



Interim Balance Sheet at 30 June

2021

Sydbank A/S

Sydbank

Balance Sheet

Sydbank A/S

30 Jun

2021

DKKm

Assets

Cash and balances on demand at central banks	5,674
Amounts owed by credit institutions and central banks	16,070
Loans and advances at fair value	20,280
Loans and advances at amortised cost	61,804
Bonds at fair value	33,997
Shares etc	2,551
Holdings in associates etc	181
Holdings in subsidiaries etc	2,229
Assets related to pooled plans	20,786
Intangible assets	424
Owner-occupied property	895
Owner-occupied property (leasing)	85
Total land and buildings	980
Other property, plant and equipment	61
Current tax assets	505
Deferred tax assets	14
Assets in temporary possession	1
Other assets	6,272
Prepayments	75
Total assets	171,904

Equity and liabilities

Amounts owed to credit institutions and central banks	6,054
Deposits and other debt	100,313
Deposits in pooled plans	20,786
Liabilities temporarily acquired	-
Bonds issued at amortised cost	9,589
Other liabilities	19,880
Deferred income	10
Total liabilities	156,632

Provisions	496
Subordinated capital	1,857
Equity:	
Share capital	597
Revaluation reserves	104
Other reserves:	
Reserves according to articles of association	425
Reserve for net revaluation according to equity method	2
Retained earnings	11,034
Proposed dividend etc	-
Shareholders of Sydbank A/S	12,162
Holder of AT1 capital	757
Minority shareholders	-
Total equity	12,919
Total equity and liabilities	171,904

Notes

Note 1

Accounting policies

The interim balance sheet at 30 June 2021 is prepared in compliance with the provisions on recognition and measurement according to the Danish Financial Business Act.

The accounting policies are consistent with those adopted in the 2020 Annual Report, to which reference is made.

The 2020 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 Bank's accounting policies and the inherent considerable uncertainty of such estimates are identical to those used in the preparation of the 2020 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 Bank'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 2021 the probability of the downturn scenario was fixed at 95% (2020: 95%).

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

In addition to the calculated impairment charges management estimates whether special impairment charges as regards severely impacted industries or customer segments etc are needed.

At 30 June 2021 a management estimate of DKK 325m (31 December 2020: DKK 325m) was recognised to cover losses as a result of the economic consequences of covid-19 and therefore the estimate may change in the coming quarters.

The Bank's significant risks and the external elements which may affect the Bank are described in greater detail in the 2020 Annual Report.

Notes

Sydbank A/S
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Note 2

Contingent liabilities and other obligating agreements

Contingent liabilities

Financial guarantees	6,003
Mortgage finance guarantees	6,312
Funded mortgage-like loan guarantees	1,000
Registration and remortgaging guarantees	6,243
Other contingent liabilities	2,269
Total	21,827

Other obligating agreements

Irrevocable credit commitments	976
Other liabilities	75
Total	1,051

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 effect on Sydbank's financial position.

As a result of the Bank's membership of Bankdata, the Bank will be 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 7.1% 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. Sydbank expects that contributions will total approximately DKK 200m over a 10-year period.

The Bank 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 Bank.

Note 3

Reporting events occurring after the balance sheet date

No matters of significant impact on the financial position of Sydbank have occurred after 30 June 2021.

Management Statement

We have reviewed and approved the Interim Balance Sheet at 30 June 2021 of Sydbank A/S.

The Interim Balance Sheet is prepared in compliance with the provisions on recognition and measurement according to the Danish Financial Business Act, including the accounting policies as described under "Accounting policies".

In our opinion the interim balance sheet gives a true and fair view of the parent company's assets, equity and liabilities and financial position at 30 June 2021.

Aabenraa, 4 October 2021

Group Executive Management

Karen Frøsig
CEO

Henning Dam

Bjarne Larsen

Jørn Adam Møller

Board of Directors

Lars Mikkelsen-Jensen
Chairman

Jacob Chr. Nielsen
Vice-Chairman

Carsten Andersen

Henrik Hoffmann

Søren Holm

Kim Holmer

Janne Moltke-Leth

Jarl Oxlund

Gitte Poulsen

Susanne Schou

Jon Stefansson

Jørn Krogh Sørensen

Signed electronically.

The Independent Auditor's Review Report

To the Board of Directors of Sydbank A/S

We have reviewed the Interim Balance Sheet of Sydbank A/S at 30 June 2021, which comprises balance sheet and notes, including a summary of significant accounting policies.

Management's Responsibility for the Interim Balance Sheet

Management is responsible for the preparation of the Interim Balance Sheet in accordance with the accounting policies described in the section Accounting policies and for such internal control as Management determines is necessary to enable the preparation of an interim balance sheet that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the Interim Balance Sheet. We conducted our review in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity and the additional requirements applicable in Denmark. This requires us to conclude whether anything has come to our attention that causes us to believe that the Interim Balance Sheet, taken as a whole, is not prepared in all material respects in accordance with the applicable financial reporting framework. This also requires us to comply with ethical requirements.

A review of an interim balance sheet in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly we do not express an audit opinion on the Interim Balance Sheet.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Balance Sheet is not prepared in all material respects in accordance with the accounting policies described in the section Accounting policies.

Other Matter

Without modifying our conclusion, we direct attention to the fact that the Interim Balance Sheet is prepared to provide the Board of Directors with an overview of the Company's financial position, including the existence of distributable reserves and cash and cash equivalents available, which may, combined with other information, provide the Company's Board of Directors with a basis for its consideration of and potential decision on the realisation of a distribution of extraordinary dividend. The Interim Balance Sheet may therefore be unsuitable for any other purpose.

Our Report has been prepared solely to form the basis, combined with other information, for the Board of Directors' consideration of and decision on a potential distribution of extraordinary dividend and should not be distributed to or used by any other parties.

Hellerup, 4 October 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Per Rolf Larssen

State Authorised Public Accountant