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Countercyclical capital buffer requirement

1 Credit institution-specific countercyclical capital buffer requirement at 0–2.5%

Countercyclical capital buffer requirements are calculated in respect of each credit institution. A countercyclical capital buffer requirement for Finnish credit institutions may be set at 0–2.5% of total risk exposure.

The buffer requirement must be calculated on both a solo and a consolidated basis, and it must be met with common equity Tier 1 capital. A credit institution-specific countercyclical capital buffer requirement is determined by the geographical breakdown of each credit institution's relevant credit exposures and the countercyclical capital buffer requirements imposed in the countries where the exposures are located.

The countercyclical capital buffer requirement in force in Finland: [FIN-FSA's macroprudential decisions and appendices](#).

2 Identification of the geographical location of the relevant credit exposures for calculating institution-specific countercyclical capital buffer requirements

Chapter 10, section 6 of the Credit Institutions Act (610/2014) requires credit institutions to consider, in calculating institution-specific countercyclical capital buffer requirements (variable capital add-on), the geographical location of the credit exposures included in the total risk exposure amount, as well as the countercyclical capital buffer requirements imposed in such countries on the basis of the countries' respective laws.

The European Commission Delegated Regulation (EU) No 1152/2014 of 4 June 2014, published in the Official Journal of the European Union on 30 October 2014 and supplementing the EU Capital Requirements Directive (2013/36/EU), specifies the identification of the geographical location of credit institutions' relevant credit exposures for calculating institution-specific countercyclical capital buffer rates.

According to the Delegated Regulation, the geographical location of the relevant credit exposures included in the total exposure amount must be determined on the basis of the location of the risk of the exposures. With the exceptions defined in the Regulation, the location of the risk is the place of residence of the obligor or of the debtor of the credit exposure. The risk-based identification of the geographical location of credit exposures seeks to ensure that a credit institution-specific countercyclical capital buffer requirement is linked with risks related to excess credit growth in the business area of each credit institution.

Taking proportionality and materiality considerations into account, credit institutions with limited foreign overall exposure or limited trading book activity are allowed to use simpler allocation methods for credit exposures. A credit institution may allocate foreign general exposures and/or



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trading book exposures to its home Member State if such exposures do not exceed 2% of the aggregate of the credit institution's general credit, trading book and securitisation exposures, as defined in the Regulation.

- [Applicable countercyclical capital buffer rates in EEA Member States, by country](#)
- [Countercyclical capital buffer rates published by the Basel Committee on Banking Supervision, by country](#)

3 Reporting in connection with countercyclical capital buffer requirement

The information on which the calculation of a countercyclical capital buffer requirement is based is to be reported using the Corep C 09.04 template. The Commission Implementing Regulation (EU) 2021/451, pages 87 and 379-383, provides more details of the reporting formalities.

4 Disclosure of information in relation to countercyclical capital buffer requirement

Credit institutions are required to disclose information in relation to the countercyclical capital buffer requirement and its calculation.

The disclosure of information in relation to the countercyclical capital buffer is regulated in more detail in the Commission Delegated Regulation (EU) 2015/1555.