The Danish FSA

18 February 2020

Statement on order issued to Sydbank A/S regarding the annual report for 2018

The Danish FSA has ordered Sydbank to correct errors in its 2018 annual report.

1. Introduction

The Danish FSA has audited Sydbank's annual report for 2018. In its audit the Danish FSA focused on the new disclosure requirements of the international financial reporting standard "IFRS 7 Financial Instruments: Disclosures". The new disclosure requirements are a consequence of the new international financial reporting standard "IFRS 9 Financial Instruments".

During its audit the Danish FSA found a number of deviations from the accounting rules. In its assessment of the individual deviations the Danish FSA took into account that overall the deviations are material and therefore constitute errors.

2. Summary

In the annual report for 2018 negative interest on financial assets (eg loans and advances) has been set off against the income statement item "interest income" and positive interest on financial liabilities (eg deposits) has been set off against the income statement item "interest expense". The set-off constitutes a deviation from IAS 1, paragraphs 32-33. Moreover the lack of specification of negative interest on financial assets and positive interest on financial liabilities either by separate income statement items or in the notes constitutes a deviation, cf IAS 1, paragraph 85 and IAS 1, paragraph 112(c) respectively.

Furthermore Sydbank has failed to disclose information which is required in accordance with the international financial reporting standards (IFRS). This information concerns primarily the bank's credit risk. In addition certain information was not disclosed regarding hedge accounting, income from financial instruments and there was an error in the calculation of the financial ratio item "Total large exposures" in the financial highlights tables.

Sydbank has notified the Danish FSA that the bank will comply with the order by disclosing the missing information in its 2019 annual report. The Danish FSA has accepted this because the 2019 annual report is forthcoming.