Abbreviations

The Basel Committee	The Basel Committee on Banking supervision
BIS	Bank for International Settlements
CPSS	Committee on Payment and Settlement Systems
Danske Bank	Danske Bank Group
EBA	European Banking Authority
European Parliament	European Parliament Council of the European Union
GARP	Global Association of Risk Professionals
IASB	International Accounting Standards Board
IASCF	International Accounting Standard Committee Foundation
ICAEW	The Institute for Chartered Accountants in England and Wales
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
KBC	KBC Group
Landesbank	Landesbank Baden-Württemberg
Rabobank	Rabobank Group
RBS	Royal Bank of Scotland Group

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1 Introduction

1.1 Background

Following the 2007 - 2008 financial crisis and the damaged banking sector it left behind, the demand and the quality of risk disclosures for banks have rapidly increased and improved (Asongu, 2013, Homölle, 2009). One reason for the improved regulations has been the accounting scandals revealed at large corporations such as Enron, WorldCom and Xerox, leading to a reduction of trust from stakeholders that the annual reports display enough information about a business and its activities (Linsley & Shrives, 2005). The common denominator for the mentioned scandals was manipulated numbers with involvement of management, which according to Hope, Thomas and Vyas (2013) is not surprising. The reason for this, they argue, is that often management feel pressure from the capital market to reach expected earnings and therefore they adjust the numbers to give a better view of the business. These actions undertaken by directors involved in the misreporting have influenced the development of mandatory requirements for risk disclosure (Linsley, Shrives, & Crumpton, 2006).

One of the underlying principles of the banking industry is that it consists of businesses taking risks, and that its stakeholders expect to receive appropriate risk-related information (Linsley & Shrives, 2005). According to ISO 31000, risk is defined as ‘the effect of uncertainty on objectives and can therefore be used in a broad range of activities with the intention to integrate the process of handling risk into the organization´s overall governance, strategy and planning, management, reporting process, policies, values and culture’. ISO 31000 can be used along with the mandatory risk standards, such as Basel frameworks and IFRS, in order to develop a more comprehensive risk reporting, both mandatory and voluntary (ISO, 2009).

The most common tool today for ensuring the stakeholders access to information regarding risk is to publish it in the firm’s annual report (Mallin C. A., 2013). The annual reports have the same purpose in all industries, however the information disclosed may vary both in terms of content and constitution (Healy & Palepu, 2001). The information disclosed in the annual reports issued by banks differs from non-financial companies considering that they are responsible for financial assets belonging to people and organisations (Hull, 2012). Therefore, certain information and structure is required to be included in the bank’s reports by law. The European Union decided upon an international financial reporting standard for its member states in order to protect investors and increase transparency, which was implemented through a directive[1] in 2002 (European Parliament, 2002). Following the directive, further legal requirements regarding risk disclosures has been developed and issued by regulatory bodies, such as the European Commission, the BIS and IASB. Other significant legal requirements are those derived from the IFRS foundation, which is a part of IASB. In 2005 he IFRS 7 was issued with the purpose of ensuring that entities take appropriate precautions in terms of estimating risk, as well as how they will manage those (IFRS, 2005).

In 1988 The Basel Committee created Basel I, the Basel Capital Accord, to secure international convergence of supervisory regulations governing the capital adequacy of international banks. The accord focused on addressing credit risk, international convergence of capital measurement and capital standards and called for a minimum capital ratio of capital on risk-weighted assets. The Basel accord was established with two fundamental objectives: to strengthen the soundness and stability of the international banking system and to obtain ‘a high degree of consistency in its application to banks in different countries with a view to diminish an existing source of competitive inequality among international bank’s (BIS, 1988). In 1996, the Basel Committee refined the framework and stringent the minimum requirements for addressing risks other than credit risk, mainly market risk and issued the Market Risk Amendment to the Capital Accord. The Basel Committee published in 1998, the Enhancing Bank Transparency report, a framework to the banking industry on core disclosures in the banks’ annual reports. The transparency framework consists of six categories which banks are recommended to use and should be addressed in their annual report. The six categories include financial performance, financial position, risk management strategies, risk exposure, accounting policies, and business, management and corporate governance information, which should be described in detail (Basel Committee, 1998).

[1] Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards

In 1999 the Committee released a new proposal for a new capital adequacy framework known as Basel II, comprising three pillars, which are the following:

1. Minimum capital requirements
2. Supervisory review of an institution´s capital adequacy and internal assessment process
3. Effective use of disclosure as a lever to strengthen market discipline and encourage sound banking practices

After the financial crisis in 2007 - 2008 it was clear that the Basel II framework needed further amendments in the governance and risk management sections. The deficiencies in the named areas can consequently explain the misperception of credit and liquidity risk and excess credit growth, which during the financial crisis generated too much leverage and inadequate liquidity buffers. Basel III was generated in order to enhance the banking regulatory framework based on Basel II. The purpose of the amendments were to strengthen the regulation, supervision and risk management. Furthermore, they aim to:

1. Improve the banking sector´s ability to resist from financial and economic shocks
2. Improve risk management and governance
   Strengthen banks´ transparency and disclosures (Basel Committee, 2010)

The new framework including the pillars was compiled to improve the reflections of regulatory capital requirements and the aim of the changes was to reward and encourage continued improvements in risk measurement and control.

Boesso and Kumar (2007) argue that the demand for information from the stakeholders has an impact on the amount of additional information a business discloses. Furthermore, the authors argue that due to dissatisfaction with the compulsory disclosure requirements, and based on previous events in the financial market, a business' stakeholders now expect to receive more information regarding risk reporting. Li (2010) found in his study evidence of that a business could increase its competitive advantage by disclosing more information than required, but that it also could have a negative impact if they disclose too much information. Li's findings correlates with the statement made by

Linsley and Shrives (2005), who argued that disclosure itself, will not generate transparency unless it is what is deemed to be useful information that is disclosed.

However, research concerning risk disclosures in financial institutions is undeveloped since most studies have focused on corporate governance in general and in non-financial institutions. Furthermore, the subject of risk disclosure has only recently become of more interest in terms of research (Linsley et al., 2006).

1.2 Problem

As stated in the section above, there is a limited amount of previous research relating to the disclosure of risk reports in terms of how they are constructed and what they include. The reason for focusing this study on financial institutions is that banks have a large impact on the world´s economy and have a great responsibility against their stakeholders where a large information asymmetry problem tend to exist (Healy & Palepu, 2011; Hull, 2012). In order to contribute to a higher quality in risk reporting the Basel Committee has developed the following characteristics for risk disclosures:

- Comprehensiveness,
- Relevance and timeliness,
- Reliability,
- Comparability,
- Materiality

(Basel Committee, 1998).

The banking sector was highly affected by the 2007-2008 financial crisis and in order to stabilize the market enhanced risk disclosure practices have been issued. There is therefore an interest in studying how the developments of Pillar 3 and IFRS 7 may have affected the risk disclosure reporting, and how the reporting has changed over recent years for a few selected banks in Europe.

1.3 Purpose

The purpose of this study is to investigate and compare the development of risk disclosures in five large banks operating in European countries between the years 2010 and 2013. The disclosures are analysed based on common risk disclosures relating to four types of risk; credit, market, operational and liquidity risk, which can be found in the consolidated annual reports of the sampled banks. This study focuses on the banks' risk disclosures and transparency, and their consistency with the applicable frameworks Pillar 3 and IFRS 7. Therefore this study aims to answer the following research question;

How has the risk disclosures of five large European banks developed in the time period 2010 - 2013?

1.4 Outline of the thesis

Chapter 2 - The second chapter presents the frame of reference. The chapter covers information relating to risk disclosures and the banking industry. This section also provides further information and definitions for transparency and types of risk, as well as detailed information regarding the applicable regulatory frameworks. In the end of the chapter is a description of the legitimacy theory.

Chapter 3 - The third chapter explains the method used to obtain necessary information in order to accomplish the purpose and answer the research question. In this section a clear description is given of what type of data has been used, from what kind of sources it was collected and how it was collected. Furthermore, this chapter also explains in detail how the collected data has been analysed as well as a section regarding the validity and reliability of the method, data and information used.

Chapter 4 **-** In the fourth chapter the empirical findings and analysis is presented. First the results of the content analysis of the risk disclosures are illustrated in text, figures and tables. Following is a comparison between the selected years of the case study as well as an analysis of the outcome in terms of legitimacy theory and previous studies.

Chapter 5 – In the fifth chapter a discussion of the subject can be found relating to the results. The chapter also contains limitations of the study as well as what kind of adjustments could be made to similar studies in the future.

Chapter 6 - In the final chapter the analysis and discussion in chapter four and five is summarised in a conclusion, which fulfils the purpose and answers the research question.

2 Bank risk reporting and legitimacy theory

2.1 Definition of risk

As stated in the background, ISO 31000 defines risk management as “the effect of uncertainty on objective”, and according to GARP the most common risks in financial institutions are credit, market and operational risk (GARP, 2012). The Basel Committee deals with these major components of risk in Basel II, through their three pillar. The first pillar sets up minimum capital requirements for each risk respectively. The purpose is to secure that banks hold adequate capital against these risks, which is considered under the second pillar. The third pillar address market discipline with an increased emphasise of risk management disclosures (Basel Committee, 2010). According to IFRS 7 a business is also required to disclose information regarding liquidity risk which has arisen from its financial instruments. Furthermore, the business should describe how they manage these risks and how they may affect the financial instruments, the business’ performance and financial position (IASCF, 2005).

