



Notification template for Articles 133 and 134(5) of the Capital Requirements Directives (CRD) – Systemic risk buffer (SyRB)

Template for notifying the European Central Bank (ECB) and European Systemic Risk Board (ESRB) of the setting or resetting of one or more systemic risk buffer rates pursuant to Article 133(9) CRD and to request that the ESRB issue a recommendation to other Member States to reciprocate the measure under Article 134(5) CRD

Please send/upload this template to

- macropru.notifications@ecb.europa.eu when notifying the ECB (under Article 5 of the Single Supervisory Mechanism (SSM) Regulation¹);
- [DARWIN/ASTRA](#) when notifying the ESRB.

The ESRB will forward the notification to the European Commission, the European Banking Authority (EBA) and the competent and designated authorities of the Member States concerned without delay. This notification will be made public by the ESRB once the relevant authorities have adopted and published the notified macroprudential measure².

E-mailing/uploading this template to the above addresses constitutes official notification; no further official letter is required. To facilitate the work of the notified authorities, please send the notification template in a format that allows the information to be read electronically.

| 1. Notifying national authority and scope of the notification | |
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| 1.1 Name of the notifying authority | Ministry of Taxation and Economic Growth |
| 1.2 Country of the notifying authority | Denmark |
| 1.3 Type of measure (also for reviews of existing measures) | <p>Which SyRB measure do you intend to implement?</p> <p><input type="checkbox"/> <u>Activate a new SyRB</u></p> <p><input type="checkbox"/> Change the level of an existing SyRB</p> <p><input checked="" type="checkbox"/> Change the scope of an existing SyRB (incl. changes to a subset of institutions or exposures)</p> <p><input type="checkbox"/> De-activate an existing SyRB</p> <p><input type="checkbox"/> Reset an existing SyRB (review)</p> |

¹ Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

² On request by the notifying authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

2. Description of the measure

2.1 Institutions covered by the intended SyRB

Please indicate whether the SyRB applies to:

All institutions authorised in the Member State

One or more subsets of credit institutions in the sector (please provide the names and identifiers (Legal Entity Identifier (LEI) code) of institutions covered)

| Name of institution | LEI code | Consolidation level |
|---------------------|----------|---------------------|
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A subsidiary whose parent is established in another Member State. (Please provide the names and identifiers (LEI code) of subsidiaries)

| Name of subsidiary | Name of the parent | LEI code of the subsidiary |
|---|----------------------------------|-----------------------------|
| <u>Nordea Kredit Realkreditaktieselskab</u> | <u>Nordea Bank Abp (Finland)</u> | <u>52990080NNXXLC14OC65</u> |
| <u>Express Bank A/S</u> | <u>BNP Paribas</u> | <u>529900PTQQGGAZ61PQ39</u> |
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2.2 Exposures covered by the SyRB (Article 133(5) CRD)

Please indicate the exposures to which the SyRB applies:

(a) all exposures located in the Member State that is setting the buffer;

(b) the following sectoral exposures located in the Member State that is setting the buffer:

- (i) all retail exposures to natural persons that are secured by residential property;
- (ii) all exposures to legal persons that are secured by mortgages on commercial immovable property;
- (iii) all exposures to legal persons excluding those specified in point (ii);
- (iv) all exposures to natural persons excluding those specified in point (i);

(c) subsets of any of the sectoral exposures identified in point (b). Please specify the subsets in Section 2.3;

(d) all exposures located in other Member States;

(e) exposures located in third countries.

2.3 Subsets of sectoral exposures

Where the systemic risk buffer applies to subsets of any of the sectoral exposures identified (see point 2.2 (c)), please specify:

- The elements of the dimensions and subdimensions that were used to identify the subset(s) of sectoral exposures as laid down in the EBA Guidelines on the appropriate subsets of exposures in the application of SyRB;

| Dimensions/subdimensions | Elements |
|--------------------------|----------|
| | |

| | |
|--|---|
| 1. Type of debtor or counterparty sector | <u>Non-financial corporations</u> |
| 1.a Economic activity | <u>"Real estate activities" (NACE code "M"), apart from Real estate activities on a fee or contract basis (68.3) as well as housing associations and housing cooperative associations).</u> |
| 2. Type of exposure | <u>All types of exposure</u> |
| 2.a Risk profile | |
| 3. Type of collateral | <u>Unsecured and the part of secured exposures outside the 0-30% LTV-band.</u> |
| 3.a Geographical area | <u>Denmark</u> |

- *Assessment conducted in accordance with Section 5 of the EBA Guidelines on the systemic relevance of the risks stemming from this subset, taking into account:*

(i) **Size:** Real-estate companies (companies designated based on 1.a above) account for a significant share of the total lending of credit institutions (15,5 per cent in Q1 2026) The share has also been increasing over the past years. Especially mortgage credit institutions and medium sized banks have a significant and increasing share of exposures towards real estate companies. Lending to real estate companies accounts for 40 per cent of total corporate lending as of Q1 2026.

