

Decision of the Board of the Financial Supervisory Authority on the application of macroprudential instruments

At its meeting on 30 September 2026, the Board of the Financial Supervisory Authority (FIN-FSA) decided to:

- keep the countercyclical capital buffer (CCyB) requirement referred to in chapter 10, section 4 of the Act on Credit Institutions (610/2014) at 0.0% and,*
- extend the validity of its decision of 29 June 2026 to raise the maximum loan-to-collateral (LTC) ratio referred to in chapter 15, section 11 of the Act on Credit Institutions and in section 14 of the Act on the Registration of Certain Credit Providers and Credit Intermediaries (186/2023). That decision raised the maximum loan-to-collateral (LTC) ratio for housing loans other than those taken out for the purchase of a first home by five percentage points, to 95%, in order to limit the downturn in the housing market. The maximum LTC ratio for loans taken out for the purchase of a first home remains at its standard level of 95%.*

Additionally, in accordance with chapter 10, section 4d of the Act on Credit Institutions and section 10, subsection 1, paragraph 6 of the Act on the Financial Supervisory Authority (FIN-FSA Act, 878/2008), the FIN-FSA Board has decided to reciprocate the sector-specific systemic risk buffer (sSyRB) requirement of 7% set on 29 June 2026 by the Danish macroprudential authority (Skatte- og Vækstministeriet), in accordance with that authority's decision and subject to the exemptions specified therein, for Finnish credit institutions' exposures in Denmark to companies operating in the real estate sector. The requirement is applicable at both the consolidated and individual company level to consolidation groups and credit institutions whose relevant exposures in Denmark exceed EUR 200 million. Due to the overlap of the risks covered by the Danish sSyRB requirement and the national Finnish systemic risk buffer (SyRB) requirement (both address the same exposures), credit institutions are, under chapter 10, section 9, subsection 3 of the Act on Credit Institutions, required to meet only the higher of the two buffer requirements. The requirement will enter into force immediately without a separate transition period.

Keeping the countercyclical capital buffer at the level of 0.0%

Over the summer and early autumn, the outlook for the global economy has been dominated by the Middle East crisis and the disruptions it has caused in the energy markets. Because of the tense and rapidly changing situation in the Middle East, the economic outlook continues to involve significant uncertainty. In the euro area, however, the economy has developed more favourably than expected, and in September the European Central Bank slightly raised its forecast for economic growth this year and next.

The Finnish economy has developed briskly so far this year. In addition to favourable developments in exports, economic growth has been supported by private productive investment, which has been boosted in particular by the construction of data centres. Private consumption also picked up in late last year and at the beginning of this year. The cyclical picture in the Bank of

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Finland's September 2026 interim forecast is clearly more positive than previously. According to the forecast, the economy will grow by 1.7% this year and by 1.6% next year. In 2028 growth will decelerate to 1.3%. Upside and downside risks to the forecast are balanced as a whole. The geopolitical situation in the Middle East and its effect on the price of energy remains the most significant uncertainty factor overshadowing the forecast path for economic growth. By contrast, faster-than-expected growth in investment and consumption could boost growth by more than now forecast. On the other hand, the recovery in consumption could prove slower than forecast if households' purchasing power and confidence developed more weakly than anticipated.

On the basis of the risk indicators, risks of an overheating of the financial cycle remain minor. The primary risk indicator – the deviation of the private sector credit-to-gross domestic product (GDP) ratio from its long-term trend – fell in the first quarter of 2026 to the second lowest level so far in the cycle (-21.5 percentage points). Also, the deviation calculated using a narrow definition of the credit stock fell to the lowest level so far in the cycle (-13.1 percentage points). The other risk indicators likewise do not show a broad-based increase in systemic risks related to the credit cycle. Growth in the corporate loan stock strengthened during summer, but developments in the household loan stock have remained subdued. The financial-market stress index has returned to its normal level after being slightly elevated in early spring. For these reasons it is justified to keep the countercyclical capital buffer (CCyB) requirement at 0.0%.

No changes to the levels of the maximum LTC ratios

On 29 June 2026 the FIN-FSA Board decided to raise the maximum loan-to-collateral (LTC) ratio for housing loans other than those granted for the purchase of a first home by 5 percentage points, to 95%, in order to limit the downturn in the housing market, in accordance with chapter 15, section 11 of the Act on Credit Institutions and section 14 of the Act on the Registration of Certain Credit Providers and Credit Intermediaries. The Decision entered into force on 1 July 2026.

