MOODY'S
INVESTORS SERVICE

Rating Action: Moody's takes action on 5 Danish financial institutions

Global Credit Research - 17 Jun 2015

Actions follow conclusion of the review initiated on 17 March and revision of government support assumptions

London, 17 June 2015 -- Moody's Investors Service has today concluded its rating reviews on five Danish financial institutions: Jyske Bank A/S, Nykredit Realkredit A/S, Nykredit Bank A/S, Ringkjobing Landbobank A/S, and Sydbank A/S.

These reviews were initiated on 17 March 2015 following the publication of Moody's revised bank methodology (see "Rating Methodology: Banks," 16 March 2015, available at moodys.com) and include revisions in Moody's government support assumptions for these institutions. Also reflecting the revised methodology, Moody's has assigned Counterparty Risk (CR) Assessments to each of the five financial institutions.

In terms of the application of the new methodology to the Danish financial institutions, Moody's rating actions reflect the following considerations: (1) the "Strong +" macro profile of Denmark (Aaa stable); (2) the institutions' core financial ratios; (3) the protection offered to senior creditors by volume and subordination of bail-in-able securities, as captured by Moody's Advanced Loss Given Failure (LGF) liability analysis; and (4) Moody's view of the reduced likelihood of government support for these institutions.

For its own business reasons, Moody's has withdrawn the outlooks for all of the junior instrument ratings for the banks covered in this press release. Please refer to "Moody's Investors Service's Policy for Withdrawal of Credit Ratings", available at moodys.com. Outlooks, which indicate the direction of any rating pressures, are now assigned only to long-term senior debt and deposit ratings. Moody's has changed the outlooks of all of the affected banks' long-term senior debt and deposit ratings to stable.

For more information on the new bank rating methodology, please see Moody's press release at https://www.moodys.com/viewresearchdoc.aspx?docid=PR_321005

The full list of affected ratings is provided at the end of the press release.

RATINGS RATIONALE

The new methodology includes a number of elements that Moody's has developed to help accurately predict bank failures and determine how each creditor class is likely to be treated when a bank fails and enters resolution. These new elements capture insights gained from the crisis and the fundamental shift in the banking industry and its regulation.

1) DENMARK'S "STRONG +" MACRO PROFILE

The banks covered in this rating action predominantly operate domestically, so their Macro Profile is aligned with that of Denmark at Strong +. Danish banks and mortgage credit institutions benefit from an improving operating environment and a strong institutional and legal framework. Moody's assessment, however, also factors in Danish households' high debt levels and banks' large stock of problem loans that date back to the financial crisis. The financial sector has considerable wholesale funding and refinancing needs, which - although easing - create some susceptibility to investor sentiment, while the relatively fragmented structure of the banking industry and strong competition constrain profitability.

(2) GENERALLY IMPROVING CORE FINANCIAL METRICS

Since the outset of the financial crisis and the prolonged period of low growth in the Danish economy, the management of loan book quality and profitability have been key challenges for the Danish banks.

While aggregate problem loan ratios across the Danish banking sector remain elevated following the significant increases during the financial crisis, the trend has been modestly improving in recent quarters. Moody's expects these improvements to continue, driven by the improving growth outlook for the Danish economy.

Reflecting the easing trend in problem loans and an already adequate level of problem loan coverage, the level of loan loss provisions has declined in recent quarters. Although the current interest rate environment continues to constrain margins, easing provisioning and cost control have resulted in improved profitability metrics for most banks and hence an improved ability to increase capital buffers by means of retained earnings.

(See below for outlines of the analytical considerations for the individual banks covered in this press release.)

