

Interim Report – 9M 2022

Significantly higher net interest income

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Highlights 9M 2022

Significantly higher net interest income

Profit

Profit of DKK 1,187m – **ROE of 12.5%** p.a. after tax

Core income

Core income of DKK 3,690m in 9M 2022 – **up by 13%** compared with 9M 2021

Trading income

Trading income of **DKK 177m** in 9M 2022 – of which DKK 61m in Q3 2022

Costs

Costs (core earnings) in 9M 2022 – **down by 4%** compared with 9M 2021

Impairment charges

Impairment charges (loans and advances): an **income of DKK 87m** in 9M 2022 – of which DKK 3m in Q3 2022

Bank loans

DKK 8.1bn increase in bank loans to DKK 75.1bn in 9M 2022 – of which DKK 0.9bn in Q3 2022

CET1 ratio

CET1 ratio of 17.2% – up by 0.6pp in Q3 2022

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Core income – growth of 13%

DKKm	9M 2022	9M 2021	Index	Q3 2022	Q2 2022	Index
Net interest income etc	1,625	1,306	124	618	515	120
Mortgage credit	517	522	99	159	175	91
Payment services	175	151	116	66	58	114
Remortgaging and loan fees	180	129	140	60	59	102
Commission and brokerage	352	338	104	111	111	100
Commission etc investment funds and pooled pension plans	239	255	94	77	80	96
Asset management	267	279	96	88	90	98
Custody account fees	91	77	118	26	32	81
Other operating income	244	223	109	86	79	109
Total	3,690	3,280	113	1,291	1,199	108

Key points 9M 2022 vs 9M 2021

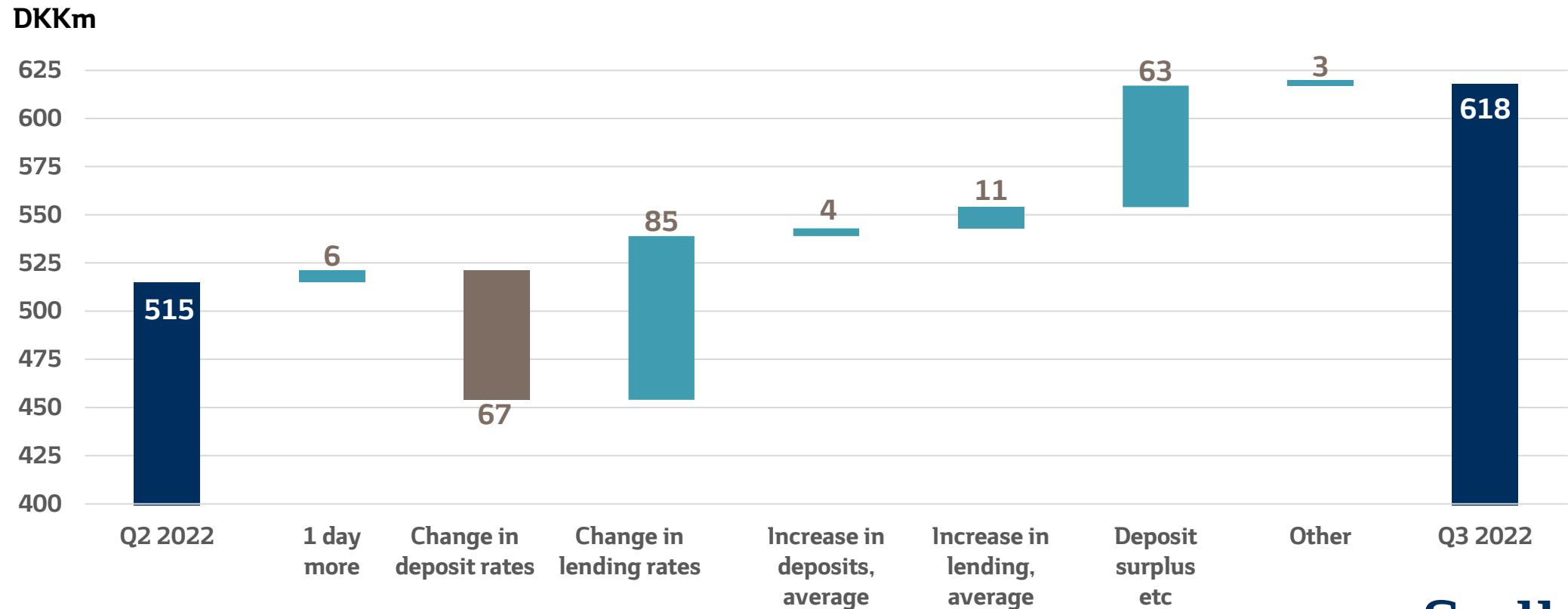
- Net interest income etc up by 24%
- Mortgage credit down by 1%
- Remortgaging and loan fees up by 40%
- Other items, in total up by 3%

Key points Q3 2022 vs Q2 2022

- Net interest income etc up by 20%
- Mortgage credit down by 9%
- Remortgaging and loan fees up by 2%
- Other items, in total up by 1%

