
Requirements for statements by the management and auditors, cf. "Terms and Conditions for Credit Facilities at Danmarks Nationalbank on the Basis of Excess Capital Adequacy"

Statements by the management and auditors must be submitted in relation to excess capital adequacy and the financial institution's liquidity budget, respectively.

STATEMENTS REGARDING CALCULATION OF A FINANCIAL INSTITUTION'S EXCESS CAPITAL ADEQUACY

Statement by the management

The calculation of excess capital adequacy must be accompanied by a statement by the management of the financial institution (CEO and chairman of the board).

The statement must, as a minimum, include the following:

- date of the calculation (most recent date available)
- excess capital adequacy of the institution (explicitly stating base capital in Danish kroner, risk-weighted assets in Danish kroner, the institution's capital need and the impact, if any, of the transitional arrangements for institutions applying the IRB approach). This must be stated for both the parent company and the group. The credit line is based on the lower excess capital adequacy
- the date of the most recent solvency reporting to the Danish Financial Supervisory Authority, as well as the amounts reported
- explanations to any major changes in the institution's solvency and capital need since the most recent reporting to the Danish Financial

Supervisory Authority and the calculation submitted to Danmarks Nationalbank.

The management must, as a minimum, state

- that all issues of major financial importance to the calculation of the institution's excess capital adequacy have been taken into account, and that it has observed the rules of the Danish Financial Supervisory Authority on calculation of solvency under the Danish Financial Business Act and "Terms and Conditions for Credit Facilities at Danmarks Nationalbank on the Basis of Excess Capital Adequacy"
- that no events have subsequently occurred that significantly reduce the excess capital adequacy calculated
- that, in accordance with the Danish Financial Business Act, the institution has adequate base capital and has implemented the necessary internal procedures for risk measurement and risk management for regular assessments and maintenance of a base capital of a size, type and distribution adequate to cover the risks of the institution.

Auditors' statements

Two statements must be provided by the financial institution's auditors. The first statement concerning agreed working tasks must be appended to the application for a credit line. Subsequently, and within four months from the establishment of the credit line, a statement by the auditors with a high degree of certainty must be submitted to Danmarks Nationalbank.

Statement concerning agreed working tasks

The calculation of excess capital adequacy must be accompanied by a statement by the financial institution's auditors prepared in accordance with the Danish audit standard (RS 4400) on agreed working tasks. As a minimum, it must state that the auditors

- have verified that the accounting data underlying the calculation of excess capital adequacy as at dd.mm.yyyy, DKK ### million in total, have been sourced from the financial institution's accounting system
- have verified that the information provided by the management concerning the date of the most recent solvency reporting to the

Danish Financial Supervisory Authority as well as the amounts reported, including any capital requirements under section 70 (3) of the Danish Financial Supervisory Authority's Executive Order on Capital Adequacy, is correct

- have obtained confirmation from the management that the calculations of risk-weighted assets, base capital and capital need are in accordance with the principles laid down in the Danish Financial Supervisory Authority's rules on calculation of solvency under the Danish Financial Business Act and also in accordance with the accounting policies of the financial institution
- have obtained confirmation from the management that in connection with the calculation the necessary write-downs and provisions have been made for losses on exposures.

The statement must be worded so as to reflect the actual actions carried out and observations made. Like the reporting to the Danish Financial Supervisory Authority, the statement must comprise the solvency calculations for both the parent company and the group.

Statement by the auditors with a high degree of certainty

Within four months from the establishment of the credit line, a statement by the auditors with a high degree of certainty must be submitted to Danmarks Nationalbank. The wording of such statement can be found in the "Statement template".

STATEMENTS CONCERNING A FINANCIAL INSTITUTION'S LIQUIDITY BUDGET

Statement by the management

The financial institution's liquidity budget (cf. "Guidelines for submission of liquidity budgets") must be accompanied by a statement by the management of the financial institution (CEO and chairman of the board).

The management must, as a minimum, state

- that the liquidity budget has been prepared in accordance with the accounting policies and assumptions stated
- that all issues of major significance to the expected development in liquidity have been included in the liquidity budget
- that all major uncertainties and assumptions, as well as their consequences, have been stated in the liquidity budget, with assumptions and explanatory notes
- that the liquidity budget represents a realistic description of the management's expectations concerning liquidity developments over the period.

Statement by the auditors

The financial institution's liquidity must be accompanied by a statement by its auditors. As a minimum, the auditors must verify

- that the liquidity at the beginning of the budget period is in accordance with the institution's accounting system
- that loans falling due within the period are in accordance with the agreements concluded
- that renewal of loans is in accordance with the agreements concluded.

Moreover, the auditors must obtain the necessary confirmation from relevant executives that all major factors impacting on liquidity have been incorporated into the liquidity budget for the period as prepared by the management.

Any qualifications arising from the work performed should be included in the statement.