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The Danish Financial Supervisory Authority

28 July 2023

Results for the Danish participants in the EU-wide stress test 2023

Danske Bank, Nykredit, Jyske Bank, and Sydbank have participated in the EU-wide stress test 2023, which is coordinated by the European Banking Authority (EBA). The stress test is very severe and leads to a significant depletion in the banks' capital ratios. For Danske Bank and Jyske Bank the decrease is of a magnitude such that the institutions have to make use of the capital conservation buffer over the three-year adverse scenario. Nykredit and Sydbank comply with capital requirements, but with modest excess capital. All institutions fulfil their solvency need with a comfortable margin.

"The new results show that the capitalisation of the largest Danish credit institutions come under pressure in the EU-wide stress test and some institutions have to make use of their capital conservation buffer. The results reflect a very severe stress test both in terms of a very severe adverse scenario and a conservative methodology for projection results. Although this is a very severe stress test, the results underline the need for institutions to maintain a robust capitalisation going forward", says acting Director General Kristian Vie Madsen.

Background

The purpose of the EU-wide stress test is to assess the robustness of the European banking sector in the face of a severe economic downturn. In order to ensure level playing field across the participating institutions, the European Banking Authority (EBA) has designed adverse scenarios and a common methodology for calculating the results. This approach has contributed to transparency on the exposures and risks of the European banking sector on a more harmonised basis.

The stress test includes 70 banks in 16 countries, equivalent to around 75 per cent of the European banking sector's total assets.

Danske Bank, Nykredit, Jyske Bank and Sydbank are participating from Denmark. Thus, the stress test covers around 90 percent of the Danish banking sector's total assets.

All institutions participate at Group level. The results are based on the banks' financial accounts and capital position by the end of 2022 and are calculated on the assumption of a static (unchanged) balance sheet and without allowing for management interventions to counteract the effects of the adverse scenario.

The EU-wide stress test 2023 is coordinated by the EBA in cooperation with the National Supervisory Authorities (in Denmark, the Danish Financial Supervisory Authority (DFSA)), the European Systemic Risk Board (ESRB), and the European Central Bank (ECB).

Scenarios and assumptions

The EU-wide stress test sets out a macroeconomic adverse scenario for each country.

The adverse scenario for Denmark describes a very severe economic downturn with a significant drop in GDP, large declines in residential and commercial property prices, and a sharp increase in unemployment. In addition, interest rates increase further from the level by the end of 2022, driven by a continued high inflation in the scenario, cf. table 1.

Table 1: Adverse scenarios for Denmark, Sweden, Norway and the EU

Scenario variables	EBA 2023 adverse scenarios			
	Denmark	Sweden	Norway	EU
Accumulated growth in per cent				
Real GDP	-8.2	-8.5	-5.0	-7.5
Residential property prices	-31.3	-33.3	-26.5	-21.1
Commercial property prices	-32.4	-34.3	-39.4	-29.3
Per cent / percentage points				
Unemployment - level end-2025	8.2	13.4	5.9	12.2
Unemployment - change (2022-2025)	5.9	5.9	2.0	6.1
Long term interest rate - level end-2025	3.6	4.3	4.5	4.9
Long term interest rate - change (2022-2025)	1.2	2.3	1.5	1.8

Note: The adverse scenario covers a three-year horizon (2023-25). The table shows the development of the variables over the 3-year scenario, with the exception of GDP, where growth is shown for the year with the accumulated largest decline (for Denmark it is 2024). Unemployment cannot be directly compared across countries as different definitions apply. For Denmark, numbers are based on the registered unemployment from Statistics Denmark, whereas e.g. EU unemployment is based on Eurostat's harmonized definition.

Source: ESRB and own calculations.

The stress test also includes an adverse market risk scenario which describes a deterioration of financial markets with a sharp decrease in stock prices and large increases in credit spreads on sovereign and covered bonds.

The stress test is primarily based on banks' own calculations. Banks have to incorporate credit losses due to the macroeconomic deterioration in the adverse scenario as well as losses on their market positions due to negative developments in financial markets.

However, banks' calculations are subject to a number of methodological restrictions. The EBA's common methodology thus lays down a number of restrictions on the development of, among other things, banks' earnings, risk exposure amount, and balance sheet. These restrictions all result in more conservative outcomes. The EBA’s approach is described in a comprehensive methodological note, which banks have to follow.

The restrictions of the EBA’s methodology imply for the adverse scenario that banks’ earnings from net interest income cannot be larger than the level in 2022. Following the increases in the general interest rate level during 2022, some banks have increased their interest rate margins, e.g. on sight deposits. Combined with increases in the volume of loans, this tends toward a level of net interest income above the level in 2022, even in an adverse scenario. This is, however, not allowed for by EBA’s methodology.

