

Translation of a letter dated 27 June 2016 from the Danish Financial Supervisory Authority  
(*Finanstilsynet*)

Danish Financial Supervisory Authority  
27 June 2016

**Danske Bank A/S as a systemically important financial institution (SIFI)**

In pursuance of section 308 of the Danish Financial Business Act, once a year the Danish Financial Supervisory Authority (the FSA) investigates whether the designated systemically important financial institutions (SIFIs) remain above the threshold values for any of the three indicators that define SIFIs (shown below).

In order to stop being a SIFI, a SIFI must be below the threshold values for the three indicators shown below for three consecutive years (see section 308(4) of the Financial Business Act).

The FSA observes that Danske Bank A/S still stands above the threshold values for all three indicators.

<b>Indicators</b>	<i>2015</i>	<i>2014</i>	<i>Threshold</i>
Institution's total assets as a % of GDP	151.9	165.6	> 6.5
Institution's lending in Denmark as a % of total lending by banks and mortgage finance institutions in Denmark	29.5	30.5	> 5.0
Institution's deposits in Denmark as a % of total deposits held by banks in Denmark	32.3	35.8	> 5.0

The FSA has calculated Danske Bank A/S's systemic importance to be 36.0 (see section 308(6) of the Financial Business Act). Systemic importance is calculated as an average of the factors shown below (see section 308(6) of the Financial Business Act). Two of the factors are the same as the indicators shown above.

<b>Factors and systemic importance</b>	<i>2015</i>
Institution's total assets as % of total assets of banks, mortgage finance institutions and class I investment companies in Denmark	46.3
Institution's lending in Denmark as a % of total lending by banks and mortgage finance institutions in Denmark	29.5
Institution's deposits in Denmark as a % of total deposits held by banks in Denmark	32.3
<b>Systemic importance</b>	<b>36.0</b>

On the basis of the calculation of systemic importance, banks are placed in various categories of systemic importance (see section 308(7) of the Financial Business Act). Danske Bank A/S falls into category 5 (see the table below).

<b>Categories of systemic importance</b>	<i>Systemic importance</i>
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Category 1	$\leq 5$
Category 2	[5-15]
Category 3	[15-25]
Category 4	[25-35]
Category 5	$\geq 35$

Danske Bank A/S must meet a capital requirement in the form of a SIFI buffer requirement of 3% that reflects the institution's systemic importance (see section 23(4) of Danish Act No. 268 of 25 March 2014). The SIFI buffer requirement must be met with common equity tier 1 capital. The requirement will be phased in during the period 2015-19. The SIFI buffer requirement must be met at the specified percentage at both the consolidated level for the group and the individual level for each financial institution and mortgage credit institution in the group (see section 309(2) of the Financial Business Act).

The Danish Minister for Business and Growth sets the SIFI buffer requirements within the framework for the systemic buffer (see sections 125h (cf. 125a(6)) of the Financial Business Act).