

Translation of a statement dated 5 March 2013 from the Danish Financial Supervisory Authority (*Finanstilsynet*). In case of discrepancies, the Danish version prevails.

## **Statement on inspection of Danske Bank A/S's covered bond registers**

### **Introduction**

In December 2012, the Danish Financial Supervisory Authority (FSA) conducted an inspection (a functional inspection) of Danske Bank A/S.

The FSA reviewed the bank's covered bond registers, from which the bank issues covered bonds. The inspection covered a review of the bank's ongoing monitoring of pledges in registers, spot checks of whether loans comply with the legal requirements for covered bonds, the bank's compliance with the balance principle and other matters.

### **Summary and risk assessment**

The FSA has no comments on the bank's issuance of covered bonds except for a reprimand for erroneous system processing and an incorrect valuation method over several years for certain pledges in the register that contain loans for Irish owner-occupied residences. The total overcollateralisation in the register has been sufficient to ensure, on an ongoing basis, that the total supplementary collateral meets the collateral requirement for covered bonds. The bank subsequently corrected the erroneous system processing and made a revaluation of the properties in question.

The Danske Bank Group calculated its solvency need in the third quarter of 2012 at 10.8%. The actual solvency ratio was 19.4%.

The inspection did not give rise to any comments from the FSA on the calculation of the solvency need in the areas reviewed.