

## Sydbank's 2024 Annual Report

### Highly satisfactory profit thanks to all-time high core income

Core income has risen to a new all-time high level of DKK 7,227m from the record-level of DKK 7,071m in 2023. The increase is mainly attributable to a rise in income from asset management due to a significant increase in capital under management.

The Sydbank Group's 2024 financial statements show a profit before tax of DKK 3,645m compared to DKK 4,281m in 2023. The decrease of DKK 636m is primarily attributable to impairment charges, which are DKK 622m higher in 2024 than in 2023. Profit before tax equals a return on equity of 24.6%.

Profit for the year is DKK 2,762m against DKK 3,342m in 2023, equal to a return on average equity after tax of 18.6%. At the beginning of 2024 profit after tax was projected to be in the range of DKK 2,500-2,900m.

CEO Mark Luscombe comments on the profit:

- It is positive that in 2024, due to a rise in core income, we succeeded in maintaining a profit before impairment charges at the record-high level that we achieved in 2023. Impairment charges represent an expense of DKK 595m, of which DKK 446m can be attributed to the restructuring of Better Energy. Profit after tax is in the upper end of the expectations for profit for the year announced in January 2024.

Mark Luscombe comments on developments in core income:

- Since June 2024 the Danish central bank has cut its key rates by 1pp and the effect is visible in net interest income, which is reduced by DKK 79m from the record-high level in 2023. The drop has occurred despite an increase in bank lending of DKK 8bn, equal to 11%. Other core income has gone up by DKK 235m, lifting total core income to a new all-time high. This is supported by strong business momentum and a high level of customer activity within savings and investments. I would like to thank all our employees for their hard work and contribution to this strong result and express my gratitude to our customers and shareholders for their continued support.

Board chairman Lars Mikkjelgaard-Jensen comments:

- It is gratifying to note that, following the resignation of Karen Frøsig in mid-2024, the Bank under the management of Mark Luscombe has succeeded in continuing the very positive development under Karen Frøsig's management. This has also been made possible by a well-planned handover focusing completely on the change of CEO not having any impact on Sydbank's activities. We saw a very satisfactory trend in the Bank's business in 2024 and the very high earnings and the Bank's strong capital base allow us to distribute DKK 2,727m, equal to 99% of profit for 2024. 50% of profit will be distributed as dividend and the remaining share will be distributed via a new share buyback programme of DKK 1,350m. Following the dividend payout the Bank will continue to be well capitalised.

### Outlook 2025

Moderate growth is projected for the Danish economy. Profit after tax is expected to be in the range of DKK 2,200-2,600m.

The profit forecast assumes that the Danish central bank will lower the interest rate by 1pp in 2025.

The outlook is subject to uncertainty and depends on financial market developments and macroeconomic factors which may affect eg the level of impairment charges.

## **2024 highlights**

- A 2% increase in core income
- A rise in costs (core earnings) of 6%
- Impairment charges for loans and advances: an expense of DKK 595m
- A drop in profit for the year of DKK 580m to DKK 2,762m
- An 11% rise in bank loans and advances to DKK 82.5bn
- Deposits of DKK 116.7bn
- A capital ratio of 21.4%, including a CET1 ratio of 17.8%
- A proposed dividend of DKK 26.88 per share
- New share buyback programme of DKK 1,350m

## **Additional information**

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