(3) PROTECTION OFFERED TO SENIOR CREDITORS, AS CAPTURED BY MOODY'S ADVANCED LOSS GIVEN FAILURE (LGF) LIABILITY ANALYSIS

On 26 March, the European Union's Bank Recovery and Resolution Directory (BRRD) was implemented into Danish law. Accordingly, Moody's applies its Advanced LGF analysis to Danish banks' liability structures. The advanced LGF takes into account how differences in liability structure will translate into differences in expected loss on different instruments if a bank were to enter into resolution. The LGF analysis leads to a rating impact ranging from a negative one to positive two notches from the banks' adjusted BCA, reflecting differences in the banks' liability structures in terms of the amount of bail-in-able liabilities and resulting loss severity on different instruments. This analysis represents a range of "very low" to "high" loss given failure for long-term deposits and senior debt, taking into account the protection offered by the banks' sizeable volumes of deposits and the amount of debt subordinated to both senior debt and deposits.

(4) LIKELIHOOD OF GOVERNMENT SUPPORT

Following the implementation of the BRRD into Danish law and in line with our assessment of systemic support in other EU banking systems, Moody's has revised its systemic support assumptions for Danish banks. The rating agency assesses the probability of government support to be moderate for the largest Danish financial institutions. With regards to the banks affected by today's rating action, this translates into one notch rating uplift for Nykredit Realkredit, which commands double-digit market shares in Denmark's mortgage market and has a nationwide presence. Moody's now assesses the probability of government support to be low for Jyske Bank, Nykredit Bank, Ringkjobing Landbobank and Sydbank, resulting in no systemic rating uplift to these entities.

--- STABLE OUTLOOKS

The stable outlooks on the banks' long-term senior debt and deposit ratings reflect Moody's view of the balance between the easing of asset quality pressures, the improving macroeconomic trends and challenges posed by the low interest rate environment.

--- ASSIGNMENT OF COUNTERPARTY RISK ASSESSMENTS

Moody's has also assigned CR Assessments to each of these Danish financial institutions. CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than the likelihood of default and the expected financial loss suffered in the event of default and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (e.g., swaps), letters of credit, guarantees and liquidity facilities.

SPECIFIC ANALYTICAL FACTORS FOR THE FIVE INSTITUTIONS

--- Jyske Bank

Moody's has upgraded Jyske Bank's Baseline Credit Assessment (BCA) to baa1 from baa2, and upgraded the bank's long-term deposit ratings to A3 from Baa1. Moody's confirmed Jyske Bank's senior unsecured debt rating at Baa1, and affirmed the bank's P-2 short-term deposit ratings.

The upgrade of Jyske Bank's standalone BCA to baa1 reflects recent progress in executing the merger with mortgage lender BRFKredit, which is changing positively the bank's risk profile by increasing the overall contribution of stable mortgage lending. Although Moody's notes the presence of remaining risks and uncertainties related to the merger, which almost doubled the size of the balance sheet in April 2014, these are easing as the integration between the two entities is progressing according to plan.

In addition to Jyske Bank's evolving risk profile, the rating upgrade also takes into account the balance between the bank's improving asset quality, strong capitalisation and challenges facing the bank's profitability going forward.

Following a weakening in asset quality during the financial crisis and the low growth period that followed, Jyske Bank's asset quality challenges are easing. While the bank's share of problem loans relative to total loans, advances and guarantees (measured as gross loans subject to individual impairment) remained elevated at 3.8% at end-December 2014, Moody's notes that the trend measured on loans with Objective Evidence of Impairment (OIV) has been improving since end-June 2014, which was the first quarterly number for the consolidated (Jyske Bank including BRFKredit) group. Moody's considers that the positive trend in asset quality reflects the more benign operating environment in Denmark and will continue over the coming quarters.

Jyske Bank's standalone profile is also supported by the bank's sizable capital buffers. At end-March 2015, Jyske Bank's Tier 1 capital ratio stood at 15.7%, with a total capital adequacy ratio of 16.3%, against an individual solvency requirement for the group of 11%, which implies a substantial capital cushion.

As a counterbalance to these positive trends, Moody's notes that Jyske Bank's recurring profitability has been negatively impacted by the merger with BRFKredit. Moody's forward looking assessment of this indicator remains more uncertain than for the bank's peers due to the continued restructuring of the group following the merger, and the current low interest rate environment.

