ESRB
European Systemic Risk Board
European System of Financial Supervision

EUROPEAN CENTRAL BANK
EUROSYSTEM

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) Regulation[1]);
- 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 measure[2].

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	
1.1 Name of the notifying authority	Ministry for Business, Industry and Financial Affairs.
1.2 Country of the notifying authority	Denmark
1.3 Type of measure (also for reviews of existing measures)	Which SyRB measure do you intend to implement? ☒ Activate a new SyRB ☐ Change the level of an existing SyRB ☐ Change the scope of an existing SyRB (incl. changes to a subset of institutions or exposures) ☐ De-activate an existing SyRB ☐ Reset an existing SyRB (review)

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authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.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

☒ 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
Nordea Kredit Realkreditaktieselskab	Nordea Bank Abp (Finland)	52990080NNXXLC14OC65
Express Bank A/S	BNP Paribas	529900PTQQGGAZ61PQ39

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	Non-financial corporations
1.a Economic activity	“Real estate activities” (NACE code “L”), apart from social housing associations and housing cooperative associations). Additionally, “Development of building projects” (41.1) under “Construction” (NACE code “F”).
2. Type of exposure	All types of exposure
2.a Risk profile	
3. Type of collateral	Unsecured and the part of secured exposures outside the 0-15% LTV-band.
3.a Geographical area	Denmark

- *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 (14 per cent) 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 37 per cent of total corporate lending as of Q1 2023.

  (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 has historically suffered large losses.

  (iii) **Interconnectedness:**
  Real estate companies account for a significant share of economic activity and a significant share of total lending (14 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 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.

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 *commercial* and *residential* properties. In this notification commercial or residential properties are also called commercial real estate (CRE).

Lending to “Cooperative housing societies” accounts for approx. 12 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.

Lending to “Social housing associations” accounts for approx. 26 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.

In order to align the total impact of the buffer, with the impact intended in the original recommendation from the Systemic Risk Council, the measure exempts the part of each exposure that lies in the 0-15% LTV-band. This adjusted implementation addresses the risks identified by the Systemic Risk Council, exempting the least risky part of the covered exposures.

2.4 Exposures located in other Member States and in third countries

The buffer applies only to exposures located in Denmark.

2.5 Buffer rate

(Article 133(9)(e) CRD)

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) *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) 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%**	% - %		

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

3.1 Timing for the decision	*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.* On October 3rd, 2023, The Danish Systemic Risk Council published a recommendation regarding the activation of a systemic risk buffer of 7 per cent for exposures to real estate companies. On October 3rd, 2023, the Minister of Industry, Business and Financial Affairs, announced his intention to follow the recommendation by the Danish Systemic Risk Council. On April 25th the Government decided on an adjusted implementation of the buffer to take effect on June 30th 2024.
3.2 Timing for publication	What is the proposed date of publication of the notified measure? The recommendation by the Systemic Risk Council was published October 3rd, 2023. In the same announcement, the Minister for Business Industry and Financial affairs published his intention to follow the measure. The Minister for Business, Industry and Financial Affairs expects to announce his final decision on implementing the measure as soon as the Commission has adopted an act authorising the measure.
3.3 Disclosure	The Danish Systemic Risk council published a recommendation to the Minister for Business, Industry and Financial Affairs on October 3rd, 2023, recommending the activation of a systemic risk buffer targeting real-estate companies. The Minister for Business, Industry and Financial Affairs announced the adjusted implementation of the measure on April 26th 2024