As a new element in this year’s stress test, banks’ earnings from net fee and commission income is projected by the EBA using a model developed in collaboration with the ECB. Thus, results are not based on banks’ own calculations. The EBA’s model results in rather conservative projections of net fee and commission income for some of the Danish banks in the adverse scenario.

The restrictive methodology together with the very severe adverse scenario implies that the stress test is very severe by its design.

For the four Danish banks, the DFSA has carried out a quality assurance of the results in order to ensure compliance with the methodology and sufficiently prudent results in the adverse scenario. By a varying degree, the quality assurance has changed results in a more prudent direction. The quality assurance takes into account, for instance, differences in business models, including the volumes of mortgage lending and foreign exposures.

Countercyclical capital buffer and new regulation
The EBA’s methodology states that banks’ must base their projections on the financial regulation, which applied on the 31st of December 2022. This implies that the projection of the countercyclical capital buffer must be based on the rates, which applied in Denmark and abroad on the 31st of December 2022,

and that announced changes must be incorporated in the projections. This applies to both the baseline- and the adverse scenario. The countercyclical capital buffer in Denmark amounted to 2 per cent of the risk exposure amount by the end of 2022 and was increased to 2.5 per cent on the 31st of March 2023.

For the adverse scenario, this approach differs from the Danish stress testing practice, whereby banks can normally assume that the countercyclical capital buffer will be released (set at zero) during a severe macroeconomic downturn. The latter was, for instance, the case in 2020, where the Minister of Industry, Business and Financial Affairs decided to release the countercyclical capital buffer in Denmark as a response to the corona pandemic. The DFSA's approach is in accordance with the Systemic Risk Council's approach for determining its recommendations about the countercyclical capital buffer.

In the DFSA's outline of the Danish banks' results below, it is assumed that the countercyclical capital buffer is released in Denmark (and abroad, where relevant) as a reaction to the severe macroeconomic downturn in the adverse scenario.

Furthermore, the EBA's methodology implies that results do not account for changes to financial regulation, which are expected to be implemented during the stress test horizon (2023-25). This includes e.g. the finalisation of Basel III regulation ("Basel IV"), which is expected to have an effect on the results from the beginning of 2025.

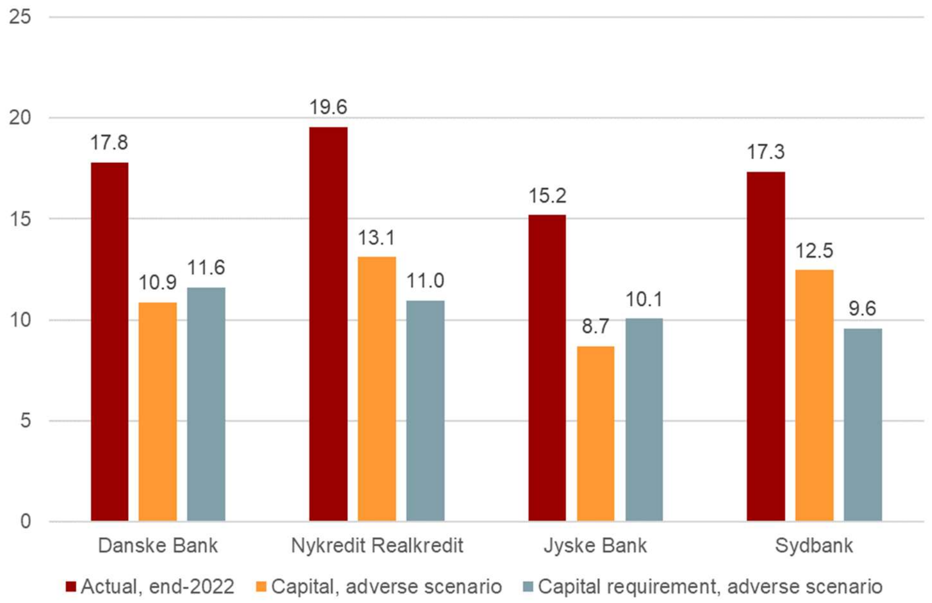
The Danish results

The capitalisation of the Danish institutions is significantly affected by the severe economic downturn in the adverse scenario. Thus, the Common Equity Tier 1 (CET1) ratio drops by 5-7 percentage points relative to the starting point end-2022, see figure 1.

In the adverse scenario, the Danish institutions have a CET1 ratio in the range of 8.7-13.1 per cent in the worst year. Danske Bank and Jyske Bank do not fulfil the CET1 capital requirement in the adverse scenario (yellow vs. grey bar in figure 1). The capital shortfall amounts to 0.7 per cent of the risk exposure amount for Danske Bank (=10.9-11.6) and 1.4 per cent for Jyske Bank (=8.7-10.1). However, both Danske Bank and Jyske Bank fulfil the solvency need and the SIFI buffer with a comfortable margin.

