MOODY'S
INVESTORS SERVICE

CREDIT OPINION
29 April 2022

Update

Send Your Feedback

RATINGS

Sydbank A/S

Domicile	Aabenraa, Denmark
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	(P)A1
Type	Senior Unsecured MTN - Fgn Curr
Outlook	Not Assigned
Long Term Deposit	A1
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Niclas Boheman +46.8.5179.1281
VP-Senior Analyst
niclas.boheman@moodys.com

Savina Joseph +357.2569.3045
Associate Analyst
savina.joseph@moodys.com

Simon James Robin Ainsworth +44 207 772 5347
Associate Managing Director
simon.ainsworth@moodys.com

Sean Marion +44.20.7772.1056
MD-Financial Institutions
sean.marion@moodys.com

Sydbank A/S

Update following assignment of ESG scores

Summary

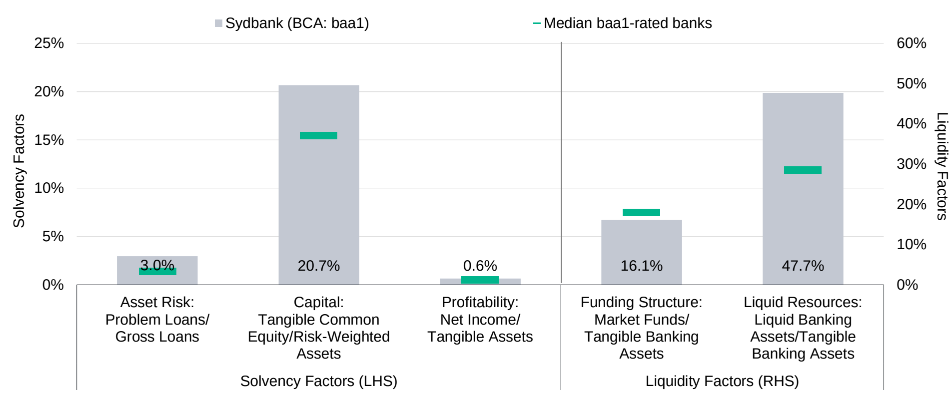
Sydbank A/S' (Sydbank) A1 long-term deposit and (P)A1 senior unsecured ratings reflect the bank's baa1 standalone Baseline Credit Assessment (BCA); and three notches of rating uplift from our Advanced Loss Given Failure (LGF) analysis, which takes into account the risks faced by different liability classes should the bank enter into resolution.

The bank's junior senior ratings (assigned to senior non-preferred debt) of A3 reflect one positive notch uplift above the BCA of baa1 because of LGF.

Sydbank's baa1 standalone BCA reflects the bank's strong capitalisation with tangible common equity (TCE)/risk-weighted assets (RWA) of 20.7% as of December 2021; and sound funding structure and liquidity profile. The bank's revenue initiatives are mitigating pressure on profitability because of the prolonged low-interest-rate environment. At the same time, Sydbank's BCA also takes into account credit concentration and the bank's through-the-cycle asset-quality performance. The bank's asset quality, which has been improving in recent years, will deteriorate moderately when the coronavirus pandemic-related support measures to borrowers taper off and new supply chain and geopolitical risks emerge due to Russia's invasion of Ukraine.

Exhibit 1

Rating Scorecard - Key financial ratios



The metrics presented in the exhibit are our Banks Methodology scorecard ratios. Asset risk and profitability reflect the weaker of either the three-year average or the latest annual figure. Capital is the latest reported figure. Funding structure and liquid resources reflect the latest fiscal year-end figures.
Source: Moody's Investors Service

Credit strengths

- » Strong capital ratios, which we expect to remain well above regulatory requirements
- » Strong asset quality in recent years
- » Stable funding structure and strong liquidity profile
- » Negative rates on deposits and fee initiatives, which will help offset pressure from the low-interest-rate environment

Credit challenges

- » Asset quality will deteriorate moderately in the coming quarters
- » Efficiency remains relatively weak
- » Some credit concentrations, both to borrowers and sectors

Outlook

The stable outlook on the bank's long-term deposit ratings reflect our expectation that the bank's strong capital and loan loss reserves will provide a substantial buffer against potential asset-quality deterioration while the strain on the bank's profitability is easing following recent revenue initiatives.