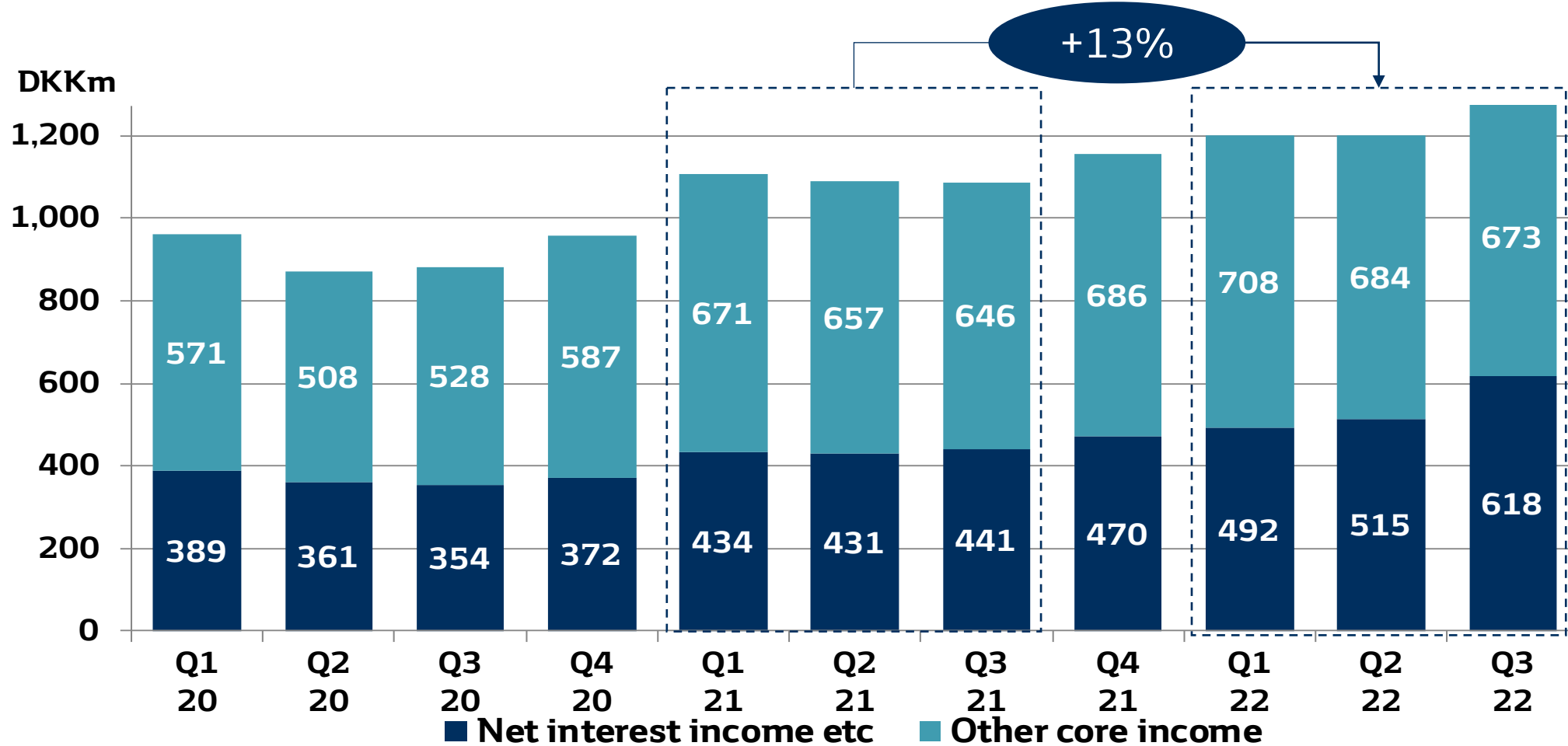
Net interest income etc

Development from Q2 2022 to Q3 2022



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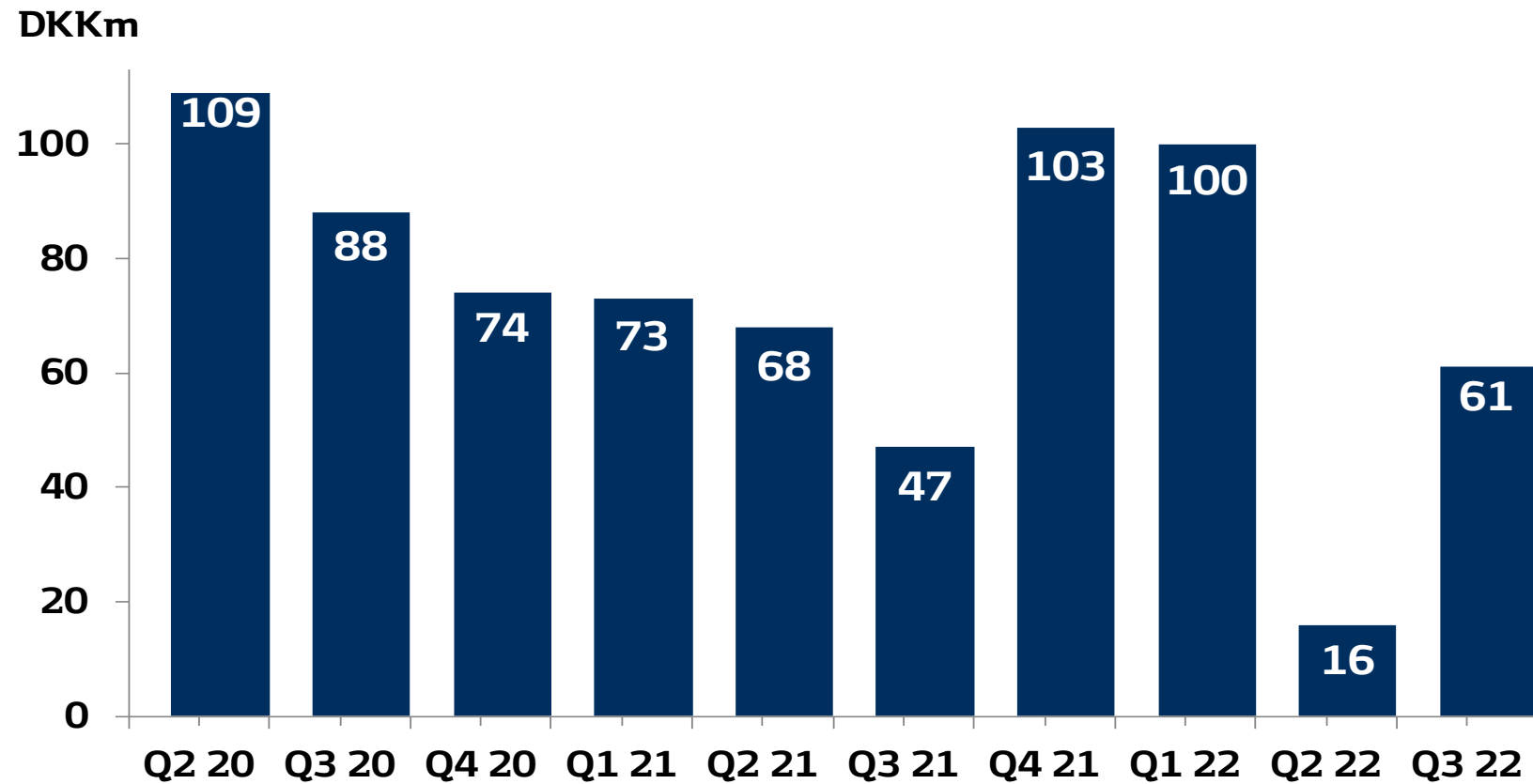
Core income - up by 13%