Nykredit Realkredit and Sydbank both fulfil the CET1 capital requirement with a large margin. This reflects, among other things, that these institutions have a larger excess capital relative to the CET1 requirement at the starting point (end-2022).

Figure 1: Common Equity Tier 1 capital (CET1) and the associated capital requirement end-2022 and in the adverse scenario (worst year), per cent of risk exposure amount



Note: The capital requirement in the adverse scenario is calculated as the minimum requirement (4.5%) + CET1 share of the Pillar II requirement (by end-2022) + SIFI buffer (institution specific) + capital conservation buffer (2.5%). The countercyclical capital buffer is assumed to be released in the adverse scenario. The worst year refers to the year in the adverse scenario where excess capital is at its lowest. For Danske Bank and Nykredit Realkredit it is end-2024. For Jyske Bank and Sydbank it is end-2025. The capital ratio is calculated including IFRS 9 transitional arrangements for those institutions using it (Danske Bank and Sydbank).

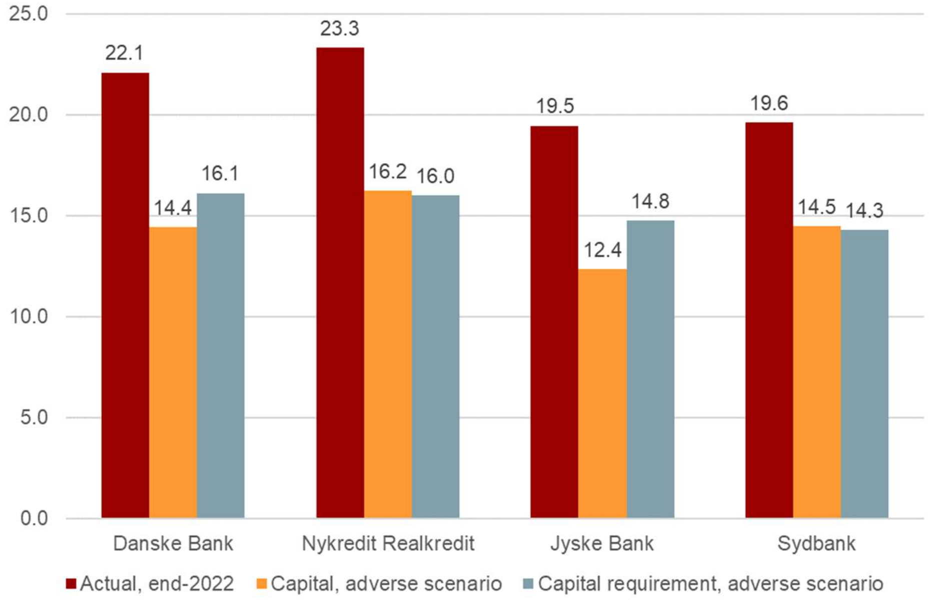
When looking at total capital, Danske Bank has a capital shortfall of 1.7 per cent of risk exposure amount (=14.4-16.1), see figure 2, and will thus make use of a large part of its capital conservation buffer. However, Danske Bank has a comfortable margin of capital to the solvency need and the SIFI-buffer in all three years.

Jyske Bank makes use of almost the entire capital conservation buffer, with a capital shortfall of 2.4 per cent of the risk exposure amount (=12.4-14.8). The bank has a comfortable level of excess capital to the solvency need, but comes close to the SIFI-buffer.

Nykredit Realkredit and Sydbank both fulfil the capital requirement, but with a modest margin of 0.2 per cent.

For all institutions, the excess capital is lower for the total capital requirement than for the CET1 requirement. The requirement for total capital is therefore the binding capital requirement for the institutions.

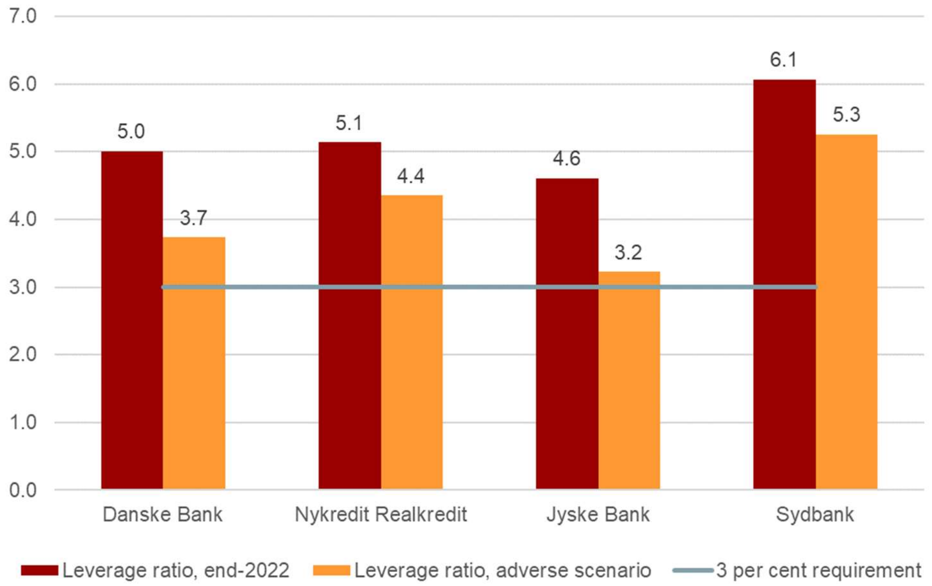
Figure 2: Total capital and the associated capital requirement at end-2022 and in the adverse scenario (worst year), percentage of risk exposure amount