(ii) **Riskiness:**

A number of risk factors point to riskiness of the portfolio:

- Real estate companies are highly sensitive to rising interest rates and general economic conditions. Both the companies' income, as well as value of assets posted as collateral are sensitive to interest rate increases.
- Higher interest rates and a weakening of economic growth have a negative impact on the real estate companies' finances. This increases the risk that real estate companies will not be able to service their loans based on their current profits. In addition, declining prices in the commercial real estate market may increase the size of potential losses for the institutions.
- Credit exposures towards real estate companies have historically suffered large losses.

(iii) **Interconnectedness:**

Real estate companies account for a significant share of economic activity and a significant share of total lending (15,5 pct.). Historically, the development in the commercial real estate sector has contributed to amplifying cyclical fluctuations, for example via its effect on construction activity. Problems in the real estate sector can therefore lead to losses on loans to other industries and among households.

The materialization of risk in the targeted subset could lead to negative spill-over effects to other exposures as well as the economy.

Real-estate companies are highly capital intensive and are dependent on credit institution-financing. Danish pension companies also have some exposures to the real estate market, increasing the risk of contagion to the broader financial sector.

- **Why it would not have been appropriate to set the systemic risk buffer at the level of a sector (as in point 2.2(b)) to cover the risk targeted?**

The measure targets systemic risks specifically related to lending to real-estate companies. A broader coverage of the buffer, targeting all exposures to legal persons that are secured by mortgages on

| | <p>commercial immovable property would disproportionately affect corporations not subject to the identified risks, i.e. corporates that have put up as collateral their office or production buildings.</p> <p>The measure is intended to target loans to companies with a primary income closely related to the development, rental or buying/selling of properties. It targets corporate exposures and can be both exposures secured by <i>commercial</i> and <i>residential</i> properties. In this notification commercial or residential properties are also called commercial real estate (CRE).</p> <p>Lending to “Cooperative housing societies” accounts for approx. 10 per cent of lending to businesses engaged in activities under activity code “Real estate activities”. Historically, these loans have not given rise to losses in the same way as real estate companies. The activities of cooperative housing societies also differ significantly from those of real estate companies in that they do not have a commercial purpose, but are owned by the members, who are jointly and severally liable for the debt. On this basis all exposures to ‘Cooperative housing societies’ will be exempted from the buffer.</p> <p>Lending to “Social housing associations” accounts for approx. 25 per cent of lending to businesses engaged in activities under activity code “Real estate activities”. Typically, these loans are supported by central government guarantees, which is why that part of the loan has a risk weight of 0 per cent. These loans will therefore not be affected by a sector-specific systemic risk buffer. On this basis all exposures to ‘Social housing associations’ will be exempted from the buffer.</p> <p>Lending to real estate activities on a fee or contract basis accounts for approx. 3 per cent of lending to businesses engaged in activities under activity code “Real estate activities”. Most of these loans are related to management of real estate, and do not contribute to systemic risk like devolving building projects or renting real estate.</p> <p>The measure exempts the part of each secured exposure that lies in the 0-30% LTV-band. This is an extension of the previous exemption of exposures that lie in the 0-15% LTV-band. The extension reflects improvement in some of the cyclical conditions, mainly due to lower level of interest rates, since the introduction of the measure in 2024.]</p> | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---|------------------------------|---|--------------------|--|------------------------------|---|------------------------------|---|--|---|-------|--|--|---|--|--|--|--|--|---|-------|--|--|
| <p>2.4 Exposures located in other Member States and in third countries</p> | <p>The buffer applies only to exposures located in Denmark.]</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>2.5 Buffer rate (Article 133(9)(e) CRD)</p> | <table border="1"> <thead> <tr> <th rowspan="2">Exposures</th> <th colspan="2">New SyRB rate</th> <th colspan="2">Previous SyRB rate</th> </tr> <tr> <th>All institutions (SyRB rate)</th> <th>Set of institutions (range of SyRB rates)</th> <th>All institutions (SyRB rate)</th> <th>Set of institutions (range of SyRB rates)</th> </tr> </thead> <tbody> <tr> <td>(a) All exposures located in the Member State that is setting the buffer</td> <td>%</td> <td>% - %</td> <td></td> <td></td> </tr> <tr> <td>(b) <i>The following sectoral exposures located in the Member State that is setting the buffer:</i></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(i) All retail exposures to natural persons that are secured by residential property</td> <td>%</td> <td>% - %</td> <td></td> <td></td> </tr> </tbody> </table> | Exposures | New SyRB rate | | Previous SyRB rate | | All institutions (SyRB rate) | Set of institutions (range of SyRB rates) | All institutions (SyRB rate) | Set of institutions (range of SyRB rates) | (a) All exposures located in the Member State that is setting the buffer | % | % - % | | | (b) <i>The following sectoral exposures located in the Member State that is setting the buffer:</i> | | | | | (i) All retail exposures to natural persons that are secured by residential property | % | % - % | | |
| Exposures | New SyRB rate | | Previous SyRB rate | | | | | | | | | | | | | | | | | | | | | | |
| | All institutions (SyRB rate) | Set of institutions (range of SyRB rates) | All institutions (SyRB rate) | Set of institutions (range of SyRB rates) | | | | | | | | | | | | | | | | | | | | | |
| (a) All exposures located in the Member State that is setting the buffer | % | % - % | | | | | | | | | | | | | | | | | | | | | | | |
| (b) <i>The following sectoral exposures located in the Member State that is setting the buffer:</i> | | | | | | | | | | | | | | | | | | | | | | | | | |
| (i) All retail exposures to natural persons that are secured by residential property | % | % - % | | | | | | | | | | | | | | | | | | | | | | | |

