

Notification template for Article 131 CRD – Global Systemically Important Institutions (G-SIIs)

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1. Notifying national authority	
1.1 Name of the notifying authority	Finnish Financial Supervisory Authority, FIN-FSA
2. Description of the measure	
2.1 Concerned institution(s)	Nordea Group 6SCPQ280AIY8EP3XFW53 The decision taken is conditional and presupposes that the competent authority of Sweden does not oppose the cross-border merger of Nordea Bank AB and Nordea Holding Oyj decided on by the shareholders' meeting of 15 March 2018. The FIN-FSA Board will take its final conditional decision on 29 June 2018 subsequent to the decision on Nordea's banking license.
2.2 Level of the buffer applied	1.0 %
2.3 Names of subsidiaries	Nordea Mortgage Bank Plc 7437001LESKGLAE0EU84
3. Timing of the measure	
3.1 Timing of the Decision	29 June 2018
3.2 Timing of the Publication	29 June 2018
3.3 Disclosure	FIN-FSA website
3.4 Timing of Application	1 January 2020

3.5 Phasing in	n.a.
4. Reason for activation of the G-SII buffer	
4.1 Indicators used for designation of the G-SII (Article 131.2)	<p>Size (20%), Total exposures as defined for use in the Basel III leverage ratio 558 586 mEUR (year-end 2016)</p> <p>Interconnectedness (20%), intra-financial system assets (6,67%), 90 235 mEUR, intra-financial system liabilities (6,67%), 44 673 mEUR, securities outstanding (6,67%), 245 041 mEUR</p> <p>Substitutability/financial institution infrastructure (20%), assets under custody (6,67%), 711 000 mEUR, payments activity (6,67%), 34 814 323 mEUR, underwritten transactions in debt and equity markets (6,67%), 59 403 mEUR</p> <p>Complexity (20%), notional amount of over-the-counter (OTC) derivatives (6,67%), 6 779 147 mEUR, level 3 assets (6,67%), 2 470 mEUR, trading and available-for-sale securities (6,67%), 21 544 mEUR</p> <p>Cross-jurisdictional activity (20%), cross-jurisdictional claims (10%), 357 942 mEUR, cross-jurisdictional liabilities (10%), 344 864 mEUR</p> <p>See also enclosed Excel-file.</p>
4.2 Scores and buckets (Article 131.2 and 131.9)	<p>The overall score for Nordea is 114. The scores attributed to each of the categories are: 74, 116, 104, 80 and 201. Qualitative supervisory judgement has been applied. As a result, Nordea is allocated to the first bucket in accordance with the Financial Stability Board recommendation of 21 November 2017. The use of supervisory judgement is motivated by: i) Nordea being classified as a G-SII/B since the establishment of the standard without significant changes to its business model, ii) cross-border activities constituting a major part of the bank's overall business and iii) Nordea being highly dependent on market financing and iv) Nordea being systemically significant in several countries.</p> <p>See also enclosed Excel-file.</p>
5. Cross-border and cross-sector impact of the measure	
5.1 Assessment of cross-border effects and the likely impact on the internal market (Recommendation ESRB/2015/2)	<p>A G-SII/B buffer of 1.0% applicable to Nordea increases capital requirements and in principle induces incentives for domestic and cross-border spillovers via risk adjustment and regulatory arbitrage. However, the G-SII/B buffer is not cumulative relative to the higher systemic risk buffer and O-SII buffer which implies a non-significant effect in this respect.</p>
5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	See 5.1
6. Combinations and timing of the G-SII notified	

6.1 combinations between G-SII and O-SII buffers (Article 131.14)	An O-SII buffer of 2.0 % is planned for Nordea Group.
6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	A systemic risk buffer of 3.0 % is planned for Nordea Group. The systemic risk buffer will be apply on a consolidated level and cover the total risk of Nordea Group.
6.3 Interaction with other measures	See 5.1.
7. Miscellaneous	
7.1 Contact person(s) at notifying authority	Peik Granlund, tel. +358-9-183 5236, peik.granlund@fiva.fi
7.2 Any other relevant information	