

7 May 2024

## **Statement on inspection of Danske Bank Sweden's impairment charges against exposures to business and personal customers**

### **1. Introduction**

In December 2023, the Danish Financial Supervisory Authority (the Danish FSA) conducted an inspection of Danske Bank Sweden's impairment charges against exposures to business and personal customers, including Swedish customers managed from Denmark.

### **2. Summary and risk assessment**

During the inspection, the Danish FSA reviewed 48 business customers and 31 personal customers. The random sample comprised only a few large property customers and some minor property customers. On the basis of the inspection, it is therefore not possible to draw any conclusion about the bank's risk in relation to Swedish property companies.

In too many cases, the bank had failed to identify objective evidence of credit impairment (OEC). This applied to 16% and 18%, respectively, of the business customers and personal customers reviewed. The random sample was, however, fairly small, and consequently, the level of uncertainty was correspondingly high. The impairment charges were too low for a few of the business customers and the personal customers. The bank's collective impairment charges do, however, not give any reason to conclude that additional impairment charges are generally needed.

The bank had failed to register all reasons leading to OEC for almost half of the personal customers with OEC exposures.

Finally, the Danish FSA found that the bank's financial information about its personal customers was inadequate. For the majority of exposures, the bank had failed to obtain up-to-date information about the customer's finances. This was in spite of the fact that several customers had repeatedly been in arrears over a long period of time. The bank has therefore been ordered<sup>1</sup> to ensure that the bank, to a sufficient degree, follows up on weak Swedish personal customers and obtain up-to-date information about their finances.

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<sup>1</sup> See paragraph 21c of annex 1 to the Danish Executive Order on Management and Control of Banks etc.