

Sydbank's 2023 Annual Report

All-time high profit and robust capital position

The Sydbank Group's 2023 financial statements show a profit before tax of DKK 4,281m compared to DKK 2,405m in 2022. The increase of DKK 1,876m is primarily attributable to a rise in total income of DKK 1,868m set off against the effects of a rise in costs (core earnings) of DKK 96m and a lower reversal of impairment charges of DKK 72m. Profit before tax equals a return of 30.3% p.a. on average equity.

Profit for the year represents DKK 3,342m against DKK 1,901m in 2022, equal to a return on average equity of 23.6% after tax. At the beginning of 2023 profit after tax was projected to be in the range of DKK 1,900-2,200m.

CEO Karen Frøsig comments on the profit:

- It is positive that we succeeded in lifting profitability significantly in 2023 from an all-time high level in 2022. The improvement in profitability is attributable to a continued rise in total income and is mainly due to higher net interest income. Impairment charges represent a small income, which is a reflection of the solid credit quality of the lending portfolio. Together this means an increase of 76% in profit for the year. Profit is in the upper end of the expectations for profit for the year announced in December 2023.

Karen Frøsig comments on the development in interest income:

- The effect of the Danish central bank's continuous interest rate hikes since July 2022 is clearly visible in the Bank's net interest income, which has risen by 82% compared with the record-high level in 2022. The development in net interest income is greatly influenced by higher interest payments on the Bank's significant deposit surplus.

Board chairman Lars Mikkjelgaard-Jensen comments:

- The Bank's strong capital position and all-time high earnings allow us to distribute DKK 2,868m, equal to 86% of profit for 2023. 50% of profit will be distributed as dividend and the remaining share will be distributed via a new share buyback programme of DKK 1,200m. Following the dividend payout the Bank will continue to be well capitalised.

Outlook for 2024

- Low 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.

Additional information

Jørn Adam Møller, Deputy Group Chief Executive, tel +45 74 37 20 30
Susanne Ingemann Faber, Press Manager, tel +45 26 29 11 29