Factors that could lead to an upgrade

- » Upward pressure on Sydbank's ratings could develop from a reduction in credit concentrations and if the bank demonstrates 1) a sustained improvement in the bank's profitability without an increase in its risk profile; or 2) significantly stronger asset quality through an economic cycle; and 3) maintained strong capital leverage.
- » The senior and deposit ratings, as well as the Counterparty Risk Ratings (CRRs) and the Counterparty Risk (CR) Assessment, have already received the maximum uplift according to our LGF analysis, while the junior senior ratings could be upgraded if the larger volumes of senior non-preferred debt and subordinated liabilities are maintained as a percentage of tangible banking assets.

Factors that could lead to a downgrade

- » Downward pressure on Sydbank's ratings could emerge if we observe: 1) a significant deterioration in asset quality beyond the bank's historical performance; or 2) if concentrations and exposures to more volatile asset classes rise; 3) a persistent weakening in the bank's recurring earnings power and operating efficiency; 4) a substantial increase in market funding reliance beyond our current expectations; and 5) weaker capital ratios that are below the bank's current capital targets.
- » Negative pressure on the bank's ratings would also arise if there is a shift in the bank's funding mix, such as lower non-preferred senior and subordinated instrument volumes or a significant reduction in junior deposits amounts, which would result in a lower rating uplift than currently assumed under our Advanced LGF framework.

Key indicators

Exhibit 2

Sydbank A/S (Consolidated Financials) [1]

	12-21[2]	12-20[2]	12-19[2]	12-18[2]	12-17[2]	CAGR/Avg.[3]
Total Assets (DKK Million)	163,211.0	158,756.0	141,782.0	134,423.0	131,755.0	5.5[4]
Total Assets (USD Million)	24,869.1	26,096.2	21,298.2	20,591.9	21,249.4	4.0[4]
Tangible Common Equity (DKK Million)	11,876.0	11,163.0	10,611.0	10,559.0	11,548.0	0.7[4]
Tangible Common Equity (USD Million)	1,809.6	1,835.0	1,594.0	1,617.5	1,862.5	(0.7)[4]
Problem Loans / Gross Loans (%)	1.8	3.6	3.5	4.6	6.5	4.0[5]
Tangible Common Equity / Risk Weighted Assets (%)	20.7	20.7	19.2	19.1	19.6	19.8[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	9.3	16.8	17.3	22.2	30.4	19.2[5]
Net Interest Margin (%)	1.2	1.1	1.2	1.4	1.5	1.3[5]
PPI / Average RWA (%)	2.4	2.0	1.6	2.0	3.2	2.2[6]
Net Income / Tangible Assets (%)	0.9	0.5	0.6	0.8	1.2	0.8[5]
Cost / Income Ratio (%)	71.1	73.6	75.8	70.5	58.3	69.9[5]
Market Funds / Tangible Banking Assets (%)	16.1	13.5	13.9	13.3	11.3	13.6[5]
Liquid Banking Assets / Tangible Banking Assets (%)	47.7	50.6	45.5	44.2	37.0	45.0[5]
Gross Loans / Due to Customers (%)	76.1	67.4	77.4	79.4	83.8	76.8[5]

[-] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Sources: Moody's Investors Service and company filings

Profile

Sydbank A/S (Sydbank) is a full-service commercial bank in Denmark that provides retail, corporate, investment and private banking services, primarily to private individuals, and small and medium-sized enterprises. As of December 2021, the bank reported total assets of DKK163.2 billion (around €21.9 billion) and operated through a network of 55 branches in Denmark and three branches in Germany.