Note: The capital requirement in the adverse scenario is calculated as the minimum requirement (8%) + Pillar II requirement (by end-2022) + SIFI buffer (institution specific) + capital conservation buffer (2.5%). The countercyclical capital buffer is assumed to be released in the adverse scenario. The worst year refers to the year in the adverse scenario where excess capital is at its lowest. For Danske Bank and Nykredit Realkredit it is end-2024. For Jyske Bank and Sydbank it is end-2025. The capital ratio is calculated including IFRS 9 transitional arrangements for those institutions using it (Danske Bank and Sydbank).

In the worst year of the stress test, the institutions have a leverage ratio in the range of 3.2-5.3 per cent of the total leverage ratio exposure, see figure 3. Thus, all institutions comply with the leverage ratio requirement of 3 per cent. Jyske Bank comes closest to the 3 per cent requirement with a leverage ratio of 3.2 per cent. The latter corresponds to an excess capital of 0.7 per cent of the banks' risk exposure amount.

Figure 3: Leverage ratio and leverage ratio requirement, end-2022 and in the adverse scenario (worst year), percentage of total leverage ratio exposure



Note: The worst year refers to the year in the adverse scenario where excess capital to the leverage ratio requirement of 3 per cent is at its lowest. For Nykredit Realkredit it is by end-2024. For the other institutions, it is by end-2025.

For Nykredit, Jyske Bank and Sydbank, the level of excess capital in the adverse scenario is lower than in the previous EU-wide stress test of 2021. This can, among other things, be attributed to the fact that excess capital of the banks going into this year's stress test (end 2022) is lower than in the stress test from 2021 (end 2020).[1] On the other hand, the excess capital of Danske Bank is higher than in the EU-wide stress test of 2021, which can be attributed to a higher level of excess capital at the starting point.

In Annex A, a detailed overview of the banks' results can be found.

Annex B shows results if – as prescribed by the methodology of the EBA – the countercyclical capital buffer is assumed <u>not</u> to be released in the adverse scenario. The only difference relative to Annex A lies in the calculation of the capital requirements and the excess capital. If the countercyclical capital buffer is maintained, all 4 banks will breach their capital requirements (including the countercyclical capital buffer) in the adverse scenario.

[1] As measured by the binding (lowest) excess capital across capital types. Excess capital is calculated relative to the combined buffer requirement excluding the countercyclical capital buffer which is assumed to be zero in the adverse scenario.

Unrealised losses on bond holdings at amortized cost
Increases in interest rates in the stress test result in losses on banks' bond holdings, if these are booked at fair value in banks' balance sheets. The latter is the normal practice in Denmark.

Some banks, including Danske Bank and Jyske Bank, hold bonds, which are booked at amortized cost in the balance sheet. From an accounting perspective, the value of these bonds are not affected by fluctuations in the interest rate level. Thus, losses on these bonds are not recognized in the stress test.

In parallel with the EU-wide stress test, the EBA has collected information on banks' bond holdings booked at amortized cost in order to quantify the size of and potential unrealised losses on these holdings. Selected results from the data collection are published on the EBA's webpage (Ad-hoc analysis of unrealised losses on EU banks' bond holdings).

Application of the results
The results of the stress test will inform the supervisory review and evaluation process (SREP) for each institution.

Thus, the Danish results will be included in the DFSA's considerations regarding the setting of a so-called ”Pillar II Guidance” (P2G) for the participating Danish institutions.[2] P2G can be interpreted as a prudential add-on, which aims to ensure that an institution at all times has a sufficiently robust capitalisation to withstand a severe adverse scenario.

The DFSA's ongoing dialogue with the institutions on capital targets, capital redemptions, and distribution policy will continue to be based on stress tests which apply scenarios and assumptions designed by the DFSA. The DFSA expects the Danish institutions to have a sufficiently robust capitalisation such that they at all time are able to fulfil the overall capital requirement including capital buffer requirements (i.e., solvency need + SIFI buffer + capital conservation buffer) in an adverse scenario. This approach usually leads to expectations of a higher capital target than under P2G.

