



Danske Bank Group

Internal Capital Adequacy Assessment 2025

Danske Bank



1. Introduction

The objective of this Internal Capital Adequacy Assessment report is to address the disclosure requirements set out in the Danish Executive Order of 12 June 2025 on Calculation of Risk Exposures, Own Funds and Solvency Need (Schedule 2) and stipulated in the Danish Financial Business Act. The report covers the Danske Bank Group, Danske Bank A/S, the Realkredit Danmark Group (sub-group) and Realkredit Danmark A/S.

The report is a supplement to the Danske Bank Group's annual Risk Management report.

Conclusion

At the end of December 2025, the Danske Bank Group's solvency need amounted to DKK 93.8 billion, or 11.4% of its total risk exposure amount (REA). With total capital of DKK 171.7 billion and a total capital ratio of 20.9%, the Danske Bank Group had DKK 10.2 billion in excess of the sum of its solvency need and the combined buffer requirement.

2. Process for determining the solvency need

The primary objectives of the Danske Bank Group's capital management practices are to support the Group's business strategy and to ensure a sufficient level of capital to withstand even severe downturns without the breach of regulatory requirements.

The Danske Bank Group's capital management practices ensure that the Group has sufficient capital to cover the risks associated with its activities. The Group uses advanced approaches for all significant risk types in combination with adjustments based on expert assessments, if necessary.

The Group's capital management practices are based on the Internal Capital Adequacy Assessment Process (ICAAP) and help provide a clear picture of capital and risks throughout the Group.

The regulatory framework for the Group's capital management process is rooted in the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD) and is divided into three pillars:

- **Pillar 1** contains a set of mathematical formulas for the calculation of a credit institution's risk exposure amounts for credit risk, market risk and operational risk. The minimum capital requirement is 8% of the total REA.
- **Pillar 2** contains the framework for the ICAAP, including the identification of the institution's risks, the calculation of its solvency need, and stress testing. It also includes the Supervisory Review and Evaluation Process (SREP), which is a dialogue between the institution and the relevant financial supervisory authority on the institution's ICAAP.
- **Pillar 3** deals with market discipline and sets forth disclosure requirements for risk and capital management.

While Pillar 1 entails the calculation of risks and the capital requirement on the basis of uniform rules for all credit institutions, the ICAAP under Pillar 2 takes into account the individual characteristics of a given institution and covers all relevant risk types, including risks not addressed under Pillar 1.

As part of the ICAAP, management identifies the risks to which the Group is exposed for the purpose of assessing its risk profile. When risks have been identified, the Group determines the means by which they will be mitigated. These are usually business procedures, contingency plans and other measures. Finally, the Group determines what risks will be covered by capital. In the ICAAP, the Group determines its solvency need on the basis of internal models and other tools, and it conducts stress tests to ensure that it always has sufficient capital to support the chosen business strategy.

The Danske Bank Group's Risk Management 2025 report, published at the same time as the Group's Annual Report 2025, provides detailed information about the individual risk types and stress testing. The report is available at www.danskebank.com/reports.

3. Internal assessment of the solvency need

The ICAAP under Pillar 2 involves calculating the Group's solvency need by considering all material risks, including those not captured under Pillar 1, such as pension, business, and specific credit risks. To ensure a conservative approach, capital add-ons are applied when necessary. Regular quantitative and qualitative assessments of capital adequacy are conducted, supported by stress testing and expert input, to validate capital levels.

The Group complies with approved risk limits and performs risk monitoring through a defined cycle of reporting on changes in risk objectives to the Board of Directors and the Executive Leadership Team. An expanded ICAAP report is submitted to the Board of Directors and the Executive Leadership Team for approval once a year. As part of the ICAAP, the Board of Directors evaluates an annual report that describes the Group's risk profile. At quarterly board meetings, the Board of Directors reviews and approves the Group's solvency need.

In compliance with Danish legislation, the Group discloses the solvency need and the solvency need ratio for the Danske Bank Group, Danske Bank A/S, the Realkredit Danmark Group and Realkredit Danmark A/S.

The solvency need can be broken down into capital for the most important risk types.



Breakdown of Danske Bank's solvency need

At 31 December 2025	Danske Bank Group		Danske Bank A/S	
	(DKK billions)	% of total REA	(DKK billions)	% of total REA
Credit risk	64.3	7.8	54.7	7.8
Market risk	11.5	1.4	11.5	1.6
Operational risk	18.0	2.2	16.8	2.4
Other risks	0.0	0.0	0.0	0.0
Solvency need and solvency need ratio	93.8	11.4	83.0	11.8
Combined buffer requirement	67.7	8.2	56.2	8.0
Solvency need and solvency need ratio (including combined buffer requirement)	161.5	19.6	139.2	19.8
- portion from CET1 capital	121.6	14.8	104.0	14.8
Total capital requirement	171.7	20.9	172.7	24.5
- portion from CET1 capital	142.1	17.3	143.1	20.3
Excess capital	10.2	1.2	33.5	4.8
Excess CET1 capital	20.6	2.5	39.2	5.6

Breakdown of Realkredit Danmark's solvency need

At 31 December 2025	Realkredit Danmark Group		Realkredit Danmark A/S	
	(DKK billions)	% of total REA	(DKK billions)	% of total REA
Credit risk	15.9	9.5	15.9	9.5
Market risk	2.2	1.3	2.2	1.3
Operational risk	0.8	0.5	0.8	0.5
Other risks	0.0	0.0	0.0	0.0
Solvency need and solvency need ratio	18.9	11.3	18.9	11.3
Combined buffer requirement	15.7	9.4	15.7	9.4
Solvency need and solvency need ratio (including combined buffer requirement)	34.6	20.6	34.6	20.6
- portion from CET1 capital	26.4	15.7	26.4	15.7
Total capital requirement	49.8	29.7	49.8	29.7
- portion from CET1 capital	49.8	29.7	49.8	29.7
Excess capital	15.1	9.0	15.1	9.0

4. Additional information

The present report is updated biannually and is published together with the Danske Bank Group's interim report for the first half and its annual report. It can be downloaded from Danske Bank's website at www.danskebank.com/reports and from Realkredit Danmark's website at www.rd.dk/investor/reports/financial-reports.

The Risk Management 2025 report, published at the same time as Annual Report 2025, provides a detailed description of the Group's risk organisation, capital management practices, risk profile, exposure and other information. The report is available at www.danskebank.com/reports.



Danske Bank Group

Bernstorffsgade 40
DK-1577 Copenhagen V
Tel. +45 33 44 00 00
CVR No. 611262 28-København
danskebank.com

Danske Bank