The Basel Committee relate the major cause of serious banking problems to credit risk and define it as ‘the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms’. The Basel Committee advise banks to consider the relationship of credit risk and other risks since credit risk is a crucial element of a comprehensive risk management approach and need to be considered for any banking organisation in order to reach long-term success (BIS, 2000).

Market risk can be defined as the risk of losses in on- and off-balance sheet positions arising from movements in market prices (CPSS, 2003). The EBA explains that market risk devices from all the positions included in banks’ trading book and also include commodity and foreign exchange risk positions in the entire balance sheet (EBA). During the financial crisis it was clear that the existing capital framework for market risk did not apprehend some key risks. Hence, in addition to the current value-at-risk-based trading book framework the Basel Committee introduced an incremental risk capital charge, which comprises default risk and migration risk for unsecuritised credit products (BIS, 2011).

The definition of operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition includes legal risk, but excludes strategic and reputational risk (Basel Committee, 2011). The Basel Committee wants to improve operational risk assessment efforts by encouraging the banking sector to develop techniques for measuring and mitigating this risk and consider operational risk as a component of other risks. Therefore, the Basel Committee has defined a common industry definition of operational risk, focusing on operational risk only, namely “the risk of direct and indirect loss resulting from inadequate or failed internal processes, people and systems or from external events” (Basel Committee, 2001).

Liquidity is the ability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. During the financial crisis banks experienced difficulties because they did not manage their liquidity in prudence, which illustrates how quickly liquidity can change to illiquidity, and last for a lengthen period of time. One of the key reforms to create a more resilient banking sector is the Liquidity Coverage Ratio with the objective to promote the short-term resilience of the liquidity risk profiles and improve the banks´ ability to absorb shocks arising from financial or economic stress (Basel Committee, 2013).

2.2 Importance of bank risk disclosure

The view of the requirements of risk management and risk disclosure has constantly evolved during the recent years. The beginning of the risk disclosure debate can be localised back to 1998 in the paper Enhancing Bank Transparency issued by the Basel Committee. In the Basel Accord they define transparency as “public disclosure of reliable and timely information that enables users of that information to make an accurate assessment of a bank´s financial condition and performance, business activities, risk profile and risk management practices” (Basel Committee, 1998).

Investors request information on risks to be able to create a comprehensive risk profile of the company and form expectations about the company as a going concern (Solomon, Solomon, Norton, & Joseph, 2000). The annual reports are the main source for a reader to receive relevant information of a firm, which creates the basis for decision-making but also to be able to understand their risk profile (Mallin C. A., 2013). Greater disclosure and improved transparency is therefore essential to enable investors to make appropriate judgements and decisions. Companies who are conscious of their image and want to affect their stakeholders´ perceptions tend to disclose more information than what is mandatory to be able to increase legitimacy and persuade the stakeholders to obtain a trustworthy image of the company (Linsley & Shrives, 2005).

Stricter risk disclosure for financial institutions applies to banks, since they are risk-oriented institutions and should therefore be studied independently of non-financial firms (Linsley & Shrives, 2005). In Pillar 3, the Basel Committee stress the importance of risk disclosure information in the banking sector for enhancing market discipline, which implies that banks conduct their business in a safe, sound and efficient manner (BIS, 2015). Therefore, risk disclosure is an important tool and there are good reasons why disclosure and transparency can increase the value of a firm. For instance, risk disclosure can be an indication of sound management, which is important for the long-run health and reputation of a business. Improved and continuous information flow will reduce the information asymmetry between the firm and its stakeholders, which will improve investor relations (Solomon et al. 2000). According to Hermalin and Weisbach (2012) risk disclosure also fulfils a crucial role in a company´s internal risk management. Risk management is essential for reducing the probability of financial failure and can be used to avoid banking crisis. It is helpful for the management to have a thorough risk report to forecast potential risk-related problems in order to act earlier to prevent as much damage as possible. Additionally, the authors argue that internal risk management report prevents the likelihood that a company is involved in any fraudulent activities.

For strategic purpose, the management in a company may be resistant to disclosures and have opposing preferences with what sort of information they provide. Increased disclosure could be harmful for a company’s competitive advantage since rivals could get access to valuable information. Firms communicate their risk disclosures in different ways in their annual reports, illustrated by among others narrative text, diagrams, tables and pictures. However, not all information disclosed is necessarily of quality. In the Basel Accord from 1998, they explain that the definition of transparency emphasises that disclosure alone does not necessarily result in transparency or quality. In order to fulfil transparency and quality a bank must provide timely, accurate, relevant and sufficient disclosures of both quantitative and qualitative character (Basel Committee, 1998). According to the ICAEW, forward-looking risk information is more qualitative for the decision-makers than historical information (ICAEW, 1999). However, directors can be reluctant to convey information about the future since such information, by nature, is unpredictable and may not occur. Announcing forward based disclosures could have the opposite effect and harm a company since investors might act upon the directors' predictions, which could be misleading (Linsley et al., 2006)

2.3 Bank risk disclosure development

A consequence of the financial crisis 2007-2008 and recent misreporting of balance sheets, such as Enron and WorldCom, has resulted in investors questioning the reliability of companies' annual reports and risk management, thus increased interest concerning companies risk disclosure and transparency. As a result of scandals and the financial turmoil, stricter corporate disclosure requirements have been implemented to promote transparency in pursuance of retrieving investor confidence in firms risk exposures (Lajili & Zéghal, 2005).

Although, risk disclosure in financial businesses is still a relatively unexploited area of research even though the interest in risk reporting and its developments has increased in the past years. Up until today the most extensive bank disclosure analyses are still the ones conducted by the Basel Committee in 1999, 2000 and 2001. A summary of these public disclosure surveys can be seen in Table 2-1 below. The studies consisted of 104 questions grouped into 12 categories relating to banks risk disclosures in their annual reports. The category 'Other risks' under 'Disclosure categories' included among others both operational risk and liquidity risk. Each question could be replied with either a 'yes', 'no' or 'not applicable' (Linsley et al., 2006). The purpose of the study was to provide an overview of the disclosure practices of a sample of banks and to encourage these to further enhance transparency. The most evident change in the disclosure study can be found in the category 'Other risks', which had a significant increase in terms of risk disclosures, compared to the 'Market risk' and 'Credit risk', which only increased slightly over the time period 1999 – 2001. The survey revealed that most banks continues to increase the extent of their disclosures (BIS, 2003), which has later been confirmed by the few studies conducted on bank risk disclsoures.

Table 2-1 Summary of Basel Committee 1999, 2000 and 2001 public disclosure surveys

Disclosure categories	*Number of questions within the disclosure category*	*Percentage of 'yes' responses measured against 'no' responses*		
		2001 Survey (%)	*2000 Survey (%)*	*1999 Survey (%)*
1. Capital structure	14	82	78	73
2. Capital adequacy	7	55	48	46
3. Market risk internal modeling	16	68	66	64
4. Internal and external ratings	4	46	35	32
5. Credit risk modelling	5	33	33	32
6. Securitisation activities	8	45	36	29
7. Credit risk	13	61	56	55
8. Credit derivatives and other credit enhancements	6	34	25	24
9. Derivatives	9	62	56	58
10. Geographic and business line diversification	10	65	63	65
11. Accounting and presentation policies	7	84	84	82
12. Other risks	5	84	74	62
	104			

(Linsley et al., 2006)

2.3.1 Pillar 3

The three pillars concept was introduced in Basel II generated from the Basel I Accord, which only considered parts of the pillars. The increased emphasis of risk management disclosures can be studied under Pillar 3, which address market discipline and disclosures. The Basel Committee have recognised a lack of consistency across banks, particularly in information disclosed and how the disclosure requirements have been interpreted. The existing version of Pillar 3 has failed to promote an early recognition of a bank´s material risks and lack information to enable market participants to measure a bank´s overall capital adequacy. Therefore, a new version will be effective from year-end 2016 in order to improve the transparency of the internal model-based method banks use to calculate minimum regulatory capital requirements, and will also improve comparability and consistency of disclosures (BIS, 2014).

The Basel Committee consider market discipline as a main objective since important information about key risk metrics is fundamental for market participants. Market discipline is regulated through disclosure requirements, which provides market participants with information which reduces the information gap, increase transparency and enable comparability of bank´s risk profiles. The Basel Committee believe the banks should base the disclosure framework on the requirements in Pillar 1 for credit, market and operational risks, as well as capital requirement and associated risk-weighted assets. This because the market participants gets information in an effective manner to be able to make investment decisions.

The concept of three Pillars is that Pillar 3 should complement the minimum risk-based capital requirements covered in Pillar 1 and complement the supervisory review process covered in Pillar 2. This concept aims to promote market discipline in Pillar 3 by providing supervisory information to investors and other market participants. The disclosure requirements consist of five guiding principles for banks disclosures to enhance transparency and quality in order to enable better understanding and comparability of banks' risks. The guiding principles include that disclosure should be:

1. Clear,
2. Ccomprehensive,
3. Meaningful to users,
4. Consistent over time,
5. Comparable across banks

Banks are expected to disclose both quantitative and qualitative information provided in templates and tables in Pillar 3 in order to provide market participants with a broader understanding of their risk profile. If a bank chooses to diverge from the template or table they should explain why it considers such information not meaningful to the users (BIS, 2015).

