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## Press Release: Stress Tests, 2nd Half 2009

Today Danmarks Nationalbank publishes the Danish version of "Stress Tests, 2nd Half 2009".

In recent quarters, most of the larger Danish banks have strengthened their capital bases through the Credit Package, issuance of shares or capital injections from their parent companies. This has improved the resilience of the banks in question, as well as the sector overall, to economic developments in the coming years.

This publication describes Danmarks Nationalbank's stress tests to assess the resilience of the 14 largest Danish banks to further negative shocks to the economy. As a new element in the publication, the six largest Danish banks have also applied their own models to various stress scenarios. Similar stress tests have previously been performed on the largest US and European banks.

The stress scenarios are seen as low probability events and are applied to illustrate the banks' resilience to write-downs.

Both types of stress tests show that in the most probable scenario the banks are generally sufficiently capitalised. "The results of the stress tests do not prompt Danmarks Nationalbank to propose new initiatives at present," says Governor Nils Bernstein, Danmarks Nationalbank.

Nils Bernstein emphasises that in the future both new regulation and markets will undoubtedly require the banks to hold more capital of a better quality than they did prior to the onset of the crisis. Tighter regulation is not expected to enter into force until the end of 2012. However, banks and other market participants are likely to start preparing for more stringent requirements already at this stage.

The publication can be downloaded from [www.nationalbanken.dk](http://www.nationalbanken.dk) under Publikationer. An English translation will be available in early February.

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