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Trading income

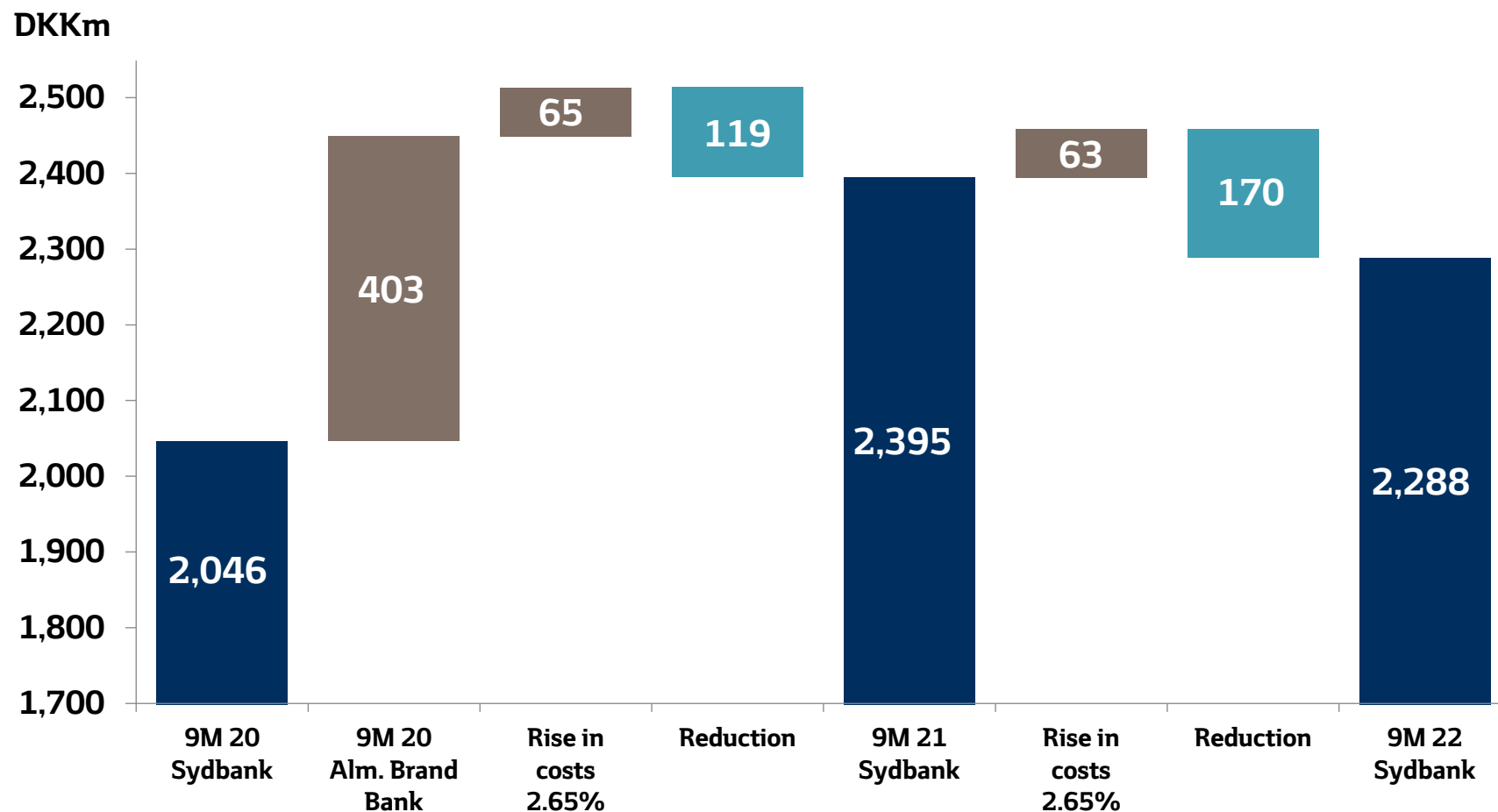
– satisfactory income in a volatile market



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Costs (core earnings)