For the expectations of the DFSA regarding the institutions capital targets, see the following note (in Danish): https://www.finanstilsynet.dk/Nyheder-og-Presse/Pressemeddelelser/2018/kapitalplaner_og_kapitalmaalsetninger071118

[2] See the Danish Financial Business Act § 124a

Annex A: Detailed results (excluding the countercyclical capital buffer in the adverse scenario)

(percentage of total risk exposure amount, unless stated otherwise)

Danske Bank	Actual	Baseline			Adverse		
1. Capital	**2022**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
Common Equity Tier 1 (CET1)	17,8%	18,0%	18,0%	18,5%	12,0%	10,9%	10,9%
Tier 1 capital (Tier1)	19,6%	19,8%	19,8%	20,3%	13,6%	12,4%	12,4%
Total capital	22,1%	22,3%	22,2%	22,7%	15,8%	14,4%	14,5%
2. Capital requirement							
Common Equity Tier 1 (CET1)	13,1%	13,6%	13,6%	13,6%	11,6%	11,6%	11,6%
Tier 1 capital (Tier1)	15,0%	15,6%	15,6%	15,6%	13,5%	13,5%	13,5%
Total capital	17,6%	18,1%	18,1%	18,1%	16,1%	16,1%	16,1%
- of which solvency need	*10,6%*	*10,6%*	*10,6%*	*10,6%*	*10,6%*	*10,6%*	*10,6%*
- of which CCyB	*1,5%*	*2,0%*	*2,0%*	*2,0%*	*0,0%*	*0,0%*	*0,0%*
3. Excess capital (1.-2.)							
Common Equity Tier 1 (CET1)	4,7%	4,4%	4,4%	4,9%	**0,4%**	**-0,7%**	**-0,7%**
Tier 1 capital (Tier1)	4,6%	4,3%	4,2%	4,7%	**0,1%**	**-1,2%**	**-1,1%**
Total capital	4,5%	4,2%	4,0%	4,6%	**-0,3%**	**-1,7%**	**-1,6%**
Memo: Lowest excess capital	4,5%	4,2%	4,0%	4,6%	**-0,3%**	**-1,7%**	**-1,6%**
Memo: Accumulated dividends (incl. AT1 interest payments)	0,0%	0,9%	1,0%	1,2%	0,0%	0,0%	0,0%
Leverage ratio [1]	5,0%	5,1%	5,2%	5,3%	3,9%	3,8%	3,7%
Excess capital to leverage ratio (mln. DKK)	65.924	69.551	72.951	74.462	28.657	26.896	24.108

Note: The results do not account for the effects of regulatory changes entering into force during 2023-2025. This includes the finalization of Basel III ("Basel IV") and remaining effects of the new EBA-guidelines for IRB-models.

[1] Percent of total leverage ratio exposures

Nykredit	Actual	Baseline			Adverse		
1. Capital	**2022**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
Common Equity Tier 1 (CET1)	19,6%	19,8%	19,5%	20,1%	16,3%	13,1%	13,7%
Tier 1 capital (Tier1)	20,4%	20,6%	20,3%	20,9%	17,1%	13,8%	14,4%
Total capital	23,3%	23,5%	23,1%	23,7%	19,9%	16,2%	16,9%
2. Capital requirement							
Common Equity Tier 1 (CET1)	13,0%	13,5%	13,5%	13,5%	11,0%	11,0%	11,0%
Tier 1 capital (Tier1)	15,1%	15,6%	15,6%	15,6%	13,1%	13,1%	13,1%
Total capital	18,0%	18,5%	18,5%	18,5%	16,0%	16,0%	16,0%
- of which solvency need	*11,5%*	*11,5%*	*11,5%*	*11,5%*	*11,5%*	*11,5%*	*11,5%*
- of which CCyB	*2,0%*	*2,5%*	*2,5%*	*2,5%*	*0,0%*	*0,0%*	*0,0%*
3. Excess capital (1.-2.)							
Common Equity Tier 1 (CET1)	6,6%	6,3%	6,0%	6,6%	5,3%	2,1%	2,7%
Tier 1 capital (Tier1)	5,3%	4,9%	4,7%	5,3%	3,9%	0,6%	1,2%
Total capital	5,3%	4,9%	4,6%	5,2%	3,9%	**0,2%**	0,8%
Memo: Lowest excess capital	5,3%	4,9%	4,6%	5,2%	3,9%	**0,2%**	0,8%
Memo: Accumulated dividends (incl. AT1 interest payments)	1,1%	0,7%	0,7%	0,7%	0,0%	0,0%	0,0%
Leverage ratio [1]	5,1%	5,3%	5,4%	5,5%	4,5%	4,4%	4,5%
Excess capital to leverage ratio (mln. DKK)	37.182	39.334	41.623	43.738	25.660	23.567	26.500

Note: The results do not account for the effects of regulatory changes entering into force during 2023-2025. This includes the finalization of Basel III ("Basel IV") and remaining effects of the new EBA-guidelines for IRB-models.

