

## Template for notifying national macroprudential measures not covered by CRR/CRD

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| 1. Notifying national authority and scope of the notification |   |  |
|---|---|--|
| 1.1   | Name of the notifying authority.                          | Norges Bank  |
| 1.2   | Name of the macroprudential measure that is notified.     | The regulation on requirements for new residential mortgage loans  |
| 2. Description of the measure                                 |   |  |
| 2.1   | Description of the measure.                               | <p>The Ministry of Finance has extended the temporary changes in the mortgage regulation in response to the COVID-19 pandemic.</p> <p>The regulation allows a certain amount of a lender's approved loans to deviate from the requirements in the regulation. This quarterly quota is 10 per cent of the volume of a lender's approved new mortgages outside Oslo and 8 per cent for new mortgages in Oslo.</p> <p>In the temporary regulation (as of April 1 2020), both quotas have been increased to 20 per cent.</p> |
| 2.2   | Legal basis and process of implementation of the measure. | National law   |

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|--|---------------------------------|--|
| 2.3  | Coverage                        | Financial firms that issue mortgages in Norway, including Norwegian branches of foreign banks.   |
| 2.4  | Any other relevant information. | This is an extension of a temporary increase in the quotas that was decided for the period April 1 2020 to June 30 2020.   |
| <b>3. Timing</b>                                   |                                 |  |
| 3.1  | Timing of the decision          | June 11 2020   |
| 3.2  | Timing of the publication       | June 11 2020   |
| 3.3  | Disclosure                      | Published by the Ministry of Finance:<br><a href="https://www.regjeringen.no/no/aktuelt/midlertidige-enderinger-i-utlansreguleringen-viderefores/id2705940/">https://www.regjeringen.no/no/aktuelt/midlertidige-enderinger-i-utlansreguleringen-viderefores/id2705940/</a> (in Norwegian only)<br><br>(The press release with the first announcement in English: <a href="https://www.regjeringen.no/en/aktuelt/temporary-changes-in-the-mortgage-regulation/id2694589/">https://www.regjeringen.no/en/aktuelt/temporary-changes-in-the-mortgage-regulation/id2694589/</a> ) |
| 3.4  | Timing of the application       | Start date July 1 2020   |
| 3.5  | End date (if applicable)        | September 30 2020  |
| <b>4. Reason for the activation of the measure</b> |                                 |  |

|   |   |  |
|---|---|--|
| 4.1   | Description of the macroprudential risk to be addressed.  | <p>Banks play an important in addressing the challenges posed by the COVID-19 pandemic. The main purpose of the change in the regulation is to strengthen banks' ability to help their customers through a demanding period.</p> <p>The outlook for the Norwegian economy indicates that many mortgage customers will have an increased need for flexibility. This may include self-employed who have provided housing as collateral for loans and are now in need of capital. If banks want to provide new mortgage customers with the possibility to delay the payment of instalments for a certain period, they must use the so-called flexibility-ratio. Likewise, they must use the flexibility-ratio if they want to provide the same opportunity to customers who refinance an existing mortgage.</p> |
| 4.2   | Description of the indicators on the basis of which the measure is activated.   | No indicators. The decision is a discretionary response to the measures taken to combat the COVID-19 pandemic.   |
| 4.3   | Effects of the measure.   | The intended effect is to alleviate the financial stress mortgage holders are facing in the current crisis.  |
| <b>5. Cross-border and cross-sector impact of the measure</b> |   |  |
| 5.1   | Assessment of cross-border effects and the likely impact on the internal market (Article 133(11)(d) of the CRD IV and Recommendation ESRB/2015/2) | The regulation applies for new mortgages given by both Norwegian banks and Norwegian branches of foreign banks. Effects on banks' overall portfolio composition are expected to be small.  |

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|-------------------------|---|---|
| 5.2                     | Assessment of leakages and regulatory arbitrage within the notifying Member State | See 5.1   |
| 5.3                     | Request for reciprocation   | None  |
| <b>6. Miscellaneous</b> |   |   |
| 6.1                     | Contact person(s) at notifying authority.   | Kjersti-Gro Lindquist<br>Kjersti-Gro.Lindquist@Norges-Bank.no<br>+4790100747. |
| 6.2                     | Any other relevant information.   |   |