Sydbank was established in 1970 as a result of the merger of four local banks in Southern Jutland. In the 1980s, the bank began expanding its domestic branch network outside Southern Jutland. Sydbank is listed on the NASDAQ Copenhagen Stock Exchange (Ticker: SYDB).

Recent developments

Macroeconomic developments

We expect advanced economies to expand by 3.2% in 2022, revised downward from our previous expectation of 3.9%, as a result of increasing commodity prices, financial and business disruption, and increased security and geopolitical risks stemming from Russia's invasion of Ukraine (Caa2 review for downgrade). Weaker-than-expected growth and an unexpected uptick in inflation in 2021 have already dented some of the optimism surrounding the global economic recovery from the coronavirus pandemic. Over the course of 2022, however, we expect uncertainties, supply-chain imbalances and labour shortages related to the coronavirus pandemic to diminish.

Following a real GDP expansion of 4.7% in 2021 in Denmark with the economy gradually recovering from the pandemic economic effects, we forecast a real GDP growth of 3.7% in 2022. However, heightened geopolitical risks stemming from Russia's invasion of Ukraine create significant uncertainty, mainly through higher inflation, supply chain constraints and lower willingness to invest.

Detailed credit considerations

Asset quality will deteriorate moderately but remain strong,

Sydbank's asset quality will deteriorate moderately but remain strong over the next 12-18 months, with new risks emerging in the form of supply side constraints and high inflation following Russia's invasion of Ukraine. However, while risks relating to the pandemic are considered low, some companies may face difficulties as support packages are lifted in 2022. In light of the better-than-expected operating conditions in 2021, the bank reduced the level of management-estimated impairments. Our assigned Asset Risk score of baa3 reflects these drivers. In addition, our assessment takes into account the bank's historical, through-the-cycle, asset-risk performance and risks from credit concentrations.

Sydbank's problem loans (defined as IFRS 9 stage 3 loans) were reduced to 1.8% of gross loans as of December 2021 (December 2020: 3.6%) and a provisioning coverage of 144% (December 2020: 92%). Stage 2 loans accounted for a further 4.8% of gross loans. In terms of past through-the-cycle asset-quality performance, credit costs averaged 1.2% in 2008-17, and reached a high 1.7% during 2009-14. Impairment charges have been reduced significantly in recent years, and the bank recorded provisioning reversals since 2017, leading to reversals of 0.64% of average gross loans in 2021, despite impairment charges of 0.1% being recorded in 2020 in light of deteriorating credit conditions. In 2021, the bank recorded provisioning reversals of DKK415 million mainly from the bank's agricultural exposures (with DKK109 million concering the mink industries).

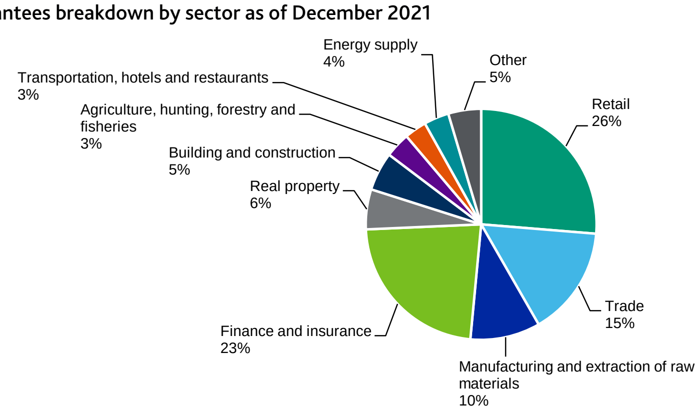
Most of Sydbank's lending exposure was related to business entities, at 74% of total loans as of December 2021, and only 26% to retail customers. Unlike other systemic Danish banks, Sydbank does not own and consolidate a mortgage credit institution (MCI). Under a number of funding agreements, Sydbank transfers mortgage loans to Totalkredit and DLR Kredit. Therefore, its asset-quality metrics against on-balance-sheet loans appear weaker than what they would have been if it were to consolidate these predominantly first-lien and lower-risk mortgages. As of December 2021, Sydbank had on-balance-sheet loans and advances of DKK68.9 billion and had transferred mortgages and mortgage-like loans of DKK108.3 billion to MCIs on which it earns a fee. Conversely, as bank lending carries higher margins than mortgage lending, its profitability and market funding ratios are stronger than those of Danish banks that consolidate an MCI.