3.4 Timing for application	What is the intended date of application of the measure? 30/06/2024
3.5 Phasing in	No phasing-in is envisioned
3.6 Review/deactivation of the measure	*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.* The decision will be reviewed at the latest after two years. 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.
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)**	*Where applicable, please classify the risks targeted by the notified SyRB under the following categories:* *(i) risks stemming from the structural characteristics of the banking sector* - *Size and concentration of banks* - *Ownership structure* - *Other structural risks* *(ii) risks stemming from the propagation and amplification of shocks within the financial system* - *Exposure concentration/asset commonality* - *Commonality in bank business models* - *Financial interconnections and contagion* *(iii) risks to the banking system stemming from either the real economy or specific sectors* - *Economic openness* - ***<u>Sectoral risks from the private non-financial sector, households and the public sector</u>*** *(iv) Other risks* *Please specify:* - *Whether these risks are widespread across the whole financial sector?* - *Or whether they are concentrated only in one or more subsets of the sector?* Exposures to real-estate companies (as defined in 2.3.) make up a significant share of lending by Danish credit institutions, 14% of total lending and 37% of lending to non-financial corporates. These shares have been increasing for several years. Current macroeconomic conditions imply a risk of a significant correction in commercial real estate markets. 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. The value of the assets of real-estate companies are highly interest-rate sensitive, through the discounting rate used to value properties. A general correction in the property market has not yet been observed, but this may be due to an unusually low number of transactions. Low transaction volumes may point to a forthcoming general correction in the market. Real-estate companies' loans are mostly with a variable rate of interest, making costs highly sensitive to increasing interest rates. In the first quarter of 2023, 80% of lending to real-estate companies was at a variable rate of interest. Previous interest rate increases have not necessarily been fully reflected in real estate prices and the companies' income. 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. Finally, there is a risk of further increases in interest rates. Further rate increases will significantly impair the earnings of real-estate companies, even though some of this interest rate risk is hedged with derivatives. 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. 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.
4.2 Reasons why the dimension of the macroprudential or systemic risks threatens the stability of the financial system in your Member State **(Article 133(9)(b) CRD)**	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. The sharply rising inflation and interest rate increases seen recently, combined with the risk of falling commercial real estate prices, is a rare scenario. There is consequently a risk that problems in the real estate sector may result in losses which are significantly higher than would be expected based on historical data and for which the institutions have therefore not made capital provisions. The institutions' impairment charges on exposures towards real estate companies are low in a historical perspective. This reflects a period of extraordinarily low interest rates and thus extraordinarily low financing costs. A long period characterised by 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.

	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.
4.3 Indicators used for activation of the measure	The decision is based on the assessment/advice of the Systemic Risk Council. 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: - **Indicators for banking sector exposures & soundness**: 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. Long time series for impairments and loss-patterns - **Indicators for soundness of real-estate companies**: 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 - **Indicators for development on the commercial real estate market**: 1. Vacancy rates 2. Rental rates 3. Property prices 4. Transaction volumes 5. Required yield 6. Market intelligence & bilateral dialogue with real estate companies Qualitative information considered includes results of the ongoing supervision of the DFSA, as well as close monitoring of the real-estate market.
4.4 Effectiveness and proportionality of the measure **(Article 133(9)(c) CRD)**	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. The size of the buffer reflects a cautious approach, balancing the need to conserve capital to cover increased uncertainty, with the need to build up the buffer rapidly before risks materialise. The need to rapidly build up the buffer, without causing a contraction in credit, limits the size of the buffer to the amount that banks can withhold from 2023-earnings. Rising rates have significantly improved credit institutions' profits, meaning that costs of building up the buffer are currently low, and can be done without constraining credit. 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. 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. 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 10 bn. DKK (0.5% of TREA) equivalent to 18 per cent of credit institutions' total profits during 2023.
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)**	The proposed measure only applies to exposures to real-estate companies, and thus does not duplicate the functioning of the O-SII-buffer.
5. Sufficiency, consistency and non-overlap of the policy response	
5.1 Sufficiency of the policy response	*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.* *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.* *Please provide any additional information that the ESRB should consider in assessing the sufficiency of the policy response.* 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). The exemption for the 0-15% LTV-band serves for the measure to target the identified risks by concentrating the increased requirement on the riskiest exposures with the highest LTV. This is in line with the overall capital impact, which the Danish Systemic Risk Council recommended to the Government. On 7 June, the Danish Systemic Risk Council has published its position on the implementation of the measure (*Link*): *"The Council finds that the activation of a sector-specific systemic risk buffer by the Minister for Industry, Business and Financial Affairs will address the systemic risks identified sufficiently."*
5.2 Consistency of application of the policy response	*For a macroprudential policy to be 'consistent', the policy instruments must be deemed to meet their respective objectives as outlined in ESRB/2013/1[3] and must be implemented in accordance with the common principles set out in the relevant legal texts.*

[3] 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).