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|--|-----------|--------------|-----------|--|
| (ii) All exposures to legal persons that are secured by mortgages on commercial immovable property | % | % - % | | |
| (iii) All exposures to legal persons excluding those specified in point (ii) | % | % - % | | |
| (iv) All exposures to natural persons excluding those specified in point (i) | % | % - % | | |
| (c) All exposures located in other Member States | % | % - % | | |
| (e) Exposures located in third countries | % | % - % | | |
| (f) Subsets of any of the sectoral exposures identified in point (b): | | | | |
| (i) Exposures to real-estate companies | 7% | % - % | 7% | |

The same buffer rate is applied to all institutions. |

| Set of institutions | | | | |
|---------------------|---------------------|----------|---------------|--------------------|
| Exposures | Name of institution | LEI code | New SyRB rate | Previous SyRB rate |
| | | | % | |
| | | | % | |
| | | | % | |

3. Timing for the measure

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| 3.1 Timing for the decision | <p><i>What is the date of the official decision? For SSM countries when notifying the ECB: provide the date on which the decision referred to in Article 5 of the Single Supervisory Mechanism Regulation (SSMR) will be taken.</i></p> <p>On October 7th, 2025, the Danish Systemic Risk Council published a recommendation regarding the resetting of a systemic risk buffer of 7 per cent for exposures to real estate companies (Link).</p> <p>On January 6th, 2026, the Minister of Business Industry and Financial Affairs announced that the Danish government needed more time to evaluate the need for a systemic risk buffer. After general elections on March 24th, 2026, Denmark was without a constituted government until June 3rd, 2026, which further delayed the government's decision on the buffer.</p> |
| 3.2 Timing for publication | <p><i>What is the proposed date of publication of the notified measure?</i></p> <p>On June 29th, 2026, the Minister of of Taxation and Economic Growth³, announced his intention to follow the recommendation by the Danish Systemic Risk Council.</p> |
| 3.3 Disclosure | <p>The Danish Systemic Risk council published a recommendation to the Danish government on October 7th, 2025, recommending the resetting of a systemic risk buffer targeting real-estate companies.</p> <p>The Minister of Taxation and Economic Growth will publish his decision to reset the systemic risk buffer on June 29th. Further information on the</p> |

³ After the March 24 elections, the responsibility for financial regulation and macroprudential policy has been moved from the Ministry of Business, Industry and Financial Affairs to the Ministry for Taxation and Economic Growth.