Following the economic downturn in 2020, the bank's exposure to transportation, hotels and restaurants that made up 3% of loans and guarantees as of December 2021 (see Exhibit 3) entails risks. Overall trade exposure, of which a part may be hurt by sharp shifts in supply and demand, made up an additional 15%. According to the bank's own assessment, its exposures most affected by the pandemic-induced downturn are limited. Sydbank's total exposure to severely affected industries (where the bank includes sea and air transport, specialised retailers excluding cars, and hotels, restaurants and entertainment) accounted for 3.1% of net loans as of December 2021.

Exhibit 3

Sydbank has some concentrations in specific sectors

Loan portfolio and guarantees breakdown by sector as of December 2021



Sources: Bank's reports and Moody's Investors Service

As of year-end 2021, the bank's balance of impairments included a management estimate of DKK325 million to cover its current assessment of the pandemic-related expenses in 2020. However, in 2021, the bank reversed DKK415 million of loan loss provisions as a result of the improving operating environment.

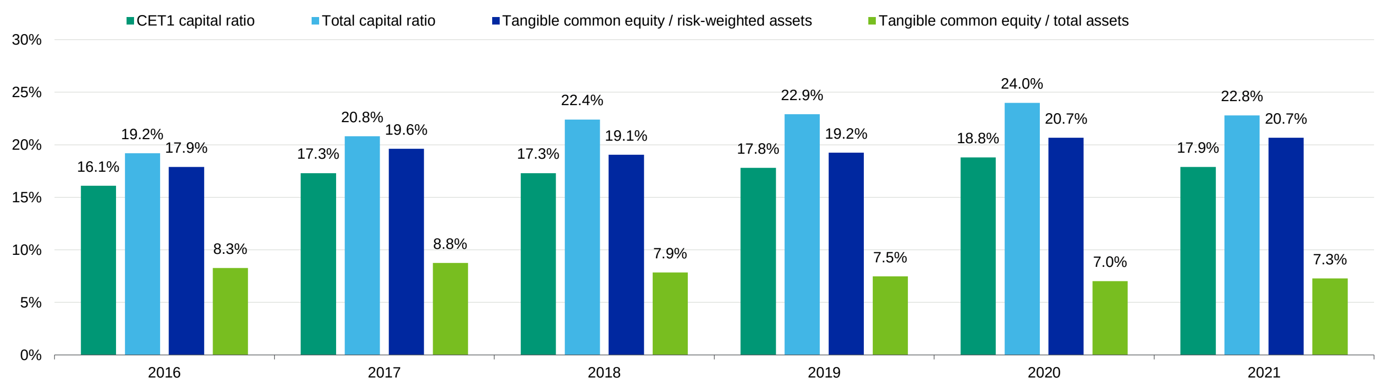
We continue to consider the bank's credit concentrations significant. As of December 2021, Sydbank's 20 largest exposures were equivalent to 140% of Common Equity Tier 1 (CET1) capital (year-end 2020: 149%). Additionally, loans to the real estate, and building and construction sectors were 11% of the total. The bank was also indirectly exposed to the real estate sector because real property collateral accounted for 20% of total collateral against facilities (excluding mortgage guarantees) as of year-end 2020.

