

Sydbank A/S as a systemically important financial institution (SIFI)

Pursuant to section 308 of the Danish Financial Business Act, the Danish Financial Supervisory Authority (the Danish FSA) annually reviews whether designated systemically important financial institutions (SIFIs) continue to exceed the threshold values as regards one or several of the below three indicators in order to be designated as a SIFI.

If a systemically important financial institution (SIFI) does not exceed the threshold values for the below indicators for three consecutive years it will cease to be a SIFI, cf section 308(4) of the Danish Financial Business Act.

The Danish FSA has established that Sydbank A/S exceeds the threshold values of two of the three indicators.

Indicators

	2020	2019	Threshold
Total assets of the group as % of GDP	7.1	6.4	> 6.5
Domestic lending of the group as % of total domestic lending of Danish banks and mortgage credit institutions	1.7	1.6	> 5.0
Domestic deposits of the group as % of total domestic deposits of Danish banks	5.9	5.5	> 3.0

Note: The calculation of lending and deposit indicators follows the Danish executive order on the calculation of indicators and factors for the designation of systemically important financial institutions etc, most recently revised by including significant branches of foreign credit institutions in the calculations.

The Danish FSA has determined Sydbank A/S's systemic importance (systemicity) at 3.2, cf section 308(6) of the Danish Financial Business Act. Systemicity is calculated as an average of the factors shown below, cf

section 308(6) of the Danish Financial Business Act. Two of the factors are identical to the indicators shown above.

Factors and systemicity

	<i>2020</i>
Total assets of the group as % of the total assets of Danish banks, mortgage credit institutions and class 1 investment firms	2.1
Domestic lending of the group as % of total domestic lending of Danish banks and mortgage credit institutions	1.7
Domestic deposits of the group as % of total domestic deposits of Danish banks	5.9
Systemicity	3.2

Note: The calculation of indicators follows the Danish executive order on the calculation of indicators and factors for the designation of systemically important financial institutions etc, most recently revised by including significant branches of foreign credit institutions in the calculations.

Based on the calculation of systemicity, institutions are placed in categories of systemicity, cf section 308(7) of the Danish Financial Business Act. Sydbank A/S is placed in category 1, see the table below.

Systemicity categories

	<i>Systemicity</i>
Category 1	≤ 5
Category 2	[5-15[
Category 3	[15-25[
Category 4	[25-35[
Category 5	≥ 35

Sydbank A/S must meet a capital requirement by way of a SIFI buffer requirement of 1% reflecting the systemic importance (systemicity) of the institution, cf section 309(3), cf section 125g, cf section 125a(7) of the Danish Financial Business Act. The SIFI buffer requirement must be met in terms of CET1 capital. The SIFI buffer percentage requirement must be met at both a consolidated level for the group and at an individual level for each bank and mortgage credit institution forming part of the group, cf section 309(2) of the Danish Financial Business Act.

The SIFI buffer requirements are determined by the Danish Minister for Industry, Business and Financial Affairs, cf section 125g, cf section 125a(7) of the Danish Financial Business Act.