

Interim Report – First Half

# 2023

Sydbank Group

Sydbank

Sydbank

## 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 Mikkjelgaard-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.

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## Group Financial Highlights

	H1 2023	H1 2022	Index 23/22	Q2 2023	Q2 2022	Full year 2022
<b>Income statement (DKKm)</b>						
Core income	3,389	2,399	141	1,754	1,199	5,194
Trading income	186	116	160	69	16	284
<b>Total income</b>	<b>3,575</b>	<b>2,515</b>	<b>142</b>	<b>1,823</b>	<b>1,215</b>	<b>5,478</b>
Costs, core earnings	1,600	1,574	102	803	775	3,040
<b>Core earnings before impairment</b>	<b>1,975</b>	<b>941</b>	<b>210</b>	<b>1,020</b>	<b>440</b>	<b>2,438</b>
Impairment of loans and advances etc	(16)	(84)	-	(6)	(23)	(99)
<b>Core earnings</b>	<b>1,991</b>	<b>1,025</b>	<b>194</b>	<b>1,026</b>	<b>463</b>	<b>2,537</b>
Investment portfolio earnings	30	(91)	-	1	(62)	(141)
<b>Profit before non-recurring items</b>	<b>2,021</b>	<b>934</b>	<b>216</b>	<b>1,027</b>	<b>401</b>	<b>2,396</b>
Non-recurring items, net	(26)	25	-	(12)	(12)	9
<b>Profit before tax</b>	<b>1,995</b>	<b>959</b>	<b>208</b>	<b>1,015</b>	<b>389</b>	<b>2,405</b>
Tax	503	211	238	257	86	504
<b>Profit for the period</b>	<b>1,492</b>	<b>748</b>	<b>199</b>	<b>758</b>	<b>303</b>	<b>1,901</b>

### Balance sheet highlights (DKKbn)

Loans and advances at amortised cost	74.6	74.2	101	74.6	74.2	73.9
Loans and advances at fair value	9.7	12.9	75	9.7	12.9	10.4
Deposits and other debt	102.7	100.2	102	102.7	100.2	107.5
Bonds issued at amortised cost	13.2	9.6	138	13.2	9.6	13.2
Subordinated capital	1.1	1.1	100	1.1	1.1	1.1
AT1 capital	0.8	0.8	100	0.8	0.8	0.8
Shareholders' equity	13.7	12.2	112	13.7	12.2	13.2
Total assets	179.3	169.1	106	179.3	169.1	179.3

### Financial ratios per share (DKK per share of DKK 10)

EPS	26.0	12.5		13.2	5.0	32.2
Share price at end of period	315.2	217.2		315.2	217.2	292.6
Book value	242.7	212.3		242.7	212.3	233.4
Share price/book value	1.30	1.02		1.30	1.02	1.25
Average number of shares outstanding (in millions)	56.5	58.2		56.5	58.0	57.5
Dividend per share	-	-		-	-	16.77

### Other financial ratios and key figures

CET1 ratio	18.7	16.6		18.7	16.6	17.3
T1 capital ratio	20.0	17.8		20.0	17.8	18.6
Capital ratio	21.0	19.1		21.0	19.1	19.6
Pre-tax profit as % p.a. of average equity	29.6	15.3		30.1	12.4	18.9
Post-tax profit as % p.a. of average equity	22.0	11.9		22.4	9.6	14.8
Costs (core earnings) as % of total income	44.8	62.6		44.0	63.8	55.5
Return on assets (%)	0.8	0.4		0.4	0.2	1.1
Interest rate risk	1.0	1.4		1.0	1.4	1.3
Foreign exchange position	1.8	3.3		1.8	3.3	1.8
Foreign exchange risk	0.0	0.0		0.0	0.0	0.0
Liquidity, LCR (%)	227	170		227	170	200
Loans and advances relative to deposits	0.6	0.6		0.6	0.6	0.6
Loans and advances relative to equity	5.4	6.1		5.4	6.1	5.6
Growth in loans and advances during the period	0.9	10.7		(0.7)	3.6	10.3
Total large exposures	142	154		142	154	147
Accumulated impairment ratio	2.1	2.0		2.1	2.0	2.1
Impairment ratio for the period	(0.02)	(0.09)		(0.01)	(0.02)	(0.11)
Number of full-time staff at end of period	2,053	2,017	100	2,053	2,017	2,034

When calculating financial ratios AT1 capital is considered a liability regardless of the fact that it is accounted for as equity.

Reference is made to financial ratio definitions in the 2022 Annual Report (page 127).

## Highlights

Sydbank's financial statements for H1 2023 show a profit before tax of DKK 1,995m compared to DKK 959m in the same period in 2022. Profit before tax equals a return of 29.6% p.a. on average equity.

Profit before tax shows an increase of DKK 1,036m, which is primarily attributable to a rise in core income.

Core income constitutes DKK 3,389m compared to DKK 2,399m in 2022 – a rise of DKK 990m, equivalent to 41%. The increase is primarily attributable to the effects of a higher interest rate level and the rise in loans and advances to corporate clients.

Core income is higher compared with the expectations presented in the 2022 Annual Report.

Trading income in H1 2023 constitutes DKK 186m compared with DKK 116m in 2022.

Total income amounts to DKK 3,575m, which is an increase of 42% compared to the same period in 2022.

Costs (core earnings) constituted DKK 1,600m in H1 2023 – an increase of DKK 26m compared to the same period in 2022.

Core earnings before impairment total DKK 1,975m for H1 2023 – an increase of DKK 1,034m, equivalent to 110% compared to the same period in 2022.

Impairment charges for loans and advances represent an income of DKK 16m compared with an income of DKK 84m in the same period in 2022.

Core earnings for H1 2023 represent DKK 1,991m – an increase of DKK 966m compared with the same period in 2022.

Non-recurring items etc total an expense of DKK 26m compared to a net income of DKK 25m in the same period in 2022. The item includes costs related to the development of housing loan processes and the development of the bank/insurance partnership.

Profit for the period before tax represents DKK 1,995m compared to DKK 959m in 2022 – an increase of DKK 1,036m. Tax represents DKK 503m, equal to an effective tax rate of 25.2%.

Profit for the period amounts to DKK 1,492m compared with DKK 748m in the same period in 2022, equal to a return of 22.0% p.a. on average equity.

### Sydbank's strategy for 2022-24: "Growing our business"

**Growing our business** centres on 3 themes:

- Better known and bigger
- Sound business
- Stronger competitive position

**Better known and bigger** – profitable growth  
Sydbank has a good reputation – and needs to be better known. On the back of Denmark's Corporate Bank we will increase awareness of Sydbank focusing in particular on large towns and cities. Our growth is profitable and organic and we are in good shape for friendly takeovers. We will incorporate ESG and sustainability in the Bank's products and processes.

**Sound business** – higher earnings  
At Sydbank focus is on banking and sound business. Our employees are highly qualified, proactive and value-creating. We work on the principle of quid pro quo and will increase the Bank's earnings.

**Stronger competitive position** – efficient bank  
We will prioritise the Bank's efforts and reduce costs. We will optimise working procedures and processes to reduce time spent, enhance quality and shorten response times to customers. As a decent and responsible bank our constant focus is on compliance, including IT security.

**Strategic goals** represent the values from the Bank's underlying philosophy and its core story with promises to its customers, to its employees and to its shareholders.

The strategic goals cover these areas:

- Awareness
- Return on equity
- Rate of costs

#### Awareness

By means of targeted efforts we will increase awareness of Sydbank and our value creation for customers. We will elevate unaided brand awareness from its level of around 20% at year-end 2021 to around 40% by the end of the strategy period. At end-Q2 2023 unaided awareness had risen to 24%.

#### Return on equity

We will continue to deliver competitive returns to the Bank's shareholders and our goal is a return on equity in the region of 10% in 2024 – based on a normalised level of impairment charges. The goal was set in the context of a negative interest rate environment. In H1 2023 return on equity constituted 22.0% against 11.9% in H1 2022.

#### Rate of costs

We will continue to focus on the balance between income and costs. This will be achieved by continuing to increase income while maintaining a constant focus on costs. We will prioritise our initiatives and ensure a better understanding of costs throughout the organisation as well as continue to ensure a powerful

engine room. The strategic goal for the rate of costs is around 60%. In H1 2023 the rate of costs stood at 45% compared with 63% in H1 2022.

### Sydbank's customers

The Bank's customer portfolio can be divided into the segments: corporate clients, Private Banking clients and retail clients, and institutional clients.

Sydbank has succeeded in building relationships in particular as regards the backbone of the Danish corporate sector – medium-sized and large enterprises – and by developing expertise among its employees the Bank has secured a strong position as a full-service corporate and advisory bank offering a wide variety of professional financing solutions tailored to the requirements of the individual business.

The Bank strives to have an increase in customers primarily with the following profiles:

- Medium-sized or large enterprises in the SME segment with growth potential
- Retail clients with healthy finances
- Young customers with prospects
- Wealthy retail clients

### H1 2023 performance

Net interest income has risen by DKK 1,095m to DKK 2,102m, equal to an increase of 109% compared with H1 2022. The increase is primarily attributable to the effects of a higher interest rate level and the rise in loans and advances to corporate clients.

Total core income has risen by DKK 990m to DKK 3,389m, equal to 41% compared with the same period in 2022.

Trading income constituted DKK 186m in H1 2023 compared with DKK 116m in the same period in 2022.

Total income has increased by DKK 1,060m to DKK 3,575m.

Costs (core earnings) have gone up by DKK 26m to DKK 1,600m.

Core earnings before impairment for H1 2023 represent DKK 1,975m – an increase of DKK 1,034m and equal to 110% compared with the same period in 2022.

Impairment charges for loans and advances represent an income of DKK 16m compared with an income of DKK 84m in the same period in 2022.

Core earnings for H1 2023 represent DKK 1,991m – an increase of DKK 966m compared with the same period in 2022.

Together the Group's position-taking and liquidity handling generated positive earnings of DKK 30m in H1 2023 compared with negative earnings of DKK 91m a year ago.

Non-recurring items etc total an expense of DKK 26m compared to a net income of DKK 25m in the same period in 2022. The item includes costs of DKK 20m related to the development of housing loan processes and DKK 6m related to the development of the bank/insurance partnership. In addition to the costs related to the housing loan processes and the bank/insurance partnership, DKK 52m was recognised as income in H1 2022 as regards extraordinary realised capital gains from the lending portfolio acquired from Alm. Brand Bank.

Profit before tax for H1 2023 amounts to DKK 1,995m compared with DKK 959m in 2022. Tax represents DKK 503m, equal to an effective tax rate of 25.2%.

Profit for the period amounts to DKK 1,492m compared with DKK 748m in 2022.

Return on shareholders' equity before and after tax constitutes 29.6% and 22.0% respectively against 15.3% and 11.9% respectively in the same period in 2022.

### Bank loans and advances

Bank loans and advances represented DKK 74.6bn at 30 June 2023 – an increase of DKK 0.4bn since 30 June 2022 and an increase of DKK 0.7bn compared to year-end 2022.

Bank loans and advances (DKKbn)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Corporate clients	61.6	60.1	60.7
Retail clients	13.0	13.7	13.4
Public authorities	0.0	0.1	0.1
<b>Total</b>	<b>74.6</b>	<b>73.9</b>	<b>74.2</b>

Bank loans and advances to retail clients represent DKK 13.0bn – a decrease of DKK 0.7bn in H1 2023.

Bank loans and advances to corporate clients represent DKK 61.6bn – an increase of DKK 1.5bn in H1 2023.

Credit facilities to corporate clients (DKKbn)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Drawn facilities = loans/advances before impairment charges	63.1	61.5	62.1
Undrawn facilities	44.9	42.0	37.3
<b>Total</b>	<b>108.0</b>	<b>103.5</b>	<b>99.4</b>

Credit facilities to corporate clients rose by DKK 4.5bn to DKK 108.0bn in H1 2023.

During H1 2023 corporate clients drew a further DKK 1.5bn under their credit facilities.

### Credit intermediation

In addition to traditional bank loans and advances the Group arranges for mortgage loans from Totalkredit and DLR Kredit. The Group's total credit intermediation comprises bank loans and advances, mortgage-like loans funded by Totalkredit as well as mortgage loans arranged through Totalkredit and DLR Kredit.

Total credit intermediation (DKKbn)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Bank loans and advances	74.6	73.9	74.2
Funded mortgage-like loans	4.6	4.9	5.3
Arranged mortgage loans - Totalkredit	85.3	86.4	89.3
Arranged mortgage loans - DLR	13.9	13.6	13.7
<b>Total</b>	<b>178.4</b>	<b>178.8</b>	<b>182.5</b>

The Group's total credit intermediation represents DKK 178.4bn – a decline of DKK 0.4bn compared to year-end 2022. The change is attributable to a rise in bank loans and advances of DKK 0.7bn, a decline in funded mortgage-like loans of DKK 0.3bn and a drop in arranged mortgage loans of DKK 0.8bn.

### 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.

In connection with the release of the 2022 Annual Report, profit after tax for 2023 was expected to be in the range of DKK 1,900-2,200m.

On 15 March 2023 the Bank revised its expectations for 2023 upwards to a profit after tax in the range of DKK 2,300-2,600m. On 14 June 2023 the Bank revised its expectations upwards to 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.

## Sydbank's core story

### Banking

Sydbank's mission is to be a bank that is close to its customers. We find solutions where they are – quickly and efficiently. We build on relationships between people. And we focus on what is important – banking and sound business. Banking – pure and simple.

### Our bank

Rooted in Southern Jutland, Sydbank is a strong and independent nationwide bank operating on its own terms. For the backbone of the Danish corporate sector and for retail clients who value professional advice we are a bank for most people but not the same bank for everyone. Good old-fashioned attentiveness, new technology – we use what works. We know our customers and we are close to them providing advice tailored to their individual needs. Backed by the best business partners our competitive strength is increased. Our bank – excellence and relationships create value.

### Sydbank

Our bank makes 3 promises – to our customers, to our employees and to our shareholders. You will know us for the value we create for our customers. You will know us for our belief that excellent and committed employees are our most important asset. And you will know us for always having a level of profitability that will enable us to remain an independent and resourceful bank. Sydbank – what can we do for you?

## Financial Review – Performance in H1 2023

The Sydbank Group has recorded a profit before tax of DKK 1,995m compared to DKK 959m in 2022. Profit before tax equals a return of 29.6% p.a. on average equity.

Profit for the period after tax represents DKK 1,492m compared with DKK 748m in 2022, equal to a return of 22.0% p.a. on average equity.

