

Statement on IT inspection at Sydbank A/S

In June 2020 the Danish FSA conducted an IT inspection at Sydbank A/S (Sydbank).

The inspection included the following areas:

- IT risk management
- IT security management, including the lines of defense model
- Outsourcing
- IT contingency management
- Auditing.

Summary

In the FSA's assessment Sydbank has significant weaknesses as regards IT risk management and IT security management, which result in an increased risk. Prior to this inspection Sydbank had identified and initiated a number of improvement measures in the IT area.

Sydbank must improve its IT risk management activities in order to be able to sufficiently assess the overall IT risk exposure and risk mitigating measures. Sydbank must draw up an IT risk management policy and ensure that it is adequately rooted across the organisation. In continuation ~~hereof~~ Sydbank must allocate sufficient resources and competences in both ~~the~~ first and the second lines of defense. The Danish FSA has issued orders to correct the derived shortcomings.

Sydbank must improve its IT security management and ensure that it builds on a sufficiently documented basis. The Danish FSA has ordered Sydbank to ensure that it has adequate control with the compliance with its IT security policy, including to ensure that the necessary business procedures are formulated and that they are satisfactory and are complied with. This is in order to mitigate any IT security breach and consequently ensure that Sydbank operates within the requirements laid down by the board of directors. IT security breaches may have significant financial as well as reputational consequences.

Therefore Sydbank must improve its IT contingency management and make sure that the relevant contingency scenarios, including corrupted data, have been adequately assessed. These scenarios must be tested to make sure

that the bank is sufficiently convinced that it can resume normal operation in the event of a contingency situation. It must also be ensured that ~~relevant~~ suppliers comply with stipulated requirements in order for Sydbank to implement its contingency plans in contingency situations. The Danish FSA has ordered Sydbank to improve its IT contingency management.

Sydbank has shortcomings as regards compliance with executive order no. 1304 of 25 November 2010 on outsourcing of significant areas. Seeing as executive order no. 877 of 12 June 2020 on outsourcing for credit institutions etc. has become effective, Sydbank has been made aware of shortcomings which must be included in its work to comply with this executive order.