

The Danish Financial Supervisory Authority

MEMORANDUM

The Danish FSA

28 May 2020

Statement on inspection of total capital at Sydbank A/S and the Sydbank Group

The Danish FSA has conducted an inspection of the determination of the total capital of Sydbank A/S and of the Sydbank Group. This was based on the capital calculated at 30 June 2019.

The objective of the inspection was to assess the extent to which the institution's determination of capital was in compliance with applicable rules.

According to the inspection the bank buys and sells own capital instruments from the bank's trading portfolio. The bank had not obtained the required prior approval of the Danish FSA to purchase own capital instruments and as a result the bank has been ordered to rectify this matter. Subsequently the bank has requested and received the approval of the Danish FSA to repurchase own shares within a determined limit.

In March 2019 the bank sold 33% of its shares in the previously wholly owned subsidiary Syd Fund Management A/S. This non-controlling interest has been calculated at approx DKK 36m, which represents less than 0.1% of the Group's risk exposure amount. The bank has recognised this non-controlling interest fully in the total capital of the Sydbank Group. However the non-controlling interest cannot be included. This is an insignificant error and the bank has notified the Danish FSA that it will be corrected.