

The Danish Financial Supervisory Authority

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Statement on inspection at Sydbank A/S (anti-money laundering area)

The Danish Financial Supervisory Authority (FSA) conducted an inspection at Sydbank A/S in December 2021. The inspection involved a review of the anti-money laundering area. The inspection had a narrow focus and covered the bank's KYC procedures, including customer onboarding procedures. Moreover the inspection covered the bank's KYC material, including regular updating. Finally the inspection covered the bank's risk classification of customers. In particular the inspection focused on the customers that it took over from Alm. Brand Bank A/S (ABB) in connection with an asset purchase in 2021.

Risk assessment and summary

Sydbank is a major Danish bank headquartered in Aabenraa. The bank has activities abroad via a branch in Germany. Banking at the bank comprises ordinary deposit accounts to retail clients, complex financial products to investors, full-service banking solutions to business owners of all sizes as well as asset management and investments. The bank has a significant number of retail and corporate clients.

On the basis of the above the Danish FSA has assessed that the bank's inherent risk of being used for money laundering or terrorist financing is high compared to the average of financial undertakings in Denmark. In its assessment the Danish FSA attached particular importance to the bank's size and its financial product offerings entailing a high risk of money laundering and terrorist financing as well as the bank's extended network of correspondent partners.

In 2021 the bank took over ABB and at the same time the customers of ABB. After the update of former ABB customers in the bank's IT systems the bank launched a KYC update project concerning former ABB customers, starting with customers with a high or medium-high AML risk profile.

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At the time of inspection the bank had not completed updating these customer groups. However the updating process had gone according to plan and only a small number of customers remained to be updated.

The observations of the Danish FSA during the inspection did not give rise to supervisory reactions.