2.3.2 IFRS 7

IFRS 7 was first issued in 2005 and became effective for businesses to annual periods beginning after January 2007 (Deloitte, 2015). IFRS 7 is divided in two sections where the first one regards the quantitative disclosures of numbers in the financial statement and the balance sheet. The second section contains guidelines for the risk disclosures. Management is required to disclose both quantitative and qualitative information regarding risks. This in order for the users to evaluate the information found in the annual report and understand the nature and extent of the risks for the business and its operations (PricewaterhouseCoopers, 2010).

IFRS 7 clearly specifies the disclosure requirements, and the management is required to state the following information, relating to the liquidity risk, in the annual report:

- The exposures to liquidity risk and how they arise as well as management's objectives, policies and processes for managing mentioned risk combined with the methods used for measuring the risk (qualitative disclosure)
- A summary of quantitative data about its exposure to liquidity risk at the end of the reporting period (quantitative disclosures) (IASCF, 2005).

2.4 Legitimacy theory

The main concept behind legitimacy theory is that businesses operate in today's society under a social contract consisting of certain expectations from stakeholders, which the business' wish to satisfy (Brown & Deegan, 1998). The idea of the social contract is grounded on that any business' existence and development is based on a supply of social, political or economic benefits to society. Businesses continuously strive for ensuring that their surrounding environment perceives them in a certain way, or in other words perceives them as legitimate. This since the society has the possibility to sanction the business if they feel their expectations are not met. Different types of sanctions that may be enforced by society are for example boycotting their products or diminishing its labour force and financial capital. However, what is considered as legitimate one year may not be the following since the society is constantly changing and so are its values, expectations and norms (Deegan & Unerman, 2011).

According to Dowling and Pfeffer (1975) the legitimacy of a business is vital for its survival and it is to be considered as a resource of the firm. Relating to disclosures the legitimacy theory may be used as an explanation for voluntary disclosures in annual reports. Based on the view of legitimacy as a resource the management implement strategies, which will improve, increase and maintain the legitimacy to guarantee a constant supply of the resource. The firm may also choose to engage in certain collaborations in order to achieve 'legitimacy by association' since the other organisation they engage with may be considered to have a high legitimacy (Deegan & Blomquist, 2006). Therefore it is not only the actual behaviour of the business that is significant in creating the legitimacy but what the society identifies with the firm and its operations and the perception it has of them (Deegan & Unerman, 2011). Furthermore, the information that a business provides to its stakeholders is required to maintain a certain level of quality for them in order to consider the firm legitimate. The amount of information in the annual reports has since the financial crisis increased and the quality of it has been improved by increasing the focus on making the information more comprehensible for the stakeholders (Beattie, 2014).

Previously most of the information found in the annual reports of a firm was related to its finances and fiscal year alone. However, today the annual reports hold a lot more information and a large quantity of it comprises of non-financial information (Mallin C. A., 2013). The type and amount of information differs depending on both the management and what they consider to be important, but also since different organisations operate in different industries. Certain industries are exposed to a higher level of social and political pressure than other industries. In these industries the amount of non-financial information is significantly higher in order for management to communicate the strategy planned for the business (Cho & Patten, 2007). As previously mentioned, the banking industry is an industry from which stakeholders expect to receive extensive amounts of non-financial information.

If a business is not responsive to the environment they operate in and acknowledge present and future changes there is a risk of them acting in a different way than what the society expects. As mentioned earlier, the preferences and norms of society changes over time and therefore it is important for the business to be aware of these changes in order to minimise the risk of a legitimacy gap. The gap arises once there is a difference between what the society expects and perceives the company to do and what the company actually does. An example of when a legitimacy gap occurs can be when information regarding the business' activities, which has previously been unknown to the society, is disclosed by media and it is not equivalent to the perceived image the society had of the business. The nature of the information disclosed determines how large the legitimacy gap will be and what the consequences of it could be (Deegan & Unerman, 2011). Management has to make sure that previous accomplishments will remain, as well as forecast changes that may occur in the future in order to maintain and gain legitimacy. They also have to be prepared to establish strategies which can repair a damaged legitimacy in case they encounter a larger legitimacy gap (Suchman, 1995).

3 Method

The authors of this case study have used a quantitative content analysis in order to analyse the risk disclosures of the sample banks. The study focuses solely on the information existing in the consolidated annual reports and risk reports, provided by five European banks and therefore, analysis has not been made on information from the banks' websites. The reason for this is that the websites are constantly updated and therefore may not give comparable information regarding previous years. Using annual reports made the data collection equivalent over time and across banks. Considering that the main tool for delivering information regarding risk reporting are the annual reports, this was the most important source of information for data collection and the foundation to chart the changes in risk disclosure. Previous research has also been considered in order to increase the understanding of risk disclosures concerning financial institutions. Some of the sample banks have chosen to have their full risk report as a separate complimentary document to their annual report. In these cases the authors have read the separate risk report, as this is the text equivalent to those sections the other banks have in their annual reports.

Further data has been collected by reviewing academic articles, which were found in the database ABI/INFORM, relating to risk disclosure, the banking industry, Pillar 3 as well as IFRS 7. There are some data collected from websites as well as books and corporate issued reports from regulatory bodies. The years of examination are 2010 through 2013, resulting in four years of analysis of annual reports on five different banks. The reason for not including the 2014 annual reports was that not all banks had issued them and therefore the latest year reviewed is 2013. This method and sample size was chosen by the authors since it is considered to be the most suitable in order to answer the research question stated in section 1.3 and since equivalent studies have used the same approach which strengthen the comparability of the outcome.

3.1 Sample selection

The sample for this study was selected from a list of 29 banks found in the report *High-level Expert Group on reforming the structure of the EU banking sector* (European Commission, 2012). The selection was based on the geographic location of the banks and their connection to the European Union. The selected banks are all listed and operate in Belgium, Denmark, Germany, The Netherlands and The UK. Furthermore, these countries have all been members of the European Union for over 30 years and were some of the founders as well as the first countries accepted. Therefore they have a strongly rooted connection with all the developments regarding regulations and recommendations which have been issued over time by the European Union and its subordinates (European Parliament, 2002). Another reason for choosing these five banks were that they all have a separate Risk Committee, which report to and work in congruence with the board of directors. This further enhances the comparability between the sample banks. All sample banks are among the largest in their respective country. In Table 3-1 below the sample banks are summarised based on their respective market capitalisation, and on total assets derived from the consolidated annual reports as of accounting year-end December 31, 2013. In order to ensure comparability the total assets and market capitalisation of Danske Bank and Royal Bank of Scotland (RBS) were converted to euros (Appendix 1).

Table 3-1 Sample banks

Sample banks	*Total Assets €m*				*Market Capitalisation €bn*			
Banks	*2010*	*2011*	*2012*	*2013*	*2010*	*2011*	*2012*	*2013*
Danske Bank	431,192	460,628	467,089	432,622	13,28	9,15	13	16,8
KBC	320,823	285,382	256,928	241,306	9,1	3,5	10,9	17,2
Landesbank	374,474	373,059	286,864	255,601	-	-	-	-
Rabobank	652,536	731,665	750,710	674,139	-	-	-	-
RBS	1,688,732	1,803,983	1,608,008	1,232,911	49,6	26,8	44,6	45,8

(Appendix 2)

3.2 Data analysis

This case study is based on the concept of a study conducted by Linsley et al. (2006) on risk disclosure in UK and Canadian banks. Their study was conducted on financial institutions and was based on a previous study by two of the authors in 2005, which focused on non-financial companies (Linsley & Shrives, 2005). The authors implemented content analysis in order to analyse the risk disclosures found in the selected banks' annual reports. In order to quantify the disclosures of risk information and risk management the authors counted sentences relating to said subjects. The data from the annual reports was then coded and a disclosure coding grid based on Pillar 3 was developed, which can be seen in Appendix 3.

The created coding grid has been used for this study on risk disclosure of the five banks; however some modifications were made to it. The coding grid applied in this study focuses on credit risk, market risk and operational risk, which all were included in the original grid. Additionally, liquidity risk was added as a fourth risk based on the requirements found in IFRS 7 (IFRS, 2005). The remaining risks considered in the orginal grid will therefore be ignored in this study. However, in this study not only sentences were analysed, as in the Linsley et al. study in 2006, but also numerical and tabular information was included. The disclosure characteristics based on ‘Quantitative/Qualitative’, ‘Good news/Neutral/Bad news’, ‘Past/Future’ and ‘Definitions’ were kept as in the original disclosure grid. These characteristics can be grouped into twelve different combinations, which can be seen in the coding grid constructed for this study in Table 3-2 below.

Table 3-2 Disclosure coding grid

Disclosure characteristics	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*
Quantitative/good news/future				
Quantitative/bad news/future				
Quantitative/neutral/future				
Qualitative/good news/future				
Qualitative/bad news/future				
Qualitative/neutral/future				
Quantitative/good news/past				
Quantitative/bad news/past				
Quantitative/neutral/past				
Qualitative/good news/past				
Qualitative/bad news/past				
Qualitative/neutral/past				
Definitions				

In order to set up the coding guidelines the authors together read one bank’s annual reports for the four years chosen for examination. This to ensure that each annual report was coded in the same way, even when the authors read them independently. Examples of coding guidelines are for instance that if a specific risk could not be identified as one of the four risks chosen for this study it has not been included as a disclosure. Another guideline has been that if more than one risk has been identified in the same disclosure then it has been categorised as the risk most emphasised.