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| | implemented measure will also be published by the Ministry of Taxation and Economic Growth, in accordance with CRD article 133 (13). |
| 3.4 Timing for application | What is the intended date of application of the measure? 30/06/2026 |
| 3.5 Phasing in | No phasing-in is envisioned |
| 3.6 Review/deactivation of the measure | <p><i>Until when will the measure presumably be in place? What are the conditions for its deactivation? On what indicators would the decision be based? Please specify whether you intend to review the measure before the maximum period of two years foreseen in Article 133(8)(b) CRD.</i></p> <p>The decision will be reviewed at the latest after two years.</p> <p>Monitoring of risks related to the commercial real estate market and real estate companies is part of the regular surveillance and assessment of systemic risks performed by the Danish Systemic Risk Council. Should there be a significant shift in the risk assessment of the segment subject to the sector specific systemic risk buffer, that would also feed into the assessment of the appropriate level of the systemic risk buffer.</p> |
| 4. Reasons for the notified SyRB | |
| 4.1 Description of the macroprudential or systemic risk in your Member State (Article 133(9)(a) of the CRD) | <p><i>Where applicable, please classify the risks targeted by the notified SyRB under the following categories:</i></p> <p><i>(i) risks stemming from the structural characteristics of the banking sector</i></p> <ul style="list-style-type: none"> - <i>Size and concentration of banks</i> - <i>Ownership structure</i> - <i>Other structural risks</i> <p><i>(ii) risks stemming from the propagation and amplification of shocks within the financial system</i></p> <ul style="list-style-type: none"> - <i>Exposure concentration/asset commonality</i> - <i>Commonality in bank business models</i> - <i>Financial interconnections and contagion</i> <p><i>(iii) risks to the banking system stemming from either the real economy or specific sectors</i></p> <ul style="list-style-type: none"> - <i>Economic openness</i> - <u>Sectoral risks from the private non-financial sector, households and the public sector</u> <p><i>(iv) Other risks</i></p> <p><i>Please specify:</i></p> <ul style="list-style-type: none"> - <i>Whether these risks are widespread across the whole financial sector?</i> - <i>Or whether they are concentrated only in one or more subsets of the sector?</i> <p>Exposures to real-estate companies (as defined in 2.3.) make up a significant share of lending by Danish credit institutions, 15,5% of total lending and 40% of lending to non-financial corporates. These shares have been increasing for several years.</p> |

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| | <p>Current macroeconomic conditions have improved somewhat since the measure was implemented in 2024. Interest rates have decreased as inflation has come down. Employment has been high and unemployment low. Overall, this has reduced the likelihood of systemic risks related to commercial real estate materialising in the short term. However, the risks related to global economic policy, a changing political environment, and military conflicts increase uncertainty about macroeconomic developments, thereby increasing the risk that unexpected shocks could result in significant losses. Danish credit institutions only had minor losses on exposures to real estate companies during recent interest rate increases.</p> <p>Interest rate levels are currently higher than prior to interest rate hikes in 2022 and 2023, which has led to more real estate companies not being able to cover loan installments with operating profits. The real estate companies' rental income may also come under pressure in the event of a weakening of economic activity, through e.g. higher vacancy rates. This increases the risk that real estate companies will not be able to service their loans based on their current profits.</p> <p>Finally, there is a risk of further increases in interest rates.</p> <p>Still, structural systemic risks related to these exposures persist. The value of the assets of real-estate companies are highly interest-rate sensitive, through the discounting rate used to value properties. Rising interest rates increase the probability of default of real estate companies, as well as the size of the loss given default. Given the size of the exposures, this can lead to significant losses for credit institutions.</p> <p>Real-estate companies' loans are mostly with a variable rate of interest, making costs highly sensitive to increasing interest rates. In Q1 2026, 82% of mortgage credit lending to real-estate companies was at a variable rate of interest.</p> <p>Exposures to real-estate companies are widespread across Danish credit institutions, particularly medium sized banks have significant exposures to the segment. Leading up to the financial crisis several medium-sized Danish banks saw large credit growth to real-estate companies, and experienced large losses during the crisis. This was identified as one of the drivers for the crisis in Denmark.</p> <p>The description above points to elevated and systemic risks for exposures to real-estate companies. A materialisation of these risks would lead to significant losses for Danish credit institutions.</p> |
| <p>4.2 Reasons why the dimension of the macroprudential or systemic risks threatens the stability of the financial system in your Member State</p> <p>(Article 133(9)(b) CRD)</p> | <p>Exposures to real-estate companies account for a significant share of the total exposures of Danish credit-institutions. Real estate companies are sensitive to rising interest-rates and are highly cyclical. A scenario with rising rates and falling rents due to a slowdown of economic activity could lead to a large share of real estate companies being unable to service their loans. This would in turn mean significant credit losses for credit-institutions.</p> <p>The institutions' impairment charges on exposures towards real estate companies are low from a historical perspective. A long period characterised by mostly favourable conditions and low impairment charge ratios may lead to an underestimation of the actual risks related to the segment and result in insufficient provisions. Experience from previous crises shows that negative shocks to the real estate sector may lead to a sudden increase in impairment charges and losses.</p> |