[1] Percent of total leverage ratio exposures

Excess capital below 0,5 pct.

Breach of capital requirement

Jyske Bank	Actual	Baseline			Adverse		
1. Capital	**2022**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
Common Equity Tier 1 (CET1)	15,2%	15,3%	16,7%	18,0%	9,5%	8,8%	8,7%
Tier 1 capital (Tier1)	16,7%	16,7%	18,2%	19,4%	10,8%	10,0%	10,0%
Total capital	19,5%	19,4%	20,9%	22,1%	13,2%	12,4%	12,4%
2. Capital requirement							
Common Equity Tier 1 (CET1)	12,0%	12,5%	12,5%	12,5%	10,1%	10,1%	10,1%
Tier 1 capital (Tier1)	14,0%	14,5%	14,5%	14,5%	12,1%	12,1%	12,1%
Total capital	16,7%	17,2%	17,2%	17,2%	14,8%	14,8%	14,8%
- of which solvency need	*10,8%*	*10,8%*	*10,8%*	*10,8%*	*10,8%*	*10,8%*	*10,8%*
- of which CCyB	*1,9%*	*2,4%*	*2,4%*	*2,4%*	*0,0%*	*0,0%*	*0,0%*
3. Excess capital (1.-2.)							
Common Equity Tier 1 (CET1)	3,2%	2,8%	4,3%	5,5%	**-0,6%**	**-1,3%**	**-1,4%**
Tier 1 capital (Tier1)	2,7%	2,2%	3,7%	4,9%	**-1,3%**	**-2,0%**	**-2,1%**
Total capital	2,8%	2,2%	3,7%	4,9%	**-1,5%**	**-2,4%**	**-2,4%**
Memo: Lowest excess capital	2,7%	2,2%	3,7%	4,9%	**-1,5%**	**-2,4%**	**-2,4%**
Memo: Accumulated dividends (incl. AT1 interest payments)	0,1%	0,4%	0,8%	0,7%	0,0%	0,0%	0,0%
Leverage ratio [1)]	4,6%	4,8%	5,2%	5,5%	3,4%	3,3%	3,2%
Excess capital to leverage ratio (mln. DKK)	12.835	14.346	17.542	20.248	3.205	2.381	1.796

Note: The results do not account for the effects of regulatory changes entering into force during 2023-2025. This includes the finalization of Basel III ("Basel IV") and remaining effects of the new EBA-guidelines for IRB-models.

[1)] Percent of total leverage ratio exposures

Sydbank	Actual	Baseline			Adverse		
1. Capital	**2022**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
Common Equity Tier 1 (CET1)	17,3%	18,1%	19,1%	20,0%	14,6%	13,0%	12,5%
Tier 1 capital (Tier1)	18,6%	19,3%	20,3%	21,2%	15,8%	14,0%	13,5%
Total capital	19,6%	20,3%	21,3%	22,2%	16,8%	15,0%	14,5%
2. Capital requirement							
Common Equity Tier 1 (CET1)	11,4%	11,9%	11,9%	11,9%	9,6%	9,6%	9,6%
Tier 1 capital (Tier1)	13,4%	13,9%	13,9%	13,9%	11,6%	11,6%	11,6%
Total capital	16,1%	16,6%	16,6%	16,6%	14,3%	14,3%	14,3%
- of which solvency need	*10,8%*	*10,8%*	*10,8%*	*10,8%*	*10,8%*	*10,8%*	*10,8%*
- of which CCyB	*1,8%*	*2,3%*	*2,3%*	*2,3%*	*0,0%*	*0,0%*	*0,0%*
3. Excess capital (1.-2.)							
Common Equity Tier 1 (CET1)	6,0%	6,2%	7,2%	8,1%	5,1%	3,4%	2,9%
Tier 1 capital (Tier1)	5,2%	5,4%	6,4%	7,3%	4,2%	2,4%	1,9%
Total capital	3,5%	3,7%	4,7%	5,6%	2,5%	0,7%	**0,2%**
Memo: Lowest excess capital	3,5%	3,7%	4,7%	5,6%	2,5%	0,7%	**0,2%**
Memo: Accumulated dividends (incl. AT1 interest payments)	1,6%	1,5%	1,5%	1,5%	0,1%	0,0%	0,0%
Leverage ratio [1)]	6,1%	6,5%	6,9%	7,3%	5,6%	5,4%	5,3%
Excess capital to leverage ratio (mln. DKK)	5.673	6.498	7.247	7.883	4.808	4.455	4.169

Note: The results do not account for the effects of regulatory changes entering into force during 2023-2025. This includes the finalization of Basel III ("Basel IV") and remaining effects of the new EBA-guidelines for IRB-models.