Therefore the data collection was conducted as follows. The data was first analysed separately by each of the authors for one bank at a time by marking the information in the annual reports using Adobe Reader. Once all four years were analysed the authors met and compared their results. On occasions where the results differed the authors had a discussion in order to figure out which characteristic was the most accurate one. The results were then entered into the disclosure grid and compiled in tables and figures using Microsoft Excel. However, the definition characteristic was excluded from some of the compilations due to that it has no natural opposite. The tables and figures illustrate the proportion of disclosures in terms of the different characteristics as well as the number of disclosures. The compilations were first done for each bank and year, followed by a table of the aggregated results per year. Finally, a table comprising all risk disclosures for all sample banks and years was constructed.

When reading the annual report the ‘Quantitative/Qualitative’ characteristic has been analysed based on if the information disclosed can be argued to be of value and have quality for the stakeholders. If the disclosure contained detailed descriptions, explanations or numbers it has been considered as a qualitative type of information. If the disclosure merely gave brief information relating to the risk it has been seen as quantitative information. The ‘Bad news/Neutral/Good news’ characteristic has been based on if the information holds a positive[2] or negative[3] tone. If it does not appear to be of a positive or negative nature it has been considered to be neutral. The ‘Past/Future’ characteristic, which considers the time perspective, the authors have considered risk disclosures relating prior to the year of the annual report, as well as events of the current year to be past tense information. Information which relates to potential upcoming risks has been considered as future tense. As for the ‘Definition’ characteristic it has been considered to be a disclosure which helps increasing the understanding of the risks for the reader. If a risk disclosure is not considered to be a definition it is another type of disclosure based on the requirements for the other types of characteristics.

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[2] The authors consider positive to be aligned with the definition by the Oxford dictionary as something *“constructive, optimistic, confident and showing progress or improvement”* (Oxford Dictionaries).

[3] The authors consider negative to be aligned with the definition by the Oxford dictionary as something *“bad, harmful, without hope and denoting decrease or reversal”* (Oxford Dictionary).

3.3 Validity and reliability

In this study the authors have collected information and data from annual reports of the sample banks. This information is deemed as highly valid and reliable since businesses are required to ensure that the information in their annual reports convey a true and fair view of their organisation and its operations (Mallin C. A., 2013). Furthermore, this information has been audited by en external party, further reducing the chances of it being altered or manipulated. The collected information regarding the regulatory frameworks has mostly been taken directly from the organisations issuing them and therefore it is considered to also have a high degree of validity and reliability.

The outcome of a study like this will always be influenced by who is conducting it, and what previous knowledge they have, as well as how they interpret the information and the risks. Concerning the coding of the annual reports the authors have a limited previous experience, which can have a negative impact on the empirical findings since the disclosures could be interpreted incorrectly. Moreover, there is a risk of relevant disclosures being neglected as they are not stated clearly, in terms of the above mentioned criteria's, in the annual reports. Reliability has also been provided through that the authors have thoroughly rechecked and scrutinized the risk information disclosed by the banks. Considering the limited experience combined with the thorough work the study is considered to hold high objectivity and to be both reliable and valid.

4 Empirical findings and analysis

In this study a total of 2,149 risk disclosures were identified within the sample of 20 annual reports over the time period of four years. The distribution of the four risks studied can be seen in Figure 4-1 below, which illustrates the total amount of disclosure per risk and year. It has been acknowledged that most of the risk disclosures found relates to credit risk with 976 disclosures in total, which is not surprising considering banks are high risk-oriented lending institutions. The second largest risk type in this study was market risk, which had 536 disclosures in total distributed evenly over the years with an exception for a small decrease in 2012. Liquidity risk and operational risk are the two least disclosed risks and rather equalled distributed, where liquidity risk had 335 disclosures in total and operational risk had 302 disclosures.

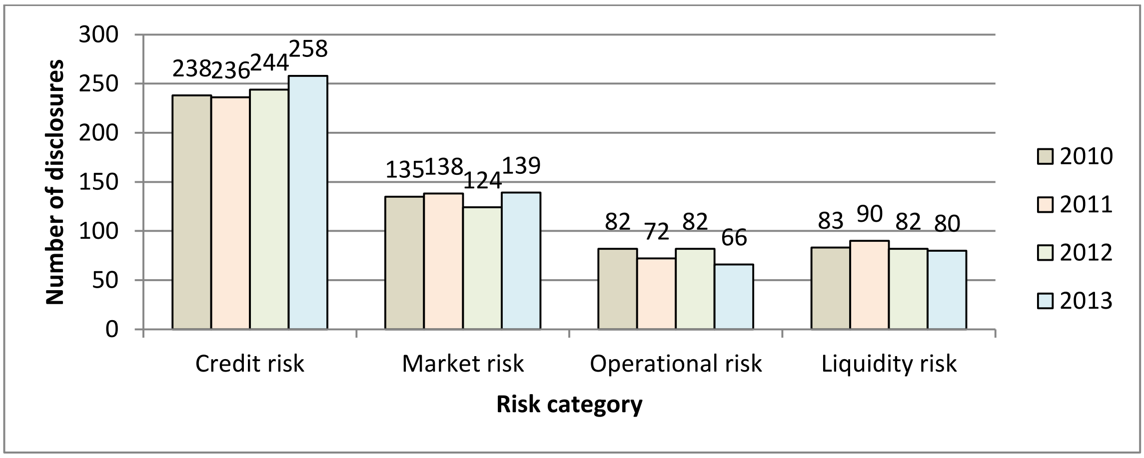

Figure 4-1 Summary of types of risk disclosures for the sample banks 2010 – 2013

4.1 Empirical findings

In the sections that follow the empirical findings of this study will be illustrated in tables comprising the risk disclosure results per year and the proportion of disclosure characteristics. The number of disclosures includes the results for all sample banks. As stated in section 3.2 the 'Definition' characteristic will be ignored in the summary of risk characteristics and the summary of risk types. All disclosure grids for respective bank and year can be found in Appendix 3 through 8. In Appendix 9, a disclosure grid comprising all disclosures for all years and sample banks can be found.

4.1.1 Risk categorisation and summary of disclosures 2010

For 2010 a total of 538 risk disclosures were recognised within the sample of annual reports and risk reports. From Table 4-1 below it is illustrated that the 'quantitative/neutral/past' characteristic is the most frequent one with 194 disclosures. Further one can see that credit risk is the most dominant risk with 238 disclosures, followed by market risk which had 135 disclosures. Operational risk with 82 disclosures is almost equal in terms of number of risk disclosures to liquidity risk, which has 83 disclosures for 2010.

Table 4-1 Number of risk disclosures for the sample banks 2010

Disclosure characteristics	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	3	3	4	3	13
Quantitative/bad news/future	1	0	0	0	1
Quantitative/neutral/future	19	10	8	7	44
Qualitative/good news/future	4	3	4	2	13
Qualitative/bad news/future	0	1	0	0	1
Qualitative/neutral/future	2	3	6	1	12
Quantitative/good news/past	10	8	3	11	32
Quantitative/bad news/past	6	5	0	0	11
Quantitative/neutral/past	82	48	31	33	194
Qualitative/good news/past	8	5	2	8	23
Qualitative/bad news/past	13	3	0	2	18
Qualitative/neutral/past	76	31	11	11	129
Definitions	14	15	13	5	47
Total	238	135	82	83	

Table 4-2 summarise the proportion of risk disclosure characteristics for 2010. The distribution between quantitative risk disclosures and qualitative risk disclosures are approximately 60 per cent compared to 40 per cent. Disclosures relating to the past by far outnumber those relating to the future with roughly 83 per cent compared to 17 per cent. In 2010 the sample banks disclosed good news rather than bad news; however the neutral disclosures were the most significant characteristic with almost 77 per cent.

Table 4-2 Summary of characteristics of risk disclosures (excluding risk definitions disclosures) 2010

Characteristic	*Total number of disclosures*	*Proportion*
Quantitative disclosures	295	60,08%
Qualitative disclosures	196	39,92%
Past disclosures	407	82,89%
Future disclosures	84	17,11%
Good news disclosures	81	16,50%
Bad news disclosures	31	6,31%
Neutral disclosures	379	77,19%

4.1.2 Risk categorisation and summary of disclosures 2011

In 2011 the total amount of risk disclosures was 536 and like previous year the 'quantitative/neutral/past' disclosure was the most frequent with 163 disclosures, which can be seen in Table 4-3 below. This year the allocation of the disclosures are more scattered between the four types of risk than previous year. Credit risk maintains the most dominant risk type disclosed with 236 disclosures followed by market risk, which had 138 disclosures. However, operational risk has decreased since 2010 and now has 72 disclosures, whereas liquidity risk has increased to 90 disclsoures leading to a more distinguished gap between the four risks.

