

## **M E M O R A N D U M**

**The Danish Financial Supervisory Authority**

14 September 2017

### **Statement on inspection of Danica Pension, Livsforsikringsaktieselskab, (lending and property development financing)**

#### **Introduction**

In November 2016, the Danish Financial Supervisory Authority (the FSA) conducted an inspection of Danica Pension A/S, Livsforsikringsselskab, (Danica Pension), focusing on credit management in relation to lending and property development financing.

The inspection involved five loans with a total commitment of DKK 4.2 billion. In the middle of 2016, Danica Pension's investment assets totalled DKK 351.1 billion.

The inspection was part of a cross-sector review in which the FSA examined the same theme at other life insurance companies and pension providers.

#### **Summary and risk assessment**

In general, the FSA found that, as regards lending and property development financing, Danica Pension, in a few areas, did not have an adequate setup and thus did not comply fully with the requirements of the relevant regulations.

Danica Pension's credit policy and internal guidelines were subject to material deficiencies and did not establish a clear framework for the credit risks that Danica Pension wished to assume. For example, there were no guidelines for the external handling of credit matters. In this connection, the FSA has ordered Danica Pension to prepare a written lending policy and relevant guidelines that are in compliance with the requirements in question.