Profit for H1 2023 exceeds expectations at the beginning of the year.

The financial statements are characterised by the following:

- A rise in core income of DKK 990m, equal to 41%
- An increase in trading income of DKK 70m
- A rise in costs (core earnings) of DKK 26m
- Impairment charges for loans and advances: an income of DKK 16m
- A rise in core earnings of DKK 966m to DKK 1,991m
- Investment portfolio earnings of DKK 30m
- Non-recurring items etc represent an expense of DKK 26m
- Bank loans and advances of DKK 74.6bn (year-end 2022: DKK 73.9bn)
- Bank deposits of DKK 102.7bn (year-end 2022: DKK 107.5bn)
- A CET1 ratio of 18.7% (2022: 17.3%)
- An individual solvency need of 10.3% (2022: 10.8%)

Income statement – H1 (DKKm)	2023	2022
Core income	3,389	2,399
Trading income	186	116
<b>Total income</b>	<b>3,575</b>	<b>2,515</b>
Costs, core earnings	1,600	1,574
<b>Core earnings before impairment</b>	<b>1,975</b>	<b>941</b>
Impairment of loans and advances etc	(16)	(84)
<b>Core earnings</b>	<b>1,991</b>	<b>1,025</b>
Investment portfolio earnings	30	(91)
<b>Profit before non-recurring items</b>	<b>2,021</b>	<b>934</b>
Non-recurring items, net	(26)	25
<b>Profit before tax</b>	<b>1,995</b>	<b>959</b>
Tax	503	211
<b>Profit for the period</b>	<b>1,492</b>	<b>748</b>

### Core income

Total core income has risen by DKK 990m or 41% to DKK 3,389m. The increase is primarily attributable to higher net interest income.

Net interest income has gone up by DKK 1,095m to DKK 2,102m. The increase is primarily attributable to the effects of a higher interest rate level and the rise in loans and advances to corporate clients.

Net income from the cooperation with Totalkredit represents DKK 200m (2022: DKK 287m) after a set-off of loss of DKK 3m (2022: DKK 4m).

The cooperation with DLR Kredit has generated an income of DKK 67m (2022: DKK 70m).

Compared to 2022 total mortgage credit income represents DKK 268m – a decline of DKK 90m. The decrease is primarily attributable to funded mortgage-like loans and a slowdown in the housing market. It is expected that this income will reach a normal level as the announced interest rate increases take effect.

Income from remortgaging and loan fees has gone down by DKK 27m to DKK 93m – a drop of 22% compared with the same period in 2022. The decline is attributable to a lower level of activity.

The remaining income components have grown by DKK 12m – a rise of 1% compared with the same period in 2022.

Core income – H1 (DKKm)	2023	2022
Net interest etc	2,102	1,007
Mortgage credit	268	358
Payment services	122	109
Remortgaging and loan fees	93	120
Commission and brokerage	242	241
Commission etc investment funds and pooled pension plans	152	162
Asset management	172	179
Custody account fees	48	65
Other operating income	190	158
<b>Total</b>	<b>3,389</b>	<b>2,399</b>

### Trading income

Compared with a year ago trading income has gone up by DKK 70m to DKK 186m. Trading income is considered highly satisfactory given the volatility of bond and share markets in H1 2023.



## Costs and depreciation

The Group's costs and depreciation total DKK 1,630m – an increase of DKK 26m compared to the same period in 2022.

Costs and depreciation - H1 (DKKm)	2023	2022
Staff costs	938	910
Other administrative expenses	613	614
Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	62	66
Other operating expenses	17	14
<b>Total</b>	<b>1,630</b>	<b>1,604</b>
Distributed as follows:		
Costs, core earnings	1,600	1,574
Costs, investment portfolio earnings	4	4
Non-recurring costs	26	26

Costs (core earnings) represent DKK 1,600m against DKK 1,574m in the same period in 2022.

At 30 June 2023 the Group's staff numbered 2,053 (full-time equivalent) compared to 2,017 at 30 June 2022 and 2,034 at 31 December 2022.

Compared to year-end 2022 the number of branches has gone down by 1 and is 54 in Denmark and 3 in Germany at end-June 2023.

## Core earnings before impairment of loans and advances

Core earnings before impairment charges for loans and advances represent DKK 1,975m – an increase of DKK 1,034m or 110% compared to the same period in 2022.

### Impairment of loans and advances etc

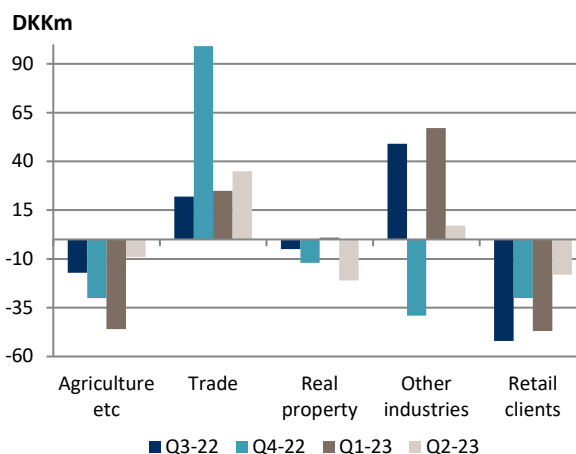
Impairment charges for loans and advances represent an income of DKK 16m compared with an income of DKK 84m in the same period in 2022.

At 30 June 2023 the Group maintained its management estimate of DKK 500m to hedge macroeconomic uncertainty. The management estimate consists of DKK 400m as regards corporate clients and DKK 100m as regards retail clients.

The management estimate as regards macroeconomic risks covers potential losses related to the negative effects of a high inflation rate as well as the risk of a recession etc.

The chart below shows impairment charges for loans and advances in the last 4 quarters as regards agriculture etc, trade, real property, other industries as well as retail clients.

## Impairment charges – quarterly



At 30 June 2023 accumulated impairment and provisions amounted to DKK 1,968m (year-end 2022: DKK 1,929m).

In H1 2023 reported losses amounted to DKK 29m (H1 2022: DKK 23m). Of the reported losses an impairment charge of DKK 23m has previously been recorded (H1 2022: DKK 16m).

At 30 June 2023 the impairment ratio for the period represented minus 0.02% relative to bank loans and advances and guarantees.

Impairment charges are made for expected credit losses as regards all financial assets measured at amortised cost and similar provisions are made for expected credit losses as regards undrawn credit commitments and financial guarantees. Impairment charges for expected credit losses depend on whether the credit risk of a financial asset has increased significantly since initial recognition and follow a 3-stage model. The portfolio in stage 3 acquired from Alm. Brand Bank is recognised under "credit impaired at initial recognition":

**Stage 1** – facilities with no significant increase in credit risk. The asset is written down by an amount equal to the expected credit loss as a result of the probability of default over the coming 12 months.

**Stage 2** – facilities with a significant increase in credit risk. The asset is transferred to stage 2 and is written down by an amount equal to the expected credit loss over the life of the asset.

**Stage 3** – facilities where the financial asset is in default or is otherwise credit impaired.

**Credit impaired at initial recognition (POCI)** – facilities which were credit impaired at the time of acquisition of Alm. Brand Bank. They are recognised on acquisition at the fair value of the debt acquired.

The Group's loans and advances and impairment charges at 30 June 2023 allocated to these stages are shown below.

Loans/advances and impairment charges – 30 Jun 2023					
(DKKm)	Stage 1	Stage 2	Stage 3	POCI	Total
Loans/advances before impairment charges	67,538	7,557	1,193	125	<b>76,413</b>
Impairment charges	368	729	708	-	<b>1,805</b>
<b>Total loans/advances</b>	<b>67,170</b>	<b>6,828</b>	<b>485</b>	<b>125</b>	<b>74,608</b>

30 Jun 2023	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment charges as % of bank loans/advances	0.5	9.6	59.3	-	2.4
Share of bank loans/advances before impairment charges (%)	88.3	9.9	1.6	0.2	100
Share of bank loans/advances after impairment charges (%)	90.0	9.2	0.6	0.2	100

Credit impaired bank loans and advances – stage 3 – represent 1.6% (year-end 2022: 1.6%) of total bank loans and advances before impairment charges and 0.6% (year-end 2022: 0.7%) of total bank loans and advances after impairment charges.

Credit impaired bank loans and advances acquired from Alm. Brand Bank – credit impaired at initial recognition – amount to 0.2% of total bank loans and advances before impairment charges and 0.2% of total bank loans and advances after impairment charges.

Impairment charges concerning credit impaired bank loans and advances as a percentage of credit impaired bank loans and advances at 30 June 2023 stand at 59.3% (year-end 2022: 57.0%).

### Core earnings

Core earnings for H1 2023 represent DKK 1,991m – an increase of DKK 966m compared with the same period in 2022.

### Investment portfolio earnings

Together the Group's position-taking and liquidity handling generated positive earnings of DKK 30m in

H1 2023 compared to negative earnings of DKK 91m a year ago.

Investment portfolio earnings – H1 (DKKm)	2023	2022
Position-taking	(7)	(55)
Liquidity generation and liquidity reserves	45	(33)
Strategic positions	(4)	1
Costs	(4)	(4)
<b>Total</b>	<b>30</b>	<b>(91)</b>

The interest rate risk was positive at the end of H1 2023 and the Group would suffer a loss in the event of interest rate increases. In terms of the Group's bond portfolios – including cash resources – the interest rate risk is considered to be modest.

### Non-recurring items, net

Non-recurring items represent an expense of DKK 26m compared to a net income of DKK 25m in H1 2022.

In H1 2023 the item included costs of DKK 20m related to the development of housing loan processes and DKK 6m related to the development of the bank/insurance partnership.

In addition to the costs related to the housing loan processes and the bank/insurance partnership, DKK 52m was recognised as income in H1 2022 as regards extraordinary realised capital gains from the lending portfolio acquired from Alm. Brand Bank.

### Profit for the period

Profit before tax for H1 2023 amounts to DKK 1,995m compared with DKK 959m in 2022. Tax represents DKK 503m, equal to an effective tax rate of 25.2%. Profit for the period amounts to DKK 1,492m compared with DKK 748m in 2022.

### Return

Return on shareholders' equity after tax constitutes 22.0% against 11.9% in H1 2022.

Earnings per share stands at DKK 26.0 compared with DKK 12.5 in 2022.

### Subsidiaries

Profit after tax of the subsidiaries represents DKK 58m (H1 2022: DKK 15m).

**Group – Q2 2023 compared with Q1 2023**

The Group's profit before tax for the quarter represents DKK 1,015m (Q1 2023: DKK 980m).

Compared to Q1 2023 profit before tax reflects:

- a rise in core income of DKK 119m due to a rise in net interest income
- a drop in trading income of DKK 48m

- a rise in costs (core earnings) of DKK 6m
- impairment charges for loans and advances: an income of DKK 6m (Q1: income of DKK 10m)
- investment portfolio earnings of DKK 1m (Q1: DKK 29m)

Quarterly results (DKKm)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Core income	1,754	1,635	1,504	1,291	1,199	1,200
Trading income	69	117	107	61	16	100
<b>Total income</b>	<b>1,823</b>	<b>1,752</b>	<b>1,611</b>	<b>1,352</b>	<b>1,215</b>	<b>1,300</b>
Costs, core earnings	803	797	752	714	775	799
<b>Core earnings before impairment</b>	<b>1,020</b>	<b>955</b>	<b>859</b>	<b>638</b>	<b>440</b>	<b>501</b>
Impairment of loans and advances etc	(6)	(10)	(12)	(3)	(23)	(61)
<b>Core earnings</b>	<b>1,026</b>	<b>965</b>	<b>871</b>	<b>641</b>	<b>463</b>	<b>562</b>
Investment portfolio earnings	1	29	17	(67)	(62)	(29)
<b>Profit before non-recurring items</b>	<b>1,027</b>	<b>994</b>	<b>888</b>	<b>574</b>	<b>401</b>	<b>533</b>
Non-recurring items, net	(12)	(14)	(4)	(12)	(12)	37
<b>Profit before tax</b>	<b>1,015</b>	<b>980</b>	<b>884</b>	<b>562</b>	<b>389</b>	<b>570</b>
Tax	257	246	170	123	86	125
<b>Profit for the period</b>	<b>758</b>	<b>734</b>	<b>714</b>	<b>439</b>	<b>303</b>	<b>445</b>

### Total assets

At 30 June 2023 the Group's total assets made up DKK 179.3bn (year-end 2022: DKK 179.3bn).

Assets (DKKbn)	30 Jun 2023	31 Dec 2022
Amounts owed by credit institutions etc	29.4	30.1
Loans and advances at fair value (reverse transactions)	9.7	10.5
Loans and advances at amortised cost (bank loans and advances)	74.6	73.9
Securities and holdings etc	34.0	33.8
Assets related to pooled plans	21.7	20.6
Other assets etc	9.9	10.4
<b>Total</b>	<b>179.3</b>	<b>179.3</b>

The Group's bank loans and advances totalled DKK 74.6bn at 30 June 2023. Compared to year-end 2022 this is an increase of DKK 0.7bn.

As a consequence of a political agreement to defer payment of A tax and social security contributions for July and August 2023 to October/November 2023 and February 2024 respectively, it is expected that the Group's corporate lending will be adversely affected by DKK 3-4bn in the course of Q3 2023.

Equity and liabilities (DKKbn)	30 Jun 2023	31 Dec 2022
Amounts owed to credit institutions etc	7.1	5.5
Deposits and other debt	102.7	107.5
Deposits in pooled plans	21.7	20.6
Bonds issued	13.2	13.2
Other liabilities etc	18.8	17.2
Provisions	0.2	0.2
Subordinated capital	1.1	1.1
Equity	14.5	14.0
<b>Total</b>	<b>179.3</b>	<b>179.3</b>

The Group's deposits make up DKK 102.7bn – a decline of DKK 4.8bn compared to year-end 2022, which is primarily attributable to corporate clients.

### Equity

At 30 June 2023 shareholders' equity constituted DKK 13,708m – an increase of DKK 523m since the beginning of the year. The change comprises additions from comprehensive income for the period of DKK 1,487m, net purchases of own shares etc of DKK 5m as well as dividend paid of DKK 959m.

### Capital

The Bank announced a new share buyback programme of DKK 600m on 6 July. The share buyback is part of the adjustment to optimise the capital structure in accordance with the Bank's capital targets and capital policy.

The share buyback programme was initiated on 10 July 2023 and will be completed by 31 January 2024.

