



Assessment team on macroprudential measures

Assessment of a measure taken in Denmark pursuant to Article 131 in combination with a measure taken pursuant to Article 133 of the Capital Requirements Directive

On 28 August 2026 the Danish Financial Supervisory Authority (Finanstilsynet – the Danish FSA), acting as the designated authority for the purpose of Article 131 of the Capital Requirements Directive (CRD),¹ notified the European Systemic Risk Board (ESRB) of its decision to review the buffer applicable to other systemically important institutions (O-SIIs) in accordance with Article 131 of the CRD. Following this review, the proposed measure would maintain the O-SII buffer requirements that already apply to six credit institutions and raise the rate by 0.5 percentage points, for one credit institution, AL Sydbank A/S, from 1% to 1.5%, following the merger of Sydbank A/S and A/S Arbejdernes Landsbank, which increased the systemic importance of the continuing institution, AL Sydbank A/S.

The sum of the systemic risk buffer (SyRB) rate that is currently applicable and the O-SII buffer rate to which the same institution is subject will be higher than 5% and it is increased for one institution. Accordingly, the ESRB is required under Article 131(5a), (7), (12) and (15) of the CRD to prepare, within six weeks of receipt of the notification, an opinion for the European Commission on the appropriateness of the proposed measure, with regard to the relevant requirements under the CRD and the Capital Requirements Regulation (CRR)² from a macroprudential and financial stability perspective.

The ESRB opinion will assess whether the combined buffer is appropriate, in accordance with Article 131 (15) and (5a) of the CRD. Once the ESRB opinion has been issued, the European Commission shall adopt an act authorising the setting of the O-SII buffer rate, provided it is established that the combined buffer does not entail disproportionate adverse effects on the financial system of other Member States, or the European Union as a whole, forming or creating an obstacle to the proper functioning of the Internal Market.

Description of the proposed measure

The aim of the O-SII buffer is to reduce risks posed by institutions whose failure would have a significant negative impact on the domestic financial system or the real economy. Capital buffers reduce the probability of failure of O-SIIs, which may be desirable given the high economic and social cost of their failure. In addition, capital buffers require O-SIIs to internalise externalities they impose on the financial system and the real economy, and the

¹ Directive No 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

² Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

buffers may provide incentives for O-SIIs to reduce their systemic importance. Article 131(3) of the CRD establishes a set of criteria for identifying O-SIIs. Under sub-paragraph 2 of this Article, the European Banking Authority (EBA) has issued Guidelines on criteria for the assessment of O-SIIs³ (the EBA Guidelines), in which it sets out mandatory and optional indicators for the scoring in Annexes 1 and 2 respectively. The Danish FSA has identified seven credit institutions as O-SIIs according to the ten mandatory indicators identified in the relevant EBA Guidelines and the following optional indicators: (i) intra-financial liabilities, and (ii) assets in the financial system in Denmark. The fully phased-in buffer rates range from 1% to 3% and are applied at the highest level of consolidation.

The decision on resetting the O-SII buffer will be published by the Danish Ministry of Taxation and Economic Growth once the European Commission has completed the authorisation process.

Risks addressed through the proposed measure

The proposed O-SII buffer increase for one institution aims to target risks to the banking sector stemming from the increased systemic footprint of that credit institution. In 2026 Sydbank A/S and A/S Arbejdernes Landsbank completed their merger, with AL Sydbank A/S as the continuing entity. AL Sydbank A/S operates under the same Legal Entity Identifier (LEI) and company registration number as the former O-SII, Sydbank A/S. The O-SII buffer rate for AL Sydbank A/S is determined to be 1.5% and is an increase from the 1% applied previously to the former O-SII, Sydbank A/S.

The Danish FSA uses an O-SII methodology in which the systemic importance is calculated according to the ten mandatory indicators presented in the EBA Guidelines and two supplementary indicators for intra-financial liabilities and assets in the financial system in Denmark. Once they have been identified, the O-SIIs are placed in different buckets with corresponding buffer rates based on their level of systemic importance. The buckets for systemic importance and the O-SII buffer rates are shown below:

BUCKETS	RANGE (BPS)	O-SII BUFFER RATE
1	100-299	1.0%
2	300-999	1.5%
3	1,000-1,999	2.0%
4	2,000-3,999	2.5%
5	4,000+	3.0%

The rise in the O-SII buffer rate is a consequence of the increase in the systemic importance of the merged institution under the existing methodology. For 2026 AL Sydbank A/S has been identified with an overall score of 418 basis points according to Danish FSA methodology. This places the credit institution in the second bucket, with a corresponding buffer rate of 1.5%. The higher buffer rate ensures that the O-SII buffer applied is proportionate to the additional systemic risk related to the newly merged institution. The increase did not entail any supervisory judgement

³ Guidelines on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs) (EBA/GL/2014/10).