Savings of DKK 170m in 9M 2022



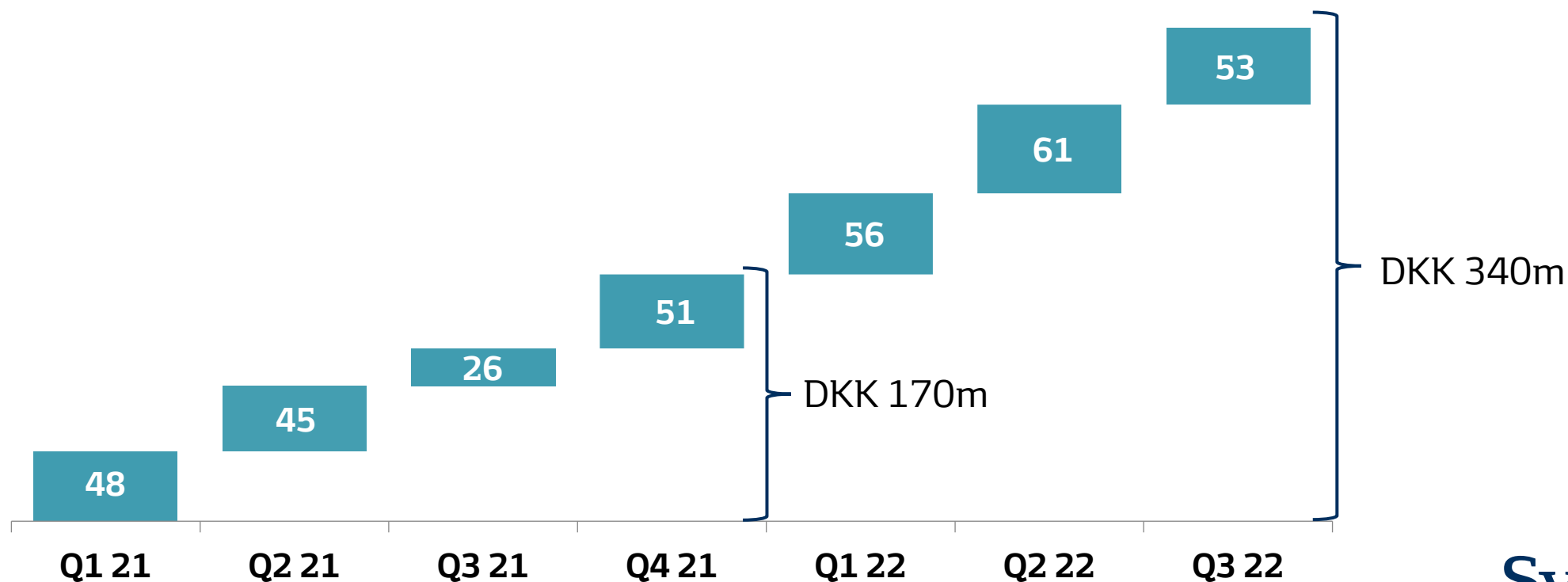
Key points

- Number of staff has dropped from 2,077 at year-end 2021 to 2,040 at end-Q3 2022
- Savings of DKK 170m in 9M 2022

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Costs (core earnings)