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| | <p>Given their large share of total lending, the elevated uncertainty, and the potential for adverse feedback, a materialisation of risks related to real-estate companies significantly threatens financial stability in Denmark.</p> |
| <p>4.3 Indicators used for activation of the measure</p> | <p>The decision is based on the assessment/advice of the Systemic Risk Council (Link). The assessment of the Systemic Risk Council has considered a wide array of indicators as well as qualitative information, when assessing the activation of systemic risk buffer targeted at loans to real-estate companies, these include:</p> <ul style="list-style-type: none"> - Indicators for banking sector exposures & soundness: <ol style="list-style-type: none"> 1. Loans to real-estate companies, as share of total lending 2. Banks' exposure levels 3. Credit growth to the segment (both on aggregate and in groups of banks based on size) 4. Concentration of exposures at the individual bank level 5. Share of loans to vulnerable real estate companies. 6. Long time series for impairments and loss-patterns - Indicators for soundness of real-estate companies: <ol style="list-style-type: none"> 1. Indicators based on individual real estate company accounting data, e.g. companies' solvency and liquidity 2. Sensitivity analysis of real estate companies' debt servicing capacity based on different scenarios for increasing interest rates and/or decline in operating profit - Indicators for development on the commercial real estate market: <ol style="list-style-type: none"> 1. Vacancy rates 2. Rental rates 3. Property prices 4. Transaction volumes 5. Required yield 6. Market intelligence & bilateral dialogue with credit institutions and real estate companies <p>Qualitative information considered includes results of the ongoing supervision of the DFSA, as well as close monitoring of the real-estate market.</p> |
| <p>4.4 Effectiveness and proportionality of the measure (Article 133(9)(c) CRD)</p> | <p>The measure is targeted towards the type of economic activity posing the largest systemic risk. The main transmission mechanism of the measure is to provide credit institutions with greater capacity to absorb unexpected losses, resulting from exposures to real estate companies. The measure is considered proportionate.</p> <p>As the buffer applies to a subset of exposures, credit institutions with relatively large exposures would experience a higher requirement (in nominal terms), compared with credit institutions with relatively smaller exposures. As the buffer applies to the risk exposure amount, exposures with higher risk weights (reflecting higher credit risk) would have a higher requirement (in nominal terms). Thus, the underlying risk weighting of the exposures is preserved.</p> <p>Exposures in LTV-level 0-30 % are exempted from the measure, ensuring that exposures with little or no risk, are not covered by the measure.</p> <p>The buffer applies beyond the first level of economic activity, and exempts activities to the sector "real estate activities on a fee or contract basis" along with housing cooperatives and non-profit housing associations. This is due to</p> |

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| | <p>the fact that they have a different risk profile than commercial real estate companies.</p> <p>The measure is thus targeted and clearly linked to the identified systemic risks, to ensure that it is effective and proportionate to mitigate the risks.</p> <p>This higher level of granularity helps ensure that the measure remains targeted and proportionate. At the same time, the design has been carefully calibrated to avoid unnecessary administrative burdens and operational inefficiencies.</p> <p>The Systemic Risk Council recommends a buffer rate of 7%. This recommendation is based on a quantitative sensitivity analysis of individual real estate companies' accounting data, as well as a qualitative, holistic, assessment of the uncertainty arising from exposures to real-estate companies.</p> <p>The results of the analysis of vulnerabilities are balanced against the capacity of credit institutions to accumulate capital, without a contraction in credit supply. The estimated total effect of the buffer is 0.5% of TREA.</p> <p>The Systemic Risk Council finds that the sector-specific systemic risk buffer has not had a negative effect on lending.</p> <ul style="list-style-type: none"> • There has been a modest increase in administration margins on mortgage loans, which account for 90 per cent of all loans to the sector. Analysis based on institution loan-level data indicates an average increase of 0.07 percentage points in the administration margins of mortgage credit institutions for all loans covered by the buffer. For loans to real estate companies that have received a new administration margin since mid-2023, including new loans, the average increase was 0.13 percentage points. This should be compared to the fact that loans to other businesses, with a new administration margin, have seen an average increase in the administration margin of 0.17 percentage points. In comparison, short-term interest rates have decreased by 1.80 percentage points since October 2023. • There is no evidence of adverse effects on access to credit for real estate companies. Lending to real estate companies continues to grow moderately, although growth rates have slowed. Lending to real estate companies grew by 6.6 per cent year-on-year in Q1 2026, while the annual growth rate was almost 8 per cent in Q2 2023. In comparison, lending to other non-financial companies grew by 5.8 per cent year-over-year in Q1 2026. According to Statistics Denmark's business tendency survey, only a small proportion of companies in the "Construction" industry experience financial constraints to output. That proportion is broadly unchanged compared to the end of 2022, when interest rates started to rise. • Institutions have adequate capacity to meet loan demand. The largest institutions currently have total excess capital adequacy relative to their capital adequacy target exceeding DKK 40 billion, which gives them plenty of room for new lending. The purpose of the sector-specific systemic risk buffer is to ensure that in the event of an adverse shock to the property market, institutions have enough capital to cover potential losses and continue providing credit to sound projects. |
| <p>4.5 Reason why the systemic risk buffer is not duplicating the functioning of the O-SII buffer provided for in Article 131 CRD (Article 133(9)(f) CRD)</p> | <p>The proposed measure only applies to exposures to real-estate companies and thus does not duplicate the functioning of the O-SII-buffer.</p> |
| <p>5. Sufficiency, consistency and non-overlap of the policy response</p> | |

