

FINANSTILSYNET

(The Danish Financial Supervisory Authority)

MEMORANDUM

Finanstilsynet
(The Danish Financial
Supervisory Authority)

24 January 2014
REAL
Ref. No. 6252-0168

Report on inspection of Jyske Bank A/S (joint funding)

Introduction

In November 2013, the Danish Financial Supervisory Authority conducted an inspection (functional inspection) of Jyske Bank A/S (Jyske Bank).

The inspection included an examination of Jyske Bank's joint funding with a mortgage credit institution where the examination focused on compliance with the rules on the placement, control of separation and settlement of incoming payments relating to the joint funding.

Joint funding is taken to mean that a financial institution can fund loans secured against real property through covered bonds (SDOs) issued by another financial institution or mortgage credit institutions.

During the inspection, the FSA examined the bank's business procedures, guidelines, settlement plans and reports relating to joint funding. Moreover, the FSA made random sampling of the jointly funded loans with a view to checking that the payments on the loans are separated from other incoming payments and that the underlying mortgage deeds meet the requirements in order to serve as security for the joint funding.

Summary and risk assessment

The inspection of the joint funding did not give rise to any reactions on the part of the FSA.

On the basis of the inspection, the FSA had no comments on the solvency requirement in respect of the inspected area as calculated by the institution.

As at 30 September 2013, Jyske Bank had calculated its solvency requirement to be 10.0%. As at 30 September 2013, the bank's actual solvency ratio was at 16.1%. Based on the inspection, it is the overall assessment of the FSA that currently there is no need for further additions to the solvency requirement in respect of the area inspected.