

# THE DANISH FINANCIAL SUPERVISORY AUTHORITY

## MEMORANDUM

The Danish FSA

21 June 2017

File no 6252-0082

/klm

## Statement on inspection at Sydbank A/S (joint funding)

### Introduction

*In June 2017 the Danish FSA conducted an inspection of the joint funding area at Sydbank A/S.*

The inspection comprised a review of Sydbank's joint funding with a mortgage credit institution focusing on compliance with the rules on the placement, control of separation and settlement of incoming payments relating to joint funding.

Joint funding means that a bank may fund loans secured on real property by way of covered bonds (SDOs) issued by another bank or mortgage credit institution.

During the inspection the Danish FSA reviewed the bank's business procedures, guidelines, settlement schedules and reports concerning joint funding. Furthermore the Danish FSA reviewed random samples of jointly funded loans for the purpose of checking that the loan payments are separated from other incoming payments and that the underlying mortgages meet the requirements for serving as security for joint funding.

### Summary and risk assessment

The inspection of the joint funding area has not resulted in any reactions by the Danish FSA.