

MEMORANDUM

9 October 2017

Statement on inspection of Danske Bank (independent controls in the credit area)

Introduction

In May 2017, the Danish Financial Supervisory Authority (the FSA) conducted an inspection of Danske Bank's independent controls in the credit area.

A bank is required to control all its material tasks in the credit area. The unit of the bank responsible for performing the credit tasks is required to ensure sufficient control. Furthermore, one or more other units of the bank must perform independent controls of the tasks.

The purpose of the inspection was to assess the tasks, methods, independence, resources and planning of the independent credit control function as well as the quality of the work performed. The purpose was also to assess the work performed by the compliance function and the internal auditors in relation to controls in the credit area.

The inspection formed part of a cross-sector review of this theme at the largest banks.

Summary and risk assessment

At the inspection, the FSA observed that the bank performs credit controls of all main activities in the credit area. The FSA did not have any material comments regarding the independent credit control function.

Moreover, the FSA did not have any comments regarding the work performed by the compliance function and the internal auditors in relation to controls in the credit area.