

Decision of the Board of the Financial Supervisory Authority on the capital buffer requirement for other systemically important institutions

The Board of the Financial supervisory Authority (FIN-FSA), in accordance with chapter 10, section 8 of the Act on Credit Institutions (610/2014), has decided on other systemically important institutions (O-SIIs) and their capital buffer requirements (O-SII buffers) to be met with consolidated Common Equity Tier 1 (CET1) capital, such that the O-SIIs and their O-SII buffer rates remain unchanged:

- Nordea Bank Abp 2.5%
- OP Pohjola 1.5%
- Municipality Finance Plc 0.5%

Annexed to this decision are the FIN-FSA's principles for identifying O-SIIs and setting O-SII buffer requirements.

The Board of the Financial Supervisory Authority made its decision on the matter on 25 May 2026, after which the decision was notified to the European Systemic Risk Board (ESRB) in accordance with Articles 131 and 133 of the Credit Institution Directive one month before the publication of the decision.

Under chapter 10, section 8, subsection 1 of the Act on Credit Institutions, other credit institutions significant for the financial system (other systemically important institutions, O-SIIs) refer to credit institutions other than global systemically important institutions (G-SIIs) whose balance sheet total is at least EUR 1 billion and whose insolvency would jeopardise the stability of the financial markets in Finland or in another EU Member State.

Under subsection 5 of that section, the FIN-FSA is required to categorise credit institutions into O-SII categories based on the following criteria:

1. the size of the credit institution measured by its total liabilities or the balance sheet total or consolidated balance sheet total;
2. the liabilities of the credit institution and undertakings within its consolidated supervision to other credit institutions and receivables from other credit institutions as well as other direct linkages with the financial system;
3. the substitutability of the critical functions of the credit institution and undertakings within its consolidated supervision in the event of the undertaking losing its capacity to continue its operations;
4. the extent and significance of cross-border operations of the credit institution and undertakings within its consolidated supervision in Finland and in the European Economic Area.

Under subsection 8 of that section, the FIN-FSA is required to review annually the O-SII buffer requirement calculated for each O-SII.

On the basis of the review carried out and the O-SII scores calculated as at the end of 2025, O-SIIs comprise, as in previous years, Nordea Bank Abp (O-SII buffer rate of 2.5%), OP Pohjola (1.5%) and Municipality Finance Plc (0.5%), with the buffer requirements of all three credit institutions remaining unchanged at their current levels. There have been no material changes in the systemic importance of Finnish O-SIIs during the year, and therefore there are no grounds for amending the buffer requirements.

In its O-SII categorisation, the FIN-FSA has made use of (i) quantitative bucketing methodologies; (ii) other factors affecting the assessment of the dimensions of systemic importance under the Act on Credit Institutions and the EU Capital Requirements Directive (CRD); (iii) the European Banking Authority's (EBA) Guidelines on the assessment of O-SIIs; and (iv) the minimum O-SII buffer levels implied by the European Central Bank's (ECB) enhanced floor methodology.¹ The ECB may apply these minimum levels where the nationally set O-SII buffer falls below the floor levels calculated by the ECB.² Detailed calculations, including the bucketing and the underlying rationale, are set out in the Annex to this Decision entitled 'Principles for identifying other systemically important institutions (O-SIIs) and setting O-SII buffer requirements'.

The higher-than-average level of concentration of the Finnish banking sector and the large size of the most significant credit institutions relative to the national economy support the application of O-SII buffer rates above the minimum levels implied by the ECB's floor methodologies. The FIN-FSA assesses the level of O-SII buffers using two different versions of the bucketing approach in which O-SIIs are allocated to seven buckets based on their assessed systemic importance.

In its enhanced floor methodology, the ECB also assesses the systemic importance of credit institutions from the perspective of the banking union as a whole. For the majority of O-SIIs within the banking union, including Finnish institutions, both the O-SII buffers set on national grounds and the minimum levels calculated for them by the ECB are higher than the minimum levels calculated by the ECB based on the banking union perspective.

In calibrating O-SII buffers, it is justified to take into account, in addition to quantitative indicators, supplementary qualitative factors. In assessing the systemic importance of credit institutions and hence in calibrating their O-SII buffers, consideration should also be given, pursuant to Article 131(3) of the EU Capital Requirements Directive (CRD), to the importance of a credit

¹ EBA 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) and ECB (2024) [Governing Council statement on macroprudential policies](#).

² 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, Article 5.

institution for the economy of the EU as a whole, which is not captured by the quantitative bucketing methodologies applied. Within the banking union, stronger supervisory and resolution tools and enhanced cooperation among authorities reduce to some extent both the probability that systemically important banks operating in the banking union will fail or come under stress and the societal costs arising from such events. Similar to O-SII buffers, single banking supervision reduces the probability of failure of systemically important institutions, whereas resolution requirements and actions primarily reduce the societal costs of failure by ensuring the continuity of critical functions, mitigating the financial stability impacts of distress situations, and limiting any potential need to use of public funds.

