

The Danish Financial Supervisory Authority

27 September 2023

Statement on inspection at Danske Bank A/S in relation to the use of internal models in the market and counterparty credit risk areas

As part of its ongoing supervision of Danske Bank A/S, the Danish Financial Supervisory Authority (the Danish FSA) has reassessed the bank's permission to use internal models to calculate the own funds requirements for market and counterparty credit risks. Regularly and at least every three years, the Danish FSA must check that approved internal models still meet the relevant requirements.

Summary and assessment

Danske Bank A/S has been granted permission to use a Value-at-Risk model (VaR model) and an internal model for increased default and migration risks (IRC model) to calculate the own funds requirements for general and specific risks in the market risk area. In its assessment, the Danish FSA finds that the bank may continue to use the internal models to calculate the own funds requirements in the market risk area.

The bank has also been granted permission to use an internal model (IMM model) to calculate its exposure to customers, businesses etc. with whom/which the bank has entered into contracts on derivative financial instruments. In its assessment, the Danish FSA finds that the bank may continue to use the internal model to calculate its counterparty credit risk exposure.

The reassessment did not give rise to any material comments.

The inspection did not give rise to any changes in the solvency need calculated by the bank.