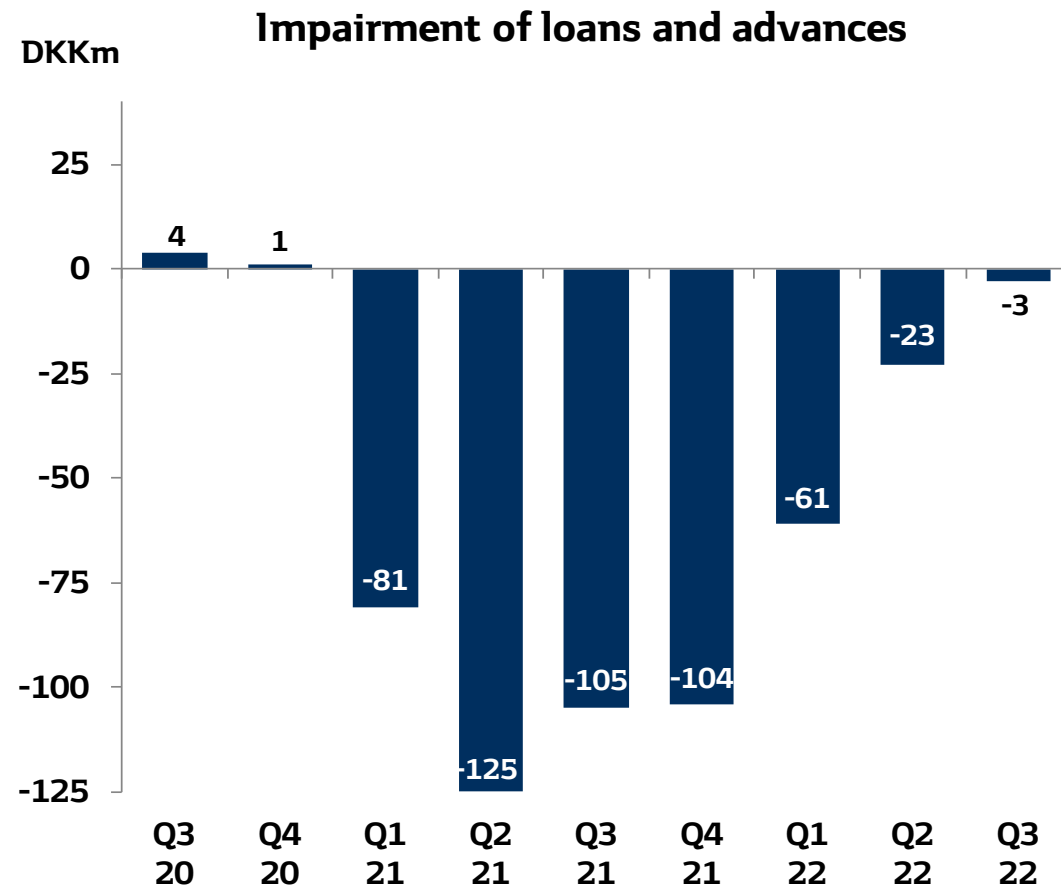
Savings of DKK 340m in 2021 and 9M 2022



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Impairment charges

Reversal of DKK 3m in Q3 2022



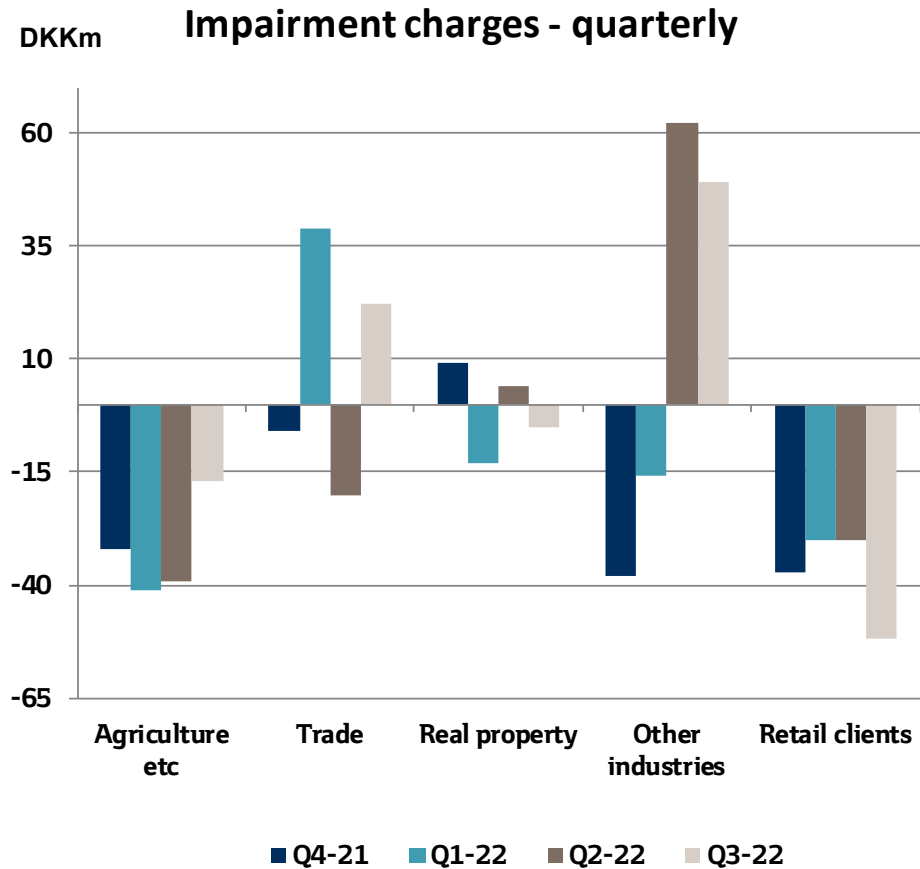
Key points

- At 30 September 2022 the management estimates related to covid-19 and pig farming were reversed
- At 30 September 2022 the Group recorded a management estimate DKK 500m to hedge the 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 derived from energy price increases, a high inflation rate as well as the risk of a recession etc.

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Impairment charges – by industry



Key points Q3 2022

- Impairment charges as regards corporate exposures represent an expense of DKK 49m
- Impairment charges as regards retail exposures represent an income of DKK 52m

Key points 9M 2022

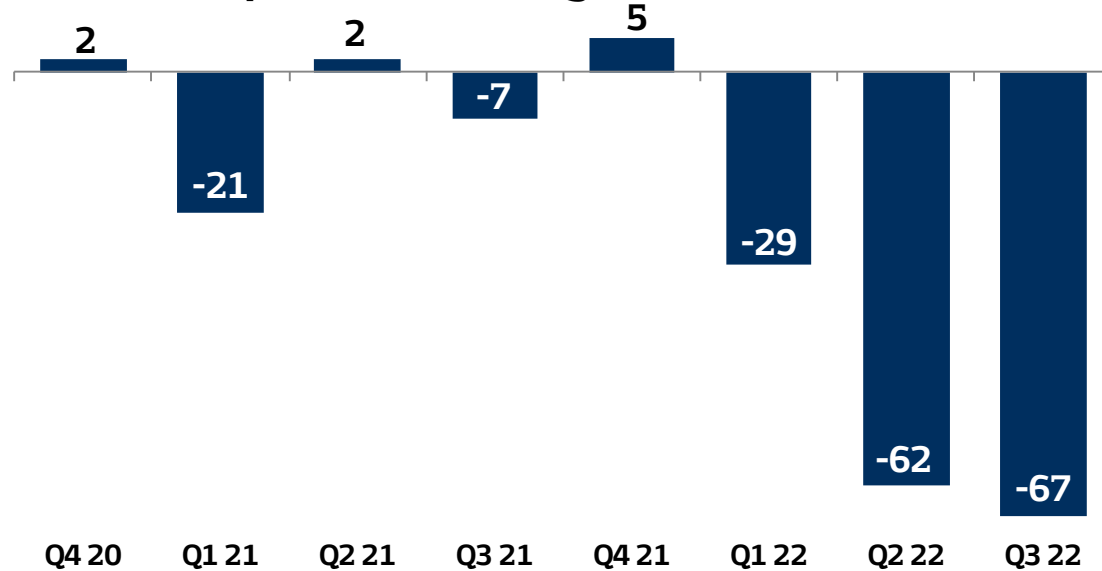
- Impairment charges as regards corporate exposures represent an expense of DKK 25m
- Impairment charges as regards retail exposures represent an income of DKK 112m

Quarterly impairment charges

DKKm	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Agriculture etc	-60	-61	-32	-41	-39	-17
Trade	-45	29	-6	39	-20	22
Real property	-3	-4	9	-13	4	-5
Other industries	-5	-14	-38	-16	62	49
Total corporate lending	-113	-50	-67	-31	7	49
Retail clients	-12	-55	-37	-30	-30	-52
Total	-125	-105	-104	-61	-23	-3

Investment portfolio earnings

Investment portfolio earnings – DKKm



Key points

- Investment portfolio earnings constituted minus DKK 67m in Q3 2022
- The negative result is due to a combination of the effects of interest rate increases and widening credit spreads

DKKm	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Position-taking	0	-4	0	-22	-33	-32
Liquidity generation and reserves	-1	0	7	-9	-24	-32
Strategic positions	5	-2	0	4	-3	-2
Costs	-2	-1	-2	-2	-2	-1
Total	2	-7	5	-29	-62	-67