Table 4-3 Number of risk disclosures for the sample banks 2011

Disclosure characteristics	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	4	2	5	5	16
Quantitative/bad news/future	1	0	0	0	1
Quantitative/neutral/future	15	11	13	10	49
Qualitative/good news/future	4	3	2	2	11
Qualitative/bad news/future	0	1	0	0	1
Qualitative/neutral/future	2	3	3	0	8
Quantitative/good news/past	7	5	4	7	23
Quantitative/bad news/past	5	5	0	2	12
Quantitative/neutral/past	71	45	18	29	163
Qualitative/good news/past	10	6	1	6	23
Qualitative/bad news/past	17	1	1	5	24
Qualitative/neutral/past	84	35	8	14	141
Definitions	16	21	17	10	64
Total	236	138	72	90	

Illustrated in Table 4-4 below one can see that the proportion of quantitative risk disclosures and qualitative risk disclosures are more even than previous year. This year the distribution of these disclosures is approximately 56 per cent compared to 44 per cent. In 2011 the past disclosures decreased slightly, with the corresponding increase of future disclosures. There has also been a slight change in the proportion of the 'good news/neutral/bad news' characteristics. The bad news disclosures have increased leading to a decrease in both good news disclosures as well as for neutral disclosures. However, bad news is still the least disclosed type of news and neutral remains the most common.

Table 4-4 Summary of characteristics of risk disclosures (excluding risk definitions disclosures) 2011

Characteristic	*Total number of disclosures*	*Proportion*
Quantitative disclosures	264	55,93%
Qualitative disclosures	208	44,07%
Past disclosures	386	81,78%
Future disclosures	86	18,22%
Good news disclosures	73	15,47%
Bad news disclosures	38	8,05%
Neutral disclosures	361	76,48%

4.1.3 Risk categorisation and summary of disclosures 2012

In 2012 the total amount of risk disclosures equalled 532, which are summarised in Table 4-5 below. 'Quantitative/neutral/past' is still the most frequent disclosure characteristic with 180 disclosures. This year the market risk disclosures were 124, which almost equal half of the disclosures of credit risk, which has 244 disclosures. The reason for this is an increase in credit risk disclosures in connection with a decrease in market risk disclosures. In 2012 the operational risk disclosures has increased and liquidity risk disclosures has decreased, resulting in a now equal distribution of 82 disclosures respectively for the two risks.

Table 4-5 Number of risk disclosures for the sample banks 2012

Disclosure characteristics	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	6	2	6	3	17
Quantitative/bad news/future	1	1	0	0	2
Quantitative/neutral/future	17	6	13	8	44
Qualitative/good news/future	5	3	1	1	10
Qualitative/bad news/future	1	0	0	0	1
Qualitative/neutral/future	3	0	2	2	7
Quantitative/good news/past	7	10	5	11	33
Quantitative/bad news/past	7	0	1	0	8
Quantitative/neutral/past	82	39	28	31	180
Qualitative/good news/past	15	7	4	7	33
Qualitative/bad news/past	10	0	2	1	13
Qualitative/neutral/past	76	38	7	9	130
Definitions	14	18	13	9	54
Total	244	124	82	82	

The proportion of quantitative and qualitative disclosures in 2012, which is summarised in Table 4-6 below, has slightly changed compared to the previous year. The percentage distribution this year has changed by two percentages for each characteristic, resulting in 58 per cent for quantitative disclosures compared to 42 for qualitative disclosures. The past disclosures now equal over 83 per cent, which is in an increase not only since the decrease in 2011, but also compared to the 82,89 per cent in 2010. This year the good news disclosures have increased by almost 4 per cent, bad news has decreased by 3 per cent and neutral disclosures decreased by 1 per cent compared to 2011.

Table 4-6 Summary of characteristics of risk disclosures (excluding risk definitions disclosures)

Characteristic	*Total number of disclosures*	*Proportion*
Quantitative disclosures	284	57,72%
Qualitative disclosures	208	42,28%
Past disclosures	397	83,05%
Future disclosures	81	16,95%
Good news disclosures	93	19,46%
Bad news disclosures	24	5,02%
Neutral disclosures	361	75,52%

4.1.4 Risk categorisation and summary of disclosures 2013

For the final year of the study a total of 543 risk disclosures were identified within the sample. In Table 4-7 below it is illustrated that the ‘qualitative/neutral/past’ characteristic is the most frequent with 178 disclosures, which differs from the three previous years studied where the ‘quantitative/neutral/past’ characteristic was the most common. However, it is still the credit risk with 258 disclosures this year that is the major risk type followed by market risk with 139 disclosures. As in 2011 this year the operational risk and liquidity risk are more scattered than they were in 2010 and 2012. This year operational risk held 66 disclosures compared to liquidity risk which now has 80 disclosures.

Table 4-7 Number of risk disclosures for the sample banks 2013

Disclosure characteristics	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	0	1	2	2	5
Quantitative/bad news/future	4	2	1	1	8
Quantitative/neutral/future	5	6	6	2	19
Qualitative/good news/future	5	1	0	1	7
Qualitative/bad news/future	3	0	1	0	4
Qualitative/neutral/future	5	1	1	0	7
Quantitative/good news/past	13	13	2	19	47
Quantitative/bad news/past	20	0	1	3	24
Quantitative/neutral/past	60	36	22	23	141
Qualitative/good news/past	11	6	4	8	29
Qualitative/bad news/past	10	0	0	2	12
Qualitative/neutral/past	108	47	12	11	178
Definitions	14	26	14	8	62
Total	258	139	66	80	

Summarised in Table 4-8 below are the risk disclosure results for 2012 and this year holds the most equal distribution of quantitative and qualitative disclosures out of all four years studied. The distribution between these disclosures this year is 51 per cent compared to 49 per cent. This year also holds the largest difference between past and future disclosures. The future disclosures have decreased to almost 10 per cent, resulting in an increase for the past disclosures to approximately 90 per cent. For the final characteristics the good news has decreased by almost 1 per cent. The bad news disclosures have increased by almost 5 per cent and the neutral disclosures have decreased by roughly 4 per cent.

Table 4-8 Summary of characteristics of risk disclosures (excluding risk definitions disclosures) 2013

Characteristic	*Total number of disclosures*	*Proportion*
Quantitative disclosures	244	50,73%
Qualitative disclosures	237	49,27%
Past disclosures	431	89,60%
Future disclosures	50	10,40%
Good news disclosures	88	18,30%
Bad news disclosures	48	9,98%
Neutral disclosures	345	71,73%

4.2 Analysis

The analysis of the risks and characteristics has all been conducted with consideration of the legitimacy theory. Furthermore, the results have also been analysed in respect of equivalent previous studies.

4.2.1 Analysis of risk categorisation and development

In the extensive study conducted by the Basel Committee in 1999 - 2001 the outcome indicated that credit risk did not hold as large proportion of the risk disclosure reporting as it does today. Instead the majority of risk disclosures related to other risks, namely operational risk and liquidity risk. In the five years, which separate the Basel studies,and the one conducted by Linsley et al. (2006), credit risk became the more evident risk disclosure. This outcome may be explained by the Basel Committee's statement that credit risk is a major cause of serious banking problems. The outcome of this study, which indicates that credit risk is the most dominant disclosure type, is in line with the results of the previous study conducted by Linsley et al. in 2006.

The second largest type of risk disclosure found in this study is market risk, which equals the results both from the Basel Committee study as well as the Linsley et al. This outcome is expected since market risk has been emphasised after the financial crisis due to lack of key risks as stated by the Basel Committee. In contrast to the disclosure studies in 1999 – 2001 the operational and liquidity risk were the least common in this study, whereas it was the most noticeable change in the Basel study. Over the four years studied the disclosure results for operational and liquidity risk were quite even for two of the years, 2010 and 2012, whereas in 2011 and 2013 the liquidity risk was somewhat higher than that of operational risk. By studying the sample of banks and the disclosure results for each year this change appears to be due to an increase in liquidity risk disclosures for Danske Bank in 2011 and Landesbank in 2013.

Due to previous accounting scandals one could have expected the number of disclosures relating to operational risk to have been higher. This since the operational risk is the risk most related to fraudulent activities, and as stated by Hermalin and Weisbach in 2012 a risk report could prevent the likelihood of a business being involved in such activities. In general for all annual reports reviewed in this study the liquidity risk sections were limited yet they held many risk disclosures. This can be explained by the requirements in IFRS 7, which clearly state what a bank is obliged to disclose in the annual report regarding liquidity risk. However, as Boesso and Kumar stated in 2007, stakeholders wish to receive more information than what only is required and therefore banks could benefit from disclosing more information regarding liquidity risk.

In the studies from 1999 – 2001, there was a considerable increase of disclosures. Overlooking the four years of this case study, 2010 – 2013, one can observe that the total amount of risk disclosures has not increased significantly but only by eleven risk disclosures at the most. Comparing the results of the previous studies to this case study one may consider the development of risk disclosures to have stagnated. However, it is not possible to compare these developments of the results with those of the Linsley et al. study since they only observed the risk disclosures for one year. Furthermore, another reason for not only comparing with the 2006 study is that they have chosen banks operating in the UK and Canada whereas this study and the Basel Committee's focus on banks operating in the European Union.

Considering that banks have a high level of risk-orientation they also have high expectations from stakeholders to disclose appropriate risk information. This in order to remain, maintain and gain legitimacy especially due to that they are lending institutions which administer people's and businesses' assets. However, disclosing the same information year after year is not deemed to ensure legitimacy since the values of society change from year to year and if information is repeated it may lose its meaningfulness to the stakeholders. This is a general observation by the authors, which also was confirmed in the Linsley et al. study, and applied to all banks in the sample size. As previously stated annual reports today contain a lot more information than just the financial information, which can be related to the image the banks wish to portray to their stakeholders. The authors have observed this as well for several of the sample banks where the annual reports have become extensive. One example of this is the RBS annual report of 2013 which holds a total of 564 pages, where 191 of them comprise of risk information, compared to the 2010 annual report which has 263 pages, where 117 pages relate to risk information. Despite their extensive risk reporting RBS is the one of the banks with the least amount of risk disclosures during the time period 2010 – 2013. These results correspond with the findings of Li's study in 2010, which showed that disclosing too much information can have a negative effect on the competitive advantage of a bank and it will not guarantee transparency and quality according to the Basel Committee.

