

Sydbank's Interim Report – Q1-Q3 2022

Significantly higher net interest income

Q1-Q3 2022 – highlights

- Profit for the period of DKK 1,187m equals a return on equity of 12.5% p.a. after tax
- Core income of DKK 3,690m is 13% higher compared to the same period in 2021
- Trading income constituted DKK 177m in Q1-Q3 2022 – DKK 61m of which concerns Q3 2022
- Costs (core earnings) of DKK 2,288m are 4% lower compared to the same period in 2021
- Core earnings before impairment of DKK 1,579m are 47% higher compared to the same period in 2021
- Impairment charges for loans and advances etc represent an income of DKK 87m – DKK 3m of which concerns Q3 2022
- Bank loans and advances have risen by DKK 10.8bn, equal to an increase of 17% compared to end-September 2021
- The CET1 ratio stands at 17.2%, equal to a decrease of 0.7pp compared to year-end 2021
- A share buyback of DKK 425m was commenced on 7 March 2022

CEO Karen Frøsig comments on developments in net interest income:

- The Danish central bank raised its key rate back to positive territory in Q3. Even though the higher interest rates will curb economic activity they should also be regarded in the long term as an adjustment which will gradually bring us back to more normal market conditions. The higher interest rates are a contributory factor in the significantly higher level of net interest income. An increase in interest payments on the Bank's substantial deposit surplus which has thus far been subject to negative interest has strongly impacted net interest income.

Karen Frøsig comments on Sydbank's Q1-Q3 result:

- It is highly satisfactory to note that profitability expressed by core earnings before impairment has risen by DKK 506m, equivalent to 47%. The reason is that we have succeeded in increasing income while at the same time reducing costs. Sydbank's resilience is thereby enhanced at a time when many customers may look to the Bank for help.

Board chairman Lars Mikkjelgaard-Jensen comments on the result:

- It is positive to note that the Bank has lifted earnings in recent years to a level which together with its financial strength may ensure that the Bank will remain robust – even if significant loan losses are recorded.

Outlook for 2022

- Growth is projected in the Danish economy in 2022
- Core income is expected to be higher than in 2021
- Costs (core earnings) are projected to be lower than in 2021
- Impairment charges for 2022 are forecast to be at a low level
- Profit after tax is expected to be in the range of DKK 1,500-1,700m
- The outlook for 2022 is subject to uncertainty and depends on financial market developments and macroeconomic factors

Additional information

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