The upgrade of the bank's deposit rating to A3 from Baa1 and the confirmation of the senior unsecured debt ratings at Baa1 takes into account the BCA upgrade, and the LGF analysis of the bank's own volume of debt and deposits and securities subordinated to them in Moody's creditor hierarchy. Moody's advanced LGF analysis for Jyske Bank indicates a low loss given failure for depositors, resulting in a one notch uplift to the deposit ratings. The bank's senior unsecured debt ratings do not benefit from LGF uplift.

The implementation of the BRRD has caused Moody's to reconsider the likelihood of government support to benefit certain creditors. Within the European union, the rating agency now assesses the probability of government support to be moderate only for the largest and most complex institutions. For Jyske Bank, Moody's now assesses the probability of government support to be low, meaning that the bank's debt and deposit ratings no longer incorporate rating uplift from government support.

WHAT COULD CHANGE THE RATINGS UP/DOWN

Upward pressure on Jyske Bank's ratings could develop from (1) stronger profitability from core earnings, without an increase in its risk profile; or (2) improved asset-quality metrics, especially in more volatile segments, such as agriculture and commercial real estate (CRE). We would consider any upward pressure to be preceded by the successful complete consolidation and reduction of uncertainties with regards to the merger with BRFKredit. Downward rating pressure would emerge if (1) Jyske Bank's asset quality deteriorates from current levels; (2) the group's profitability from core operations decreases; and (3) its risk profile increases.

--- Nykredit Realkredit

Moody's has upgraded Nykredit Realkredit's BCA to baa1 from baa2, upgraded the long-term issuer rating to Baa1 from Baa2 and affirmed the short-term issuer rating of P-2.

The upgrade of Nykredit Realkredit's standalone BCA to baa1 from baa2 reflects 1) the mortgage credit institution's high and resilient asset quality and 2) the recent increase in covered bond maturities, which reduces the group's refinancing needs. These strengths are counterbalanced by Nykredit Realkredit's moderate capitalisation, low level of profitability and limited product diversification.

As a first lien secured lender to Danish households and companies, Nykredit Realkredit's asset quality is strong: at end-March 2015, problem loans (measured as gross loans subject to individual impairment) accounted for 1.12% of gross loans, in line with end-2014, albeit up from 0.90% in 2013. The increase in 2014 was partly driven by stricter problem loan guidelines from the Danish FSA.

While Nykredit Realkredit's dependence on the uninterrupted functioning of the Danish covered bond market remains high, its reliance on short term maturing covered bonds has reduced substantially in recent quarters, which supports the BCA upgrade. Moody's views the trend in the maturity profile of Nykredit Realkredit's covered bond funding as positive, as the share of one-year refinancing bonds reduced to 16% of the portfolio at end-March 2015, from 21% at end-June 2014, reducing the annual refinancing need. In addition, Moody's positively notes the EU Commission's October 2014 final liquidity coverage ratio (LCR) rules which include covered bonds in the best categories of high quality liquid assets, supporting the historically stable Danish covered bond market.

Moody's expects Nykredit Realkredit's leverage ratio to remain moderate and profitability to remain relatively low, reflecting its business model as a mortgage lender. At year-end 2014, tangible common equity stood at 3.8% of total assets, albeit on an improving trend, and on a three-year average basis, net income stood at 0.11% of tangible assets.

The upgrade of Nykredit Realkredit's long-term issuer rating to Baa1 reflects (1) the one-notch BCA upgrade, (2) the LGF analysis of the bank's own volume of bail-in-able debt and deposits and securities subordinated to them in Moody's creditor hierarchy, and (3) Moody's support assumptions. Given Nykredit Realkredit's business model that relies on covered bonds for funding, which are in most scenarios not considered bail-in-able, Moody's advanced LGF analysis indicates a high loss given failure, resulting in a negative impact of one notch. Finally, Moody's assesses the probability of government support to be moderate for Nykredit Realkredit. This assessment takes into account the lender's double digit market share in mortgages, and translates into one notch rating uplift.