	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. *Please provide any additional information that the ESRB should consider in assessing the consistency of the policy response.* 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.
5.3 Non-overlap of the policy response	*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 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. 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 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.
6. Cross-border and cross-sector impact of the measure	
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/2015/2[4])**	*Assessment of the cross-border effects of implementation of the measure.* *a. 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 Sector[5] 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.*

[4] 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).
[5] Available on the ESRB's website at www.esrb.europa.eu.

	b. Assessment of the: ○ *cross-border effects of implementation of the measure in your own jurisdiction (inward spillovers);* 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. ○ *cross-border effects on other Member States and on the Single Market of the measure (outward spillovers);* The measure applies only to exposures located in Denmark, so no negative outwards spillovers are expected. ○ *overall impact on the Single Market of implementation of the measure.* The overall impact on the Single Market is expected to be positive, as the measure reduces risks arising from lending to real-estate companies.
6.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	*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)?* *Is there scope for "leakages and regulatory arbitrage" in other jurisdictions?* 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 in properties for their portfolios. The Danish Authorities expect any substitution from bank loans to loans from other actors to be limited but will monitor developments closely. The Authorities do not expect "leakages and regulatory arbitrage" in other jurisdictions. 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.
6.3 Request for reciprocation by other Member States **(Article 134(5) CRD and Recommendation ESRB/2015/2)**	*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?* Yes. Reciprocity is requested both at the individual and consolidated level (these will be the levels of application in Denmark).
6.4 Justification for the request for reciprocation by other Member States	*To request reciprocation, please provide the following:* - *a concise description of the measure to be reciprocated;* 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 Development of building projects (41.1) under Construction (NACE code "F") as well as real

(Article 134(5) CRD and Recommendation ESRB/2015/2)	estate activities (NACE code "L"), apart from social housing associations and housing cooperative associations. Secured exposures that lie in the 0-15% LTV-band are expemted. - *the financial stability considerations underlying the reciprocity request, including the reasons why the reciprocity of the activated measure is deemed necessary for its effectiveness.* Danish banks 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. - *the proposed materiality threshold and justification for that level.* The Ministry for Business Industry and Financial Affairs proposes a materiality threshold of 200 mn. EUR. This is approximately equal to 0.3% of the total exposures to real estate companies. Somewhat below the 1% suggested by the ESRB handbook on operationalising macroprudential policy in the banking sector. This threshold would ensure that all banks with significant exposure to Danish real-estate companies are covered by the measure.
7. Combination of the SyRB with other buffers	
7.1 Combination with G-SII and/or O-SII buffers **(Article 131(15) CRD)**	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.
7.2 Combination with other systemic risk buffers **(Article 133(11) and (12) CRD)**	The buffer rate is greater than 5% for all credit institutions having exposures to real-estate companies. Nordea Kredit Realkreditaktieselskab, is a subsidiary of Nordea Bank Apb (Finland) and will be subject to a buffer rate greater than 3%
8. Miscellaneous	

Table in section 7.1:

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	1.5%	Individual	8.5%
Sydbank A/S	1%	Consolidated	8%
DLR Kredit A/S	1%	Individual	8%
A/S Arbejdernes Landsbank	1%	Consolidated	8%
Saxo Bank A/S	1%	Consolidated	8%
Spar Nord Bank A/S	1%	Consolidated	8%

8.1 Contact person(s)/mailbox at notifying authority	*Contact person(s) (name, phone number and e-mail address) and mailbox for further inquiries.* **Jonathan Gunge Hjorth** **jgunge@em.dk** **+ 45 91 33 73 30**
8.2 Any other relevant information	**Announcement by the Danish Systemic Risk Council**
8.3 Date of the notification	Please provide the date on which this notification was uploaded/sent. 10/06/2024