As part of the efforts to optimise the capital structure the Group will look into the possibilities of issuing supplementary capital of around EUR 100m in H2 2023. In addition the Group will look into the possibilities of issuing SNP loans of up to EUR 500m in H2 2023. This issue will constitute the natural refinancing of existing SNP loans.

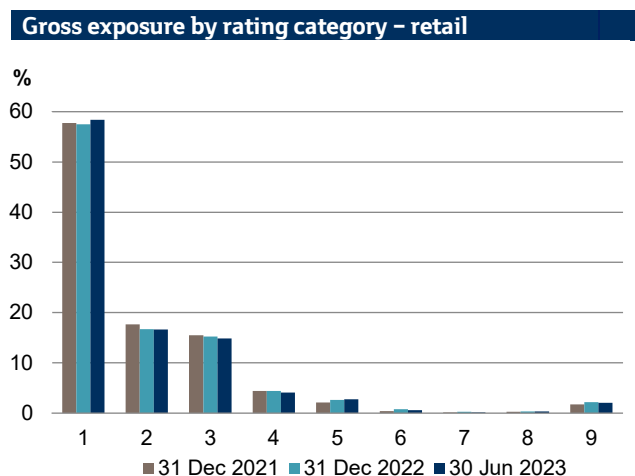
### Risk exposure amount

The risk exposure amount represents DKK 60.6bn (year-end 2022: DKK 60.5bn).

REA (DKKbn)	30 Jun 2023	31 Dec 2022
Credit risk	41.1	41.0
Market risk	5.5	5.4
Operational risk	8.1	8.1
Other exposures, incl CVA	5.9	6.0
<b>Total</b>	<b>60.6</b>	<b>60.5</b>

### Retail

The development in the gross exposure by rating category at 31 December 2021, 31 December 2022 and 30 June 2023 is shown below.



The gross exposure consists of loans and advances, undrawn credit commitments, interest receivable, guarantees and counterparty risk on derivatives. The graph comprises exposures treated according to A-IRB. Exposures relating to customers in default are not included in the breakdown of rating categories. Impairment charges for exposures have not been deducted from the exposure.

The gross exposure by rating category shows that a large share continues to be in the 4 best rating categories.

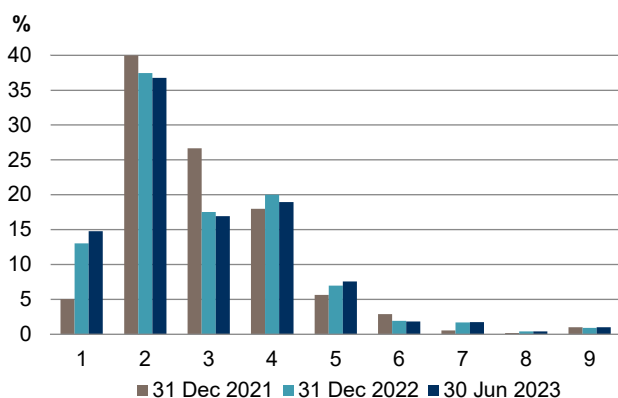
## Corporate

The Group has previously used the foundation IRB approach as regards corporate exposures. The Group achieved approval from the Danish FSA as of 31 October 2022 to use the advanced IRB approach (A-IRB) to rate corporate exposures. The implementation of A-IRB has resulted in an adjustment of the PD level which in turn has affected the correlation between PD and rating categories.

With the new A-IRB approach the EBA guidelines and the new definition of default have been implemented.

The development in the gross exposure by rating category is illustrated below. Historical data is treated according to the new A-IRB approach.

### Gross exposure by rating category - corporate



The gross exposure consists of loans and advances, undrawn credit commitments, interest receivable, guarantees and counterparty risk on derivatives. The graph comprises exposures treated according to A-IRB. Exposures relating to customers in default are not included in the breakdown of rating categories. Impairment charges for exposures have not been deducted from the exposure.

The gross exposure by rating category shows that a large share continues to be in the 4 best rating categories.

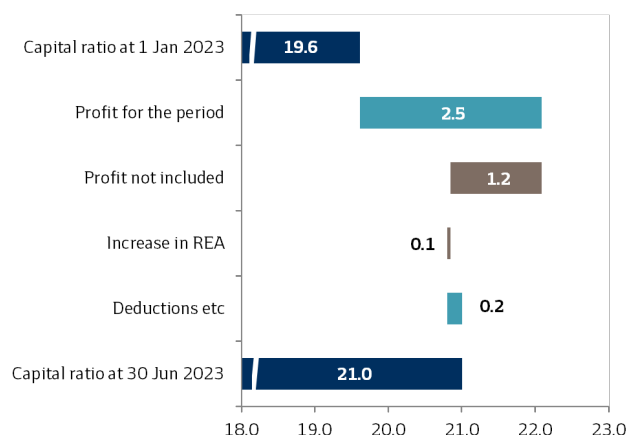
## Solvency

Solvency (DKKm)	30 Jun 2023	31 Dec 2022
REA	60,623	60,472
CET1 capital	11,351	10,484
T1 capital	12,096	11,227
Total capital	12,735	11,863
CET1 ratio	18.7	17.3
T1 capital ratio	20.0	18.6
Capital ratio	21.0	19.6

At 30 June 2023 the CET1 ratio and the capital ratio stood at 18.7% and 21.0% respectively compared to 17.3% and 19.6% respectively at year-end 2022.

The development in the capital ratio in H1 2023 is shown below.

### Capital ratio in H1 2023



In H1 2023 the capital ratio rose by 1.4pp, which is attributable to the inclusion of half of profit for the period as well as a drop in deductions etc.

At 30 June 2023 the individual solvency need represented 10.3% (31 December 2022: 10.8%). The 0.5pp decline in H1 2023 is predominantly attributable to a decrease in the Pillar II add-on related to credit risk.

## Solvency of the parent

At 30 June 2023 the CET1 ratio and the capital ratio of the parent stood at 18.1% and 20.4% respectively (31 December 2022: 16.8% and 19.0% respectively).

## Capital and solvency and capital requirements

The Group's capital management is anchored in the Internal Capital Adequacy Assessment Process (ICAAP), a review conducted to identify risks and determine the individual solvency need.

At end-June 2023 the individual solvency need represented 10.3%. The solvency need consists of a minimum capital requirement of 8% under Pillar I and a capital add-on under Pillar II. Approximately 56% of the solvency need must be covered by CET1 capital, equivalent to 5.8% of the risk exposure amount.

In addition to the solvency need the Group must meet a combined buffer requirement of 5.8% at 30 June 2023.

Capital and solvency and capital requirements (% of REA)	30 Jun 2023	31 Dec 2022
<b>Capital and solvency</b>		
CET1 ratio	18.7	17.3
T1 capital ratio	20.0	18.6
Capital ratio	21.0	19.6
<b>Capital requirements (incl buffers)*</b>		
Total capital requirement	16.1	16.1
CET1 capital requirement	11.6	11.4
- of which SIFI buffer	1.0	1.0
- of which capital conservation buffer	2.5	2.5
- of which countercyclical buffer**	2.3	1.8
<b>Excess capital</b>		
CET1 capital	7.1	5.9
Total capital	4.9	3.5

\* The total capital requirement consists of an individual solvency need and a combined buffer requirement. The countercyclical buffer is determined by the Danish Ministry of Industry, Business and Financial Affairs and may not exceed 2.5%. The rate currently makes up 2.5%.

\*\* The countercyclical buffer is calculated as an exposure weighted average of the specific rates as regards the countries in which the companies to which exposures have been granted are domiciled. The rate as regards exposures to companies domiciled in Denmark constitutes 2.5%.

### Market risk

At 30 June 2023 the Group's interest rate risk represented DKK 125m. The Group's exchange rate risk continues to be very low and its equity position modest.

### Funding and liquidity

The guidelines for calculating the Liquidity Coverage Ratio (LCR) specify a run-off of exposures while taking into account counterparties, funding size, hedging and maturity. Consequently the most stable deposits are favoured relative to large deposits, in particular from businesses and financial counterparties.

The Group's LCR constituted 227% at 30 June 2023 (31 December 2022: 200%).

LCR (%) (DKKbn)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Total liquidity buffer	53.0	56.5	45.7
Net cash outflows	23.4	28.2	26.9
<b>LCR (%)</b>	<b>227</b>	<b>200</b>	<b>170</b>

The Group meets the LCR requirement of 100% and its excess cover is significant at 30 June 2023.

### NSFR

The guidelines for calculating the Net Stable Funding Ratio (NSFR) require that the available stable funding exceeds the required stable funding. The required stable funding is calculated on the basis of the balance sheet values and degree of stability of assets where the strictest requirements in terms of degree of stability are imposed on long-term illiquid assets. The available stable funding is calculated on the basis of the balance sheet values and degree of stability of the funding where the highest degrees of stability apply to equity and long-term funding.

The Group's NSFR constituted 133% at 30 June 2023 (year-end 2022: 132%).

NSFR (DKKbn)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Required stable funding	89.6	89.7	88.8
Available stable funding	118.9	118.2	112.4
<b>NSFR (%)</b>	<b>133</b>	<b>132</b>	<b>127</b>

The Group meets the NSFR requirement of 100% and its excess cover is significant at 30 June 2023.

### Funding ratio

Funding ratio (DKKbn)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Equity and subordinated capital	15.6	15.1	14.2
SNP loans with maturities > 1 year	9.5	9.5	9.6
Deposits non-financial counterparties	98.1	101.3	93.7
Total stable funding	123.2	125.9	117.5
Bank loans and advances	74.6	73.9	74.2
<b>Funding ratio (%)</b>	<b>165</b>	<b>170</b>	<b>158</b>

The Group's stable funding exceeded the Group's bank loans and advances by DKK 48.6bn at 30 June 2023 (31 Dec 2022: DKK 52.0bn).

### Rating

Moody's most recent rating of Sydbank:

- Outlook: Stable
- Long-term deposit: A1
- Baseline Credit Assessment: Baa1
- Senior unsecured: A1
- Short-term deposit: P-1

### Supervisory Diamond

The Supervisory Diamond sets up a number of benchmarks to indicate banking activities that initially should be regarded as involving a higher risk. Any breach of the Supervisory Diamond is subject to reactions by the Danish FSA.

At 30 June 2023 the Group as well as the parent comply with all the benchmarks of the Supervisory Diamond.

Supervisory Diamond benchmarks	30 Jun 2023	31 Dec 2022	30 Jun 2022
Sum of 20 largest exposures < 175%	142	147	154
Lending growth < 20% annually	1	10	21
Commercial property exposure < 25%	9	8	8
Excess liquidity coverage > 100%	234	222	190

### Subordinated debt and MREL requirements

Once a year the Danish FSA sets requirements as to subordinated debt and own funds and eligible liabilities (MREL) for Danish institutions, including Sydbank.

At 1 January 2023 the subordinated debt and MREL requirements were set at 26.6% and 24.7% respectively of the risk exposure amount.

The subordinated debt requirement can be calculated as follows:

Subordinated debt at 30 Jun 2023	Requirement (%)	DKKm
REA		60,623
<b>Total requirement</b>	<b>26.6</b>	<b>16,126</b>
Total capital		12,735
SNP loans with maturities exceeding 1 year		9,448
<b>Total subordinated debt</b>	<b>36.6</b>	<b>22,183</b>
Excess cover	10.0	6,057

At 30 June 2023 the Group met the subordinated debt requirement with an excess cover of DKK 6,057m. The excess cover corresponds to an increase in the solvency need of 5pp or an increase in the risk exposure amount of DKK 22,772m.

The MREL can be calculated as follows:

MREL at 30 Jun 2023	Requirement (%)	DKKm
REA		60,623
<b>Total requirement</b>	<b>24.7</b>	<b>16,126</b>
Total capital		12,735
SNP loans with maturities exceeding 1 year		9,448
Cover of combined buffer requirement		(3,520)
<b>Total MREL</b>	<b>30.8</b>	<b>18,663</b>
Excess cover	6.1	3,689

At 30 June 2023 the Group met the MREL with an excess cover of DKK 3,689m. The excess cover corresponds to an increase in the solvency need of 3.1pp or an increase in the risk exposure amount of DKK 14,944m.

### Leverage ratio

The CRR2 Regulation stipulates that T1 capital must constitute at least 3% of total exposures.

The Group's leverage ratio constituted 6.5% at 30 June 2023 (year-end 2022: 6.1%) taking into account the transitional rules.

### SIFI

Sydbank has been designated as a SIFI in Denmark and there is an additional buffer requirement of 1% as regards CET1 capital. The intention is to bring Danish SIFI capital requirements on a par with the requirements in other comparable European countries.

### Bank Recovery and Resolution Directive

The directive, including the bail-in provisions, was implemented in Danish law on 1 June 2015. According to legislation each credit institution must meet a minimum requirement for own funds and eligible liabilities (MREL). In December 2022 the Danish FSA set the MREL for Sydbank at 24.7% of the risk exposure amount for the year ahead.

The general resolution principle for SIFIs is that it should be possible to restructure them and send them back to the market with adequate capitalisation to ensure market confidence. The Group's MREL is based on the risk exposure amount using a factor which has been set at the sum of twice the solvency need plus the combined capital buffer requirement, excluding the countercyclical buffer.

The establishment of a resolution fund is underway. Credit institutions must make contributions to the fund according to their relative size and risk in Denmark. The resolution fund must be established and have assets at its disposal equal to at least 1% of the covered deposits of all Danish credit institutions by 31 December 2024.

The Group's contribution to the resolution fund for 2023 is expected to represent DKK 32m.

### Basel IV

Since the Basel Committee on Banking Supervision published its recommendations regarding changes to the calculation of capital requirements – Basel IV – in 2017, the EU has worked on implementing these changes into CRR (regulation) or CRD (directive). Some of the proposed changes have already been implemented and at the end of 2021 the EU proposed implementing the remaining elements. It is expected that this implementation will take place on 1 January 2025 and that it will take place over an extended period of time and with significant transitional rules. The Group expects that the proposed changes will have a limited effect on the Group's capital requirements.

