

OPINION OF THE EUROPEAN SYSTEMIC RISK BOARD**of 7 October 2024**

regarding the Norwegian notifications of the resetting of the systemic risk buffer pursuant to Article 133 and of the resetting of the O-SII buffer pursuant to Article 131 of Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions

(ESRB/2024/6)

THE GENERAL BOARD OF THE EUROPEAN SYSTEMIC RISK BOARD,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board¹, and in particular Article 3(2)(j) thereof,Having regard to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC², and in particular Article 131(3), (5a), (7), (12) and (15) and Article 133 thereof,Having regard to the Agreement on the European Economic Area³, in particular Annex IX thereof,Having regard to Decision ESRB/2015/4 of the European Systemic Risk Board of 16 December 2015 on a coordination framework for the notification of national macroprudential policy measures by relevant authorities, the issuing of opinions and recommendations by the ESRB, and repealing Decision ESRB/2014/2⁴,

Whereas:

- (1) The Norwegian Ministry of Finance, acting as the designated authority for the purpose of Article 133 of Directive 2013/36/EU, notified the European Systemic Risk Board (ESRB) on 29 August 2024 of its intention to reset the current systemic risk buffer (SyRB) at its existing rate of 4.5 %.
- (2) The SyRB is applicable to all exposures located in Norway and this measure is recommended

¹ OJ L 331, 15.12.2010, p. 1.

² OJ L 176, 27.6.2013, p. 338.

³ OJ L 001 3.1.1994, p. 3.

⁴ OJ C 97, 12.3.2016, p. 28.

for reciprocation under Recommendation ESRB/2023/1⁵.

- (3) On the same date, the Norwegian Ministry of Finance, also notified the ESRB of its intention to require certain credit institutions to maintain an 'other systemically important institution' (O-SII) buffer of Common Equity Tier 1 capital, in accordance with Article 131 of that Directive.
- (4) Article 131(3) of Directive 2013/36/EU establishes a set of criteria on the basis of which O-SIIs are identified. Pursuant to the second subparagraph of this Article, the European Banking Authority (EBA) has issued Guidelines on criteria for the assessment of O-SIIs⁶ (hereinafter the 'EBA Guidelines') in which it sets out mandatory and optional indicators for the scoring in Annexes 1 and 2, respectively.
- (5) The Norwegian O-SII buffer rates will be maintained to four domestic credit institutions, one of which is a subsidiary whose respective parent entity is established in another Member State. The Norwegian Ministry of Finance has identified these credit institutions as O-SIIs pursuant to the following criteria: (i) total assets as share of mainland Norway's gross domestic product (GDP) and (ii) loans to the private non-financial sector as share of total loans to the private non-financial sector in Norway. These criteria are listed as optional indicators in Annex 2 of the EBA Guidelines. In addition to these two main criteria, the Norwegian Ministry of Finance also considered the mandatory indicators of the EBA Guidelines when applying its supervisory judgement. This approach to assess O-SIIs partially complies with the EBA Guidelines⁷.
- (6) More specifically, the proposal is to maintain a buffer of 2 % applicable to one credit institution, and of 1 % to three other credit institutions. The measure is aimed at increasing the loss-absorbing capacity of the most systemically important institutions in Norway, as they play a particularly significant role in the Norwegian financial system and for the Norwegian economy.
- (7) In accordance with national legislation, the differentiation in the applicable buffer rates stems from the fact that the largest credit institution, to which the 2 % O-SII buffer rate is applicable, scores at least twice as high in terms of the abovementioned criteria as the credit institutions to which a 1 % O-SII buffer rate is applicable. In fact, the largest credit institution is almost six times

⁵ Recommendation ESRB/2023/1 of the European Systemic Risk Board of 6 March 2023 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (OJ C 158, 4.5.2023, p. 1).

⁶ 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), 16 December 2014 ([EBA/GL/2014/10](#)), available on the website of the European Banking Authority.

⁷ According to the [Compliance Table with EBA Guidelines](#) (EBA/GL/2014/10 Appendix 1), 'The Norwegian Ministry of Finance adopted a regulation on the identification of systemically important financial institutions in Norway in May 2014. [...] As a general rule, an institution shall be designated as systemically important if it has total assets corresponding to at least 10 per cent of Mainland Norway's GDP, or a share of the Norwegian lending market of at least 5 per cent. [...] In addition to the two main criteria, the Regulation says that the FSA's advice also shall be based on an assessment of the institution's size, the institution's importance in Norway and other countries, the institution's complexity, the institution's role in the financial system infrastructure and to which degree the institution is interconnected with the rest of the financial system. To enlighten these criteria, the FSA will use the methodology in the EBA Guidelines.'

larger than the second largest credit institution in terms of these criteria.