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| <p>5.1 Sufficiency of the policy response</p> | <p><i>For a macroprudential policy to be ‘sufficient’, the policy responses must be deemed to significantly mitigate, or reduce the build-up of, risks over an appropriate time horizon with a limited unintended impact on the general economy.</i></p> <p><i>Note that the ESRB will use this assessment of the macroprudential stance as relevant input in assessing the sufficiency of the macroprudential policy in the Member States.</i></p> <p><i>Please provide any additional information that the ESRB should consider in assessing the sufficiency of the policy response.</i></p> <p>The proposed measure will increase the ability of credit institutions to absorb unexpected losses for exposures to real-estate companies. This increased loss absorbing capacity will mitigate systemic risks arising from the elevated systemic risks related to significant exposures to real estate companies in an environment of uncertainty due to current macroeconomic conditions (increasing interest rates, falling income base due to a potential slowdown of the economy and potential fall in property prices).</p> <p>The exemption for the 0-30% LTV-band serves for the measure to target the identified risks by concentrating the increased requirement on the riskiest exposures with the highest LTV. Increasing the exemption from 0-15% to 0-30% decreases capital requirements from the buffer by approximately 30 per cent.</p> <p>Exempting the sub-sector ‘real estate activities on a fee or contract basis’ reduces the capital requirement from the buffer by approximately 3 per cent.</p> <p>In the original measure from 2024, IRB-related add-ons were exempted when calculating risk weighted exposures due to data limitations. In the updated measure IRB-related add-ons are included to better reflect underlying risk. Including IRB-related add-ons results in an increase in capital requirements of approximately 12 per cent.</p> <p>In total, the changes in the scope of the buffer reduces the capital impact of the buffer by approximately 24 per cent.</p> |
| <p>5.2 Consistency of application of the policy response</p> | <p><i>For a macroprudential policy to be ‘consistent’, the policy instruments must be deemed to meet their respective objectives as outlined in ESRB/2013/1⁴ and must be implemented in accordance with the common principles set out in the relevant legal texts.</i></p> <p><i>Note that the ESRB assessment of consistency will consider whether the same systemic risks are addressed in a similar way across and within the Member States over time.</i></p> <p><i>Please provide any additional information that the ESRB should consider in assessing the consistency of the policy response.</i></p> <p>The proposed measure will increase the ability of banks to absorb unexpected losses on loans to real-estate companies, which is the intended objective of the measure.</p> |
| | <p><i>For a policy instrument to be ‘non-overlapping’, it should aim to address a systemic risk that either differs to the risk addressed by other active tools in the</i></p> |

⁴ Recommendation of the European Systemic Risk Board of 4 April 2013 on intermediate objectives and instruments of macro-prudential policy (ESRB/2013/1) (OJ C 170, 15.6.2013, p. 1).

5.3 Non-overlap of the policy response

same Member State, or to be complementary to another tool in that Member State which addresses the same systemic risk.

No other, capital-based, macroprudential measures target risks related to real-estate companies.

- Institutions regularly conduct stress tests, which are used to assess each institution’s resilience to adverse macroeconomic scenarios. However, these stress tests do not account for the interaction and self-reinforcing effects that arise when systemic risks materialise, nor do they consider the sector’s overall exposures. Systemic risks imply that a shock can have severe negative consequences for everyone - even for customers and institutions that appeared robust before the shock.
- The assessment of the level of the sector-specific systemic risk buffer considers the impairment charges and management judgement for the segment as well as capital provisions made by institutions in relation to their capital adequacy target under a severe macroeconomic scenario.
- The assessment of the level of the sector-specific systemic risk buffer takes explicitly into account any capital provisions based on a stress test in the capital adequacy target. A general stress scenario may result in losses for institutions’ property exposures. Capital reserved by virtue of the capital adequacy target is therefore offset against the potential impairment charges and losses estimated based on sensitivity analyses. This ensures there is no overlap between the risks that the sector-specific buffer must cover and those that the capital adequacy target must cover.
- As institutions consider the countercyclical capital buffer in their capital planning, this ensures that there are no overlaps with the countercyclical capital buffer either.