## Income Statement

DKKm	Note	Sydbank Group		Sydbank A/S	
		30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
Interest income calculated using the effective interest method		2,246	1,139	2,250	1,142
Other interest income		507	166	507	166
<b>Interest income</b>	2	<b>2,753</b>	<b>1,305</b>	<b>2,757</b>	<b>1,308</b>
Interest expense	3	626	210	672	208
<b>Net interest income</b>		<b>2,127</b>	<b>1,095</b>	<b>2,085</b>	<b>1,100</b>
Dividends on shares		20	29	31	42
Fee and commission income	4	1,198	1,374	1,137	1,310
Fee and commission expense	4	128	165	118	152
<b>Net interest and fee income</b>		<b>3,217</b>	<b>2,333</b>	<b>3,135</b>	<b>2,300</b>
Market value adjustments	5	374	135	385	103
Other operating income		13	12	14	13
Staff costs and administrative expenses	6	1,550	1,524	1,520	1,498
Amortisation/depreciation and impairment of intangible assets and property, plant and equipment		62	66	61	65
Other operating expenses	8	17	14	17	14
Impairment of loans and advances etc	9	(16)	(81)	(16)	(81)
Profit/(Loss) on holdings in associates and subsidiaries	10	4	2	59	13
<b>Profit before tax</b>		<b>1,995</b>	<b>959</b>	<b>2,011</b>	<b>933</b>
Tax	11	503	211	505	203
<b>Profit for the period</b>		<b>1,492</b>	<b>748</b>	<b>1,506</b>	<b>730</b>
<b>Distribution of profit for the period</b>					
Shareholders of Sydbank A/S		1,470	724	1,487	710
Holders of AT1 capital		19	20	19	20
Minority shareholders		3	4	-	-
<b>Total amount to be allocated</b>		<b>1,492</b>	<b>748</b>	<b>1,506</b>	<b>730</b>
Interest paid to holders of AT1 capital		19	20	19	20
Minority shareholders		3	4	-	-
Transfer to equity		1,470	724	1,487	710
<b>Total amount allocated</b>		<b>1,492</b>	<b>748</b>	<b>1,506</b>	<b>730</b>
EPS Basic for the period (DKK) *		26.0	12.5	26.3	12.2
EPS Diluted for the period (DKK) *		26.0	12.5	26.3	12.2
Dividend per share (DKK)		-	-	-	-

\* Calculated on the basis of average number of shares outstanding, see page 19.

## Statement of Comprehensive Income

<b>Profit for the period</b>	<b>1,492</b>	<b>748</b>	<b>1,506</b>	<b>730</b>
<b>Other comprehensive income</b>				
Items that may not be reclassified to the income statement:				
Value adjustment of certain strategic shares	17	(14)	-	-
<b>Other comprehensive income after tax</b>	<b>17</b>	<b>(14)</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income for the period</b>	<b>1,509</b>	<b>734</b>	<b>1,506</b>	<b>730</b>



## Balance Sheet

DKKm	Note	Sydbank Group		Sydbank A/S	
		30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
<b>Assets</b>					
Cash and balances on demand at central banks		8,543	8,134	8,543	8,134
Amounts owed by credit institutions and central banks	12	20,839	21,959	20,839	21,959
Loans and advances at fair value		9,741	10,490	9,741	10,490
Loans and advances at amortised cost	13	74,608	73,933	75,091	74,410
Bonds at fair value		30,881	30,553	30,881	30,553
Shares etc		2,914	3,064	2,914	3,064
Holdings in associates etc		164	165	164	165
Holdings in subsidiaries etc		-	-	2,172	2,128
Assets related to pooled plans		21,674	20,597	21,674	20,597
Intangible assets		348	364	346	363
Owner-occupied property		1,120	1,125	899	903
Owner-occupied property (leasing)		94	103	94	103
Total land and buildings		1,214	1,228	993	1,006
Other property, plant and equipment		35	48	35	48
Current tax assets		142	565	150	571
Deferred tax assets		9	8	11	11
Other assets	14	8,107	8,139	7,703	7,739
Prepayments		67	71	67	71
<b>Total assets</b>		<b>179,286</b>	<b>179,318</b>	<b>181,324</b>	<b>181,309</b>
<b>Equity and liabilities</b>					
Amounts owed to credit institutions and central banks	15	7,135	5,483	7,135	5,483
Deposits and other debt	16	102,701	107,501	104,823	109,637
Deposits in pooled plans		21,674	20,597	21,674	20,597
Bonds issued at amortised cost		13,170	13,242	13,170	13,242
Current tax liabilities		-	10	-	10
Other liabilities	17	18,801	17,180	18,755	17,076
Deferred income		13	12	13	12
<b>Total liabilities</b>		<b>163,494</b>	<b>164,025</b>	<b>165,570</b>	<b>166,057</b>
Provisions	18	173	197	171	195
Subordinated capital	19	1,117	1,115	1,117	1,115
Equity:					
Share capital		565	584	565	584
Revaluation reserves		144	144	144	144
Other reserves:					
Reserves according to articles of association		425	425	425	425
Reserve for net revaluation according to equity method		2	2	2	2
Retained earnings		12,572	11,071	12,572	11,071
Proposed dividend etc		-	959	-	959
Shareholders of Sydbank A/S		13,708	13,185	13,708	13,185
Holders of AT1 capital		758	757	758	757
Minority shareholders		36	39	-	-
Total equity		14,502	13,981	14,466	13,942
<b>Total equity and liabilities</b>		<b>179,286</b>	<b>179,318</b>	<b>181,324</b>	<b>181,309</b>

## Financial Highlights - Quarterly

	Sydbank Group					
	Q2	Q1	Q4	Q3	Q2	Q1
	2023	2023	2022	2022	2022	2022
<b>Income statement (DKKm)</b>						
Core income	1,754	1,635	1,504	1,291	1,199	1,200
Trading income	69	117	107	61	16	100
<b>Total income</b>	<b>1,823</b>	<b>1,752</b>	<b>1,611</b>	<b>1,352</b>	<b>1,215</b>	<b>1,300</b>
Costs, core earnings	803	797	752	714	775	799
<b>Core earnings before impairment</b>	<b>1,020</b>	<b>955</b>	<b>859</b>	<b>638</b>	<b>440</b>	<b>501</b>
Impairment of loans and advances etc	(6)	(10)	(12)	(3)	(23)	(61)
<b>Core earnings</b>	<b>1,026</b>	<b>965</b>	<b>871</b>	<b>641</b>	<b>463</b>	<b>562</b>
Investment portfolio earnings	1	29	17	(67)	(62)	(29)
<b>Profit before non-recurring items</b>	<b>1,027</b>	<b>994</b>	<b>888</b>	<b>574</b>	<b>401</b>	<b>533</b>
Non-recurring items, net	(12)	(14)	(4)	(12)	(12)	37
<b>Profit before tax</b>	<b>1,015</b>	<b>980</b>	<b>884</b>	<b>562</b>	<b>389</b>	<b>570</b>
Tax	257	246	170	123	86	125
<b>Profit for the period</b>	<b>758</b>	<b>734</b>	<b>714</b>	<b>439</b>	<b>303</b>	<b>445</b>
<b>Balance sheet highlights (DKKbn)</b>						
Loans and advances at amortised cost	74.6	75.1	73.9	75.1	74.2	71.6
Loans and advances at fair value	9.7	9.9	10.4	10.2	12.9	21.2
Deposits and other debt	102.7	101.5	107.5	106.6	100.2	93.1
Bonds issued at amortised cost	13.2	13.2	13.2	13.2	9.6	9.6
Subordinated capital	1.1	1.1	1.1	1.1	1.1	1.1
AT1 capital	0.8	0.7	0.8	0.7	0.8	0.7
Shareholders' equity	13.7	13.0	13.2	12.5	12.2	12.2
Total assets	179.3	174.5	179.3	177.9	169.1	163.1
<b>Financial ratios per share (DKK per share of DKK 10)</b>						
EPS	13.2	12.8	12.5	7.4	5.0	7.4
Share price at end of period	315.2	308.8	292.6	208.6	217.2	230.8
Book value	242.7	229.4	233.4	219.9	212.3	208.7
Share price/book value	1.30	1.35	1.25	0.95	1.02	1.11
Average number of shares outstanding (in millions)	56.5	56.5	56.6	57.3	58.0	58.4
Dividend per share	-	-	16.77	-	-	-
<b>Other financial ratios and key figures</b>						
CET1 ratio	18.7	18.2	17.3	17.2	16.6	16.5
T1 capital ratio	20.0	19.4	18.6	18.4	17.8	17.8
Capital ratio	21.0	20.5	19.6	19.7	19.1	19.1
Pre-tax profit as % p.a. of average equity	30.1	29.6	27.3	17.8	12.4	18.1
Post-tax profit as % p.a. of average equity	22.4	22.1	22.0	13.8	9.6	14.1
Costs (core earnings) as % of total income	44.0	45.5	46.7	52.8	63.8	61.5
Return on assets (%)	0.4	0.4	0.4	0.3	0.2	0.3
Interest rate risk	1.0	0.6	1.3	1.0	1.4	1.2
Foreign exchange position	1.8	5.4	1.8	2.1	3.3	1.6
Foreign exchange risk	0.0	0.0	0.0	0.0	0.0	0.0
Liquidity, LCR (%)	227	195	200	192	170	171
Loans and advances relative to deposits	0.6	0.6	0.6	0.6	0.6	0.6
Loans and advances relative to equity	5.4	5.8	5.6	6.0	6.1	5.9
Growth in loans and advances during the period	(0.7)	1.6	(1.6)	1.3	3.6	6.8
Total large exposures	142	144	147	157	154	150
Accumulated impairment ratio	2.1	2.1	2.1	2.1	2.0	2.1
Impairment ratio for the period	(0.01)	(0.01)	(0.01)	0.00	(0.02)	(0.06)
Number of full-time staff at end of period	2,053	2,062	2,034	2,040	2,017	2,059

When calculating financial ratios AT1 capital is considered a liability regardless of the fact that it is accounted for as equity. Reference is made to financial ratio definitions in the 2022 Annual Report (page 127).

## Financial Highlights – Half-yearly

	Sydbank Group				
	H1	H1	H1	H1	H1
	2023	2022	2021	2020	2019
<b>Income statement (DKKm)</b>					
Core income	3,389	2,399	2,193	1,829	1,805
Trading income	186	116	141	116	136
<b>Total income</b>	<b>3,575</b>	<b>2,515</b>	<b>2,334</b>	<b>1,945</b>	<b>1,941</b>
Costs, core earnings	1,600	1,574	1,647	1,418	1,429
<b>Core earnings before impairment</b>	<b>1,975</b>	<b>941</b>	<b>687</b>	<b>527</b>	<b>512</b>
Impairment of loans and advances etc	(16)	(84)	(206)	42	(34)
<b>Core earnings</b>	<b>1,991</b>	<b>1,025</b>	<b>893</b>	<b>485</b>	<b>546</b>
Investment portfolio earnings	30	(91)	(19)	(33)	(28)
<b>Profit before non-recurring items</b>	<b>2,021</b>	<b>934</b>	<b>874</b>	<b>452</b>	<b>518</b>
Non-recurring items, net	(26)	25	(49)	(37)	(39)
<b>Profit before tax</b>	<b>1,995</b>	<b>959</b>	<b>825</b>	<b>415</b>	<b>479</b>
Tax	503	211	180	91	90
<b>Profit for the period</b>	<b>1,492</b>	<b>748</b>	<b>645</b>	<b>324</b>	<b>389</b>
<b>Balance sheet highlights (DKKbn)</b>					
Loans and advances at amortised cost	74.6	74.2	61.4	55.5	60.9
Loans and advances at fair value	9.7	12.9	20.3	19.1	7.0
Deposits and other debt	102.7	100.2	98.1	84.2	89.1
Bonds issued at amortised cost	13.2	9.6	9.6	7.4	7.4
Subordinated capital	1.1	1.1	1.9	1.9	1.9
AT1 capital	0.8	0.8	0.8	0.8	0.8
Shareholders' equity	13.7	12.2	12.2	11.2	10.7
Total assets	179.3	169.1	169.8	150.4	152.1
<b>Financial ratios per share (DKK per share of DKK 10)</b>					
EPS	26.0	12.5	10.4	5.1	6.0
Share price at end of period	315.2	217.2	193.1	123.0	125.1
Book value	242.7	212.3	205.1	190.2	176.1
Share price/book value	1.30	1.02	0.94	0.65	0.71
Average number of shares outstanding (in millions)	56.5	58.2	59.3	59.1	61.0
Dividend per share	-	-	-	-	-
<b>Other financial ratios and key figures</b>					
CET1 ratio	18.7	16.6	17.7	20.2	16.6
T1 capital ratio	20.0	17.8	19.1	22.0	18.3
Capital ratio	21.0	19.1	22.5	25.9	21.6
Pre-tax profit as % p.a. of average equity	29.6	15.3	13.4	7.1	8.7
Post-tax profit as % p.a. of average equity	22.0	11.9	10.4	5.4	7.0
Costs (core earnings) as % of total income	44.8	62.6	70.6	72.9	73.6
Return on assets (%)	0.8	0.4	0.4	0.2	0.3
Interest rate risk	1.0	1.4	1.7	0.9	1.3
Foreign exchange position	1.8	3.3	1.2	1.3	1.6
Foreign exchange risk	0.0	0.0	0.0	0.0	0.0
Liquidity, LCR (%)	227	170	235	232	207
Loans and advances relative to deposits	0.6	0.6	0.5	0.6	0.6
Loans and advances relative to equity	5.4	6.1	5.0	5.1	5.8
Growth in loans and advances during the period	0.9	10.7	1.9	(8.3)	(0.2)
Total large exposures	142	154	141	152	149
Accumulated impairment ratio	2.1	2.0	2.4	3.0	3.4
Impairment ratio for the period	(0.02)	(0.09)	(0.24)	0.06	(0.04)
Number of full-time staff at end of period	2,053	2,017	2,126	1,979	2,069

When calculating financial ratios AT1 capital is considered a liability regardless of the fact that it is accounted for as equity. Reference is made to financial ratio definitions in the 2022 Annual Report (page 127).