Strong capital ratios, which we expect to remain well above regulatory requirements

Our assigned aa3 Capital score reflects Sydbank's strong capital position, a relative strength in our assessment of the bank's standalone profile. We also expect capital ratios to remain well above regulatory requirements, despite a potential increase in risk exposures because of the weakened credit conditions. The bank's capital buffers remained intact despite the recent Alm. Brand acquisition and the economic downturn, which allowed the bank to resume dividend distributions.

Our preferred capital metric, TCE/RWA, was a robust 20.7% as of December 2021, in line with a year earlier (see Exhibit 4), despite an increase in RWA because of the implementation of the new definition of default effective 1 January 2021. Sydbank's TCE/total assets was 7.3% as of December 2021, which compares well with other Nordic and international banks, which typically have such ratios in the range of 4%-10%. Sydbank's reported CET1 capital ratio was 17.9% as of December 2021 and its total capital ratio reached 22.8%. These metrics were well above a 9.5% regulatory requirement for the CET1 ratio and 14.1% for the total capital ratio for that period and that included both the Danish Financial Supervisory Authority (FSA)'s pillar 1 and pillar 2 components, a systemically important financial institution buffer of 1%, a 2.5% capital conservation buffer and a 0% countercyclical buffer[1]. Furthermore, the bank's fully loaded Basel III leverage ratio was 6.2%.

Exhibit 4
Sydbank's capitalisation is solid and well above regulatory requirements



Sources: Bank's reports and Moody's Investors Service

The bank's capital buffers remained intact despite the acquisition of Alm. Brand Bank in 2020 and the pandemic, supported by earnings retention in 2020 and some positive impact from regulatory changes[2]. This allowed Sydbank to resume capital distribution (30% of 2020 profit and 50% of 2021 profit)[3], in line with its dividend policy of 30%-50%. The recent increase in RWA is largelye due to the new definition of default. Overall, we expect Sydbank to maintain its robust capital buffers, despite an expected increase in RWA as the impact on borrowers becomes clearer.

The bank also maintained its CET1 ratio target of 14.5% and total capital ratio target of 18.5%, well above regulatory requirements. Sydbank's risk density, measured as RWA compared with total assets, was 35.2% as of December 2021, rendering the bank relatively less sensitive to potential amendments in regulatory methods for calculating RWA compared with Danish MCIs. The bank expects, based on its current assessment, a limited impact from the Basel recommendations (commonly referred to as Basel IV), which seek to introduce output floors in the use of internal models.

Negative deposit rates help mitigate margin pressure on bank lending

Over the next 12-18 months, we expect Sydbank's profitability to recover and improve beyond its pre-pandemic levels. The bank's latest strategic plan up to 2024 to raise profit through franchise building and inorganic growth, if successful, will further strengthen core profitability over the coming years. Sydbank's efforts to impose negative deposit rates to help mitigate the pressure on lending margins will be captured during 2022.

The bank's profitability recovered strongly in 2021, with net income to tangible assets improving to 0.9% from 0.5% in 2020[4], supported by revenue growth and impairment reversals on old losses, following a period of declining profitability, 2019: 0.6%; 2018: 0.8%; 2017: 1.2%. Net interest margin was stable in 2021 at 1.2%, slightly above the 1.1% 2020 level. The bank's cost base remains relatively high, with operating expenses averaging 2.1% of total assets during 2021, in line with 2017-19 and including a small drop to 1.8% in 2020. This view is reflected in our assigned Profitability score of baa3.

The bank has striven to offset profitability pressures by expanding the scope of negative interest rates on deposit balances and by ongoing efforts to reduce costs, including through increased process automation and a reduction in the number of branches and employees, and revenue initiatives such as higher fees. The bank now charges negative rates to retail clients' deposits for amounts exceeding DKK100,000 (around €13,500) in addition to corporate clients, in line with other Danish banks. Although total costs were higher in 2021 because of the acquisition, the bank has also been successful in realising cost synergies of DKK170 million. We expect the bank to maintain tight cost control in 2022.