The weak cyclical conditions in the Finnish housing market have already continued for several years. In the light of available statistical data, the housing market remains in a downturn. Developments in housing transactions and mortgage lending were subdued in the summer, and prices of existing dwellings continued to fall from a year earlier. The long-continued fall in housing prices indicates that demand remains weak relative to supply. Construction and sales of new dwellings also remained low. Higher market interest rates as a result of the Middle East conflict have raised interest rates on new housing loans and on many existing housing loans.

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In the light of recent data, the Finnish economy grew more strongly than expected so far this year. Consumer confidence in the economy, and expectations for the Finnish economy in particular, improved in the summer but worsened in September. Intentions to take out a loan have gradually increased, while intentions to buy a home have remained low. Credit institutions have also reported that demand for housing loans picked up in the summer, among other things as a result of regulatory changes that eased requirements concerning housing finance.¹ There is not yet clear evidence, however, of the persistence of these positive drivers for a pickup in the housing market, or of their effects on housing sales and borrowing.

Household indebtedness relative to disposable income has continued to decline, although the decline appeared to level off somewhat in the first part of 2026. The almost four-year continuous fall in household indebtedness has eased vulnerabilities and immediate stability threats related to housing lending.

If the Finnish economy develops as forecast, the housing market is expected to pick up gradually. In such a scenario, financial-stability risks related to housing lending are expected to remain moderate. Weaker-than-projected economic developments, for example as a result of trade and geopolitical tensions and conflicts, could delay the recovery of the housing market and increase credit risks in the short term (a downside risk). A rapid waning of uncertainty and clearly more favourable than expected economic developments could in turn boost the housing market and borrowing. That could increase financial-stability risks and vulnerabilities over the medium term.

In the FIN-FSA's assessment, the Finnish housing market remains in a downturn and, unlike the broader picture of the economy, there are not yet clear signs of a cyclical turning point in the housing and credit markets. Uncertainty related in particular to the situation in the Middle East, and the adverse market and economic effects of the conflict, may still postpone the expected recovery of the housing market and prolong the downturn. For these reasons it remains justified to extend the FIN-FSA Board's temporary decision of 29 June 2026 to ease the maximum LTC ratio, in order to limit the downturn in the housing market.

A temporary easing of the maximum LTC ratio may support the functioning of the housing market by improving, in particular, the ability of those households to move home whose current housing loan is large relative to the value of the dwelling because of a previously large loan and/or the fall in housing prices. The easing also allows other households moving home, and residential property investors, to take out a larger housing loan than before

¹ For example, the maximum repayment period for new housing loans was extended in June from 30 years to 40 years.

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relative to collateral, which may increase demand in the housing market. The effects of the easing on the housing market and on aggregate household indebtedness, and thereby on financial-stability risks related to housing lending, are assessed to remain moderate overall in the short term.

The FIN-FSA monitors and assesses the housing market situation and the conditions for extending the validity of the decision to ease the maximum LTC ratio on a quarterly basis. It is justified to return the maximum LTC ratio for loans other than those granted for the purchase of a first home to its standard level of 90% when the grounds provided in the law concerning a downturn in the housing market for departing from the standard level no longer exist.

Reciprocation of the sector-specific systemic risk buffer requirement set by the Danish Ministry of Taxation and Economic Growth

Background – The Danish Ministry of Taxation and Economic Growth (Skatte- og Vækstministeriet), which acts as the Danish macroprudential authority, decided on 29 June 2026 to continue the application of a sector-specific systemic risk buffer (sSyRB) requirement of 7% to certain exposures to Danish real estate companies.² The updated buffer requirement entered into force on 30 June 2026. There have been minor changes to the scope of application of the requirement in relation to the previously applied requirement. According to the information received, those changes do not require separate approval by the European Commission. The Danish Financial Supervisory Authority (Finanstilsynet), published guidance on the application of the sSyRB requirement in a communication dated 1 July 2026.³