The Danish Financial Supervisory Authority has enacted microprudential policies, that address risks related to real-estate companies. These are to a higher degree targeting credit institutions’ credit policies and are complimentary to the proposed capital-based measure. These microprudential measures include:

- **The “supervisory diamond” for banks:** According to the diamond, the DFSA’s expectations that banks limit their exposure to real-estate companies to 25% of total lending.
- **The “supervisory diamond” for mortgage credit institutions:** The diamond states the DFSA’s expectations that mortgage credit institutions limit credit growth to residential rental properties to 15% year-over-year.
- **“Guidelines for financing rental real estate and real estate projects”** illuminates what the DFSA believe is prudent financing practice in this area. The guidelines include among others; LTV-limits, LTC-limits (loan-to-cost for building projects), DSTI-limits, ICR, and limits for the borrowers’ solvency (equity/assets ratio). The rules in the guideline help ensure sound credit standards and limit credit risk when taking out new loans. They help reduce the overall credit risk on individual customers. However, customer finances may deteriorate after the loan is authorised. Nor does the guide inherently address the risk of existing loans or ensure additional capitalisation in institutions. Neither does it take into account such factors as contagion and self-reinforcing effects. The guideline is therefore insufficient to address the systemic risks identified related to commercial real estate.

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| | <p>The measures are intended to ensure sound credit standards, but they still allow for significant exposures to real-estate companies. Therefore, these measures cannot substitute a systemic risk buffer that aims to improve bank capital to absorb unexpected losses. Conversely capital cannot substitute for rules ensuring sound credit standards.</p> |
| 6. Cross-border and cross-sector impact of the measure | |
| <p>6.1 Assessment of cross-border effects and the likely impact on the Internal Market (Article 133(9)(d) of the CRD and Recommendation ESRB/2015/2⁵)</p> | <p><i>Assessment of the cross-border effects of implementation of the measure.</i></p> <p>a. <i>Assessment of the spillover channels operating via risk adjustment and regulatory arbitrage. The relevant indicators provided in Chapter 11 of the ESRB Handbook on Operationalising Macroprudential Policy in the Banking Sector⁶ and the Framework to assess cross-border spillover effects of macroprudential policies of the ECB Task Force on cross-border spillover effects of macroprudential measures can be used.</i></p> <p>b. <i>Assessment of the:</i></p> <ul style="list-style-type: none"> ○ <i>cross-border effects of implementation of the measure in your own jurisdiction (inward spillovers);</i> The measure would apply directly to Danish banks, and the Danish authorities expect the measure to be reciprocated by all countries having significant exposures in Denmark. Reciprocation would ensure no negative inwards spillovers as all credit institutions with a significant presence in Denmark will be covered by the measure. ○ <i>cross-border effects on other Member States and on the Single Market of the measure (outward spillovers);</i> The measure applies only to exposures located in Denmark, so no negative outwards spillovers are expected. ○ <i>overall impact on the Single Market of implementation of the measure.</i> The overall impact on the Single Market is expected to be positive, as the measure reduces risks arising from lending to real-estate companies. |
| <p>6.2 Assessment of leakages and regulatory arbitrage within the notifying Member State</p> | <p><i>Referring to your Member State’s specific characteristics, what is the scope for “leakages and regulatory arbitrage” in your own jurisdiction (i.e. circumvention of the measure/leakages to other parts of the financial sector)?</i></p> <p><i>Is there scope for “leakages and regulatory arbitrage” in other jurisdictions?</i></p> <p>The authorities do not expect “leakages and regulatory arbitrage” within Denmark for a couple of reasons. Firstly, the increased requirement is not expected to result in credit institutions tightening credit conditions, as they can meet the higher requirement through retaining profits. Second, there is very limited lending from other actors such as insurance and pension companies. Insurance and pension companies invest directly or through investment funds</p> |

⁵ Recommendation of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2015/3) (OJ C 97, 12.3.2016, p. 9).

⁶ Available on the ESRB’s website at www.esrb.europa.eu.