4.2.2 Analysis of the disclosure characteristics

When studying the first characteristics, 'Quantitative/Qualitative', one can see that the quantitative disclosures dominated. They ranged from 50.73 per cent to 60.08 per cent whereas the qualitative disclosures ranged from 39.92 per cent to 49.27 per cent. However, in 2013 the proportions were almost equal, where quantitative disclosures held 50.73 per cent and qualitative disclosures were 49.27 per cent. The results from 2013 is in line with the developments following the financial crisis mentioned in section 2.3, which stated that the quality of annual reports has been improved and the information has become more comprehensible for the stakeholders. Both quantitative and qualitative disclosures generate quality for the reader of the annual report. If the proportion between these two disclosure types are equal one can assume that the report holds as high quality as possible, since it contains both the necessary basic information (quantitative disclosure) and the more descriptive information (qualitative disclosure). Out of the four years of this study only 2013 held an almost equal proportion. This is in line with Pillar 3 and IFRS 7, which states that banks are expected to disclose both quantitative and qualitative information in order to provide a broad understanding of its risk profile to the market participants.

When comparing the tense characteristics it is evident that the past tense by far outnumbers the future tense. This result is in line with what has previously been stated regarding damages to legitimacy. Revealing too much information regarding risks in the future may jeopardise the trust of the stakeholders and could potentially endangers their market position. If the stakeholders perceive the bank to have a high future risk profile, they may be inclined to move their assets to a bank they perceive to be more secure and stable. Furthermore, it is by nature easier to disclose information regarding risks you have encountered in the past since they have been managed. Future risks are subject to speculations and therefore the bank can only reflect its expectations of the risk and how they would act if it was realised, which can be an explanation for why the future risk disclosures are limited in the annual reports. The proportion of the two tenses was quite stable for the years 2010 through 2012 ranging from 81.78 per cent to 83.05 per cent for past tense and from 16.95 per cent to 18.22 per cent for future disclosures. However, for 2013 the past tense disclosures increased to 89.60 per cent compared to the 10.40 per cent for the future tense disclosures. As mentioned previously, in section 2.2, future related disclosures are considered more qualitative for decision makers. However, due to the above mentioned reasons the low proportion of future disclosures is quite expected and reasonable.

For the final characteristics, ‘Bad news/Neutral/Good news’ it is clear to state that the neutral characteristic is the most prominent. The bad news characteristic has the lowest proportion each of the four years of study, which is logical since disclosing too much negative and bad information may damage the legitimacy and the perception the stakeholders have of the business. The proportion of bad news disclosures for the four years has ranged between 5.02 per cent and 9.98 per cent. Comparing this to the good news disclosures, which has ranged from 15.47 to 19.46 per cent, and the neutral disclosures ranging from 71.73 to 77.19 per cent, one can see that they represent a small part of the total disclosures. However, some bad news will be required to be disclosed in order for the bank to avoid risking suspicion of hiding problems. In this study it was observed by the authors that most of the bad news disclosures related to the past as well as that they had been dealt with. Furthermore, they were usually followed by good news disclosures which can be considered as a way of repairing legitimacy resulting in a stronger perception by the stakeholders as well as minimising legitimacy gaps.

5 Discussion

This study has investigated development of risk disclosures for five banks and as can be interpreted from the analysis no clear development was observed. The authors had expected to find a distinctive increase in terms of total number of disclosures between the years 2010 and 2013. This since most previous studies have found such a development in risk reporting as well as that the regulatory requirements have kept improving over the years.

One reason for the absence of a clear development may be the deep connection all countries represented in this study has to the European Union. As stated in the method section, all five countries have been members of the European Union for over 30 years and has been a part of the developments of the regulatory requirements over these years. The developments were more extensive following the 2007 - 2008 financial crisis, but today most new regulations are adjustments to previously issued guidelines. This may be a reason for the low amount of total disclosures for the four years of this study, since neither Pillar 3 nor IFRS 7 has had any major amendments during this time.

Another reason for the low outcome may be that most banks reuse information from previous years' risk reports and the authors have only focused on certain risk types. Reusing information may have a negative impact on the meaningfulness of the disclosures, since it does not add new value for the reader. Moreover, the preferences and norms of society changes over time and if the bank does not pay attention to it they risk increasing the legitimacy gap by disclosing information that does not meet expectations of the stakeholders. However, the authors observed an increase in risk reporting for each year both in terms of page numbers as well as risk disclosures for other risks not included in this study. Considering that the amount of risk disclosures is not associated with the number of pages, as previously mentioned, one may question the transparency and quality of the risk disclosures. This is connected to previous research, which has shown that a large amount of disclosures does not result in transparency or quality for a bank's stakeholders. Therefore, it is questionable if the annual report is the most suitable place for risk disclosures. The authors consider the solution of Danske Bank and Rabobank to be more efficient and valuable for the reader. These two banks have a separate document containing the extensive risk report and their annual reports only holds the risk infomartion required by the regulations.

Another reason for why the banks today have a more extensive risk reporting, including all risks, may be due to that they wish to maintain a certain level of legitimacy. An extensive risk reporting reassure the stakeholders that the bank is not involved in any fraudulent activities, and that they are well prepared for any potential financial shocks in the future.

As the empirical findings show, the largest amount of disclosures relate to the neutral characteristic and that the least used characteristic is bad news. This may be expected since it may damage the reputation of the bank and trust of the stakeholders if they disclose too many bad news. However, considering that the neutral disclosures are so evidently dominant stakeholders may suspect that the bank is withholding risk information. The reason from the bank's perspective may be that they wish for the reader themselves to judge whether the disclosure is good or bad news. The risk with this approach is that people interpret information differently, and what some think is good news others may consider bad news and vice versa.

In terms of total assets one may assume that a larger bank would disclose more information regarding risks than a smaller bank. This since they hold a larger amount of stakeholders with higher expectations on the bank compared to other actors of the financial institutions market. In this case study the largest bank in terms of total assets is RBS; however, they did not generate more risk disclosures than any of the other banks.

Overall, this case study will not draw any general conclusions in terms of the development of risk disclosures due to the nature of the study. This since the sample size is small and that the authors have only focused on four types of risks. In order to evaluate what kind of development the risk disclosure reporting has had a more extensive time period would be required combined with including all types of risks. The sample would also need to include banks of different sizes in order to give a true and fair view of the market. Furthermore, there are very few previous studies which discuss the subject of risk reporting in financial institutions to compare the results with, which makes it difficult to establish whether there has been a development or not. As for this study the result for 2013 was quite different and interesting in terms of number of disclosures and the proportion of characteristics. Since the annual reports for 2014 were not available for all sample banks it was not possible for the authors to see if this change would be continuous.

6 Conclusion

The purpose of this case study was to investigate and compare the development of risk disclosures in five large European banks during a four year period, starting with the fiscal year 2010. Studying the empirical findings in chapter four, as well as the analysis in chapter five, the most reasonable conclusion is that the development of risk disclosures has stagnated for the sample banks. This since the risk disclosures for the four years studied have fluctuated some, but yet remained quite stable only ranging from 532 to 543 total disclosures. Even though the number of pages relating to risk information has increased for several of the banks and years, the same may not be said regarding the total amount of risk disclosures observed in this study.

Out of the four risks studied credit risk remains the most dominant followed by market risk, as in previously conducted studies. The operational risk and liquidity risk are out of these four risks still the least disclosed. When observing the characteristics of the disclosure one can conclude that the most common are the quantitative/neutral/past disclosures, and this result holds for each year. In 2013 the highest total amount of risk disclosures, as well as the most equal proportion between the quantitative and qualitative disclosures, were registered. In respect of the five guiding principles of Pillar 3, and the disclosure requirements in IFRS 7, one may reasonably conclude that 2013 was the most transparent year out of the four years studied.

The conclusions from this case study are only applicable on the sample banks as well as on the years of study. This since the sample size is small and therefore the results do not apply in general to the market.