In April 2022, the bank announced its profit after tax expectation for 2022 to be in the range of DKK1,350 million-DKK1,550 million, compared with the DKK1,411 million profit recorded in 2021. This mainly reflects the bank's exepctation of higher core income and low impairment charges.

Stable funding structure and adequate liquidity profile

Our a3 combined Liquidity score reflects Sydbank's relatively solid funding and liquidity. Sydbank's customer deposits (excluding deposits from repo transactions) accounted for the bulk 55% of total assets as of December 2021 (December 2020: 58%).

Furthermore, the bank's reliance on confidence-sensitive market funding, including the bank's non-preferred senior debt issuances, remained a relatively modest 16.1% of tangible banking assets as of December 2021. Nevertheless, relatively concentrated issuances of non-preferred senior debt create some refinancing risk notwithstanding a substantial excess coverage of its minimum requirement for own funds and eligible liabilities (MREL) as of December 2021[5].

As of December 2021, Sydbank's liquid banking assets accounted for 48% of tangible banking assets. Our assigned a2 Liquidity score takes into account some asset encumbrance, which results from the bank's market-making activities in covered bonds. The bank also reported a liquidity coverage ratio of 200% as of December 2021 (December 2020: 210%). Sydbank's liquidity coverage ratio is well above the 100% minimum requirement, as set by the Danish FSA.

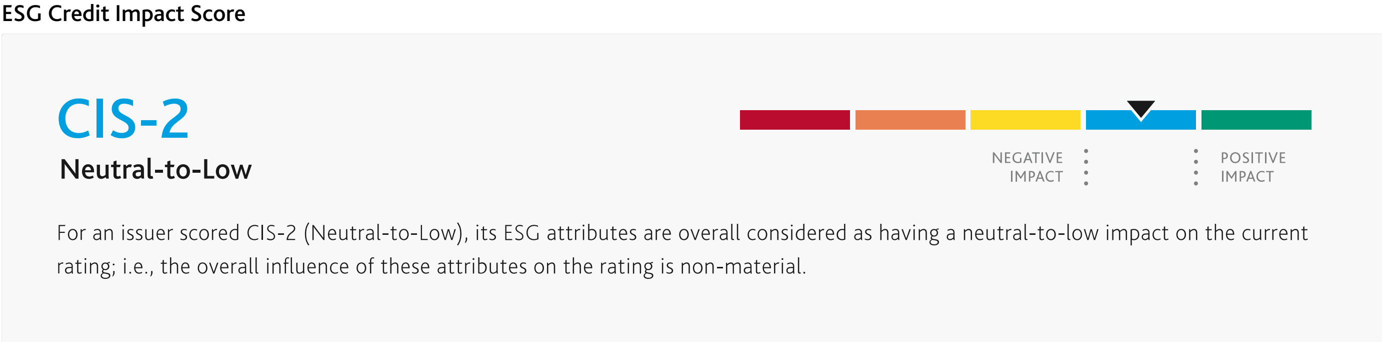
Source of facts and figures cited in this report

Unless noted otherwise, we have sourced data relating to systemwide trends and market shares from the central bank. Bank specific figures originate from banks' reports and Moody's Banking Financial Metrics. All figures are based on our own chart of accounts and may be adjusted for analytical purposes. Please refer to the document Financial Statement Adjustments in the Analysis of Financial Institutions, published on 9 August 2018.

ESG considerations

SYDBANK A/S' ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 5
ESG Credit Impact Score



Source: Moody's Investors Service

Sydbank's ESG Credit Impact Score is neutral-to-low (**CIS-2**). This reflects the limited credit impact of environmental and social risk factors on the rating to date, and the neutral-to-low governance risks.

Exhibit 6
ESG Issuer Profile Scores

ENVIRONMENTAL	SOCIAL	GOVERNANCE
E-3	S-4	G-2
Moderately Negative	Highly Negative	Neutral-to-Low

Source: Moody's Investors Service

Environmental
Sydbank faces moderate environmental risks primarily because of its portfolio exposure to carbon transition risk as a diversified bank. In line with its peers, the bank is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, Sydbank is developing its climate risk and portfolio management capabilities.