Income statement

– ROE of 12.5% in 9M 2022

DKKm	9M 2022	9M 2021	Index	Q3 2022	Q2 2022	Index
Core income	3,690	3,280	113	1,291	1,199	108
Trading income	177	188	94	61	16	381
Total income	3,867	3,468	112	1,352	1,215	111
Costs, core earnings	2,288	2,395	96	714	775	92
Core earnings before impairment	1,579	1,073	147	638	440	145
Impairment of loans and advances etc	-87	-311	28	-3	-23	13
Core earnings	1,666	1,384	120	641	463	138
Investment portfolio earnings	-158	-26	608	-67	-62	108
Profit before non-recurring items	1,508	1,358	111	574	401	143
Non-recurring items, net	13	-76	-	-12	-12	-
Profit before tax	1,521	1,282	119	562	389	144
Tax	334	269	124	123	86	143
Profit for the period	1,187	1,013	117	439	303	145
Costs (core earnings) / total income, C/I	0.59	0.69		0.53	0.64	
Return on equity, ROE full-year basis	12.5	10.7		13.8	9.6	
Earnings per share, EPS	19.9	16.4		7.4	5.0	

Key points 9M 2022 vs 9M 2021

- Core income up by 13%
- Total income up by 12%
- Costs (core earnings) down by 4%
- Impairment charges – an income of DKK 87m
- Core earnings before impairment up by 47%

Key points Q3 2022 vs Q2 2022

- Core income up by 8%
- Total income up by 11%
- Costs (core earnings) down by 8%
- Core earnings before impairment up by 45%

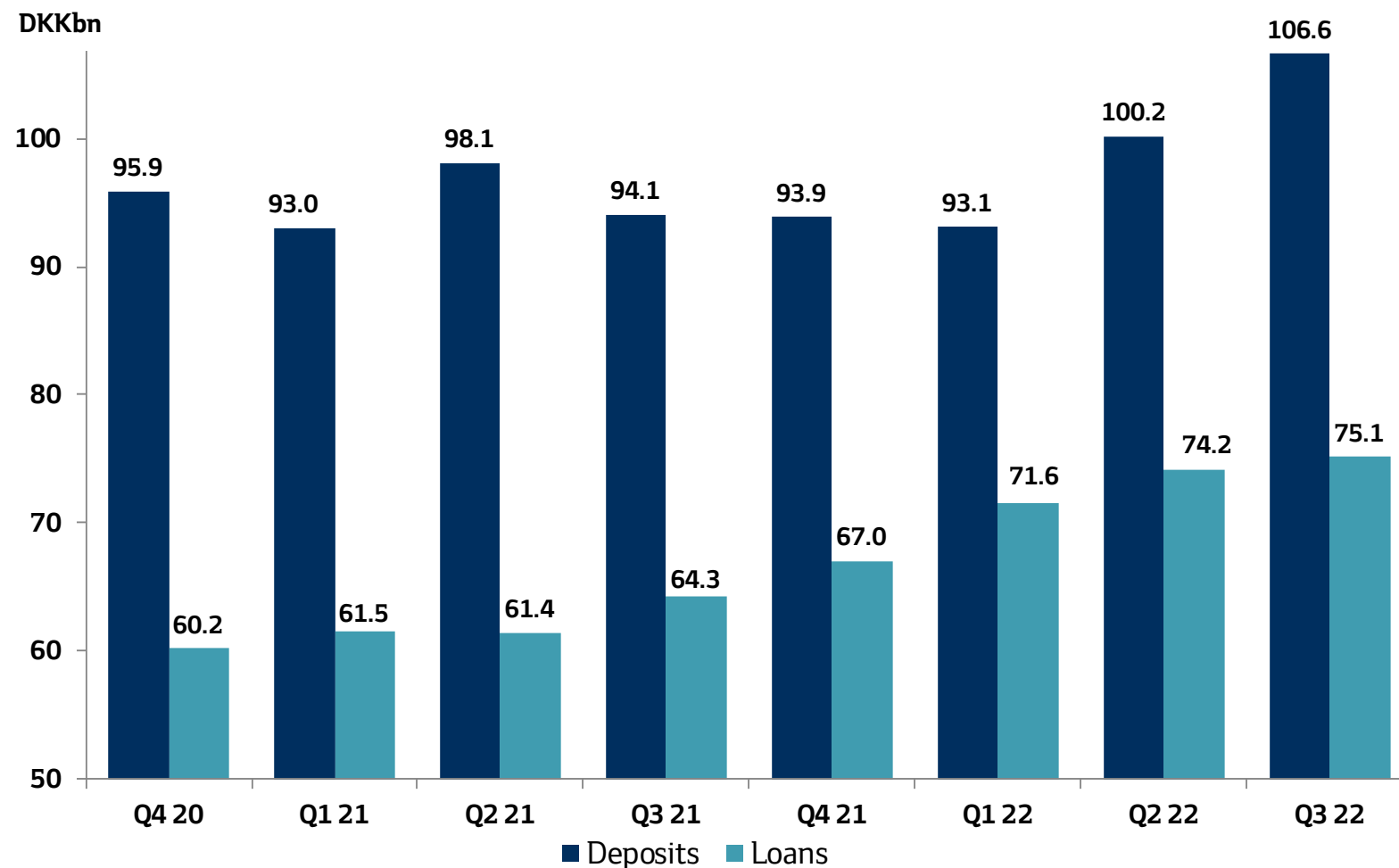
Non-recurring items, net 9M 2022

- ABB portfolio acquired – realised capital gains: DKK 52m
- Investments in housing loan processes: DKK 28m
- Investments in bank/insurance partnership: DKK 11m