[1)] Percent of total leverage ratio exposures

Excess capital below 0,5 pct.

Breach of capital requirement

Annex B: Detailed results (including the countercyclical capital buffer in the adverse scenario)

(percentage of total risk exposure amount, unless stated otherwise)

Danske Bank	Actual	Baseline			Adverse		
1. Capital	**2022**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
Common Equity Tier 1 (CET1)	17,8%	18,0%	18,0%	18,5%	12,0%	10,9%	10,9%
Tier 1 capital (Tier1)	19,6%	19,8%	19,8%	20,3%	13,6%	12,4%	12,4%
Total capital	22,1%	22,3%	22,2%	22,7%	15,8%	14,4%	14,5%
2. Capital requirement							
Common Equity Tier 1 (CET1)	13,1%	13,6%	13,6%	13,6%	13,6%	13,6%	13,6%
Tier 1 capital (Tier1)	15,0%	15,6%	15,6%	15,6%	15,6%	15,6%	15,6%
Total capital	17,6%	18,1%	18,1%	18,1%	18,1%	18,1%	18,1%
- of which solvency need	*10,6%*	*10,6%*	*10,6%*	*10,6%*	*10,6%*	*10,6%*	*10,6%*
- of which CCyB	*1,5%*	*2,0%*	*2,0%*	*2,0%*	*2,0%*	*2,0%*	*2,0%*
3. Excess capital (1.-2.)							
Common Equity Tier 1 (CET1)	4,7%	4,4%	4,4%	4,9%	**-1,7%**	**-2,8%**	**-2,8%**
Tier 1 capital (Tier1)	4,6%	4,3%	4,2%	4,7%	**-2,0%**	**-3,2%**	**-3,1%**
Total capital	4,5%	4,2%	4,0%	4,6%	**-2,3%**	**-3,7%**	**-3,6%**
Memo: Lowest excess capital	4,5%	4,2%	4,0%	4,6%	**-2,3%**	**-3,7%**	**-3,6%**
Memo: Accumulated dividends (incl. AT1 interest payments)	0,0%	0,9%	1,0%	1,2%	0,0%	0,0%	0,0%
Leverage ratio [1]	5,0%	5,1%	5,2%	5,3%	3,9%	3,8%	3,7%
Excess capital to leverage ratio (mln. DKK)	65.924	69.551	72.951	74.462	28.657	26.896	24.108

Note: The results do not account for the effects of regulatory changes entering into force during 2023-2025. This includes the finalization of Basel III ("Basel IV") and remaining effects of the new EBA-guidelines for IRB-models.

[1] Percent of total leverage ratio exposures

Nykredit	Actual	Baseline			Adverse		
1. Capital	**2022**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
Common Equity Tier 1 (CET1)	19,6%	19,8%	19,5%	20,1%	16,3%	13,1%	13,7%
Tier 1 capital (Tier1)	20,4%	20,6%	20,3%	20,9%	17,1%	13,8%	14,4%
Total capital	23,3%	23,5%	23,1%	23,7%	19,9%	16,2%	16,9%
2. Capital requirement							
Common Equity Tier 1 (CET1)	13,0%	13,5%	13,5%	13,5%	13,5%	13,5%	13,5%
Tier 1 capital (Tier1)	15,1%	15,6%	15,6%	15,6%	15,6%	15,6%	15,6%
Total capital	18,0%	18,5%	18,5%	18,5%	18,5%	18,5%	18,5%
- of which solvency need	*11,5%*	*11,5%*	*11,5%*	*11,5%*	*11,5%*	*11,5%*	*11,5%*
- of which CCyB	*2,0%*	*2,5%*	*2,5%*	*2,5%*	*2,5%*	*2,5%*	*2,5%*
3. Excess capital (1.-2.)							
Common Equity Tier 1 (CET1)	6,6%	6,3%	6,0%	6,6%	2,8%	**-0,4%**	**0,2%**
Tier 1 capital (Tier1)	5,3%	4,9%	4,7%	5,3%	1,4%	**-1,9%**	**-1,3%**
Total capital	5,3%	4,9%	4,6%	5,2%	1,4%	**-2,3%**	**-1,7%**
Memo: Lowest excess capital	5,3%	4,9%	4,6%	5,2%	1,4%	**-2,3%**	**-1,7%**
Memo: Accumulated dividends (incl. AT1 interest payments)	1,1%	0,7%	0,7%	0,7%	0,0%	0,0%	0,0%
Leverage ratio [1]	5,1%	5,3%	5,4%	5,5%	4,5%	4,4%	4,5%
Excess capital to leverage ratio (mln. DKK)	37.182	39.334	41.623	43.738	25.660	23.567	26.500

Note: The results do not account for the effects of regulatory changes entering into force during 2023-2025. This includes the finalization of Basel III ("Basel IV") and remaining effects of the new EBA-guidelines for IRB-models.