Social
Sydbank faces high industry-wide social risks related to regulatory and litigation risks, requiring high compliance standards. These risks are mitigated by the bank's developed policies and procedures. High cyber and personal data risks are mitigated by the bank's strong IT framework.

Governance
Sydbank has neutral-to-low governance risks, and its risk management, policies and procedures are in line with industry best practices. Sydbank is a regional bank with a stable track record of good risk management and financial strategy while Moody's recognises historical rifts within the management board about the pace of cost reductions and overall future strategy. The bank has a clear and simple organisational structure with no identified concerns regarding ownership and control.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure (LGF) analysis
Sydbank operates in Denmark and is subject to the EU Bank Recovery and Resolution Directive (BRRD), which we consider an operational resolution regime. In accordance with our Banks methodology, we therefore apply our Advanced LGF analysis to Sydbank's liabilities, considering the risks faced by different debt and deposit classes across the liability structure should the bank enter resolution.

Following the revisions to our Advanced LGF framework, the ratings reflect the revised notching guidance table thresholds at lower levels of subordination and volume in the liability structure, as well as the consideration of all Additional Tier 1 (AT1) securities, which we now include in our LGF waterfall.

In our Advanced LGF analysis, we use our standard assumptions and assume residual tangible common equity of 3% and post-failure losses of 8% of tangible banking assets, a 25% runoff in junior wholesale deposits, and a 5% runoff in preferred deposits. We assign a 25% probability to deposits being preferred to senior unsecured debt. For Sydbank, however, we assume that 10% of deposits can be considered as junior deposits to reflect the bank's more retail-based deposit structure.

For Sydbank's A1 deposit and (P)A1 senior unsecured debt ratings our Advanced LGF analysis indicates an extremely low loss given failure, leading to three notches of rating uplift from the bank's baa1 Adjusted BCA. This is predominantly driven by the substantial subordination afforded to these senior classes by the amounts of junior senior debt and low-trigger hybrid instruments on Sydbank's balance sheet.

For the bank's junior senior ratings, the Advanced LGF analysis indicates low loss severity, leading to a one notch uplift from the bank's Adjusted BCA. These ratings capture the risk characteristics of this class of debt following our revised view around the distribution of post-failure losses, including the bank's high-trigger AT1 instruments.

Government support considerations

We do not incorporate any government support uplift into Sydbank's ratings because we consider the probability of government support, in case of need, low. Our government support assumptions are driven by the implementation of the EU's BRRD in Denmark.

Counterparty Risk Rating (CRRs)

Sydbank's CRRs are A1/Prime-1

The CRRs are three notches above the Adjusted BCA of baa1, reflecting the extremely low loss given failure from the high volume of instruments that are subordinated to CRR liabilities.

Counterparty Risk (CR) Assessment

Sydbank's CR Assessment is A1(cr)/Prime-1(cr)

For Sydbank, the CR Assessment is three notches above the bank's baa1 Adjusted BCA based on the substantial buffer against default provided to the senior obligations represented by the CR Assessment by more subordinated instruments, including junior deposits and junior senior debt. To determine the CR Assessment, we focus purely on subordination, taking no account of the volume of the instrument class.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 7
Sydbank A/S

Macro Factors		
Weighted Macro Profile	**Strong +**	**100%**

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	3.0%	a2	↔	baa3	Sector concentration	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	20.7%	aa1	↔	aa3	Expected trend	
Profitability						
Net Income / Tangible Assets	0.6%	baa2	↑	baa3	Expected trend	
Combined Solvency Score		a1		baa1		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	16.1%	a3	↔	a3	Expected trend	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	47.7%	aa3	↔	a3	Asset encumbrance	Expected trend
Combined Liquidity Score		a2		a3		
Financial Profile				baa1		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aaa		
BCA Scorecard-indicated Outcome - Range				a3 - baa2		
Assigned BCA				baa1		
Affiliate Support notching				0		
Adjusted BCA				baa1		

