



(Danish Financial Supervisory Authority)

**MEMORANDUM**

**Danish Financial  
Supervisory Authority**

27 March 2017

## **Report on thematic inspection at Jyske Bank A/S (loans for agricultural clients)**

### **Introduction**

In November 2016, the FSA conducted a thematic inspection of loans for agricultural clients with Jyske Bank A/S.

The purpose was to assess the quality of the bank's credit management, valuation methods, registration of OEI (objective evidence of impairment) and impairment calculations for agricultural loans.

The thematic inspection formed part of a cross-functional inspection of the largest banks.

### **Summary and risk assessment**

The FSA reviewed 30 loans, selected among weak agricultural clients.

The FSA assessed that the bank's action plans for the individual clients were not forward-looking. Therefore the bank was ordered to ensure that the action plans specify the forward-looking measures in relation to the agricultural clients.

The inspection identified a number of areas in which Jyske Bank can initiate improvement. Such areas are the bank's assessment of agricultural clients' interest rate sensitivity, explanations of the reasons for the development in the entries in the clients' financial statements, the bank's assessment of any disagreement (the relationship between the number of animals and the size of the area of land) and the quality of the bank's data on the clients.