

# The Danish Financial Supervisory Authority

## MEMORANDUM

The Danish FSA

30 August 2022

### Statement on risk information to Sydbank A/S

Sydbank A/S has informed the Danish FSA that the lending growth benchmark of the Supervisory Diamond has been exceeded.

Lending grew by 20.9% during the period from 30 June 2021 to 30 June 2022. The Supervisory Diamond benchmark relating to annual lending growth is a maximum of 20%.

The bank has stated that the reasons for exceeding the benchmark were for instance corporate clients' need for more working capital due to higher prices of goods and supply chain delays as well as the repayment of deferred VAT and tax payments.

High lending growth constitutes an increased risk and imposes exceptional requirements on the bank's credit management so as not to lower credit standards and to ensure that risks are monitored and managed in a proper manner.

The Danish FSA expects that banks have ongoing credit management and internal budgeting ensuring adequate distance to the Supervisory Diamond benchmark in order to prevent exceeding the benchmark.

Based on the exceeding of the benchmark the Danish FSA has issued a risk information statement to Sydbank A/S according to which the bank should ensure lower growth in lending. The bank expects that growth in lending will drop in Q3 2022. The Danish FSA will monitor the trend in lending growth.