WHAT COULD CHANGE THE RATINGS UP/DOWN

Upward rating momentum could develop from (1) further improvements in Nykredit Realkredit's funding profile; (2) a sustained and material improvement in the group's profitability, without a material increase in its risk profile and (3) improved performance of its banking arm, Nykredit Bank.

Future downward rating pressure could emerge if (1) if the group experiences worsening financing conditions; (2) asset quality erosion occurs, especially if it reflects a broader-based weakening of repayment capacity as opposed to additional impairments on previously identified problem customers or segments; and (3) there is evidence that the group's risk profile is increasing.

---Nykredit Bank

Moody's has downgraded Nykredit Bank's baseline credit assessment (BCA) to ba1 from baa3, whilst also confirming the bank's adjusted baa2 BCA, which includes support from the parent, Nykredit Realkredit. Moody's also downgraded the long-term deposit and senior unsecured debt ratings to Baa3 from Baa2, and the short-term deposit rating to P-3 from P-2.

The downgrade of Nykredit Bank's standalone BCA to ba1 from baa3 reflects Moody's expectation that the bank's weak asset quality, profitability and earnings quality will remain a challenge, owing to a limited franchise and low level of recurring earnings compared to Danish peers. Although the bank is highly reliant on market funding, Moody's notes that Nykredit Bank maintains a strong liquidity position. The confirmation of the adjusted BCA at baa2 takes into account parental support, including the capital support that Nykredit Realkredit has recently provided.

Nykredit Bank's problem loan ratio (gross loans and advances subject to individual provisioning as share of total gross loans) remained elevated at 8.7% as of 31 December 2014, despite improving from 11.2% in 2013. Nykredit Bank's asset quality has been negatively affected by customer swap positions that compounded when interest rates continued to fall. This has resulted in high earnings volatility, and low or, as in 2015, even negative earnings. Although problem loans are at elevated levels, Moody's notes the coverage ratio (loan loss reserves as a percentage of gross problem loans) remains among the highest of the rated Danish banks (76% as of 31 December 2014).

Nykredit Bank's market funds reliance is high, which exposes the bank to investor sentiment: average market funding accounted for just under 70% of the bank's average total funding at end-December 2014. Deposits accounted for 126% of average loans as of 31 December, but nearly a third of deposits represent repo transactions with other banks.

However, Nykredit Bank benefits from a strong liquidity position: at end-December 2014, liquid assets accounted for around 58.5% of total assets reflecting the bank's business as an intermediary in, amongst other, the covered bond markets. The bank's bond portfolio (28.3% of assets) consists mainly of central bank eligible Danish and European covered bonds and government bonds. The high level of liquid assets relative to total assets is partly a reflection of a relatively high liquidity need in the bank's operations, relative its parent as a mortgage lender.

Nykredit Bank's recent and prior capital injections reflect the lender's challenge to maintain a healthy capital position without support. As of 31 December, the bank reported a CET1 capital ratio of 12.8%, and in February 2015 it received a DKK2 billion capital injection from its parent, Nykredit Realkredit.

The downgrade of Nykredit Bank's deposit ratings takes into account (1) the confirmation of the bank's adjusted BCA at baa2, taking into account two notches of parental support that offset the one-notch downgrade of the bank's BCA; and (2) a one notch negative impact of the application of Moody's LGF analysis. As Nykredit Bank operates in the same country as its parent, Moody's deems a resolution of Nykredit Bank's senior liabilities to include the wider group's unsecured debt, and hence has applied its LGF analysis group-wide on consolidated accounts. Given the wider group's funding reliance on covered bonds, which typically are not loss taking in resolution, the loss given failure on senior unsecured debt and deposits is high. Moody's assessment of government support for Nykredit Bank remains low.

