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## **Statement on liquidity inspection at Danske Bank A/S**

### **Introduction**

In November 2023, the Danish Financial Supervisory Authority (the Danish FSA) conducted a liquidity inspection at Danske Bank A/S.

The purpose of the inspection was to determine the division of responsibilities and tasks in the liquidity area with a special focus on the division between the performing and controlling functions. In this connection, the Danish FSA examined the bank's limit, reporting and control setup.

### **Summary and risk assessment**

In several cases, the calibration of the bank's internal limits is based on historically observed fluctuations in specific measures without the bank explicitly determining whether changes have taken place in the underlying business or in external circumstances that result in historical fluctuations not providing a fair indication of potential future fluctuations.

The bank has been ordered to actively assess, when setting the internal limits for its liquidity risks, the extent to which historical information provides a fair basis for assessing the future risk.<sup>1</sup>

After the financial crisis, the bank has reduced its risks in relation to USD funding activities. The bank is expected to keep the Danish FSA informed about developments in this respect.

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<sup>1</sup> The order was issued in pursuance of annex 4, paragraph 7, to the Danish Executive Order on Management and Controls of Banks etc. (Danish Executive Order no. 1103 of 30 June 2022).