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Appendix I Currency conversion

Conversion GBP to Euro 2013

Date	Original Amount	Converted Amount	Rate
31-12-2013	1.00 GBP	1.20 EUR	1 EUR = 0.8337 GBP

Conversion DKK to Euro 2013

Date	Original Amount	Converted Amount	Rate
31-12-2013	1.00 DKK	0.13 EUR	1 EUR = 7.4593 DKK

Conversion GBP to Euro 2012

Date	Original Amount	Converted Amount	Rate
31-12-2012	1.00 GBP	1.23 EUR	1 EUR = 0.8161 GBP

Conversion DKK to Euro 2012

Date	Original Amount	Converted Amount	Rate
31-12-2012	1.00 DKK	0.13 EUR	1 EUR = 7.461 DKK

Conversion GBP to Euro 2011

Date	Original Amount	Converted Amount	Rate
30-12-2011	1.00 GBP	1.20 EUR	1 EUR = 0.8353 GBP

Conversion DKK to Euro 2011

Date	Original Amount	Converted Amount	Rate
30-12-2011	1.00 DKK	0.13 EUR	1 EUR = 7.4342 DKK

Conversion GBP to Euro 2010

Date	Original Amount	Converted Amount	Rate	
31-12-2010	1.00 GBP	1.16 EUR	1 EUR = 0.86075 GBP	

Conversion DKK to Euro 2010

Date	Original Amount	Converted Amount	Rate	
31-12-2010	1.00 DKK	0.13 EUR	1 EUR = 7.4535 DKK	

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Appendix 2 Financial information 2013

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Royal Bank of Scotland Group. (2014) *Annual Report 2013*. Retrieved February 12, 2015, from RBS: http://www.investors.rbs.com/~/media/Files/R/RBS-IR/2013-reports/annual-report-and-accounts-2013.pdf

Appendix 3 Original disclosure grid

Table 3 Disclosure coding grid

Text disclosures sentence characteristics		*Credit risk* 1	*Market risk* 2	*Interest rate risk* 3	*Operational risk* 4	*Capital structure and adequacy risk* 5	*Risk management frameworks and policies* 6
Quantitative/good news/future	**A**						
Quantitative/bad news/future	**B**						
Quantitative/neutral/future	**C**						
Qualitative/good news/future	**D**						
Qualitative/bad news/future	**E**						
Qualitative/neutral/future	**F**						
Quantitative/good news/past	**G**						
Quantitative/bad news/past	**H**						
Quantitative/neutral/past	**I**						
Qualitative/good news/past	**J**						
Qualitative/bad news/past	**K**						
Qualitative/neutral/past	**L**						
Definitions	**M**						

Linsley, P. M., Shrives, P. J., & Crumpton, M. (2006). Risk disclosure: An exploratory study of UK and Canadian banks. *Journal of Banking Regulation*, 268-282.

Appendix 4 Disclosure grid Danske Bank

Danske Bank 2010 *Disclosure characteristics*	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	0	0	0	2	2
Quantitative/bad news/future	0	0	0	0	0
Quantitative/neutral/future	4	2	0	3	9
Qualitative/good news/future	0	0	0	0	0
Qualitative/bad news/future	0	0	0	0	0
Qualitative/neutral/future	1	0	0	0	1
Quantitative/good news/past	2	2	0	5	9
Quantitative/bad news/past	2	0	0	0	2
Quantitative/neutral/past	21	10	4	7	42
Qualitative/good news/past	0	2	1	1	4
Qualitative/bad news/past	1	0	0	0	1
Qualitative/neutral/past	6	4	2	1	13
Definitions	3	1	1	1	6
Total	40	21	8	20	

Danske Bank 2011 *Disclosure characteristics*	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	0	0	0	1	1
Quantitative/bad news/future	0	0	0	0	0
Quantitative/neutral/future	2	1	0	4	7
Qualitative/good news/future	0	0	0	0	0
Qualitative/bad news/future	0	0	0	0	0
Qualitative/neutral/future	0	0	0	0	0
Quantitative/good news/past	2	1	0	3	6
Quantitative/bad news/past	1	0	0	2	3
Quantitative/neutral/past	16	12	3	5	36
Qualitative/good news/past	2	1	0	0	3
Qualitative/bad news/past	6	0	0	1	7
Qualitative/neutral/past	21	7	1	0	29
Definitions	6	3	4	1	14
Total	56	25	8	17	

Danske Bank 2012 *Disclosure characteristics*	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	0	0	0	0	0
Quantitative/bad news/future	0	0	0	0	0
Quantitative/neutral/future	3	0	0	0	3
Qualitative/good news/future	0	0	0	0	0
Qualitative/bad news/future	1	0	0	0	1
Qualitative/neutral/future	0	0	0	1	1
Quantitative/good news/past	4	5	0	2	11
Quantitative/bad news/past	3	0	0	0	3
Quantitative/neutral/past	11	7	3	1	22
Qualitative/good news/past	4	0	0	0	4
Qualitative/bad news/past	1	0	0	0	1
Qualitative/neutral/past	10	2	2	0	14
Definitions	2	2	2	2	8
Total	39	16	7	6	

Danske Bank 2013 *Disclosure characteristics*	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	0	0	0	0	0
Quantitative/bad news/future	0	0	0	0	0
Quantitative/neutral/future	2	0	0	0	2
Qualitative/good news/future	0	0	0	0	0
Qualitative/bad news/future	0	0	0	0	0
Qualitative/neutral/future	0	0	0	0	0
Quantitative/good news/past	6	7	0	5	18
Quantitative/bad news/past	13	0	0	1	14
Quantitative/neutral/past	3	9	3	0	15
Qualitative/good news/past	4	0	0	0	4
Qualitative/bad news/past	0	0	0	1	1
Qualitative/neutral/past	15	3	2	0	20
Definitions	4	7	3	1	15
Total	47	26	8	8	

Appendix 5 Disclosure grid KBC

KBC 2010 *Disclosure characteristics*	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	0	0	0	0	0
Quantitative/bad news/future	0	0	0	0	0
Quantitative/neutral/future	7	3	0	1	11
Qualitative/good news/future	0	0	0	0	0
Qualitative/bad news/future	0	0	0	0	0
Qualitative/neutral/future	1	0	0	0	1
Quantitative/good news/past	1	1	0	2	4
Quantitative/bad news/past	0	0	0	0	0
Quantitative/neutral/past	10	4	9	8	31
Qualitative/good news/past	1	1	0	0	2
Qualitative/bad news/past	8	0	0	1	9
Qualitative/neutral/past	31	13	4	4	52
Definitions	2	5	2	1	10
Total	61	27	15	17	

KBC 2011 *Disclosure characteristics*	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	0	0	1	4	5
Quantitative/bad news/future	0	0	0	0	0
Quantitative/neutral/future	4	2	4	2	12
Qualitative/good news/future	0	0	0	1	1
Qualitative/bad news/future	0	0	0	0	0
Qualitative/neutral/future	1	0	0	0	1
Quantitative/good news/past	1	0	0	2	3
Quantitative/bad news/past	0	0	0	0	0
Quantitative/neutral/past	9	7	4	8	28
Qualitative/good news/past	1	1	0	0	2
Qualitative/bad news/past	9	0	1	3	13
Qualitative/neutral/past	22	13	2	5	42
Definitions	2	6	2	1	11
Total	49	29	14	26	

KBC 2012					
Disclosure characteristics	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	1	1	1	2	5
Quantitative/bad news/future	0	0	0		0
Quantitative/neutral/future	6	1	2	3	12
Qualitative/good news/future	0	0	0	0	0
Qualitative/bad news/future	0	0	0	0	0
Qualitative/neutral/future	1	0	0	0	1
Quantitative/good news/past	0	0	1	3	4
Quantitative/bad news/past	0	0	0	0	0
Quantitative/neutral/past	14	6	7	8	35
Qualitative/good news/past	1	2	2	0	5
Qualitative/bad news/past	7	0	0	1	8
Qualitative/neutral/past	29	16	2	5	52
Definitions	2	6	2	1	11
Total	61	32	17	23	

KBC 2013					
Disclosure characteristics	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	0	1	2	1	4
Quantitative/bad news/future	0	0	0	0	0
Quantitative/neutral/future	2	3	3	0	8
Qualitative/good news/future	0	0	0	0	0
Qualitative/bad news/future	0	0	0	0	0
Qualitative/neutral/future	1	0	0	0	1
Quantitative/good news/past	3	1	1	4	9
Quantitative/bad news/past	0	0	0	0	0
Quantitative/neutral/past	17	5	7	5	34
Qualitative/good news/past	1	3	0	2	6
Qualitative/bad news/past	7	0	0	0	7
Qualitative/neutral/past	39	15	3	5	62
Definitions	3	6	2	2	13
Total	73	34	18	19	

Appendix 6 Disclosure grid Landesbank

Landesbank 2010 *Disclosure characteristics*	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	0	0	1	1	2
Quantitative/bad news/future	0	0	0	0	0
Quantitative/neutral/future	0	1	3	0	4
Qualitative/good news/future	0	0	3	0	3
Qualitative/bad news/future	0	0	0	0	0
Qualitative/neutral/future	0	0	1	0	1
Quantitative/good news/past	5	3	2	2	12
Quantitative/bad news/past	0	3	0	0	3
Quantitative/neutral/past	16	16	8	8	48
Qualitative/good news/past	0	0	0	2	2
Qualitative/bad news/past	2	2	0	1	5
Qualitative/neutral/past	10	4	2	5	21
Definitions	4	2	3	2	11
Total	37	31	23	21	

Landesbank 2011 *Disclosure characteristics*	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	0	0	1	0	1
Quantitative/bad news/future	0	0	0	0	0
Quantitative/neutral/future	1	0	3	0	4
Qualitative/good news/future	0	0	1	0	1
Qualitative/bad news/future	0	0	0	0	0
Qualitative/neutral/future	0	0	1	0	1
Quantitative/good news/past	3	2	1	1	7
Quantitative/bad news/past	0	4	0	0	4
Quantitative/neutral/past	14	13	6	9	42
Qualitative/good news/past	0	1	0	2	3
Qualitative/bad news/past	1	0	0	0	1
Qualitative/neutral/past	7	2	1	3	13
Definitions	2	2	3	3	10
Total	28	24	17	18	