WHAT COULD CHANGE THE RATINGS UP/DOWN

Upward rating momentum could develop from a sustained and material improvement in the bank's profitability without an increase in its risk profile, which will require increasing earnings stability, an increase in the bank's interest margin on total assets and an improvement in cost efficiency.

Downward rating pressure could emerge (1) following an increase in the volume of problem loans; (2) if the bank experiences worsening financing conditions; and (3) if the bank's risk profile increases.

--- Ringkjobing Landbobank

Moody's has upgraded Ringkjobing Landbobank's BCA to a3 from baa1, and upgraded the bank's long and short-term deposit ratings to A1/P-1 from Baa1/P-2.

The upgrade of Ringkjobing Landbobank's standalone BCA to a3 from baa1 is primarily driven by Moody's expectation that the bank's high profitability throughout the financial crisis and strong capital position the bank well to cope with challenges arising for the low interest rate environment and mitigate the still elevated level of problem loans.

Moody's notes that the bank's high profitability and strong track record point to a strong capacity to absorb losses through earnings and internal capital generation. Ringkjobing Landbobank reported a return on assets of 2.6%, and a return on equity (ROE) of 17.7% in Q1 2015. Although the very low interest rates in Denmark create some uncertainty regarding the bank's future earnings, Moody's notes that the bank's very high cost-efficiency, with a cost/income ratio of 27% in Q1 2015, adds resilience to profitability. Accordingly, Moody's expect that the bank will sustain strong capital buffers over the foreseeable future.

Ringkjobing Landbobank reports strong capital metrics: its Common Equity Tier 1 (CET1) capital ratio was 16.4% at end-March 2015. The bank's Tangible Common Equity to Total Assets ratio stood at 14.6% at end-March 2015, which is significantly higher than the levels recorded by most of the bank's Nordic peers.

Ringkjobing Landbobank's continued elevated level of problem loan ratio both relative to pre-crisis levels and to similarly highly rated peers across Europe remains a key weakness for the bank. Moody's notes, however, that more recently, the trend has been positive with problem loans (defined as gross loans subject to individual impairment) decreasing to 6.7% of gross loans at end-2014, from 8.1% in 2013. The bank reported a coverage ratio (loan loss reserves as a percentage of problem loans) of 85% at end-December 2014, up from 72% in 2013, the highest coverage ratio of the rated Danish banks.

The upgrade of the bank's deposit ratings to A1 from Baa1 also takes into account the LGF analysis of the bank's own volume of debt and deposits and securities subordinated to them in Moody's creditor hierarchy. Moody's advanced LGF analysis of Ringkjobing Landbobank's own volume of debt and deposits and securities subordinated to them indicates a very low loss given failure for depositors, resulting in a two notch uplift to the deposit ratings from the bank's BCA.

Moody's continues to consider the probability of government support to Ringkjobing Landbobank to be low and hence does not incorporate any systemic support uplift into the bank's rating.

WHAT COULD CHANGE THE RATINGS UP/DOWN

Upward rating momentum could develop from improved asset quality metrics especially in relation to more volatile segments such as agriculture. Future downward rating pressure could emerge if asset quality or capital metrics deteriorate, profitability reduces or the banks reliance on market funding increases from the current low level.

--- Sydbank

Moody's has affirmed Sydbank's BCA of baa2, upgraded its long- term deposit ratings to A3 from Baa1, and confirmed the bank's Baa1 long-term senior unsecured debt and P-2 short deposit ratings.

The affirmation of Sydbank's standalone BCA of baa2 reflects a combination of continued elevated level of problem loans and a relatively low profitability since the start of the financial crisis. The bank's high level of capitalisation and good liquidity mitigate these challenges.

Following a weakening in asset quality during the financial crisis and the low growth period that followed, Sydbank's asset quality challenges are easing. At end-March 2014, Sydbank's problem loans (measured as gross loans subject to individual impairments) amounted to 8.1% of gross loans, down from 8.6% at year-end 2014. Problem loans remain elevated both relative to the pre-crisis level (2% at end-December 2008) and to many Nordic and European peers. Moody's expects the more positive recent trend to continue, reflecting the more benign Danish macro environment.