In its notification to the European Systemic Risk Board (ESRB) dated 29 June 2026, the Danish macroprudential authority requested the authorities of other EEA countries to reciprocate the systemic risk buffer requirement with respect to relevant exposures in Denmark of credit institutions in their jurisdiction and the ESRB to recommend the measure.⁴ On 17 September 2026 the General Board of the ESRB adopted a recommendation on application of Denmark's updated requirement. On 8 July 2024 the ESRB issued its recommendation on the original requirement, in which it recommended that other EEA authorities reciprocate the requirement in full. On 30 September 2024 the FIN-FSA Board decided to apply the sector-specific systemic risk buffer requirement imposed by the Danish macroprudential authority that entered into force in June 2024, in accordance with the decision and subject to the exemptions specified

² [Communication](#) of the Danish macroprudential authority of 30 June 2026 and the [information on the requirement](#) required under Article 133(13) of the Capital Requirements Directive.

³ [Guidance](#) of the Danish supervisory authority of 1 July 2026 on the application of the requirement.

⁴ [Notification](#) from the Danish macroprudential authority to the ESRB dated 29 June 2026.

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therein, to Finnish credit institutions' exposures in Denmark to entities operating in the real estate sector.⁵

Rationale for the requirement – The Danish macroprudential authority justifies the sSyRB requirement largely by the same factors underlying the previous buffer requirement. The updated requirement is based on a recommendation of the Danish Systemic Risk Council (Det Systemiske Risikoråd) of 7 October 2025 to the Danish Government to continue the application of the requirement, subject to certain changes to its scope of application.⁶

According to the notification, the main grounds for the buffer requirement are the structural characteristics of the Danish real estate sector, which increase the sector's sensitivity to changes in interest rates and the economic cycle, as well as the sector's significant interconnectedness with the Danish financial system and the wider economy. Historically, in periods of crisis, the Danish credit institution sector has recorded large losses on loans to the real estate sector.

The activities of real estate companies are highly cyclical and sensitive to the level of interest rates. Weak economic conditions may impair the income generation and profitability of real estate companies if, for example, vacancy rates increase and rental yields decline. Higher interest rates weaken the financial position of real estate companies by increasing their debt servicing costs and raise the likelihood that they will be unable to meet their obligations. This sensitivity is amplified by the fact that the majority of loans to real estate companies are variable rate loans. Rising interest rates also reduce property values.

The real estate sector is closely interconnected with the Danish financial system and the wider economy. The sector is highly capital intensive and dependent on debt financing provided by credit institutions. Lending to real estate companies accounts for more than 15% of Danish credit institutions' total lending and for 40% of lending to non-financial corporations. These shares have been increasing for several years. A significant proportion of this lending is to real estate companies with weakened debt servicing capacity and weak solvency positions. Danish pension companies also have exposures to the sector. The real estate sector also accounts for a significant share of economic activity in Denmark and has historically contributed to amplifying cyclical fluctuations, particularly via its effect on construction activity. Problems in real estate companies may therefore spill over to other parts of the economy and thereby also indirectly increase credit institutions' risk of losses.

⁵ [The FIN-FSA Board's decision of 30 September 2024](#)

⁶ [Recommendation](#) of the Danish Systemic Risk Council of 7 October 2025.

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Given the Danish credit institution sector's significant exposures to the real estate sector and the structural vulnerabilities of that sector, adverse shocks affecting the operating environment of the real estate sector, such as increases in interest rates, could result in significant losses in the credit institution sector and thereby impair credit institutions' capacity to provide credit. The risk of significant unexpected losses is further increased by the low level of impairments and loan loss provisions held by credit institutions against lending to the real estate sector. The systemic risk buffer requirement is intended to ensure that the credit institution sector has sufficient capital to absorb unexpected losses arising from lending to the real estate sector and that, after absorbing such losses, credit institutions remain able to continue lending to the real economy and providing other critical services.

In its notification, the Danish macroprudential authority assessed that macroeconomic conditions have improved somewhat since the buffer requirement was first introduced in 2024, due to declining interest rates and the continued strength of the labour market. This has contributed to reducing the likelihood of the materialisation of systemic risks related to the real estate sector in the short term. However, the Danish macroprudential authority considers that uncertainty in the macroeconomy has increased as a result of global developments and that, for example, the risk of higher interest rates still exists. At the same time, the above-mentioned structural vulnerabilities related to the Danish real estate sector and credit institutions' exposures to that sector are assessed to have remained largely unchanged, which supports the continued application of the requirement.