- (8) It is anticipated that the final decision on the resetting of the O-SII buffer will be taken by the Norwegian Ministry of Finance after the notification period has expired, and will be announced as soon as it has been taken.
- (9) Additionally, pursuant to Article 131(15) of Directive 2013/36/EU, the O-SII buffer applicable to all four credit institutions will be cumulative with the existing SyRB rate of 4.5 % to which these credit institutions are subject⁸.
- (10) Considering that the sum of the SyRB rate and the O-SII buffer rate would be higher than 5 % for each of the credit institutions that fall within the scope of the proposed measure, the ESRB must provide the Norwegian Ministry of Finance and the Standing Committee of the European Free Trade Association with an opinion as to whether the level of the combined rate of the O-SII buffer rate and the SyRB rate is deemed appropriate, pursuant to Article 131(5a) and (15) of Directive 2013/36/EU and to Point 14(q) of Subsection (i) of Section II of Annex IX to the EEA Agreement⁹.
- (11) On 3 August 2023, the ESRB issued an Opinion¹⁰ in the context of O-SII buffers set by the Norwegian Ministry of Finance. In that Opinion, the ESRB assessed that the setting by the Norwegian Ministry of Finance of O-SII buffer rates applicable to four credit institutions, cumulatively with the existing SyRB rate to which these credit institutions are already subject, was appropriate to address the identified risks.
- (12) The four O-SIIs subject to cumulative SyRB and O-SII buffer rates were DNB Bank ASA (with an O-SII buffer rate of 2.0%), Kommunalbanken AS (with an O-SII buffer rate of 1.0%), Nordea Eiendomskreditt AS (with an O-SII buffer rate of 1.0%) and Sparebank 1 SR-Bank ASA (with an O-SII buffer rate of 1.0%). According to the proposal of the Norwegian Ministry of Finance, the O-SII buffer rates applicable to those credit institutions will remain unchanged.

⁸ On 5 November 2020, the Norwegian Ministry of Finance notified the ESRB, under Article 133(11) of the CRD as applicable to and in Norway on 1 January 2020, of its intention to set a systemic risk buffer rate of 4.5 % applicable to credit institutions. On 4 December 2020, the ESRB adopted Recommendation ESRB/2020/14 of the European Systemic Risk Board, in which it recommended that the proposed systemic risk buffer rate to be applied in Norway should be considered justified, suitable, proportionate, effective and efficient in relation to the risk targeted by the Norwegian Ministry of Finance.

⁹ According to the amendments introduced by [Decision of the EEA JOINT COMMITTEE No 383/2021](#) of 10 December 2021 (OJ L 2024/652, 14.3.2024, *ELI*: <http://data.europa.eu/eli/dec/2024/652/oj>) and [EEA Supplement 2024 No 23. av 14.3.2024](#), 2024/EØS/23/63, p. 95.

¹⁰ See Opinion ESRB/2023/6 of the European Systemic Risk Board of 3 August 2023 regarding the existing systemic risk buffer pursuant to Article 133 and the Norwegian notification of the setting or resetting of an O-SII buffer pursuant to Article 131 of Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions.

HAS ADOPTED THIS OPINION:

1. The resetting by the Norwegian Ministry of Finance of an O-SII buffer rate applicable in Norway that will be cumulative with the existing SyRB rate to which credit institutions are already subject, results in a sum of SyRB and O-SII buffer rates higher than 5 %.
2. Under the current circumstances, the cumulative buffer rate is assessed as appropriate and effective to address the identified risks for each of the credit institutions that falls within the scope of the two measures. In particular, the combined O-SII buffer and SyRB rates, under the current circumstances, do not entail disproportionate adverse effects on financial stability in Norway nor is it expected to form or create an obstacle to the proper functioning of the internal market.
3. The attached assessment note entitled 'Assessment of a measure taken in Norway pursuant to Article 131 of the Capital Requirements Directive in combination with a measure taken pursuant to Article 133 of that Directive' is an integral part of this Opinion.

Done at Frankfurt am Main, 7 October 2024.



Head of the ESRB Secretariat, on behalf of the General Board of the ESRB

Francesco MAZZAFERRO