## Statement of Changes in Equity

DKK m	Share capital	Revaluation reserves	Reserves acc to articles of association*	Reserve for net revaluation acc to equity method	Retained earnings	Proposed dividend etc	Shareholders of Sydbank A/S	Sydbank Group		
								AT1 capital**	Minority shareholders	Total equity
Equity at 1 Jan 2023	584	144	425	2	11,071	959	13,185	757	39	13,981
Profit for the period					1,470		1,470	19	3	1,492
Other comprehensive income					17		17			17
<b>Comprehensive income for the period</b>	-	-	-	-	<b>1,487</b>	-	<b>1,487</b>	<b>19</b>	<b>3</b>	<b>1,509</b>
<b>Transactions with owners</b>										
Purchase of own shares					(590)		(590)			(590)
Sale of own shares					587		587			587
Reduction in share capital	(19)				19		-			-
Interest paid on AT1 capital								(20)		(20)
Exchange rate adjustment					(2)		(2)	2		-
Dividend etc paid						(959)	(959)		(6)	(965)
Dividend, own shares					0		0			0
Total transactions with owners	(19)	-	-	-	14	(959)	(964)	(18)	(6)	(988)
<b>Equity at 30 Jun 2023</b>	<b>565</b>	<b>144</b>	<b>425</b>	<b>2</b>	<b>12,572</b>	<b>-</b>	<b>13,708</b>	<b>758</b>	<b>36</b>	<b>14,502</b>
Equity at 1 Jan 2022	597	132	425	2	10,544	713	12,413	757	42	13,212
Profit for the period					724		724	20	4	748
Other comprehensive income					(14)		(14)			(14)
<b>Comprehensive income for the period</b>	-	-	-	-	<b>710</b>	-	<b>710</b>	<b>20</b>	<b>4</b>	<b>734</b>
<b>Transactions with owners</b>										
Purchase of own shares					(691)		(691)			(691)
Sale of own shares					525		525			525
Reduction in share capital	(13)				13		-			-
Interest paid on AT1 capital								(20)		(20)
Exchange rate adjustment					0		0	0		-
Dividend etc paid						(713)	(713)		(9)	(722)
Dividend, own shares					2		2			2
Total transactions with owners	(13)	-	-	-	(151)	(713)	(877)	(20)	(9)	(906)
<b>Equity at 30 Jun 2022</b>	<b>584</b>	<b>132</b>	<b>425</b>	<b>2</b>	<b>11,103</b>	<b>-</b>	<b>12,246</b>	<b>757</b>	<b>37</b>	<b>13,040</b>

\* Reserves according to the articles of association equal the undistributable savings bank reserve in accordance with Article 4 of the Articles of Association.

\*\* AT1 capital has no maturity date. Payment of interest and repayment of principal are voluntary. Therefore AT1 capital is accounted for as equity. In May 2018 Sydbank issued EUR 100m with optional redemption on 28 August 2025. The issue carries interest at the Mid-Swap Rate + a margin of 4.62%, a total of 5.25%. Under the issue the loan will be written down if the CET1 ratio of Sydbank A/S or the Sydbank Group drops below 7%.

The Sydbank share	30 Jun 2023	31 Dec 2022	30 Jun 2022
Share capital (DKK)	565,003,200	583,873,200	583,873,200
Shares issued (number)	56,500,320	58,387,320	58,387,320
Shares outstanding at end of period (number)	56,484,452	56,494,660	57,673,601
Average number of shares outstanding (number)	56,492,149	57,549,963	58,165,181

The Bank has only one class of shares as all shares carry the same rights.

## Capital Statement

DKKm	Sydbank Group		
	30 Jun 2023	31 Dec 2022	30 Jun 2022
<b>Solvency</b>			
CET1 ratio	18.7	17.3	16.6
T1 capital ratio	20.0	18.6	17.8
Capital ratio	21.0	19.6	19.1
<b>Total capital</b>			
Equity, shareholders of Sydbank A/S	13,708	13,185	12,246
Not included share of profit for the period	(764)	-	(391)
Prudent valuation	(73)	(70)	(71)
Actual or contingent obligations to purchase own shares	(6)	(9)	(268)
Proposed dividend	-	(959)	-
Intangible assets and capitalised deferred tax assets	(285)	(302)	(331)
Significant investments in the financial sector	(1,212)	(1,387)	(1,123)
Transitional arrangement IFRS 9	-	42	42
Insufficient coverage for non-performing exposures	(17)	(16)	(11)
<b>CET1 capital</b>	<b>11,351</b>	<b>10,484</b>	<b>10,093</b>
AT1 capital – equity	745	744	744
<b>T1 capital</b>	<b>12,096</b>	<b>11,227</b>	<b>10,837</b>
T2 capital	558	557	557
Instruments in entities in the financial sector in which the institution has significant investments	(154)	(156)	-
Difference between expected losses and impairment for accounting purposes	235	234	223
<b>Total capital</b>	<b>12,735</b>	<b>11,863</b>	<b>11,617</b>
Credit risk*	41,134	41,018	41,702
Market risk	5,482	5,363	6,091
Operational risk	8,137	8,137	7,195
Other exposures incl CVA	5,870	5,954	5,732
<b>REA</b>	<b>60,623</b>	<b>60,472</b>	<b>60,720</b>
<b>Pillar I capital requirement</b>	<b>4,850</b>	<b>4,838</b>	<b>4,858</b>
<b>* Credit risk</b>			
Corporate clients, IRB	33,449	33,060	31,373
Retail clients, IRB	5,784	5,928	5,832
Corporate clients, STD	319	458	548
Retail clients, STD	617	857	3,218
Credit institutions etc	965	715	731
<b>Total</b>	<b>41,134</b>	<b>41,018</b>	<b>41,702</b>

## Cash Flow Statement

DKKm	Sydbank Group		
	H1 2023	Full year 2022	H1 2022
<b>Operating activities</b>			
Pre-tax profit for the period	1,995	2,405	959
Taxes paid	(95)	(938)	(500)
<u>Adjustment for non-cash operating items:</u>			
Profit/(Loss) on holdings in associates	0	0	2
Amortisation and depreciation of intangible assets and property, plant and equipment	62	115	66
Impairment of loans and advances/guarantees	(16)	(96)	(81)
Other non-cash operating items	(24)	(169)	10
<u>Changes in working capital:</u>			
Credit institutions and central banks	2,703	(6,930)	2,002
Trading portfolio	(289)	(1,963)	16
Other financial instruments at fair value	(79)	(198)	268
Loans and advances	90	(369)	(3,090)
Deposits	(4,801)	13,625	6,314
Other assets/liabilities	1,662	(1,110)	1,324
Cash flows from operating activities	1,208	4,372	7,290
<b>Investing activities</b>			
Sale of holdings in associates	2	8	8
Purchase of equity investments	(127)	(228)	(43)
Sale of equity investments	239	68	63
Purchase/sale of intangible assets	(2)	-	(1)
Purchase of property, plant and equipment	(18)	(72)	(13)
Sale of property, plant and equipment	-	10	-
Cash flows from investing activities	94	(214)	14
<b>Financing activities</b>			
Purchase and sale of own holdings	(3)	(427)	(166)
Dividend etc	(959)	(711)	(711)
Redemption of subordinated capital	-	(744)	(744)
Issue of bonds	-	3,718	-
Redemption of bonds	-	(3,718)	(3,718)
Cash flows from financing activities	(962)	(1,882)	(5,339)
<b>Cash flows for the period</b>	<b>340</b>	<b>2,276</b>	<b>1,965</b>
Cash and cash equivalents at 1 Jan	8,600	6,324	6,324
Cash flows for the period	340	2,276	1,965
<b>Cash and cash equivalents at end of period</b>	<b>8,940</b>	<b>8,600</b>	<b>8,289</b>
<b>Cash and cash equivalents at end of period</b>			
Cash and balances on demand at central banks	8,543	8,134	7,758
Fully secured cash and cash equivalent balances on demand with credit institutions and insurance companies	397	466	531
<b>Cash and cash equivalents at end of period</b>	<b>8,940</b>	<b>8,600</b>	<b>8,289</b>

## Segment Reporting etc

DKKm	Sydbank Group					
	Banking	Asset Management	Sydbank Markets	Treasury	Other	Total
<b>Operating segments</b>						
<b>H1 2023</b>						
Core income	3,157	172	60	-	-	<b>3,389</b>
Trading income	-	-	186	-	-	<b>186</b>
<b>Total income</b>	<b>3,157</b>	<b>172</b>	<b>246</b>	<b>-</b>	<b>-</b>	<b>3,575</b>
Costs, core earnings	1,390	64	110	-	36	<b>1,600</b>
Impairment of loans and advances etc	(16)	-	-	-	-	<b>(16)</b>
<b>Core earnings</b>	<b>1,783</b>	<b>108</b>	<b>136</b>	<b>-</b>	<b>(36)</b>	<b>1,991</b>
Investment portfolio earnings	(4)	-	-	34	-	<b>30</b>
<b>Profit before non-recurring items</b>	<b>1,779</b>	<b>108</b>	<b>136</b>	<b>34</b>	<b>(36)</b>	<b>2,021</b>
Non-recurring items, net	(26)	-	-	-	-	<b>(26)</b>
<b>Profit before tax</b>	<b>1,753</b>	<b>108</b>	<b>136</b>	<b>34</b>	<b>(36)</b>	<b>1,995</b>
<b>H1 2022</b>						
Core income	2,166	178	55	-	-	<b>2,399</b>
Trading income	-	-	116	-	-	<b>116</b>
<b>Total income</b>	<b>2,166</b>	<b>178</b>	<b>171</b>	<b>-</b>	<b>-</b>	<b>2,515</b>
Costs, core earnings	1,390	63	83	-	38	<b>1,574</b>
Impairment of loans and advances etc	(84)	-	-	-	-	<b>(84)</b>
<b>Core earnings</b>	<b>860</b>	<b>115</b>	<b>88</b>	<b>-</b>	<b>(38)</b>	<b>1,025</b>
Investment portfolio earnings	(1)	-	-	(90)	-	<b>(91)</b>
<b>Profit before non-recurring items</b>	<b>859</b>	<b>115</b>	<b>88</b>	<b>(90)</b>	<b>(38)</b>	<b>934</b>
Non-recurring items, net	25	-	-	-	-	<b>25</b>
<b>Profit before tax</b>	<b>884</b>	<b>115</b>	<b>88</b>	<b>(90)</b>	<b>(38)</b>	<b>959</b>

### Operating segments

The Group's segment statements are divided into the following business units: Banking, Asset Management, Sydbank Markets, Treasury and Other.

**Banking** serves all types of retail and corporate clients.

**Asset Management** primarily comprises the Bank's advisory-related income from customers and investment funds.

**Sydbank Markets** comprises trading income as well as a share of the income from customers with decentral affiliation calculated on the basis of the market price thereof. The share represents the payment by Banking for Sydbank Markets' facilities, including advisory services and administration.

**Treasury** comprises the Group's return on positions handled by Treasury, including liquidity allocation.

**Other** includes non-recurring items, costs to the Group Executive Management etc as well as return on strategic shareholdings that are not allocated to Banking or Sydbank Markets.

Inter-segment transactions are settled on an arm's length basis. Centrally incurred costs are allocated to the business units in accordance with their estimated proportionate share of overall activities.

Excess liquidity is settled primarily at short-term money market rates whereas other balances are settled on an arm's length basis.

## Segment Reporting etc

DKKkm	Sydbank Group							
	Core income	Trading income	Costs, core earnings	Impairment of loans/ advances etc	Core earnings	Investment portfolio earnings	Non-recurring items, net	Profit before tax
<b>Correlation between the Group's performance measures and the income statement according to IFRS</b>								
<b>H1 2023</b>								
Net interest and fee income	3,127	248			3,375	(158)		3,217
Market value adjustments	245	(62)		0	183	192		374
Other operating income	13				13			13
<b>Income</b>	<b>3,385</b>	<b>186</b>	<b>-</b>	<b>0</b>	<b>3,571</b>	<b>34</b>	<b>-</b>	<b>3,604</b>
Staff costs and administrative expenses			(1,521)		(1,521)	(4)	(26)	(1,550)
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment			(62)		(62)			(62)
Other operating expenses			(17)		(17)			(17)
Impairment of loans and advances etc				16	16			16
Profit/(Loss) on holdings in associates and subsidiaries	4				4			4
<b>Profit before tax</b>	<b>3,389</b>	<b>186</b>	<b>(1,600)</b>	<b>16</b>	<b>1,991</b>	<b>30</b>	<b>(26)</b>	<b>1,995</b>
<b>H1 2022</b>								
Net interest and fee income	2,199	137			2,336	(3)		2,333
Market value adjustments	186	(22)		3	167	(84)	52	135
Other operating income	12				12			12
<b>Income</b>	<b>2,397</b>	<b>116</b>	<b>-</b>	<b>3</b>	<b>2,516</b>	<b>(87)</b>	<b>52</b>	<b>2,480</b>
Staff costs and administrative expenses			(1,493)		(1,493)	(4)	(27)	(1,524)
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment			(66)		(66)			(66)
Other operating expenses			(14)		(14)			(14)
Impairment of loans and advances etc				81	81			81
Profit/(Loss) on holdings in associates and subsidiaries	2				2			2
<b>Profit before tax</b>	<b>2,399</b>	<b>116</b>	<b>(1,574)</b>	<b>84</b>	<b>1,025</b>	<b>(91)</b>	<b>25</b>	<b>959</b>

The Sydbank Group's internal reporting is not made on the basis of products and services. Reference is made to notes 2, 3 and 4 for the distribution of net interest income as well as fee income.



## Notes

### Note 1

#### Accounting policies

The interim report covers the period from 1 January to 30 June 2023 and is prepared in compliance with IAS 34 "Interim Financial Reporting" as adopted by the EU and in compliance with Danish disclosure requirements for interim reports of listed financial companies. As a result of the use of IAS 34, the presentation is less complete compared with the presentation of an annual report and the recognition and measurement principles are in compliance with IFRS.

The accounting policies are consistent with those adopted in the 2022 Annual Report, to which reference is made.

The 2022 Annual Report provides a comprehensive description of the accounting policies applied.

#### Accounting estimates and judgements

The measurement of certain assets and liabilities requires that management makes accounting estimates as to how future events will affect the value of such assets, liabilities, income and costs. Actual results may deviate from such estimates.

The significant estimates made by management in the use of the Group's accounting policies and the inherent considerable uncertainty of such estimates used in the preparation of the interim report are identical to those used in the preparation of the 2022 Annual Report.

Impairment of loans and advances and provisions for guarantees and undrawn credit commitments are made to take into account the expected losses on conclusion as well as any credit impairment after initial recognition. The determination of impairment charges for expected losses is subject to a number of estimates, including which loans and advances or portfolios of loans and advances are subject to credit impairment as well as calculation of expected losses.

Assessing the degree of credit impairment of exposures involves a number of estimates which may be subject to uncertainty.

To a large extent the determination of expected losses at exposure level is based on risk registrations, models and past experience but it also involves a number of estimates of risks and expected developments in the individual exposure, including the future ability to pay and the value of collateral which in particular comprises mortgages on property. During periods of uncertain economic trends or significant demographic or structural changes uncertainty is greater. This is reflected in the need for management adjustments that by their nature are subject to uncertainty.

