*Translation from Danish by Fokus Translatørerne of a statement dated 29 October 2026 from the Danish Financial Supervisory Authority (*Finanstilsynet*). In case of discrepancies, the Danish version prevails.*

Statement on inspection of home loans at Danske Bank A/S

Between May and August 2026, the Danish Financial Supervisory Authority (the Danish FSA) carried out an inspection of Danske Bank A/S's approvals of loans for owner-occupied homes granted in the first quarter of 2026.

The purpose of the inspection was to assess Danske Bank's risk appetite when it finances personal customer purchases of owner-occupied homes and to assess whether the bank grants loans on a correct, documented and sufficiently reliable basis.

The inspection comprised a random sample of 58 approvals. The cases were selected among customers with a debt-to-income ratio above 3.5, a loan-to-value ratio above 60% and a bank exposure exceeding DKK 200,000. These were thus cases that represented higher-than-average risk.

Key findings of the inspection

Summary and risk assessment

Danske Bank has a higher proportion of approvals with a high debt-to-income ratio and a high loan-to-value ratio than the other institutions included in this themed review.

However, this comparison should be viewed in light of the fact that Danske Bank's data relates to a later period than the data for the other institutions. Developments in the housing market during the intervening period may therefore have impacted the observed risk profile. However, this does not alter the fact that a high proportion of Danske Bank's approvals of home loans during the period under review was granted to customers with heightened financial sensitivity.

A higher risk profile places greater demands on the bank's credit assessment, documentation and controls.

The Danish FSA finds that four out of 58 reviewed applications should not have been approved on the basis of the information provided.

The cases were characterised by significant risk factors which the bank had not analysed sufficiently and which required a more rigorous and documented credit assessment. These risk factors included high indebtedness, high loan-to-value ratios, significant reductions in the amount available for consumption, an uncertain income base, a limited liquidity buffer and a need to adjust spending.

The bank had not adequately documented that the customers possessed sufficient financial resilience and debt service ability to support the loans.

Significant errors in the basis for decision-making

The bank has a simplified credit process for a specific group of customers. For this specific group of customers, significant errors were identified in six out of 23 cases, corresponding to 26%. The Danish FSA finds that, in one of these cases, the application should not have been approved.

The number of specific errors for this specific group of customers does not reflect the actual overall level of errors and weaknesses. This is because the bank's approach and process do not involve sufficient assessment and documentation of key factors such as spending, ability to save up and adjustment of spending.

For other customers who are not covered by the bank's specific credit process, significant errors were identified in 13 out of 35 cases, corresponding to 37%. The Danish FSA finds that, in three of these cases, the applications should not have been approved.

These errors increase the risk that the bank will approve home loans to customers whose financial resilience and debt service ability have not been sufficiently documented.

The bank's specific customer group
The bank has identified a specific group of customers as being particularly financially resilient, and for that group of customers it applies a simplified credit process. The Danish FSA recognises the possibility of working with customer segmentation. However, this requires that the segment is carefully defined and that the bank can demonstrate that the customers included are actually and unquestionably financially resilient and have a sufficient amount available for consumption.

The Danish FSA finds that the bank must adapt its practices so that the specific credit process is based on a specific and documented assessment of the customer's amount available for consumption, ability to save up, ability to adjust spending and overall financial resilience.

Credit applications
The Danish FSA has identified weaknesses in one of the bank's credit application formats. The format does not sufficiently support transparency regarding significant expenses, assumptions, calculations and the adviser's credit assessment.

This makes it more difficult to verify whether the basis for approval is correct, complete and sufficiently reliable.

Order
On the basis of the above findings, Danske Bank is ordered to ensure that the bank's basis for approval of home financing is correct, adequately documented and supports an individual and specific assessment of the customer's financial resilience and debt service ability.

The inspection did not give rise to any changes to the bank's solvency need.