

THE DANISH FINANCIAL SUPERVISORY AUTHORITY

MEMORANDUM

The Danish FSA

23 February 2016

Statement on inspection at Sydbank A/S (liquidity)

Introduction

In November 2015 the Danish FSA conducted an inspection at Sydbank A/S. The objective of the inspection was to assess the bank's liquidity and funding risks.

Summary and risk assessment

The bank's current liquidity and funding risks are relatively limited. At present the bank has a net deposit and consequently a modest need for market-based funding.

The bank's day-to-day risk management as regards liquidity is seen to be prudent in general.

However the bank's written documentation concerning liquidity risk management is inadequate in several respects. Consequently the bank has received three orders to improve its written documentation.

The Sydbank Group has calculated its solvency need at 10.3% at 30 September 2015. The capital ratio represented 17.1% at 30 September 2015. The inspection did not give rise to any change in the Danish FSA's assessment of the group's solvency need.