The Group's models to calculate impairment of exposures in stages 1 and 2 include expectations as to economic developments. The outlook is based on estimates of the probability of different outcomes of economic growth.

The outlook results in a determination of the probability of the scenarios baseline, upturn and downturn. At 30 June 2023 the probability of the downturn scenario was fixed at 95%, which is unchanged compared with 31 December 2022.

Impairment of exposures in stage 3 and the weak part of stage 2 is based on individual assessments which include expectations of future changes in collateral value etc.

## Notes



### Note 1 - continued

In addition to the calculated impairment charges, management estimates whether there is a need for special impairment charges as regards exposed industries, customer segments or other elements that are estimated as having not yet been reflected in the Bank's registrations.

At 30 June 2023 the Group maintained its management estimate of DKK 500m to hedge macroeconomic uncertainty. The management estimate represents DKK 400m as regards corporate clients and DKK 100m as regards retail clients.

The management estimate as regards macroeconomic risks covers potential losses related to the negative effects of a high inflation rate as well as the risk of a recession etc.

The Group's significant risks and the external elements which may affect the Group are described in greater detail in the 2022 Annual Report.

## Notes

DKKm	Sydbank Group		Sydbank A/S	
	H1 2023	H1 2022	H1 2023	H1 2022
<b>Note 2</b>				
<b>Interest income calculated using the effective interest method</b>				
Amounts owed by credit institutions and central banks	367	3	367	3
Loans and advances and other amounts owed	1,876	867	1,880	870
Other interest income	3	0	3	0
Interest on amounts owed to credit institutions*	-	4	-	4
Interest on deposits*	-	265	-	265
<b>Total</b>	<b>2,246</b>	<b>1,139</b>	<b>2,250</b>	<b>1,142</b>
<b>Other interest income</b>				
Reverse transactions with credit institutions and central banks	36	-	36	-
Reverse loans and advances	130	-	130	-
Repo transactions with credit institutions and central banks and repo deposits*	-	14	-	14
Bonds	280	35	280	35
Total derivatives	61	117	61	117
comprising:				
Foreign exchange contracts	30	22	30	22
Interest rate contracts	31	95	31	95
<b>Total</b>	<b>507</b>	<b>166</b>	<b>507</b>	<b>166</b>
<b>Total interest income</b>	<b>2,753</b>	<b>1,305</b>	<b>2,757</b>	<b>1,308</b>
* Negative interest expense				
Fair value, designated at initial recognition	166	14	166	14
Fair value, held for trading	341	152	341	152
Assets recognised at amortised cost	2,246	1,139	2,250	1,142
<b>Total</b>	<b>2,753</b>	<b>1,305</b>	<b>2,757</b>	<b>1,308</b>

The Group's cash resources primarily comprise Danish mortgage bonds. The interest rate risk concerning these positions has been reduced via derivatives. As a result the Group's external income statement is affected in terms of interest income and the market value adjustment of bonds and derivatives. The same applies to the Group's position-taking as regards bonds as well as shares. The breakdown by income statement item does not disclose income independently and consequently these items must be regarded as one as they are in "Segment Reporting" as well as in the Group's financial review, which also takes funding of the positions into account.

## Notes

DKKm	Sydbank Group		Sydbank A/S	
	H1 2023	H1 2022	H1 2023	H1 2022

### Note 3

#### Interest expense

Repo transactions with credit institutions and central banks	37	0	37	0
Reverse transactions with credit institutions and central banks and reverse loans and advances*	0	52	0	52
Amounts owed to credit institutions and central banks	22	1	22	1
Repo deposits	18	0	18	0
Deposits and other debt	359	40	405	38
Bonds*	0	12	0	12
Bonds issued	168	56	168	56
Interest on amounts owed by credit institutions and central banks*	0	38	0	38
Subordinated capital	21	9	21	9
Other interest expense	1	2	1	2
<b>Total</b>	<b>626</b>	<b>210</b>	<b>672</b>	<b>208</b>

\* Negative interest income

Fair value, designated at initial recognition	55	52	55	52
Fair value, held for trading	0	12	0	12
Liabilities recognised at amortised cost	571	146	617	144
<b>Total</b>	<b>626</b>	<b>210</b>	<b>672</b>	<b>208</b>

### Note 4

#### Fee and commission income

Securities trading and custody accounts	387	443	326	379
Advisory fee, asset management	175	186	175	186
Payment services	175	164	175	164
Loan fees	104	135	104	135
Guarantee commission	89	89	89	89
Income concerning funded mortgage-like loans	(7)	45	(7)	45
Other fees and commission	275	312	275	312
<b>Total fee and commission income</b>	<b>1,198</b>	<b>1,374</b>	<b>1,137</b>	<b>1,310</b>
Fee expense, asset management	3	7	3	7
Other fee and commission expense	125	158	115	145
<b>Total fee and commission expense</b>	<b>128</b>	<b>165</b>	<b>118</b>	<b>152</b>
<b>Net fee and commission income</b>	<b>1,070</b>	<b>1,209</b>	<b>1,019</b>	<b>1,158</b>

Except for guarantee commission recognised according to IFRS 9, fee and commission income is recognised according to IFRS 15. The set-off of loss concerning arranged mortgage loans represented DKK 3m in H1 2023 (H1 2022: DKK 4m) and has been deducted from commission received which is included under other fees and commission.

## Notes

DKKm	Sydbank Group		Sydbank A/S	
	H1 2023	H1 2022	H1 2023	H1 2022

### Note 5

#### Market value adjustments

Other loans and advances and amounts owed at fair value	18	76	18	76
Bonds	133	(301)	133	(301)
Shares etc	116	47	127	16
Foreign exchange	135	114	135	113
Derivatives	(27)	199	(27)	199
Assets related to pooled plans	813	(2,855)	813	(2,855)
Deposits in pooled plans	(813)	2,855	(813)	2,855
Other assets/liabilities	(1)	0	(1)	0
<b>Total</b>	<b>374</b>	<b>135</b>	<b>385</b>	<b>103</b>

### Note 6

#### Staff costs and administrative expenses

Salaries and remuneration:				
Group Executive Management	10	14	10	14
Board of Directors	4	3	4	3
Shareholders' Committee	2	2	2	2
<b>Total</b>	<b>16</b>	<b>19</b>	<b>16</b>	<b>19</b>
Staff costs:				
Wages and salaries	741	709	719	689
Pensions	77	76	75	74
Social security contributions	4	9	4	8
Payroll tax	100	97	97	94
<b>Total</b>	<b>922</b>	<b>891</b>	<b>895</b>	<b>865</b>
Other administrative expenses:				
IT	386	401	382	396
Rent etc	45	41	51	47
Marketing and entertainment expenses	38	35	32	31
Other costs	143	137	144	140
<b>Total</b>	<b>612</b>	<b>614</b>	<b>609</b>	<b>614</b>
<b>Total</b>	<b>1,550</b>	<b>1,524</b>	<b>1,520</b>	<b>1,498</b>

### Note 7

#### Staff

Average number of staff (full-time equivalent)	2,082	2,078	2,014	2,011
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## Notes

DKKm	Sydbank Group		Sydbank A/S	
	H1 2023	H1 2022	H1 2023	H1 2022
<b>Note 8</b>				
<b>Other operating expenses</b>				
Contribution to the resolution fund	16	14	16	14
Other expenses	1	-	1	-
<b>Total</b>	<b>17</b>	<b>14</b>	<b>17</b>	<b>14</b>
<b>Note 9</b>				
<b>Impairment of loans and advances recognised in the income statement</b>				
Impairment and provisions	44	(19)	44	(19)
Write-offs	6	7	6	7
Recovered from debt previously written off	66	69	66	69
<b>Impairment of loans and advances etc</b>	<b>(16)</b>	<b>(81)</b>	<b>(16)</b>	<b>(81)</b>
<b>Impairment and provisions at end of period (allowance account)</b>				
Stage 1	128	334	128	334
Stage 2	674	589	674	589
Stage 3	666	704	889	859
Management estimates	500	325	500	325
<b>Impairment and provisions at end of period</b>	<b>1,968</b>	<b>1,952</b>	<b>2,191</b>	<b>2,107</b>
<b>Impairment and provisions</b>				
Impairment and provisions at 1 Jan	1,929	1,974	2,152	2,129
New impairment charges and provisions during the period, net	62	(6)	62	(6)
Impairment charges previously recorded, now finally written off	23	16	23	16
<b>Impairment and provisions at end of period</b>	<b>1,968</b>	<b>1,952</b>	<b>2,191</b>	<b>2,107</b>
Impairment charges for loans and advances	1,805	1,783	2,028	1,938
Provisions for undrawn credit commitments	62	47	62	47
Provisions for guarantees	101	122	101	122
<b>Impairment and provisions at end of period</b>	<b>1,968</b>	<b>1,952</b>	<b>2,191</b>	<b>2,107</b>

Losses recognised for the period constitute DKK 29m. As regards losses recognised for the period a legal claim of DKK 24m has been upheld. As regards losses recognised a legal claim of DKK 37m has been upheld at year-end 2022.

## Notes

DKKm	Loans/advances and guarantees		Impairment charges and provisions		Impairment of loans and advances etc for the period		Sydbank Group	
	30 Jun	31 Dec	30 Jun	31 Dec	H1	H1	Loss for the period	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Note 9 - continued</b>								
<b>Loans and advances and guarantees as well as impairment of loans and advances etc by industry</b>								
Building and construction	4,526	4,335	159	131	30	59	5	1
Energy supply	4,803	4,560	12	15	(3)	(3)	0	0
Real property	7,355	7,112	73	91	(20)	(2)	0	0
Finance and insurance	8,816	7,997	117	114	3	(21)	0	1
Trade	17,639	17,637	490	420	60	21	3	1
Hotels and restaurants	386	348	62	56	5	2	1	0
Manufacturing and extraction of raw materials	9,639	9,523	283	252	27	32	1	2
Information and communication	515	503	16	14	2	28	0	0
Agriculture, hunting, forestry and fisheries	3,639	3,597	209	238	(55)	(51)	11	1
Transportation	2,651	2,680	29	32	(2)	(5)	0	0
Other industries	10,493	10,935	153	148	2	(38)	3	0
<b>Total corporate</b>	<b>70,462</b>	<b>69,227</b>	<b>1,603</b>	<b>1,511</b>	<b>49</b>	<b>22</b>	<b>24</b>	<b>6</b>
Public authorities	25	74	-	-	-	-	-	-
Retail	21,433	22,321	365	418	(65)	(103)	5	17
<b>Total</b>	<b>91,920</b>	<b>91,622</b>	<b>1,968</b>	<b>1,929</b>	<b>(16)</b>	<b>(81)</b>	<b>29</b>	<b>23</b>
<b>Building and construction</b>								
Completion of building projects	614	480	3	4	(1)	(1)	0	0
Building and construction activities	2,036	1,856	116	88	31	60	5	0
Construction of buildings	1,075	1,491	38	36	2	5	0	1
Other building and construction	801	508	2	3	(2)	(5)	0	0
<b>Total</b>	<b>4,526</b>	<b>4,335</b>	<b>159</b>	<b>131</b>	<b>30</b>	<b>59</b>	<b>5</b>	<b>1</b>
<b>Real property</b>								
Non-profit housing associations	3,108	2,352	6	8	(2)	3	0	0
Leasing of commercial property	2,644	3,035	44	44	(2)	(18)	0	0
Leasing of residential property	663	524	9	6	3	2	0	0
Other real property	940	1,201	14	33	(19)	11	0	0
<b>Total</b>	<b>7,355</b>	<b>7,112</b>	<b>73</b>	<b>91</b>	<b>(20)</b>	<b>(2)</b>	<b>0</b>	<b>0</b>
<b>Finance and insurance</b>								
Holding companies	5,163	4,922	79	75	4	(9)	0	0
Financing companies	3,653	3,075	38	39	(1)	(12)	0	1
<b>Total</b>	<b>8,816</b>	<b>7,997</b>	<b>117</b>	<b>114</b>	<b>3</b>	<b>(21)</b>	<b>0</b>	<b>1</b>

## Notes

DKKm	Loans/advances and guarantees		Impairment charges and provisions		Impairment of loans and advances etc for the period		Sydbank Group Loss for the period	
	30 Jun	31 Dec	30 Jun	31 Dec	H1	H1	H1	H1
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Note 9 – continued</b>								
<b>Loans and advances and guarantees as well as impairment of loans and advances etc by industry</b>								
<b>Trade</b>								
Retail	1,901	1,539	39	37	2	(2)	1	1
Retail trade of passenger cars and motorcycles	3,061	2,900	76	61	14	3	0	0
Wholesale, other machinery	1,647	1,403	26	25	0	(8)	0	0
Wholesale, food, beverages and tobacco	2,006	1,906	42	28	14	5	0	0
Wholesale, household durables	3,987	3,818	221	200	17	15	2	0
Wholesale, agricultural raw materials and live animals	1,211	1,612	8	10	(2)	17	0	0
Other specialised wholesale	2,610	2,958	52	33	14	(10)	0	0
Other trade	1,216	1,501	26	26	1	1	0	0
<b>Total</b>	<b>17,639</b>	<b>17,637</b>	<b>490</b>	<b>420</b>	<b>60</b>	<b>21</b>	<b>3</b>	<b>1</b>
<b>Manufacturing and extraction of raw materials</b>								
Extraction of raw materials	230	311	3	4	(1)	1	0	0
Manufacture of textiles and clothing	1,042	1,084	8	9	(1)	2	0	0
Manufacture and repair of machinery and equipment	1,689	1,501	34	33	2	29	0	0
Manufacture of food products	2,257	2,396	61	54	5	17	1	0
Iron and steel industry, excl machinery and equipment	1,391	1,332	96	91	5	(21)	0	0
Other manufacturing	3,030	2,899	81	61	17	4	0	2
<b>Total</b>	<b>9,639</b>	<b>9,523</b>	<b>283</b>	<b>252</b>	<b>27</b>	<b>32</b>	<b>1</b>	<b>2</b>
<b>Agriculture, hunting, forestry and fisheries</b>								
Pig farming	372	374	31	40	(11)	5	0	0
Cattle farming	1,208	1,273	65	69	(23)	(14)	0	1
Crop production	968	948	40	63	(38)	(45)	1	0
Other agriculture	1,091	1,002	73	66	17	3	10	0
<b>Total</b>	<b>3,639</b>	<b>3,597</b>	<b>209</b>	<b>238</b>	<b>(55)</b>	<b>(51)</b>	<b>11</b>	<b>1</b>
<b>Transportation</b>								
Freight transport by road	1,099	1,063	20	24	(3)	0	0	0
Water transport	459	481	0	0	0	(1)	0	0
Air transport	278	257	3	2	0	(1)	0	0
Other transportation	815	879	6	6	1	(3)	0	0
<b>Total</b>	<b>2,651</b>	<b>2,680</b>	<b>29</b>	<b>32</b>	<b>(2)</b>	<b>(5)</b>	<b>0</b>	<b>0</b>
<b>Other industries</b>								
Rental and leasing activities	4,148	3,805	22	22	0	(2)	0	0
Activities of head offices	1,782	2,181	17	15	1	(7)	0	0
Liberal professions	1,599	1,731	40	35	5	(5)	2	0
Other industries	2,964	3,218	74	76	(4)	(24)	1	0
<b>Total</b>	<b>10,493</b>	<b>10,935</b>	<b>153</b>	<b>148</b>	<b>2</b>	<b>(38)</b>	<b>3</b>	<b>0</b>