from the Danish FSA. The O-SII methodology has not been changed since the last notification on the O-SII buffer. Therefore, the ESRB does not perceive the increase in the buffer rate for the merged bank to be inappropriate.⁴

Appropriateness of combined buffers

A sectoral systemic risk buffer (sSyRB) of 7.0% is also applicable in Denmark under Article 133 of the CRD for all types of exposures to non-financial corporations operating in real estate activities located in Denmark. The aim of the sSyRB, as a macroprudential tool, is to allow authorities to target specific systemic risks that are inherent in banks' exposures at a sectoral level. As a result, in accordance with Article 131(15) of the CRD, the O-SII buffer rate applicable to all seven credit institutions will be cumulative with the existing sSyRB rate to which they are subject, resulting in a cumulative buffer rate higher than 5%. In addition to AL Sydbank A/S (with an O-SII buffer rate of 1.5%), the following O-SIIs are subject to cumulative sSyRB and O-SII buffer rates: Danske Bank A/S (with an O-SII buffer rate of 3.0%), Nykredit Realkredit A/S (with an O-SII buffer rate of 2.0%), Jyske Bank A/S (with an O-SII buffer rate of 1.5%), Nordea Kredit Realkreditaktieselskab (with an O-SII buffer rate of 1.0%), DLR Kredit A/S (with an O-SII buffer rate of 1.0%) and Saxo Bank A/S (with an O-SII buffer rate of 1.0%).

In accordance with Article 133(8)(c) of the CRD, the SyRB should not be used to address risks that are covered by the O-SII buffer, as set out in Article 131 of the CRD. The objectives of the two buffers are clearly different in Denmark, with no apparent overlap between them. In particular, the SyRB only covers risks stemming from exposures to Danish real estate companies, whereas the O-SII buffer addresses the systemic footprint of specific banks. The indicators used to identify the O-SIIs do not reflect lending activities involving real estate companies in Denmark.

Overall, based on the information provided by the Danish authorities, the ESRB considers that the proposed O-SII buffer does not address the same risks that are covered by the existing SyRB.

Effectiveness and proportionality

The ESRB has previously assessed the cumulative O-SII buffer and SyRB rates in Opinion ESRB/2023/12,⁵ deeming them to be appropriate and effective to address the identified risks for the credit institutions that fall within the scope of the two measures. Under the Danish FSA's current proposal, the O-SII buffer rates applicable will remain unchanged for six entities and will be increased for one. Moreover, in 2026, the Danish authorities adjusted the existing sSyRB conditions while keeping the 7% rate intact – applicable from 30 June 2026. The adjusted macroprudential policy measure has an overall loosening effect, as it reduces the capital impact of the buffer by approximately 24%.

⁴ The Danish methodology for setting the O-SII buffer can be seen as rather tight in the EU setting. For example, banks with a score as low as 100 basis points, i.e. well below the standard 350 basis point threshold set in the EBA Guidelines, would be subject to an O-SII rate of 1%, which is unusual in the EU context. Denmark also hosts the only bank in the EU with a 3% O-SII buffer rate, which is the maximum rate that can be implemented without the European Commission's authorisation according to the CRD. Nevertheless, it cannot be inferred from this context that the buffer setting policies are disproportionate or create obstacles for the functioning of the Single Market.

⁵ **Opinion of the European Systemic Risk Board of 16 November 2023 regarding the Danish notification of the setting or resetting of a systemic risk buffer rate pursuant to Article 133 of Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions (ESRB/2023/12).**

The ESRB is of the view that the increased O-SII buffer is effective and proportionate. The proposed measure is effectively an increase of 0.5 percentage points for one single institution, compared with the last authorisation. According to public filings, the Danish institution (AL Sydbank) that would be affected by the direct increase in the proposed measure has sufficient excess Common Equity Tier 1 capital in the second quarter of 2026 to sustain the increase in capital buffer levels, while still maintaining management buffers that are large enough to absorb losses in an adverse stress scenario.⁶

Other measures in the pecking order of the CRD and CRR

The O-SII buffer and SyRB rates are cumulative and clearly target different risks. As previously mentioned, the sSyRB covers risks related to exposures only to Danish real estate firms, whereas the O-SII buffer addresses the systemic footprint of specific banks. Given that the O-SII buffer applies to all of a bank's exposures, there is no apparent concern that the O-SII buffer would be a better alternative to the measure proposed for a systemic risk confined to a specific sector of exposures.

Conclusions

The ESRB is of the view that the proposed combined O-SII buffer and SyRB for the institutions concerned is appropriate for addressing the identified risks. Its effectiveness and proportionality mitigates the identified risk. The proposed measure sufficiently mitigates risk over time, with limited unintended impact on the general economy. The proposed O-SII buffer does not entail any overlap with the risks covered by the existing SyRB.

⁶ See "Interim report – first half 2026, AL Sydbank group".