

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

Please send this template to

- notifications@esrb.europa.eu when notifying the ESRB;
- macropru.notifications@ecb.europa.eu when notifying the ECB.

Emailing this template to the above-mentioned addresses constitutes an official notification, no further official letter is required. In order to facilitate the work of the notified authorities, please send the notification template in a format that allows electronically copying the information.

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.	Lending regulation (requirements for new residential mortgage and consumer loans)
2. Description of the measure		
2.1	Description of the measure.	<p>The regulation replaces the current residential and consumer credit regulations, which are set to expire at the end of 2020. It contains:</p> <ul style="list-style-type: none"> • a stress test / sensitivity test (when assessing a borrower's debt-servicing ability, the lender needs to make allowance for an interest rate increase of 5 percentage points on total debt), • a debt-to-income requirement (total debt may not exceed five times gross annual income), • a loan-to-value requirement (LTV is capped at 60% for secondary homes in Oslo, otherwise at 85%, additional collateral is accepted), • loan amortisation requirements (residential mortgage loans with an LTV above 60% need to be amortised at a rate of 2,5% per annum or equivalent to an annuity loan with a 30 year repayment period, the maximum term of consumer loans is 5 years and monthly principal repayments is required),

		<ul style="list-style-type: none"> flexibility quotas (speed limits) (10% of the new mortgage loans volume per quarter outside Oslo is allowed not to meet the regulatory requirements, in Oslo the limit is 8%, for consumer loans the limit is 5%), and lenders may deviate from the debt-to-income requirement and stress test when issuing a residential mortgage loan where the purpose of the loan is to restructure existing debt held by borrowers that are not able to service the debt.
2.2	Legal basis and process of implementation of the measure.	National law.
2.3	Coverage	Financial firms that issue mortgages and consumer loans in Norway, including Norwegian branches of foreign banks.
2.4	Any other relevant information.	The regulation on new residential mortgage loans in place 1/7/2018 – 31/12/2019 was extended to 1/1/2020 – 31/12/2020. This was decided and published 15/11/2019. The consumer credit regulation was decided, published and applied 12/2/2019. Financial firms should fully comply by 15/5/2019.
3. Timing		
3.1	Timing of the decision	10 December 2020
3.2	Timing of the publication	10 December 2020

3.3	Disclosure	Published by the Ministry of Finance: https://www.regjeringen.no/en/aktuelt/new-lending-regulation/id2790822/
3.4	Timing of the application	1 January 2021
3.5	End date (if applicable)	31 December 2024
4. Reason for the activation of the measure		
4.1	Description of the macroprudential risk to be addressed.	Credit growth and leverage.
4.2	Description of the indicators on the basis of which the measure is activated.	Household debt, house price inflation and Finanstilsynet's residential mortgage lending survey
4.3	Effects of the measure.	The results of Finanstilsynet's residential mortgage lending survey for 2020 and Norges Bank's bank lending survey 2017Q3 indicate that banks' credit standards have been more stringent since the regulation on new residential mortgage loans was tightened in 2017. Consumer loans have declined since the regulation and credit registers were put in place. This has contributed to limit lending to vulnerable households and the build-up of household sector vulnerabilities, see https://www.norges-bank.no/en/news-events/news-publications/Reports/Monetary-Policy-Report-with-financial-stability-assessment/2020/mpr-32020/ p. 54. See also https://www.norges-

		bank.no/en/Published/Papers/Economic-commentaries/2018/12018/
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 (Article 133(11)(d) of the CRD IV and Recommendation ESRB/2015/2)	The regulation applies for new mortgages and consumer loans given by both Norwegian banks and Norwegian branches of foreign banks. Effects on banks' overall portfolio composition are expected to be small.
5.2	Assessment of leakages and regulatory arbitrage within the notifying Member State	See 5.1
5.3	Request for reciprocation	According to national law the regulation applies for new mortgages and consumer loans given by both Norwegian banks and Norwegian branches of foreign banks. Thus, no need for a reciprocation request.
6. Miscellaneous		
6.1	Contact person(s) at notifying authority.	Kjersti-Gro Lindquist Kjersti-Gro.Lindquist@Norges-Bank.no +4790100747.
6.2	Any other relevant information.	