## Notes

DKKkm	Sydbank Group		Sydbank A/S	
	H1 2023	H1 2022	H1 2023	H1 2022

### Note 10

#### Profit/(Loss) on holdings in associates and subsidiaries

Profit/(Loss) on holdings in associates etc	4	2	4	2
Profit/(Loss) on holdings in subsidiaries etc	-	-	55	11
<b>Total</b>	<b>4</b>	<b>2</b>	<b>59</b>	<b>13</b>

### Note 11

#### Effective tax rate

Current tax rate of Sydbank	25.2	22.0	25.2	22.0
Permanent differences	0.1	0.0	0.0	0.0
Adjustment of prior year tax charges	(0.1)	0.0	(0.1)	0.0
<b>Effective tax rate</b>	<b>25.2</b>	<b>22.0</b>	<b>25.1</b>	<b>22.0</b>

DKKkm	Sydbank Group		Sydbank A/S	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022

### Note 12

#### Amounts owed by credit institutions and central banks

Amounts owed at notice by central banks	14,834	18,591	14,834	18,591
Amounts owed by credit institutions	6,005	3,368	6,005	3,368
<b>Total</b>	<b>20,839</b>	<b>21,959</b>	<b>20,839</b>	<b>21,959</b>
Of which reverse transactions	4,344	2,891	4,344	2,891

## Notes

DKKm	Sydbank Group					
	Stage 1	Stage 2	Stage 3	Credit impaired at initial recognition	30 Jun 2023 Total	31 Dec 2022 Total
<b>Note 13</b>						
<b>Loans and advances, guarantees and allowance account by stage</b>						
Loans and advances before impairment charges	67,538	7,557	1,193	125	76,413	75,673
Guarantees	14,511	816	180		15,507	15,949
<b>Total loans and advances and guarantees</b>	<b>82,049</b>	<b>8,373</b>	<b>1,373</b>	<b>125</b>	<b>91,920</b>	<b>91,622</b>
%	89.3	9.1	1.5	0.1	100.0	100.0
Impairment of loans and advances	368	729	708		1,805	1,740
Provisions for undrawn credit commitments	19	32	11		62	73
Provisions for guarantees	8	38	55		101	116
<b>Total allowance account</b>	<b>395</b>	<b>799</b>	<b>774</b>	<b>-</b>	<b>1,968</b>	<b>1,929</b>
Allowance account at 1 Jan	400	757	772		1,929	1,974
New impairment charges and provisions during the period, net	(8)	45	25		62	(16)
Impairment charges previously recorded, now finally written off			23		23	29
<b>Total allowance account at end of period</b>	<b>392</b>	<b>802</b>	<b>774</b>	<b>-</b>	<b>1,968</b>	<b>1,929</b>
Impairment charges as % of loans and advances	0.5	9.6	59.3		2.4	2.3
Provisions as % of guarantees	0.1	4.7	30.6		0.7	0.7
Allowance account as % of loans and advances and guarantees	0.5	9.5	56.4		2.1	2.1
Loans and advances before impairment charges	67,538	7,557	1,193	125	76,413	75,673
Impairment charges for loans and advances	368	729	708		1,805	1,740
<b>Loans and advances after impairment charges</b>	<b>67,170</b>	<b>6,828</b>	<b>485</b>	<b>125</b>	<b>74,608</b>	<b>73,933</b>
%	90.0	9.2	0.6	0.2	100.0	100.0

## Notes

DKKm						Sydbank Group	
	Stage 1	Stage 2	Stage 3	Credit impaired at initial recognition	30 Jun 2023 Total	31 Dec 2022 Total	
<b>Note 13 – continued</b>							
<b>Loans and advances before impairment charges</b>							
<b>Rating category</b>							
1	11,045				11,045	10,094	
2	22,821				22,821	22,419	
3	10,504	9			10,513	10,858	
4	15,522	963			16,485	17,366	
5	5,500	1,784			7,284	6,219	
6	795	1,008			1,803	2,115	
7	132	1,704			1,836	1,695	
8	9	521			530	505	
9		1,566			1,566	1,384	
Default			1,193		1,193	1,186	
NR/STD	1,210	2		125	1,337	1,832	
<b>Total</b>	<b>67,538</b>	<b>7,557</b>	<b>1,193</b>	<b>125</b>	<b>76,413</b>	<b>75,673</b>	
<b>Impairment of loans and advances</b>							
<b>Rating category</b>							
1	2				2	1	
2	17				17	17	
3	79				79	80	
4	95	17			112	110	
5	83	42			125	133	
6	62	39			101	102	
7	17	95			112	104	
8	1	53			54	45	
9		483			483	445	
Default			708		708	649	
NR/STD	12				12	54	
<b>Total</b>	<b>368</b>	<b>729</b>	<b>708</b>		<b>1,805</b>	<b>1,740</b>	
<b>Loans and advances after impairment charges</b>							
<b>Rating category</b>							
1	11,043				11,043	10,093	
2	22,804				22,804	22,402	
3	10,425	9			10,434	10,778	
4	15,427	946			16,373	17,256	
5	5,417	1,742			7,159	6,086	
6	733	969			1,702	2,013	
7	115	1,609			1,724	1,591	
8	8	468			476	460	
9		1,083			1,083	939	
Default			485		485	537	
NR/STD	1,198	2		125	1,325	1,778	
<b>Total</b>	<b>67,170</b>	<b>6,828</b>	<b>485</b>	<b>125</b>	<b>74,608</b>	<b>73,933</b>	

## Notes

DKKm	Sydbank Group					
	Stage 1	Stage 2	Stage 3	Credit Impaired at initial recognition	30 Jun 2023 Total	31 Dec 2022 Total
<b>Note 13 – continued</b>						
<b>Loans and advances before impairment charges</b>						
<b>1 Jan</b>	<b>67,502</b>	<b>6,844</b>	<b>1,186</b>	<b>141</b>	<b>75,673</b>	<b>68,871</b>
<b>Transfers between stages</b>						
Transferred to stage 1	1,564	(1,547)	(17)		-	-
Transferred to stage 2	(3,024)	3,105	(81)		-	-
Transferred to stage 3	(95)	(137)	232		-	-
New exposures	8,651	501	72		9,224	19,126
Redeemed exposures	(6,774)	(678)	(149)		(7,601)	(12,758)
Changes in balances	(286)	(531)	(21)	(16)	(854)	480
Write-offs			(29)		(29)	(46)
<b>End of period</b>	<b>67,538</b>	<b>7,557</b>	<b>1,193</b>	<b>125</b>	<b>76,413</b>	<b>75,673</b>
<b>Impairment of loans and advances</b>						
<b>1 Jan</b>	<b>371</b>	<b>693</b>	<b>676</b>	<b>-</b>	<b>1,740</b>	<b>1,830</b>
<b>Transfers between stages</b>						
Transferred to stage 1	79	(79)			-	-
Transferred to stage 2	(43)	81	(38)		-	-
Transferred to stage 3	(1)	(35)	36		-	-
New exposures	58	34	30		122	276
Redeemed exposures	(31)	(60)	(54)		(145)	(530)
Changes in balances	(65)	95	81		111	193
Write-offs			(23)		(23)	(29)
<b>End of period</b>	<b>368</b>	<b>729</b>	<b>708</b>	<b>-</b>	<b>1,805</b>	<b>1,740</b>
<b>Loans and advances after impairment charges</b>						
<b>1 Jan</b>	<b>67,131</b>	<b>6,151</b>	<b>510</b>	<b>141</b>	<b>73,933</b>	<b>67,041</b>
<b>Transfers between stages</b>						
Transferred to stage 1	1,485	(1,468)	(17)		-	-
Transferred to stage 2	(2,981)	3,024	(43)		-	-
Transferred to stage 3	(94)	(102)	196		-	-
New exposures	8,593	467	42		9,102	18,850
Redeemed exposures	(6,743)	(618)	(95)		(7,456)	(12,228)
Changes in balances	(221)	(626)	(102)	(16)	(965)	287
Write-offs			(6)		(6)	(17)
<b>End of period</b>	<b>67,170</b>	<b>6,828</b>	<b>485</b>	<b>125</b>	<b>74,608</b>	<b>73,933</b>

## Notes

DKKm	Sydbank Group		Sydbank A/S	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
<b>Note 14</b>				
<b>Other assets</b>				
Positive market value of derivatives etc	6,348	6,397	6,348	6,397
Sundry debtors	728	740	324	340
Interest and commission receivable	301	195	301	195
Cash collateral provided, CSA agreements	728	807	728	807
Other assets	2	0	2	0
<b>Total</b>	<b>8,107</b>	<b>8,139</b>	<b>7,703</b>	<b>7,739</b>
<b>Note 15</b>				
<b>Amounts owed to credit institutions and central banks</b>				
Amounts owed to central banks	7	10	7	10
Amounts owed to credit institutions	7,128	5,473	7,128	5,473
<b>Total</b>	<b>7,135</b>	<b>5,483</b>	<b>7,135</b>	<b>5,483</b>
Of which repo transactions	4,076	2,868	4,076	2,868
<b>Note 16</b>				
<b>Deposits and other debt</b>				
On demand	86,496	95,777	88,618	97,913
At notice	94	2,318	94	2,318
Time deposits	11,765	4,722	11,765	4,722
Special categories of deposits	4,346	4,684	4,346	4,684
<b>Total</b>	<b>102,701</b>	<b>107,501</b>	<b>104,823</b>	<b>109,637</b>
Of which repo transactions	1,216	1,106	1,216	1,106
<b>Note 17</b>				
<b>Other liabilities</b>				
Negative market value of derivatives etc	6,019	6,147	6,019	6,147
Sundry creditors	5,517	5,381	5,471	5,277
Negative portfolio, reverse transactions	6,252	4,721	6,252	4,721
Lease liability	94	103	94	103
Interest and commission etc	336	190	336	190
Cash collateral received, CSA agreements	583	638	583	638
<b>Total</b>	<b>18,801</b>	<b>17,180</b>	<b>18,755</b>	<b>17,076</b>

## Notes

DKKm	Sydbank Group		Sydbank A/S	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
<b>Note 18</b>				
<b>Provisions</b>				
Provisions for pensions and similar obligations	2	2	2	2
Provisions for deferred tax	4	4	3	3
Provisions for guarantees	101	116	101	116
Other provisions	66	75	65	74
<b>Total</b>	<b>173</b>	<b>197</b>	<b>171</b>	<b>195</b>

### Note 19

#### Subordinated capital

Interest rate	Note		Nominal (m)	Maturity				
5.100 (floating)	1)	Bond loan	EUR 75	2 Nov 2029	558	557	558	557
3.259 (floating)	2)	Bond loan	EUR 75	Perpetual	559	558	559	558
Total T2 capital					1,117	1,115	1,117	1,115
<b>Total subordinated capital</b>					<b>1,117</b>	<b>1,115</b>	<b>1,117</b>	<b>1,115</b>
1) Optional redemption from 2 November 2024 after which the interest rate will be fixed at 1.85% above 3M EURIBOR.								
2) The interest rate follows the 10Y Mid-Swap plus a margin of 0.2%. Is not included in total capital.								
Costs relating to the raising and redemption of subordinated capital					0	0	0	0

### Note 20

#### Contingent liabilities and other obligating agreements

##### Contingent liabilities

Financial guarantees	6,339	6,117	6,339	6,117
Mortgage finance guarantees	3,438	3,890	3,438	3,890
Funded mortgage-like loan guarantees	757	804	757	804
Registration and remortgaging guarantees	3,212	3,451	3,212	3,451
Other contingent liabilities	1,761	1,687	1,761	1,687
<b>Total</b>	<b>15,507</b>	<b>15,949</b>	<b>15,507</b>	<b>15,949</b>

##### Other obligating agreements

Irrevocable credit commitments	1,697	1,722	1,697	1,722
Other liabilities	8	6	57	60
<b>Total</b>	<b>1,705</b>	<b>1,728</b>	<b>1,754</b>	<b>1,782</b>

\* Of which intra-group liabilities in relation to rented premises - - 49 54

## Notes

DKK m	Sydbank Group		Sydbank A/S	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022

### Note 20 – continued

Totalkredit loans arranged for by Sydbank are comprised by an agreed right of set-off against future current commission which Totalkredit may invoke in the event of losses on the loans arranged.

Sydbank does not expect that this set-off will have a significant impact on Sydbank's financial position.

As a result of the Bank's membership of Bankdata, the Bank is obligated to pay an exit charge in the event of exit.

As a result of the statutory participation in the deposit guarantee scheme, the industry paid an annual contribution of 2.5‰ of covered net deposits until the Banking Department's capital exceeded 1% of total covered net deposits, which was reached at year-end 2015. The Banking Department will cover the direct losses in connection with the winding-up of distressed financial institutions under Bank Package III and Bank Package IV which are attributable to covered net deposits. Any losses as a result of the final winding-up will be covered by the Guarantee Fund via the Winding-up and Restructuring Department as regards which Sydbank is currently liable for 6.1% of any losses.

As a result of the statutory participation in the resolution financing arrangement (the resolution fund), credit institutions pay an annual contribution over a 10-year period to reach a target funding level totalling 1% of covered deposits. Credit institutions must make contributions to the fund according to their relative size and risk in Denmark. In the period from 2015 to 2022 Sydbank has contributed DKK 162m and expects that contributions will total approximately DKK 220m over the 10-year period.

