2023

- 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 2,300-2,600m.
- 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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