

Translation from Danish by Danske Bank of a memorandum dated 22 December 2014 from the Danish Financial Supervisory Authority (*Finanstilsynet*). In case of discrepancies, the Danish version prevails.

MEMORANDUM

The Danish Financial Supervisory
Authority (*Finanstilsynet*)
22 December 2014
BØRS
File No. 6255-0002

Statement on supervision of activity at Danske Bank A/S

The Danish Financial Supervisory Authority (the FSA) has conducted a limited inspection of Danske Bank A/S since the bank is a CIBOR and CITA rate contributor. The inspection was conducted as a supervision of a limited area of activity (that is, the inspection was made as a **"desk job"** – no visit was made to the bank) as to whether the bank complies with governance requirements under the Danish Executive Order No. 1299 of 14 November 2013 on supervisory oversight of the setting of reference rates.

It was assessed whether the required business procedures exist, with particular focus on whether

1. the credit institution has described its method for quoting a reference rate,
2. the individual quotation is verified on a daily basis by an employee who is not the one having made the original quotation,
3. the relevant staff has been given instruction in the relevant obligations, and
4. a log book showing the daily quotations exists.

The FSA finds that Danske Bank's business procedures and routines ensure that the bank complies, to a sufficient degree, with the governance requirements under the executive order stated above.

The FSA observed that the daily verification of CIBOR was done before the day's deadline, but not before the day's rates were reported to the administrator. Danske Bank has changed its procedure, which means that verification is now done before the day's rates are reported.

In addition, the FSA recommends that the bank improve on its daily documentation.