The Group is party to legal actions. These legal actions are under continuous review and the necessary provisions made are based on an assessment of the risk of loss. Pending legal actions are not expected to have any significant effect on the financial position of the Group.

### Note 21

#### Collateral

At 30 June 2023 the Group had deposited as collateral securities at a market value of DKK 145m with Danish and foreign exchanges and clearing centres etc in connection with margin calls and securities settlements etc. In addition the Group has provided cash collateral of DKK 728m and deposited as collateral securities at a market value of DKK 14m in connection with CSA agreements.

In connection with repo transactions, which involve selling securities to be repurchased at a later date, the securities remain on the balance sheet and consideration received is recognised as a debt. Repo transaction securities are treated as assets provided as collateral for liabilities. Counterparties are entitled to sell the securities or deposit them as collateral for other loans.

In connection with reverse transactions, which involve purchasing securities to be resold at a later date, the Group is entitled to sell the securities or deposit them as collateral for other loans. The securities are not recognised in the balance sheet and consideration paid is recognised as a receivable.

Assets received as collateral in connection with reverse transactions may be sold to a third party. In such cases a negative portfolio may arise as a result of the accounting rules. This is recognised under "Other liabilities".

#### Assets sold as part of repo transactions

Bonds at fair value	5,246	3,961	5,246	3,961
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#### Assets purchased as part of reverse transactions

Bonds at fair value	14,084	13,340	14,084	13,340
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## Notes

DKKkm	H1	H1	Sydbank Group	
	2023	2022	Index	31 Dec
			23/22	2022

### Note 22

#### Related parties

Sydbank is the bank of a number of related parties. Transactions with related parties are settled on an arm's length basis.

No unusual transactions took place with related parties in 1H 2023. Reference is made to the Group's 2022 Annual Report for a more detailed description of related party transactions.

### Note 23

#### Reporting events occurring after the balance sheet date

No matters of significant impact on the financial position of the Sydbank Group have occurred after the expiry of H1.

### Note 24

#### Large shareholders

Dimensional Holdings Inc., USA, and Nykredit Realkredit A/S own more than 5% of Sydbank's share capital.

### Note 25

#### Core income

Net interest etc	2,102	1,007	209	2,461
Mortgage credit*	268	358	75	660
Payment services	122	109	112	237
Remortgaging and loan fees	93	120	78	239
Commission and brokerage	242	241	100	478
Commission etc investment funds and pooled pension plans	152	162	94	319
Asset management	172	179	96	351
Custody account fees	48	65	74	113
Other operating income	190	158	120	336
<b>Total</b>	<b>3,389</b>	<b>2,399</b>	<b>141</b>	<b>5,194</b>

#### \* Mortgage credit

Totalkredit cooperation	203	291	70	541
Totalkredit, set-off of loss	3	4	75	8
Totalkredit cooperation, net	200	287	70	533
DLR Kredit	67	70	96	125
Other mortgage credit income	1	1	100	2
<b>Total</b>	<b>268</b>	<b>358</b>	<b>75</b>	<b>660</b>



## Notes

DKKm	FVPL	Fair value option	FVOCI	Sydbank Group 30 Jun 2023	
				Total fair value	Amortised cost
<b>Note 26</b>					
<b>Fair value disclosure</b>					
Financial instruments are included in the balance sheet either at fair value or at amortised cost. The table below breaks down financial instruments by valuation technique.					
<b>Financial assets</b>					
Cash and balances on demand at central banks				-	8,543
Amounts owed by credit institutions and central banks	4,344			4,344	16,495
Loans and advances at fair value	9,741			9,741	-
Loans and advances at amortised cost				-	74,608
Bonds at fair value	12,112	18,769		30,881	-
Shares etc	130	2,275	509	2,914	-
Assets related to pooled plans		21,674		21,674	-
Land and buildings			1,214	1,214	-
Other assets	6,414	122		6,536	1,571
<b>Total</b>	<b>32,741</b>	<b>42,840</b>	<b>1,723</b>	<b>77,304</b>	<b>101,217</b>
Undrawn credit commitments				-	58,844
<b>Maximum credit risk, collateral not considered</b>	<b>32,741</b>	<b>42,840</b>	<b>1,723</b>	<b>77,304</b>	<b>160,061</b>
<b>Financial liabilities</b>					
Amounts owed to credit institutions and central banks	4,076			4,076	3,059
Deposits and other debt	1,216			1,216	101,485
Deposits in pooled plans		21,674		21,674	-
Bonds issued at amortised cost				-	13,170
Other liabilities	12,273			12,273	916
Subordinated capital				-	1,117
<b>Total</b>	<b>17,565</b>	<b>21,674</b>	<b>-</b>	<b>39,239</b>	<b>119,747</b>

## Notes

DKKm	FVPL	Fair value option	FVOCI	Sydbank Group	
				Total fair value	31 Dec 2022 Amortised cost
<b>Note 26 – continued</b>					
<b>Financial assets</b>					
Cash and balances on demand at central banks				-	8,134
Amounts owed by credit institutions and central banks	2,891			2,891	19,068
Loans and advances at fair value	10,490			10,490	-
Loans and advances at amortised cost				-	73,933
Bonds at fair value	11,286	19,267		30,553	-
Shares etc	159	2,414	491	3,064	-
Assets related to pooled plans		20,597		20,597	-
Land and buildings			1,228	1,228	-
Other assets	6,435	61		6,496	1,643
<b>Total</b>	<b>31,261</b>	<b>42,339</b>	<b>1,719</b>	<b>75,319</b>	<b>102,778</b>
Undrawn credit commitments				-	55,469
<b>Maximum credit risk, collateral not considered</b>	<b>31,261</b>	<b>42,339</b>	<b>1,719</b>	<b>75,319</b>	<b>158,247</b>
<b>Financial liabilities</b>					
Amounts owed to credit institutions and central banks	2,868			2,868	2,615
Deposits and other debt	1,106			1,106	106,395
Deposits in pooled plans		20,597		20,597	-
Bonds issued at amortised cost				-	13,242
Other liabilities	10,868			10,868	724
Subordinated capital				-	1,115
<b>Total</b>	<b>14,842</b>	<b>20,597</b>	<b>-</b>	<b>35,439</b>	<b>124,091</b>

To take into account changes in credit risk concerning derivatives with positive fair value, an adjustment is made – CVA. CVA is a function of the risk of counterparty default (PD), the expected positive exposure and the loss ratio in the event of default. PD is determined on the basis of the Group's credit models – default probability in 12 months. PD beyond 12 months is adjusted on the basis of market data of exposures with a similar PD level. At 30 June 2023 CVA constituted DKK 16m compared to DKK 16m at year-end 2022.

Client margins recognised in connection with derivatives are amortised over the life of the transaction. At 30 June 2023 client margins not yet recognised as income totalled DKK 1.3m compared to DKK 14m at year-end 2022.

### Financial instruments recognised at fair value

Measurement of financial instruments is based on quoted prices from an active market, on generally accepted valuation models with observable market data or on available data that only to a limited extent is observable market data.

Measurement of financial instruments for which prices are quoted in an active market or which is based on generally accepted valuation models with observable market data is not subject to significant estimates.

As regards financial instruments where measurement is based on available data that only to a limited extent is observable market data, measurement is subject to estimates. Such financial instruments appear from the column unobservable inputs below and include primarily unlisted shares, including shares in DLR Kredit A/S.

The fair value of unlisted shares and other holdings is calculated on the basis of available information on trades etc – including to a very significant extent on shareholders' agreements based on book value. To an insignificant extent fair value is calculated on the basis of expected cash flows.

A 10% change in the calculated market value of financial assets measured on the basis of unobservable inputs will affect profit before tax by DKK 345m (31 December 2022: DKK 361m).

## Notes

DKKm	Quoted prices	Observ-able inputs	Unobserv-able inputs	Sydbank Group	
				Total fair total	Carrying amount
<b>Note 26 – continued</b>					
<b>30 Jun 2023</b>					
<b>Financial assets</b>					
Amounts owed by credit institutions and central banks		4,344		4,344	4,344
Loans and advances at fair value		9,741		9,741	9,741
Bonds at fair value		30,881		30,881	30,881
Shares etc	645	30	2,239	2,914	2,914
Assets related to pooled plans	15,196	6,478		21,674	21,674
Land and buildings			1,214	1,214	1,214
Other assets	371	6,165		6,536	6,536
<b>Total</b>	<b>16,212</b>	<b>57,639</b>	<b>3,453</b>	<b>77,304</b>	<b>77,304</b>
<b>Financial liabilities</b>					
Amounts owed to credit institutions and central banks		4,076		4,076	4,076
Deposits and other debt		1,216		1,216	1,216
Deposits in pooled plans		21,674		21,674	21,674
Other liabilities	237	12,036		12,273	12,273
<b>Total</b>	<b>237</b>	<b>39,002</b>		<b>39,239</b>	<b>39,239</b>
<b>31 Dec 2022</b>					
<b>Financial assets</b>					
Amounts owed by credit institutions and central banks		2,891		2,891	2,891
Loans and advances at fair value		10,490		10,490	10,490
Bonds at fair value		30,553		30,553	30,553
Shares etc	626	56	2,382	3,064	3,064
Assets related to pooled plans	13,532	7,065		20,597	20,597
Land and buildings			1,228	1,228	1,228
Other assets	383	6,113		6,496	6,496
<b>Total</b>	<b>14,541</b>	<b>57,168</b>	<b>3,610</b>	<b>75,319</b>	<b>75,319</b>
<b>Financial liabilities</b>					
Amounts owed to credit institutions and central banks		2,868		2,868	2,868
Deposits and other debt		1,106		1,106	1,106
Deposits in pooled plans		20,597		20,597	20,597
Other liabilities	301	10,567		10,868	10,868
<b>Total</b>	<b>301</b>	<b>35,138</b>		<b>35,439</b>	<b>35,439</b>

DKKm	30 Jun 2023	31 Dec 2022	30 Jun 2022
<b>Assets measured on the basis of unobservable inputs</b>			
Carrying amount at 1 Jan	2,382	2,183	2,183
Additions	2	156	6
Disposals	239	68	63
Market value adjustment	94	111	49
<b>Carrying amount at end of period</b>	<b>2,239</b>	<b>2,382</b>	<b>2,175</b>
<b>Recognised in profit for the period</b>			
Dividend	18	22	21
Market value adjustment	94	111	49
<b>Total</b>	<b>112</b>	<b>133</b>	<b>70</b>

## Notes

DKKm	Sydbank Group		Sydbank A/S	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022

### Note 27

#### Leverage ratio

##### Leverage ratio exposures

Total assets	179,286	179,318	181,324	181,309
Of which pooled assets	(21,674)	(20,597)	(21,674)	(20,597)
Correction derivatives etc	2,359	968	2,359	968
Guarantees etc	15,507	15,949	15,507	15,949
Undrawn credit commitments etc	11,763	11,733	11,766	11,748
Other adjustments	(1,975)	(2,280)	(1,970)	(2,273)
<b>Total</b>	<b>185,266</b>	<b>185,091</b>	<b>187,312</b>	<b>187,104</b>
T1 capital – current (transitional rules)	12,096	11,227	12,096	11,227
T1 capital – fully loaded	12,096	11,185	12,096	11,185
Leverage ratio (%) – current (transitional rules)	6.5	6.1	6.5	6.0
Leverage ratio (%) – fully loaded	6.5	6.0	6.5	6.0

30 Jun 2023	Activity	Share capital (DKKm)	Equity (DKKm)	Profit/(Loss) (DKKm)	Sydbank Group Ownership share (%)
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### Note 28

#### Group holdings and enterprises

Sydbank A/S		DKK	565			
<b>Consolidated subsidiaries</b>						
Ejendomsselskabet af 1. juni 1986 A/S, Aabenraa	Real property	DKK	11	32	2	100
Syd Administration A/S, Aabenraa	Invt & admin.	DKK	300	2,070	48	100
Syd Fund Management A/S, Aabenraa	Administration	DKK	100	108	8	67
<b>Held for sale</b>						
Green Team Group A/S, Sønder Omme*	Wholesale	DKK	101	4	(24)	100
<b>Holdings in associates</b>						
Foreningen Bankdata, Fredericia*	IT	DKK	472	461	10	34
Komplementarselskabet Core Property Management A/S, Copenhagen*	Real property	DKK	1	1	0	20
Core Property Management P/S, Copenhagen*	Real property	DKK	5	50	36	20

\* Financial information according to the companies' most recently published annual reports.

## Management Statement

We have reviewed and approved the Interim Report – First Half 2023 of Sydbank A/S.

The consolidated interim financial statements are prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU. Furthermore the consolidated financial statements are prepared in compliance with Danish disclosure requirements for listed financial companies.

The Interim Report has not been audited or reviewed. However the Bank’s external auditor has conducted a verification of profit for the period, including audit procedures consistent with the requirements as regards a review and has thus verified that the conditions for ongoing recognition of profit for the period in CET1 capital were met.

In our opinion the interim financial statements give a true and fair view of the Group’s assets, equity and liabilities and financial position at 30 June 2023 and of the results of the Group’s operations and consolidated cash flows for the period 1 January – 30 June 2023.

Moreover it is our opinion that the management’s review includes a fair review of the developments in the Group’s operations and financial position as well as a description of the most significant risks and elements of uncertainty which may affect the Group.

Aabenraa, 23 August 2023

### Group Executive Management

Karen Frøsig  
CEO

Bjarne Larsen

Jørn Adam Møller

### Board of Directors

Lars Mikkelsen-Jensen  
Chairman

Jacob Chr. Nielsen  
Vice-Chairman

Carsten Andersen

Henrik Hoffmann

Søren Holm

Janne Moltke-Leth

Ellen Trane Nørby

Jarl Oxlund

Gitte Poulsen

Susanne Schou

Jon Stefansson

Jørn Krogh Sørensen

Pia Wrang

## Supplementary Information

### Financial calendar

In 2023 the Group's preliminary announcement of financial statements will be released as follows:

- Interim Report - Q1-Q3 2023  
1 November 2023
- Announcement of the 2023 Financial Statements  
28 February 2024
- Annual General Meeting 2024  
21 March 2024
- Interim Report - Q1 2024  
1 May 2024
- Interim Report - First Half 2024  
21 August 2024
- Interim Report - Q1-Q3 2024  
30 October 2024

### Sydbank contacts

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CVR No DK 12626509

### Relevant links

[sydbank.dk](https://sydbank.dk)  
[sydbank.com](https://sydbank.com)

For further information reference is made to Sydbank's 2022 Annual Report at [sydbank.com](https://sydbank.com)