In parallel with the positive trend in problem loans and an already adequate level of balance sheet reserves against these, Sydbank's loan loss provisioning has declined significantly in recent years, resulting in a material increase in the group's profitability. Net income increased to 0.8% of tangible assets at end-March 2015 from 0.7% at end-December 2014. The impact on the bank's earnings of the currently very low Danish interest rates and continued high uncertainty relating to the future provisioning need towards Danish agriculture present some risk to the profitability outlook.

Moody's continues to view Sydbank's economic capital as substantial. As of March 2015, Sydbank's Tier 1 and total capital ratios were 16% and 17.6%, respectively, compared to an individual solvency requirement according to the Danish FSA calculation of 10.3%.

The upgrade of the bank's deposit rating to A3 from Baa1 and the confirmation of senior unsecured debt ratings to Baa1 takes into account the LGF analysis of the bank's own volume of debt and deposits and securities subordinated to them in Moody's creditor hierarchy. Moody's advanced LGF analysis for Sydbank suggests a very low loss given failure for depositors, and a low loss given failure for senior creditors, resulting in a two notch uplift to the deposit ratings and one notch for long term senior debt rating from the group's BCA.

The implementation of the BRRD has caused Moody's to reconsider the potential for government support to benefit certain creditors. Within the European Union, the rating agency now assesses the probability of government support to be moderate only for the largest and most complex institutions. For Sydbank, Moody's assesses the probability of government support to be low, meaning that the bank's debt and deposit ratings no longer benefit from rating uplift from government support.

WHAT COULD CHANGE THE RATINGS UP/DOWN

Upward rating momentum on Sydbank's ratings could develop from (1) a sustained increase in profitability from core operations without an increase in its risk profile; and/or (2) improved asset-quality metrics, especially in relation to more volatile segments such as agriculture and CRE.

Future downward rating pressure could emerge if (1) its asset quality deteriorates from the current levels; (2) its risk profile increases, for example as a result of increased exposures to more volatile assets; and (3) the bank shows weakened profitability from core earnings.

LIST OF AFFECTED RATINGS

..Issuer: Jyske Bank

....Baseline Credit Assessment, Upgraded to baa1 from baa2

....Adjusted Baseline Credit Assessment, Upgraded to baa1 from baa2

....Long-term Deposit Rating, Upgraded to A3 Stable from Baa1 Ratings under Review

....Senior Unsecured Medium-Term Note Program, Confirmed (P)Baa1

....Senior Unsecured Regular Bond/Debenture, Confirmed Baa1

....Junior Subordinate, Upgraded to Baa3(hyb) outlook withdrawn from Ba1(hyb) Stable outlook

....Junior Subordinate Medium-Term Note Program, Upgraded to (P)Baa3 from (P)Ba1

.... Short-term Deposit Rating, Affirmed P-2

....Deposit Note/CD Program, Affirmed P-2

....Other short term, Affirmed (P)P-2

Pref. Stock Non-cumulative, Upgraded to Ba1(hyb) outlook withdrawn from Ba2(hyb) stable outlook

....Outlook, Changed To Stable From Rating Under Review

....Counterparty Risk Assessment, Assigned A1(cr)

....Counterparty Risk Assessment, Assigned P-1(cr)

..Issuer: Nykredit Realkredit

.... Baseline Credit Assessment, Upgraded to baa1 from baa2

....Adjusted Baseline Credit Assessment, Upgraded to baa1 from baa2

....Long-term issuer rating, Upgraded to Baa1 Stable from Baa2 Ratings under Review

....Short-term issuer rating, Affirmed P-2

....Outlook, Changed To Stable From Rating Under Review

.... Counterparty Risk Assessment, Assigned A3(cr)

.... Counterparty Risk Assessment, Assigned P-2(cr)

