

Sydbank's Interim Report – Q1-Q3 2023

Q1-Q3 2023 – highlights

- Profit for the period of DKK 2,409m equals a return on equity of 23.2% p.a. after tax
- Core income of DKK 5,227m is 42% higher compared to the same period in 2022
- Trading income of DKK 240m is 36% higher compared to the same period in 2022
- Costs (core earnings) of DKK 2,335m against DKK 2,288m in the same period in 2022
- Core earnings before impairment of DKK 3,132m are 98% higher compared to the same period in 2022
- Impairment charges for loans and advances etc represent an income of DKK 21m
- Bank loans and advances have gone down by DKK 1.8bn, equal to a decrease of 2% compared to year-end 2022
- The CET1 ratio stands at 18.5%, equal to an increase of 1.2pp compared to year-end 2022

CEO Karen Frøsig comments on the result:

- It is positive that we were able to lift our profitability further in the third quarter of the year from an already very high level in the first 2 quarters. The increase in profitability is attributable to a continued rise in total income and is predominantly due to higher net interest income. Impairment charges represented a small income in the first 9 months of the year, which reflects strong credit quality in the lending portfolio. Together this means a doubling of profit after tax and in September 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 more than doubled when comparing the first 9 months of 2023 with the same period in 2022. Net interest income has been greatly influenced by higher interest payments on the Bank's significant deposit surplus, which has previously earned negative interest.

Board chairman Lars Mikkilgaard-Jensen comments:

- It is good news that after initiating a share buyback of DKK 600m in Q3 the Bank remains highly capitalised and resilient. This is particularly important in times of geopolitical and macroeconomic uncertainty.

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 represent around DKK 50m.
- Profit after tax is now expected to be in the range of DKK 3,000-3,200m.
- 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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