



11. May 2010
Ref.:2010 17E

Financial Stability 2010

During 2009, most large banking institutions in Denmark strengthened their capital bases. It is important that these institutions have large buffers and plenty of liquidity. Danmarks Nationalbank's publication "Financial Stability 2010" is issued today (the full publication in Danish, the Introduction and Summary in English).

Governor Nils Bernstein, Danmarks Nationalbank says, "Write-downs in the large Danish banking institutions are expected to remain at a high level. A few institutions may find it difficult to meet the statutory solvency requirements."

A few institutions' difficulties in meeting the statutory solvency requirement increase the risk of concerns about the situation of other institutions, which may in turn impede the access to liquidity. The report therefore calls on institutions to maintain focus on their liquidity needs and to implement financing strategies that provide the necessary security. "Liquidity has improved over the past year for the banking institutions overall, although there is pronounced dispersion between the institutions. The institutions need to be prepared for the expiry of the general government guarantee on 30 September 2010. This includes exploiting the opportunity of buying individual government guarantees if required," says Nils Bernstein.

The calculations in the report were made before the turmoil in the international financial markets and the EU stabilisation package. "These events underscore one of the key messages in the report. Conditions in the financial markets change all the time. Therefore it is essential that the banking institutions have large buffers and plenty of liquidity as a safeguard against unpredicted events," says Governor Nils Bernstein.

The report can be found at www.nationalbanken.dk under Publications. Enquiries can be directed to Niels Bartholdy on tel.: (+45) 33 63 60 24.