Balance Sheet	**in-scope (DKK Million)**	**% in-scope**	**at-failure (DKK Million)**	**% at-failure**
Other liabilities	29,956	21.3%	36,291	25.8%
Deposits	90,514	64.4%	84,178	59.9%
Preferred deposits	81,463	57.9%	77,389	55.0%
Junior deposits	9,051	6.4%	6,789	4.8%
Junior senior unsecured bank debt	13,335	9.5%	13,335	9.5%
Dated subordinated bank debt	1,301	0.9%	1,301	0.9%
Preference shares (bank)	1,301	0.9%	1,301	0.9%
Equity	4,219	3.0%	4,219	3.0%
Total Tangible Banking Assets	140,626	100.0%	140,626	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	19.2%	19.2%	19.2%	19.2%	3	3	3	3	0	a1
Counterparty Risk Assessment	19.2%	19.2%	19.2%	19.2%	3	3	3	3	0	a1 (cr)
Deposits	19.2%	14.3%	19.2%	14.3%	3	3	3	3	0	a1
Senior unsecured bank debt	19.2%	14.3%	14.3%	14.3%	3	3	3	3	0	a1
Junior senior unsecured bank debt	14.3%	4.9%	14.3%	4.9%	2	2	2	1	0	a3
Dated subordinated bank debt	4.9%	3.9%	4.9%	3.9%	-1	-1	-1	-1	0	baa2
Non-cumulative bank preference shares	3.9%	3.0%	3.9%	3.0%	-1	-1	-1	-1	-2	ba1

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a1	0	A1	A1
Counterparty Risk Assessment	3	0	a1 (cr)	0	A1(cr)	
Deposits	3	0	a1	0	A1	A1
Senior unsecured bank debt	3	0	a1	0		(P)A1
Junior senior unsecured bank debt	1	0	a3	0	A3	A3
Dated subordinated bank debt	-1	0	baa2	0		Baa2
Non-cumulative bank preference shares	-1	-2	ba1	0		Ba1 (hyb)

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Investors Service

Ratings

Exhibit 8

Category	Moody's Rating
SYDBANK A/S	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Senior Unsecured MTN	(P)A1
Junior Senior Unsecured	A3
Junior Senior Unsecured MTN	(P)A3
Subordinate	Baa2
Pref. Stock Non-cumulative	Ba1 (hyb)
Other Short Term	(P)P-1

Source: Moody's Investors Service

Endnotes

1 In March 2020, the Danish government decided to release the countercyclical capital buffer, which was set at 1% applicable as of 30 September 2019 and to 2% with effect as of 30 December 2020, to support the provision of credit to the real economy. The countercyclical buffer will increase to 1.0% effective from 30 September 2022 and to 2.0% from end-2022, while the Systemic Risk Council recommended to further increase to 2.5% by March 2023.

2 Namely, the application of the EU's revised Capital Requirement Regulation (known as the CRR2 "quick fix"), which includes a lower risk-weighting for small and medium enterprises exposures (the permanent change in the small and medium-sized enterprise discount factor) and the flexibility to initially neutralise and spread over years the effect of stage 1 and stage 2 provisions on CET1 capital that were booked since 1 January 2020 because of the crisis.

3 In March 2020, Sydbank terminated its share buyback programme and resolved to not recommend a dividend distribution for 2019 profit, in line with the authorities' recommendation for banks to retain profit.

4 Adjusted for non-recurring items.

5 Sydbank has five outstanding non-preferred senior debt issuances amounting to DKK9.6 billion (€1.3 billion), with €500 million maturing in 2022.

REPORT NUMBER 1314733

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

MOODY'S
INVESTORS SERVICE