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| | <p>in properties for their portfolios. Any substitution from bank loans to loans from other actors is expected to be limited but developments will be monitored closely.</p> <p>“Leakages and regulatory arbitrage” in other jurisdictions is not expected. Any lending to the segment from banks operating in other jurisdictions or through branches in Denmark is expected to become subject to the same requirements following the relevant authorities’ reciprocity.</p> |
| <p>6.3 Request for reciprocity by other Member States (Article 134(5) CRD and Recommendation ESRB/2015/2)</p> | <p><i>Does the authority intend to ask the ESRB to issue a recommendation to other Member States to reciprocate the measure in accordance with Article 134(5) CRD?</i></p> <p><u>Yes. Reciprocity is requested both at the individual and consolidated level (these will be the levels of application in Denmark).</u></p> |
| <p>6.4 Justification for the request for reciprocity by other Member States (Article 134(5) CRD and Recommendation ESRB/2015/2)</p> | <p><i>To request reciprocity, please provide the following:</i></p> <ul style="list-style-type: none"> - <i>a concise description of the measure to be reciprocated;</i> <p>A systemic risk buffer of 7 per cent for exposures to real estate companies in Denmark, i.e. loans to non-financial corporates with activities in real estate activities (NACE code “M”), apart from real estate activities on a fee or contract basis (68.3) as well as social housing associations and housing cooperative associations. Secured exposures that lie in the 0-30% LTV-band are exempted.</p> <ul style="list-style-type: none"> - <i>the financial stability considerations underlying the reciprocity request, including the reasons why the reciprocity of the activated measure is deemed necessary for its effectiveness.</i> <p>Danish credit institutions have significant exposures to real estate companies, and exposures have increased in recent years. Experience from, for example, the financial crisis shows that these exposures may result in substantial losses for credit institutions. Higher interest rates and a weakening economic growth have a negative impact on the real estate companies’ finances. This increases the risk that real estate companies will not be able to service their loans based on their current profits. In addition, the risk of declining prices in the commercial real estate market may increase the size of potential losses for banks. This entails a risk that problems in the real estate sector may affect financial stability.</p> <ul style="list-style-type: none"> - <i>the proposed materiality threshold and justification for that level.</i> <p>The Ministry of Taxation and Economic Growth proposes a materiality threshold of 200 mn. EUR. This is approximately equal to 0.3% of the total exposures to real estate companies. The suggested materiality threshold is somewhat below the 1% suggested by the ESRB handbook on operationalising macroprudential policy in the banking sector. The measure applies to all Danish credit institutions, i.e. also smaller banks with relevant exposures. This threshold ensures level playing field and would ensure that all banks with significant exposure to Danish real-estate companies are covered by the measure.</p> |
| <p>7. Combination of the SyRB with other buffers</p> | |
| <p>7.1 Combination with G-SII and/or O-SII buffers (Article 131(15) CRD)</p> | <p>A buffer-rate of 7% will result in a combined O-SII/SyRB buffer of greater than 5% for all Danish systemic credit institutions, having exposures to real-estate companies.</p> |

| | Name of institution | G-SII/O-SII buffer rate | O-SII consolidation level | Sum of G-SII/O-SII and SyRB rates |
|--|--|-------------------------|---------------------------|-----------------------------------|
| | Danske Bank A/S | 3% | Consolidated | 10% |
| | Nykredit Realkredit A/S | 2% | Consolidated | 9% |
| | Jyske Bank A/S | 1.5% | Consolidated | 8.5% |
| | Nordea Kredit Realkreditselskab | 1% | Individual | 8% |
| | AL Sydbank A/S | 1% | Consolidated | 8% |
| | DLR Kredit A/S | 1% | Individual | 8% |
| | Saxo Bank A/S | 1% | Consolidated | 8% |
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| 7.2 Combination with other systemic risk buffers (Article 133(11) and (12) CRD) | <p>The buffer rate is greater than 5% for all credit institutions having exposures to real-estate companies.</p> <p>Nordea Kredit Realkreditaktieselskab, is a subsidiary of Nordea Bank Apb (Finland) and will be subject to a buffer rate greater than 3%.</p> <p>Express Bank is a subsidiary of BNP Paribas and will be subject to a buffer rate greater than 3%.</p> | | | |
| 8. Miscellaneous | | | | |
| 8.1 Contact person(s)/mailbox at notifying authority | <p>Contact person(s) (name, phone number and e-mail address) and mailbox for further inquiries.</p> <p>Hjalte Johan Legêne Christianse (Ministry of Taxation and Economic Growth) HC@skm.dk +45 72 37 40 01</p> <p>Ianna Georgieva Yordanova (Danmarks Nationalbank/Systemic Risk Council) igy@nationalbanken.dk +45 60 77 83 66</p> <p>Andreas Carl Meyer (Danish Financial Supervisory Authority/Systemic Risk Council) anme@ftnet.dk + 45 41 93 35 35</p> | | | |
| 8.2 Any other relevant information | <p>Announcement by the Danish Systemic Risk Council</p> | | | |
| 8.3 Date of the notification | <p>Please provide the date on which this notification was uploaded/sent.</p> <p>29/06/2026</p> | | | |