In light of the partial mitigation of systemic risks related to the real estate sector and to ensure that the sector-specific systemic risk buffer requirement remains appropriately targeted, the Danish macroprudential authority has amended the scope of application of the requirement in its updated decision, thereby reducing its impact on credit institutions' capital requirements. For exposures to the Danish real estate sector secured by real estate collateral, the part of each exposure corresponding to up to 30% of the value of the underlying property (0–30% LTV band) is exempt from the scope of application of the requirement. In the original 2024 decision, this exemption applied to the 0–15% LTV band. The updated decision also excludes exposures to companies in the real estate sub-sector "Real-estate activities on a fee or contract basis" in addition to exposures to certain housing associations, as these exposures are not associated with systemic risks similar to those attached to other real estate sector exposures. The decision further clarifies that microprudential add-ons applied to internal models used for capital adequacy calculations (IRB models) must be included in the calculation of the risk-weighted exposure amounts subject to the buffer requirement.

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The calibration of the Danish sSyRB requirement is based on updated quantitative sensitivity analyses prepared by the Danish Systemic Risk Council and described in detail in the Council's recommendation to the Danish Government on 7 October 2025. The sensitivity analyses assess the resilience of real estate companies under various scenarios involving, among other things, rising interest rates, weaker income generation and profitability among these companies and declining property prices. Based on the stress imposed on the financial position of real estate companies, the analyses identify the companies that are most vulnerable in terms of debt servicing capacity and solvency, and estimate the losses that defaults on loans to those companies would cause to credit institutions. The level of the sector-specific systemic risk buffer requirement is based on these estimated losses arising from the Danish credit institution sector's exposures to the real estate sector. The sensitivity analyses also include significant Danish subsidiaries and branches of foreign banking groups, including Finnish banks. In order to avoid any overlap between the sSyRB requirement and capital targets, the calibration takes into account capital targets based on credit institutions' stress testing as factors reducing the capital need indicated by the sensitivity analyses.

In its recommendation, the Danish Systemic Risk Council has assessed the potential negative effects of the sSyRB requirement on credit institutions' lending. According to the Council's assessments, the buffer requirement has not increased the loan margins charged to Danish real estate companies to any significant extent or in a way that differs from other lending, nor has it reduced the availability of financing. Danish banks hold substantial capital in excess of regulatory requirements, which also reduces the need to curtail lending in order to meet the capital requirements. In its notification, the Danish macroprudential authority refers to these assessments when evaluating the effectiveness and proportionality of the requirement.

In its notification, the Danish macroprudential authority assesses that the sector-specific systemic risk buffer requirement does not overlap with other applicable macroprudential instruments, such as the buffer requirement for other systemically important institutions (O-SII buffer), or with credit institutions' microprudential requirements and recommendations. Any potential overlap between capital targets based on credit institutions' stress testing and the sSyRB requirement have been taken into account as described above in the calibration of the requirement. The countercyclical capital buffer (CCyB) applicable to Danish banks is included in these capital targets, which also eliminates any potential overlap between the CCyB and the sSyRB. The requirement is assessed to have a positive impact on the functioning of the internal market, as it reduces systemic risks related to the Danish real estate sector that could threaten financial stability.

FIN-FSA's assessment – The FIN-FSA finds that the notification of the Danish macroprudential authority describes in detail, as set out in Article 133(9) of

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the Capital Requirements Directive, the grounds required under the Directive for the imposition of a systemic risk buffer requirement and specifies the factors referred to in Article 133(13) of the Directive, which have been taken into consideration by the FIN-FSA. The FIN-FSA considers that the Danish real estate sector continues to be associated with systemic risks that could threaten financial stability and that warrant strengthening the resilience of credit institutions in the manner described in the notification and the supporting analyses therein. It is justified to continue applying the requirement also to Finnish credit institutions' real estate sector exposures in Denmark in accordance with the Danish macroprudential authority's updated decision in order to strengthen the effectiveness of macroprudential policy and ensure a level playing field.