..Issuer: Nykredit Bank

.... Baseline Credit Assessment, Downgraded to ba1 from baa3

.... Adjusted Baseline Credit Assessment, Confirmed baa2

....Long-term Deposit Rating, Downgraded to Baa3 Stable from Baa2 Ratings under Review

....Senior Unsecured Medium-Term Note Program, Downgraded to (P)Baa3 from (P) Baa2 Ratings under Review

....Senior Unsecured Regular Bond/Debenture, Downgraded to Baa3 Stable from Baa2 Ratings under Review

....Long term Deposit Note/CD Program, Downgraded to (P)Baa3 from (P) Baa2 Ratings under Review

.... Short-term Deposit Rating, Downgraded to P-3 from P-2 Ratings under Review

....Short term Deposit Note/CD Program, Downgraded to (P)P-3 from (P)P-2 Ratings under Review

....Commercial Paper, Downgraded to P-3 from P-2 Ratings under Review

....Other Short Term, Downgraded to (P)P-3 from (P)P-2 Ratings under Review

....Outlook, Changed To Stable From Rating Under Review

.... Counterparty Risk Assessment, Assigned Baa2(cr)

.... Counterparty Risk Assessment, Assigned P-2(cr)

..Issuer: Ringkjobing Landbobank

.... Baseline Credit Assessment, Upgraded to a3 from baa1

.... Adjusted Baseline Credit Assessment, Upgraded to a3 from baa1

.....Long-term Deposit Rating, Upgraded to A1 Stable from Baa1 Ratings under Review

.... Short-term Deposit Rating, Upgraded to P-1 from P-2 Ratings under Review

.....Outlook, Changed to Stable From Rating Under Review

.... Counterparty Risk Assessment, Assigned Aa3(cr)

.... Counterparty Risk Assessment, Assigned P-1(cr)

Issuer: Sydbank

.... Baseline Credit Assessment, Affirmed baa2

.... Adjusted Baseline Credit Assessment, Affirmed baa2

....Long-term Deposit Rating, Upgraded to A3 Stable from Baa1 Ratings under Review

....Senior Unsecured Medium-Term Note Program, Confirmed at (P)Baa1

....Senior Unsecured Regular Bond/Debenture, Confirmed at Baa1

....Subordinate Regular Bond/Debenture, Affirmed at Baa3 outlook withdrawn from stable

....Subordinate Medium-Term Note Program, Affirmed to (P)Baa3

....Junior Subordinate Medium-Term Note Program, Affirmed (P)Ba1

.... Short-term Deposit Rating, Confirmed at P-2

. Other short term, Affirmed (P)P-2

. Pref. Stock Non-cumulative, Affirmed at Ba2(hyb) outlook withdrawn from stable

....Outlook, Changed To Stable From Rating Under Review

.... Counterparty Risk Assessment, Assigned A2(cr)

.... Counterparty Risk Assessment, Assigned P-1(cr)

The principal methodology used in these ratings was Banks published in March 2015. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this rating action, and whose ratings may change as a result of this rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

The following information supplements Disclosure 10 ("Information Relating to Conflicts of Interest as required by Paragraph (a)(1)(ii)(J) of SEC Rule 17g-7") in the regulatory disclosures made at the ratings tab on the issuer/entity page on www.moodys.com for each credit rating:

Moody's was not paid for services other than determining a credit rating in the most recently ended fiscal year by the person that paid Moody's to determine this credit rating

The ratings of rated entities Jyske Bank A/S and Nykredit Bank A/S were initiated by Moody's and were not requested by these rated entities.

These rated entities Jyske Bank A/S and Nykredit Bank A/S or related third parties did not participate in the rating process. Moody's was not provided, for purposes of the rating, access to books, records and other relevant internal documents of the rated entities or related third parties.

Rated entity Nykredit Realkredit A/S or its related third parties did not participate in the rating process. Moody's was not provided, for purposes of the rating, access to books, records and other relevant internal documents of the rated entity or related third party.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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