

## Sydbank's Interim Report – First Half 2023

### H1 2023 – highlights

- Profit for the period of DKK 1,492m equals a return on equity of 22.0% p.a. after tax
- Core income of DKK 3,389m is 41% higher compared to the same period in 2022
- Trading income of DKK 186m is 60% higher compared to the same period in 2022
- Costs (core earnings) of DKK 1,600m compared to DKK 1,574m in the same period in 2022
- Core earnings before impairment of DKK 1,975m are 110% higher compared to the same period in 2022
- Impairment charges for loans and advances etc represent an income of DKK 16m
- Bank loans and advances have risen by DKK 0.7bn, equal to an increase of 1% compared to year-end 2022
- The CET1 ratio stands at 18.7%, equal to an increase of 1.4pp compared to year-end 2022

CEO Karen Frøsig comments on the result:

- It is positive that we have improved our profitability significantly in the first 6 months of the year. The substantial increase of 42% in total income is primarily attributable to solid net interest income and higher trading income. Net fee income has declined as a result of the overall slowdown in the housing market in contrast to costs that have remained at a stable level. Impairment charges represented a small income in H1 2023, which reflects strong credit quality in the lending portfolio. Together this means a doubling of profit after tax and in June 2023 expectations for profit for 2023 were revised upwards once more.

Karen Frøsig comments on developments in interest income:

- The effect of the Danish central bank's continuous interest rate hikes since July 2022 is clearly reflected in the Bank's net interest income, which has doubled compared with H1 2022. Net interest income has been greatly influenced by higher loans and advances and higher interest payments on the Bank's significant deposit surplus, which has previously earned negative interest.

Board chairman Lars Mikkelaard-Jensen comments:

- It is good news that the Bank has been able to initiate a new share buyback of DKK 600m which together with the previously distributed dividend of DKK 950m brings total distribution this year to DKK 1,550m. Following the considerable distribution the Bank remains highly capitalised and resilient.

### 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 2,600-2,900m.
- 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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