Landesbank 2012					
Disclosure characteristics	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	1	0	1	0	2
Quantitative/bad news/future	0	1	0	0	1
Quantitative/neutral/future	1	3	3	1	8
Qualitative/good news/future	0	0	0	0	0
Qualitative/bad news/future	0	0	0	0	0
Qualitative/neutral/future	0	0	1	0	1
Quantitative/good news/past	1	4	0	6	11
Quantitative/bad news/past	1	0	0	0	1
Quantitative/neutral/past	17	11	9	10	47
Qualitative/good news/past	4	0	0	2	6
Qualitative/bad news/past	1	0	0	0	1
Qualitative/neutral/past	8	2	1	2	13
Definitions	5	3	2	2	12
Total	39	24	17	23	

Landesbank 2013					
Disclosure characteristics	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	0	0	0	0	0
Quantitative/bad news/future	0	2	0	0	2
Quantitative/neutral/future	0	0	2	0	2
Qualitative/good news/future	0	0	0	0	0
Qualitative/bad news/future	0	0	0	0	0
Qualitative/neutral/future	0	0	1	0	1
Quantitative/good news/past	2	3	1	8	14
Quantitative/bad news/past	1	0	0	0	1
Quantitative/neutral/past	21	13	7	8	49
Qualitative/good news/past	2	0	1	3	6
Qualitative/bad news/past	3	0	0	0	3
Qualitative/neutral/past	9	4	2	4	19
Definitions	2	2	3	1	8
Total	40	24	17	24	

Appendix 7 Disclosure grid Rabobank Group

Rabobank Group 2010 *Disclosure characteristics*	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	3	3	3	0	9
Quantitative/bad news/future	1	0	0	0	1
Quantitative/neutral/future	7	4	3	3	17
Qualitative/good news/future	4	3	1	1	9
Qualitative/bad news/future	0	1	0	0	1
Qualitative/neutral/future	0	3	4	1	8
Quantitative/good news/past	0	0	0	0	0
Quantitative/bad news/past	1	1	0	0	2
Quantitative/neutral/past	26	11	5	7	49
Qualitative/good news/past	3	2	1	5	11
Qualitative/bad news/past	0	0	0	0	0
Qualitative/neutral/past	22	8	3	0	33
Definitions	3	5	5	0	13
Total	70	41	25	17	

Rabobank Group 2011 *Disclosure characteristics*	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	4	2	3	0	9
Quantitative/bad news/future	1	0	0	0	1
Quantitative/neutral/future	8	8	5	4	25
Qualitative/good news/future	4	3	1	1	9
Qualitative/bad news/future	0	1	0	0	1
Qualitative/neutral/future	1	3	2	0	6
Quantitative/good news/past	0	1	0	0	1
Quantitative/bad news/past	2	1	0	0	3
Quantitative/neutral/past	27	9	5	7	48
Qualitative/good news/past	6	3	1	4	14
Qualitative/bad news/past	1	1	0	0	2
Qualitative/neutral/past	22	10	3	0	35
Definitions	3	5	5	2	15
Total	79	47	25	18	

Rabobank Group 2012 *Disclosure characteristics*	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	4	1	3	0	8
Quantitative/bad news/future	1		0	0	1
Quantitative/neutral/future	7	2	6	2	17
Qualitative/good news/future	5	3	1	1	10
Qualitative/bad news/future	0	0	0	0	0
Qualitative/neutral/future	1	0	0	1	2
Quantitative/good news/past	0	1	0	0	1
Quantitative/bad news/past	1	0	1	0	2
Quantitative/neutral/past	26	10	6	7	49
Qualitative/good news/past	4	1	2	4	11
Qualitative/bad news/past	1	0	2	0	3
Qualitative/neutral/past	22	14	2	0	38
Definitions	3	5	5	2	15
Total	75	37	28	17	

Rabobank Group 2013 *Disclosure characteristics*	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	4	0	0	1	5
Quantitative/bad news/future	1	0	0	1	2
Quantitative/neutral/future	5	3	1	2	11
Qualitative/good news/future	3	1	0	1	5
Qualitative/bad news/future	0	0	1	0	1
Qualitative/neutral/future	4	1	0	0	5
Quantitative/good news/past	0	0	0	1	1
Quantitative/bad news/past	2	0	1	0	3
Quantitative/neutral/past	18	9	4	7	38
Qualitative/good news/past	2	1	2	3	8
Qualitative/bad news/past	0	0	0	1	1
Qualitative/neutral/past	21	16	4	0	41
Definitions	2	6	2	2	12
Total	62	37	15	19	

Appendix 8 Disclosure grid Royal Bank of Scotland

Royal Bank of Scotland 2010					
Disclosure characteristics	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	0	0	0	0	0
Quantitative/bad news/future	0	0	0	0	0
Quantitative/neutral/future	1	0	2	0	3
Qualitative/good news/future	0	0	0	1	1
Qualitative/bad news/future	0	0	0	0	0
Qualitative/neutral/future	0	0	1	0	1
Quantitative/good news/past	2	2	1	2	7
Quantitative/bad news/past	3	1	0	0	4
Quantitative/neutral/past	9	7	5	3	24
Qualitative/good news/past	4	0	0	0	4
Qualitative/bad news/past	2	1	0	0	3
Qualitative/neutral/past	7	2	0	1	10
Definitions	2	2	2	1	7
Total	30	15	11	8	

Royal Bank of Scotland 2011					
Disclosure characteristics	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	0	0	0	0	0
Quantitative/bad news/future	0	0	0	0	0
Quantitative/neutral/future	0	0	1	0	1
Qualitative/good news/future	0	0	0	0	0
Qualitative/bad news/future	0	0	0	0	0
Qualitative/neutral/future	0	0	0	0	0
Quantitative/good news/past	1	1	3	1	6
Quantitative/bad news/past	2	0	0	0	2
Quantitative/neutral/past	5	4	0	0	9
Qualitative/good news/past	1	0	0	0	1
Qualitative/bad news/past	0	0	0	1	1
Qualitative/neutral/past	12	3	1	6	22
Definitions	3	5	3	3	14
Total	24	13	8	11	

Royal Bank of Scotland 2012 *Disclosure characteristics*	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	0	0	1	1	2
Quantitative/bad news/future	0	0	0	0	0
Quantitative/neutral/future	0	0	2	2	4
Qualitative/good news/future	0	0	0	0	0
Qualitative/bad news/future	0	0	0	0	0
Qualitative/neutral/future	1	0	1	0	2
Quantitative/good news/past	2	0	4	0	6
Quantitative/bad news/past	2	0	0	0	2
Quantitative/neutral/past	14	5	3	5	27
Qualitative/good news/past	2	4	0	1	7
Qualitative/bad news/past	0	0	0	0	0
Qualitative/neutral/past	7	4	0	2	13
Definitions	2	2	2	2	8
Total	30	15	13	13	

Royal Bank of Scotland 2013 *Disclosure characteristics*	*Credit risk*	*Market risk*	*Operational risk*	*Liquidity risk*	*Total*
Quantitative/good news/future	0	0	0	0	0
Quantitative/bad news/future	0	0	1	0	1
Quantitative/neutral/future	0	0	0	0	0
Qualitative/good news/future	0	0	0	0	0
Qualitative/bad news/future	0	0	0	0	0
Qualitative/neutral/future	0	0	0	0	0
Quantitative/good news/past	2	2	0	1	5
Quantitative/bad news/past	4	0	0	2	6
Quantitative/neutral/past	1	0	1	3	5
Qualitative/good news/past	2	2	1	0	5
Qualitative/bad news/past	0	0	0	0	0
Qualitative/neutral/past	24	9	1	2	36
Definitions	3	5	4	2	14
Total	36	18	8	10	

Appendix 9 Summary of risk disclosures for the sample of banks

Disclosure characteristics	Credit risk				Market risk				Operational risk				Liquidity risk				Total
	2010	*2011*	*2012*	*2013*	*2010*	*2011*	*2012*	*2013*	*2010*	*2011*	*2012*	*2013*	*2010*	*2011*	*2012*	*2013*	
Quantitative/good news/future	3	4	6	0	3	2	2	1	4	5	6	2	3	5	3	2	51
Quantitative/bad news/future	1	1	1	4	0	0	1	2	0	0	0	1	0	0	0	1	12
Quantitative/neutral/future	19	15	17	5	10	11	6	6	8	13	13	6	7	10	8	2	156
Qualitative/good news/future	4	4	5	5	3	3	3	1	4	2	1	0	2	2	1	1	41
Qualitative/bad news/future	0	0	1	3	1	1	0	0	0	0	0	1	0	0	0	0	7
Qualitative/neutral/future	2	2	3	5	3	3	0	1	6	3	2	1	1	0	2	0	34
Quantitative/good news/past	10	7	7	13	8	5	10	13	3	4	5	2	11	7	11	19	135
Quantitative/bad news/past	6	5	7	20	5	5	0	0	0	0	1	1	0	2	0	3	55
Quantitative/neutral/past	82	71	82	60	48	45	39	36	31	18	28	22	33	29	31	23	678
Qualitative/good news/past	8	10	15	11	5	6	7	6	2	1	4	4	8	6	7	8	108
Qualitative/bad news/past	13	17	10	10	3	1	0	0	0	1	2	0	2	5	1	2	67
Qualitative/neutral/past	76	84	76	108	31	35	38	47	11	8	7	12	11	14	9	11	578
Definitions	14	16	14	14	15	21	18	26	13	17	13	14	5	10	9	8	227
Total	238	236	244	258	135	138	124	139	82	72	82	66	83	90	82	80	

Appendix 10 Consolidated annual reports and risk reports for the sample banks 2010 - 2013

Danske Bank Group

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