In the FIN-FSA's view, an effective resolution framework may reduce the need for O-SII buffers. The foundation of an effective resolution framework lies in the institution's resolvability and the authorities' crisis-management capacity. The importance of the resolution framework has been taken into account as a qualitative factor in the FIN-FSA's previous decisions on O-SII buffers. A reduction in risks associated with systemic importance as a result of common banking regulation, banking supervision and resolution has also been recognised in the G-SII methodology and, subsequently, in the ECB's O-SII floor methodology. In the FIN-FSA's view, it remains justified to take these risk-mitigating and internationally recognised factors into account as a qualitative consideration when calibrating O-SII buffer requirements, although caution is warranted in assessing their effects.

In the FIN-FSA's view, the national O-SII buffer, in its current form, does not entail disproportionate adverse effects on the whole or parts of the financial system of other Member States or of the Union as a whole forming or creating an obstacle to the proper functioning of the internal market. In the notification submitted to the ECB on 8 May 2026 and to the European Systemic Risk Board, the FIN-FSA has, in accordance with this decision, set out why it considers the O-SII buffer likely to be effective and proportionate in mitigating the systemic risk in question and has assessed, on the basis of information available, the likely impact of the O-SII buffer on the internal market. The ECB has not objected to the application of the O-SII buffer envisaged by the FIN-FSA. The FIN-FSA considers the cross-border effects to be limited. For Finnish credit institutions that have operations in the Nordic markets, the application of O-SII buffers results in more uniform operating environment relative to other Nordic O-SIIs. The FIN-FSA also considers the risks of regulatory arbitrage to be low, both from a national and an international perspective.

Responses to the hearing under section 34 of the Administrative Procedure Act – The O-SIIs were, on 20 April 2026, in accordance with section 34 of the Administrative Procedure Act (434/2003), provided, before the matter was decided, with an opportunity to express an opinion on the matter and to submit an explanation of claims and of evidence which may influence the decision. The FIN-FSA received written responses from OP Pohjola and Nordea Bank Abp within the deadline (8 May 2026).

In its response, OP Pohjola requests that, when setting the O-SII buffer requirement under chapter 10, section 8 of the Act on Credit Institutions, the FIN-FSA take into account that it has also imposed on OP Pohjola a systemic risk buffer (SyRB) requirement under chapter 10, section 4a of the Act on Credit Institutions. Under chapter 10, section 4b of the Act on Credit Institutions, a systemic risk buffer requirement may be imposed if the risks it covers are not already covered by other capital buffer requirements. In OP Pohjola's view, the draft decision does not sufficiently analyse the overlap between the underlying grounds for the different capital buffer requirements.

In its response, Nordea Bank Abp states that, in its view, both the level of Nordea Bank Abp's O-SII buffer rate and that of the combined buffer requirement (CBR) are too high relative to the credit institution's risk profile. Furthermore, taking into account the other macroprudential requirements imposed on Nordea Bank Abp on the basis of its large size, Nordea Bank Abp considers that the 2.5% O-SII buffer rate is excessive and not consistent with corresponding requirements applied to other European credit institutions. A broader consideration of the banking union would also require a reduction in the buffer requirements imposed by the FIN-FSA.

Nordea Bank Abp further states that the level of the O-SII buffer rate envisaged by the FIN-FSA is at odds with the ECB's enhanced floor methodology. The O-SII methodology applied by the FIN-FSA leads to higher O-SII buffers than the ECB's methodology and thereby distorts the level playing field in the market and adversely affects the operations of Finnish credit institutions. Lower capital requirements are also supported by Nordea Bank Abp's diversified Nordic operations, as a result of which the volatility of its operating profit has remained low.

Since the amendment of the Capital Requirements Directive (CRD V), and the separate application of the O-SII buffer requirement and the SyRB requirement, many other EU Member States have, in Nordea Bank Abp's view, lowered their capital buffer requirements. Nordea Bank Abp urges the FIN-FSA to do likewise and states that it is currently subject to the SyRB requirements imposed by Finland, Norway and Denmark, and that the level of its O-SII buffer requirement is higher than the buffer requirement applicable to certain global systemically important institutions (G-SIIs).

In its response, Nordea Bank Abp further states that certain risks included in the decision on the setting of the SyRB requirement are the same as those included in the grounds for the currently proposed decision on the O-SII buffer requirement. In Nordea Bank Abp's view, the SyRB requirement in Finland is based on the size of the credit institution sector and the interconnectedness of credit institutions. According to Nordea Bank Abp, the FIN-FSA has also stated that the target level for the combined buffer requirement (CRB), covering the whole domestic credit institution sector, would be 6–7%, which indicates that any capital buffer requirement could be substituted for another. In Nordea Bank Abp's view, this demonstrates that there is an overlap of risks in the application of capital buffer requirements in a manner that is inconsistent with EU regulation on capital buffer requirements.