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Loans/advances and deposits

Bank loans up by DKK 0.9bn in Q3 2022 – Deposits a new record high

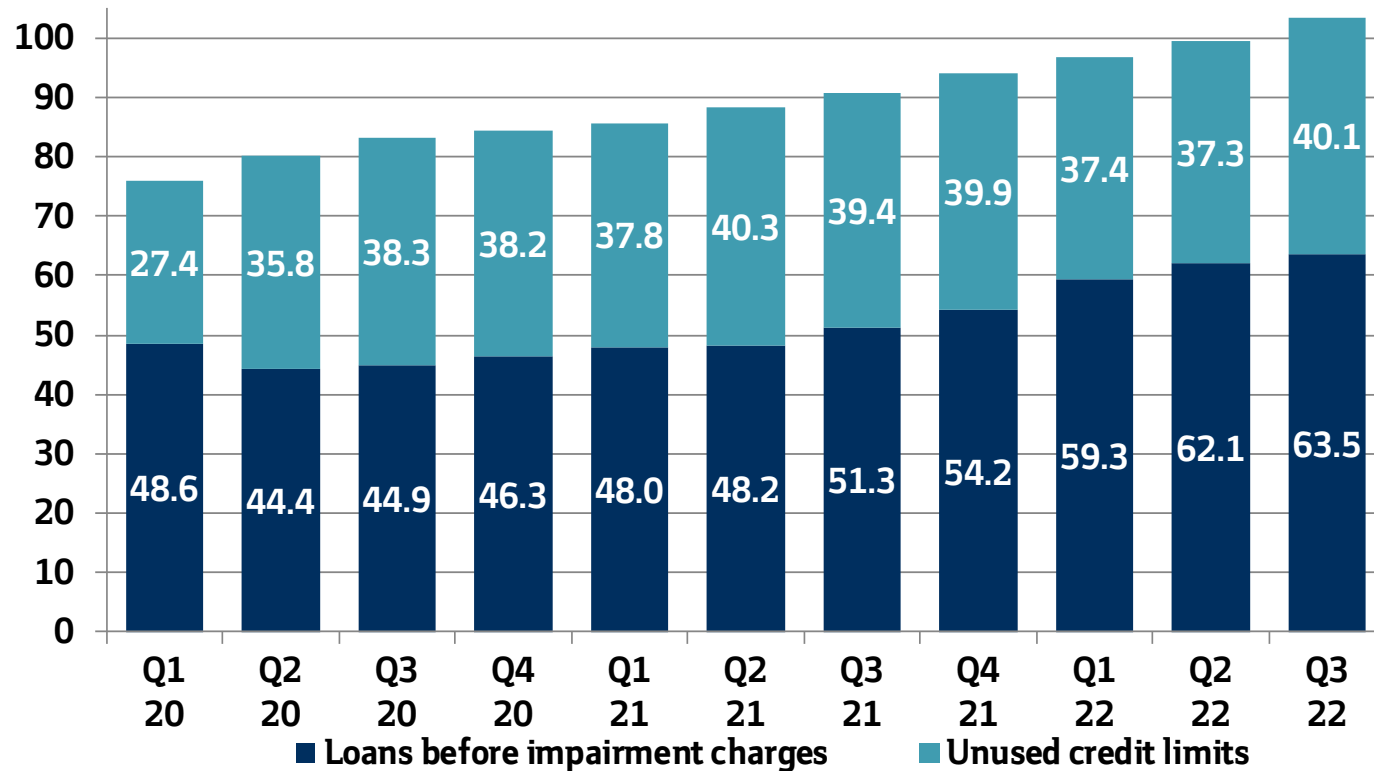


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Credit facilities to corporate clients

Increase – 10 consecutive quarters

DKKbn



Key points Q3 2022 vs Q2 2022

- Lending to corporate clients before impairment charges rose by DKK 1.4bn in Q3 2022
- Undrawn facilities went up by DKK 2.8bn in Q3 2022

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Corporate lending continues to rise

DKKm	Q3 22	Q2 22	Q1 22	Q4 21	Q3 21
Agriculture, hunting, forestry and fisheries	2,829	2,823	2,801	2,612	2,887
Manufacturing and extraction of raw materials	11,885	11,566	10,544	9,458	8,798
Energy supply etc	2,887	2,630	2,994	3,075	2,382
Building and construction	5,429	5,082	4,499	4,578	4,125
Trade	19,314	18,580	16,862	14,664	13,853
Transportation, hotels and restaurants	3,076	3,299	3,193	3,069	3,081
Information and communication	384	511	499	426	422
Finance and insurance	6,732	6,779	6,639	5,764	5,748
Real property	5,486	5,631	6,006	5,401	5,222
Other industries	4,039	3,791	3,926	3,733	3,420
Total corporate	62,061	60,692	57,963	52,780	49,938
Changes during the quarter	1,369	2,729	5,183	2,842	3,157

Total credit intermediation

Total credit intermediation

DKKbn	Q4 2020	Q4 2021	Q2 2022	Q3 2022	Change Q3
Bank loans - retail	15.2	14.1	13.4	13.0	-0.4
Bank loans - corporate	44.7	52.8	60.7	62.0	1.3
Bank loans - public authorities	0.3	0.1	0.1	0.1	0.0
Bank loans - total	60.2	67.0	74.2	75.1	0.9
Funded mortgage-like loans	7.0	5.6	5.3	5.0	-0.3
Bank loans and funded mortgage-like loans	67.3	72.6	79.5	80.1	0.6
Arranged mortgage loans - Totalkredit	85.7	89.2	89.3	88.2	-1.1
Arranged mortgage loans - DLR	12.7	13.5	13.7	13.7	0.0
Total	165.6	175.3	182.6	182.0	-0.5

Key points Q3 2022

- Total credit intermediation down by DKK 0.5bn in Q3 2022.
- Total credit intermediation to corporate clients, including DLR, rose by DKK 1.3bn in Q3 2022.
- Total credit intermediation to retail clients – by way of bank loans and advances, funded mortgage-like loans and arranged mortgage loans – down by 1.8bn in Q3 2022.