[1] Percent of total leverage ratio exposures

Excess capital below 0,5 pct.

Breach of capital requirement

Jyske Bank	Actual	Baseline			Adverse		
1. Capital	**2022**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
Common Equity Tier 1 (CET1)	15,2%	15,3%	16,7%	18,0%	9,5%	8,8%	8,7%
Tier 1 capital (Tier1)	16,7%	16,7%	18,2%	19,4%	10,8%	10,0%	10,0%
Total capital	19,5%	19,4%	20,9%	22,1%	13,2%	12,4%	12,4%
2. Capital requirement							
Common Equity Tier 1 (CET1)	12,0%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%
Tier 1 capital (Tier1)	14,0%	14,5%	14,5%	14,5%	14,5%	14,5%	14,5%
Total capital	16,7%	17,2%	17,2%	17,2%	17,2%	17,2%	17,2%
- of which solvency need	*10,8%*	*10,8%*	*10,8%*	*10,8%*	*10,8%*	*10,8%*	*10,8%*
- of which CCyB	*1,9%*	*2,4%*	*2,4%*	*2,4%*	*2,4%*	*2,4%*	*2,4%*
3. Excess capital (1.-2.)							
Common Equity Tier 1 (CET1)	3,2%	2,8%	4,3%	5,5%	**-3,0%**	**-3,7%**	**-3,8%**
Tier 1 capital (Tier1)	2,7%	2,2%	3,7%	4,9%	**-3,7%**	**-4,5%**	**-4,5%**
Total capital	2,8%	2,2%	3,7%	4,9%	**-3,9%**	**-4,8%**	**-4,8%**
Memo: Lowest excess capital	2,7%	2,2%	3,7%	4,9%	**-3,9%**	**-4,8%**	**-4,8%**
Memo: Accumulated dividends (incl. AT1 interest payments)	0,1%	0,4%	0,8%	0,7%	0,0%	0,0%	0,0%
Leverage ratio [1)]	4,6%	4,8%	5,2%	5,5%	3,4%	3,3%	3,2%
Excess capital to leverage ratio (mln. DKK)	12.835	14.346	17.542	20.248	3.205	2.381	1.796

Note: The results do not account for the effects of regulatory changes entering into force during 2023-2025. This includes the finalization of Basel III ("Basel IV") and remaining effects of the new EBA-guidelines for IRB-models.

[1)] Percent of total leverage ratio exposures

Sydbank	Actual	Baseline			Adverse		
1. Capital	**2022**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
Common Equity Tier 1 (CET1)	17,3%	18,1%	19,1%	20,0%	14,6%	13,0%	12,5%
Tier 1 capital (Tier1)	18,6%	19,3%	20,3%	21,2%	15,8%	14,0%	13,5%
Total capital	19,6%	20,3%	21,3%	22,2%	16,8%	15,0%	14,5%
2. Capital requirement							
Common Equity Tier 1 (CET1)	11,4%	11,9%	11,9%	11,9%	11,9%	11,9%	11,9%
Tier 1 capital (Tier1)	13,4%	13,9%	13,9%	13,9%	13,9%	13,9%	13,9%
Total capital	16,1%	16,6%	16,6%	16,6%	16,6%	16,6%	16,6%
- of which solvency need	*10,8%*	*10,8%*	*10,8%*	*10,8%*	*10,8%*	*10,8%*	*10,8%*
- of which CCyB	*1,8%*	*2,3%*	*2,3%*	*2,3%*	*2,3%*	*2,3%*	*2,3%*
3. Excess capital (1.-2.)							
Common Equity Tier 1 (CET1)	6,0%	6,2%	7,2%	8,1%	2,7%	1,1%	0,6%
Tier 1 capital (Tier1)	5,2%	5,4%	6,4%	7,3%	1,9%	**0,1%**	**-0,4%**
Total capital	3,5%	3,7%	4,7%	5,6%	**0,2%**	**-1,6%**	**-2,1%**
Memo: Lowest excess capital	3,5%	3,7%	4,7%	5,6%	**0,2%**	**-1,6%**	**-2,1%**
Memo: Accumulated dividends (incl. AT1 interest payments)	1,6%	1,5%	1,5%	1,5%	0,1%	0,0%	0,0%
Leverage ratio [1)]	6,1%	6,5%	6,9%	7,3%	5,6%	5,4%	5,3%
Excess capital to leverage ratio (mln. DKK)	5.673	6.498	7.247	7.883	4.808	4.455	4.169

Note: The results do not account for the effects of regulatory changes entering into force during 2023-2025. This includes the finalization of Basel III ("Basel IV") and remaining effects of the new EBA-guidelines for IRB-models.

[1)] Percent of total leverage ratio exposures

Excess capital below 0,5 pct.

Breach of capital requirement