In Nordea Bank Abp's view, the grounds for the systemic risk buffer requirement set by Norway include risks that overlap with those underlying the currently proposed O-SII buffer requirement and which the FIN-FSA should take into account when setting the O-SII buffer requirement in order to avoid the decision being inconsistent with EU regulation. Nordea Bank Abp also states more generally that, as a result of its broad discretion, the FIN-FSA should, when deciding on capital buffer requirements, take into account all possible overlaps between them. Since the quantitative methods applied in setting O-SII buffer requirements result in higher capital buffer requirements than in other countries, the FIN-FSA should revise its calculation methods and lower the O-SII buffer rate applicable to Nordea Bank Abp.

FIN-FSA's assessment of the responses In relation to the matters raised, the FIN-FSA states that the systemic risk buffer requirement imposed on 26 June 2025 is not, as regards its grounds for imposition, overlapping with the envisaged O-SII buffer requirements; rather, the SyRB is used to prevent or mitigate macro-level risks or systemic risks that are not covered by the Capital Requirements Regulation or by Articles 130 (countercyclical capital buffer) and 131 (O-SII buffer) of the Capital Requirements Directive (CRD). A decision on the SyRB must be taken at least every two years, whereas O-SII buffer requirements must be assessed annually. Under Article 133(8) of the CRD, the systemic risk buffer shall not be set to cover risks that are covered by the O-SII buffer. Under chapter 10, section 4c, subsection 6 of the Act on Credit Institutions, the systemic risk buffer shall not be imposed to cover any risk the coverage of which is provided for elsewhere in that chapter. The Ministry of Finance Decree of 19 May 2021 (409/2021) on the systemic risk buffer requirement for credit institutions and investment firms sets out the indicators on the basis of which the buffer requirement is set. The level of the requirement is determined on the basis of a stress test, as set out in the decision. By contrast, the O-SII buffer requirement is imposed separately on the basis of the criteria laid down in Article 131 of the CRD and chapter 10, section 8 of the Act on Credit Institutions.

The FIN-FSA applies the national O-SII buffer requirement in accordance with chapter 10, section 8 of the Act on Credit Institutions, taking into account the provisions of Article 131 of the Capital Requirements Directive. In its O-SII categorisation, the FIN-FSA has made use of (i) quantitative bucketing methodologies; (ii) other factors affecting the assessment of the dimensions of systemic importance under the Act on Credit Institutions and the EU Capital Requirements Directive (CRD); (iii) the European Banking Authority's (EBA) Guidelines on the assessment of O-SIIs; and (iv) the minimum O-SII buffer levels implied by the European Central Bank's (ECB) enhanced floor methodology, taking into account the constraints imposed by EU and national regulation and by the EBA Guidelines, including on quantitative and qualitative assessment.

The higher-than-average level of concentration of the Finnish banking sector and the large size of the most significant credit institutions relative to the national economy support the application of O-SII buffer rates above the minimum levels implied by the ECB's floor methodologies. The EU banking union remains incomplete, as a common deposit insurance scheme is still lacking. For the majority of O-SIIs within the banking union, including Finnish institutions, both the O-SII buffers set on national grounds and the minimum levels calculated for them by the ECB on the basis of national systemic importance are higher than the minimum levels calculated by the ECB based on the banking union perspective. In the FIN-FSA's view, the national O-SII buffer does not entail disproportionate adverse effects on the whole or parts of the financial system of other Member States or of the Union as a whole forming or creating an obstacle to the proper functioning of the internal market. Nordea Bank Abp's operations are concentrated in the Nordic countries, where the level of credit institutions' capital buffer requirements is somewhat higher than elsewhere in the EEA.

In the FIN-FSA's view, the risks referred to in the reasoning underlying the national O-SII buffer requirement and the systemic risk buffer requirement do not overlap contrary to EU or other regulation, as already stated above and in the FIN-FSA's decision of 26 June 2025 concerning the SyRB requirement. The fact that the FIN-FSA has stated that the target level for the combined buffer requirement (CBR), covering the entire domestic credit institution sector, would be 6–7% does not indicate that any capital buffer requirement could be substituted for another requirement. The need for the capital conservation buffer is assessed on a stress test basis solely for the purpose of calibrating the SyRB as a residual relative to other capital buffer requirements. The systemic risks relating to the systemic importance of an individual credit institution that are covered by O-SII buffer requirements are not included in the stress test and therefore do not affect the calibration of the SyRB requirement.

Moreover, the FIN-FSA takes the view that there is no materially significant overlap contrary to EU or other regulation in respect of the risks referred to

in the reasoning underlying the national O-SII buffer requirement and the systemic risk buffer requirements imposed by Norway (and Denmark) that would, in the FIN-FSA's view, affect the setting of O-SII buffer requirements in Finland.