The FIN-FSA considers, on the grounds set out in the previous decision of 30 September 2024 on the reciprocation of the Danish sector-specific systemic risk buffer requirement, that the Danish sSyRB requirement does not overlap with other capital requirements applicable to Finnish banks, with the exception of the Finnish national systemic risk buffer (SyRB) requirement. The 1% SyRB requirement applicable in Finland, which applies to all exposures of credit institutions, also covers exposures within the scope of application of the Danish sSyRB requirement and is based, in part, on similar vulnerabilities related to credit institutions' exposures to the real estate sector.⁷ For these reasons, Finnish credit institutions are, under Chapter 10, section 9, subsection 3 of the Act on credit institutions and Article 134(4) of the Capital Requirements Directive, required to meet only the higher of the two buffer requirements.

As in the previous reciprocation decision, the Danish sSyRB requirement applies both at the consolidated and individual company level to consolidation groups and credit institutions whose exposures in Denmark falling within the scope of the requirement exceed EUR 200 million. The overall impact of the requirement on the capital requirements of the Finnish credit institution sector is moderate. The changes made to the scope of application of the requirement are expected to slightly reduce its impact. As the updated requirement is already in force in Denmark and is expected to reduce credit institutions' capital requirements, it is justified to reciprocate the updated requirement and apply it to Finnish credit institutions with immediate effect and without a separate transition period in order to ensure a level playing field and the smooth functioning of the internal market.

Responses to the hearing – In the hearing of credit institutions under section 34 of the Administrative Procedure Act, Nordea Bank Abp submitted its response to the FIN-FSA within the time limit set. In its response, Nordea Bank Abp states that rapid adoption of the Danish sector-specific systemic risk buffer requirement would harmonise the capital requirements of credit

⁷ See [the FIN-FSA Board's decision of 26 June 2025](#)

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institutions operating in the Nordic markets and thereby also their operating conditions. Although Nordea Bank Abp finds the changes made to the Danish requirement justified, the company states that there is no such risk related to the Danish commercial real estate sector that would require Nordea Bank Abp to hold additional capital. Nordea Bank Abp therefore also takes the view that the grounds for reciprocating the Danish sector-specific systemic risk buffer requirement in Finland are lacking.

In Nordea Bank Abp's view, the Act on Credit Institutions does not support reciprocation of the Danish sector-specific systemic risk buffer requirement in Finland. Moreover, the requirement is inconsistent with the guidelines of the European Banking Authority (EBA). The capital requirements applicable to Nordea Bank Abp are furthermore sufficient in all respects, as set out in the company's hearing response of 2024. No such extra risk that would require the holding of additional capital can be identified or has been demonstrated. The Danish sector-specific systemic risk buffer requirement already applies to Nordea Bank Abp's Danish subsidiary. Nordea Bank Abp expects the FIN-FSA, together with the other Nordic supervisors, to reassess its approach to capital requirements against structural risks.

FIN-FSA's assessment of the response – With regard to the points raised in Nordea Bank Abp's hearing response, the FIN-FSA considers that the grounds required by law for reciprocating the Danish sector-specific systemic risk buffer requirement are met. The risks concerning the Danish commercial real estate sector have been duly established in the Danish macroprudential authority's notification to the European Systemic Risk Board (ESRB). These risks require credit institutions to hold additional capital in the manner set out in the notification. The national systemic risk buffer requirement of 1.0% set in Finland on 26 June 2025 applies to all of a credit institution's risks. Due to the overlap of the risks covered by the Danish sSyRB requirement and the national Finnish systemic risk buffer (SyRB) requirement (both address the same exposures), credit institutions are therefore only required to meet the higher of the two buffer requirements.

In the FIN-FSA's view, the capital requirements already applicable to Nordea Bank Abp do not cover the risks set out in the Danish macroprudential authority's notification. The detailed justifications for this are set out in the FIN-FSA Board's decision of 30 September 2024 on reciprocating the Danish sector-specific systemic risk buffer requirement, which addressed the points raised in Nordea Bank Abp's hearing response of 2024.⁸ Moreover, the FIN-FSA considers that any divergence of the Danish sector-specific systemic risk buffer requirement from the EBA guidelines as regards the technical criteria

⁸ https://www.finanssivalvonta.fi/contentassets/9a6291d2a74e43d7a56d6e4bb3de6150/mv_30092024/finanssivalvonnann_johtokunnan_makrovakaustaantos_q3_2024_en.pdf



for application of the requirement does not affect decision-making on reciprocity of the requirement.