Capital ratio up by 0.6% in Q3 2022

DKKm	Q4 2020	Q4 2021	Q2 2022	Q3 2022
Credit risk	33,355	38,849	41,702	42,003
Market risk	6,675	5,467	6,091	4,949
Operational risk	6,708	7,195	7,195	7,195
Other exposures incl CVA	7,302	5,904	5,732	5,697
Risk exposure amount	54,040	57,415	60,720	59,844
CET1	10,185	10,277	10,093	10,289
Tier 1	11,041	11,076	10,837	11,033
Total capital	12,952	13,082	11,617	11,815
CET1 ratio	18.8	17.9	16.6	17.2
Tier 1 capital ratio	20.4	19.3	17.8	18.4
Total capital ratio	24.0	22.8	19.1	19.7
Individual solvency need	10.8	10.6	10.8	11.2

The capital ratio rose by 0.6% in Q3 2022 due to the following:

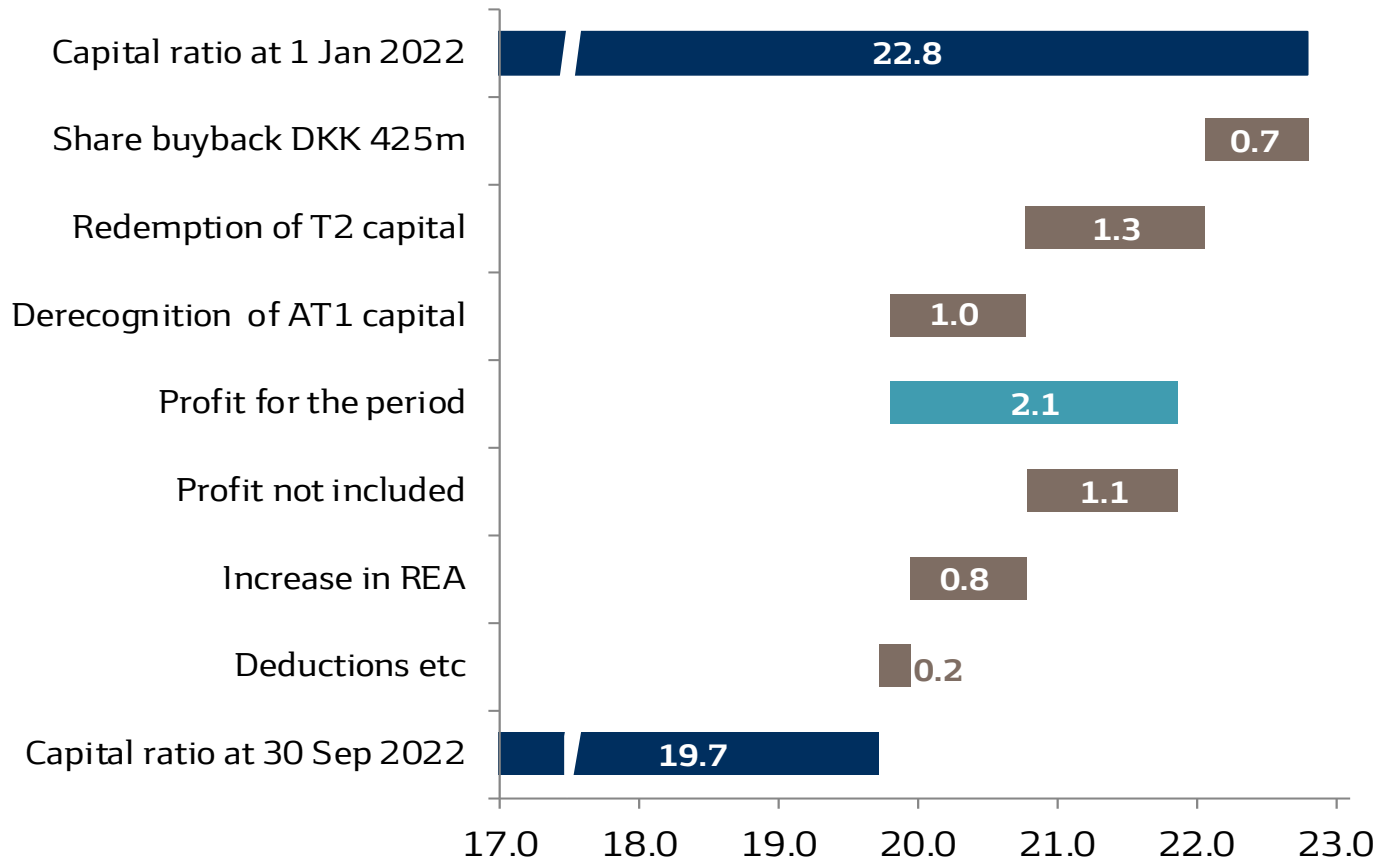
- 50% of profit for the period is included
- Decrease in risk exposure amount is attributable to drop in market risk

DKKm	Q4 2020	Q4 2021	Q2 2022	Q3 2022
Corporate, IRB	21,811	28,508	31,373	32,373
Retail, IRB	5,798	5,414	5,832	5,140
Corporate, STD	460	560	548	498
Retail, STD	3,476	3,561	3,218	2,729
Credit institutions etc	1,810	806	731	1,263
Total credit risk	33,355	38,849	41,702	42,003

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Capital ratio in 9M 2022

Drop of 3.1pp



Key points 9M 2022

The capital ratio down by 3.1pp in 9M 2022 due to the following:

- Initiation of a new share buyback programme of DKK 425m
- Redemption of T2 capital amounting to EUR 100m
- AT1 capital of EUR 75m issued in 2004 can no longer be included in the determination of total capital
- 50% of profit for the period is included
- Increase in risk exposure amount is attributable to a rise in bank loans and advances

Outlook for 2022

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

Thank you!

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