

OPINION OF THE EUROPEAN SYSTEMIC RISK BOARD**of 27 May 2025**

**regarding the Swedish notification of the extension of the period of application of a stricter national measure based on Article 458 of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions
(ESRB/2025/2)**

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), point (j), thereof,

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012², and in particular Article 458(4) and (9) 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/2014/2³,

Whereas:

- (1) On 30 April 2025, the Swedish Financial Supervisory Authority (Finansinspektionen), acting as designated authority for the purpose of Article 458 of Regulation (EU) No 575/2013, notified the European Systemic Risk Board (ESRB) of its intention to extend the period of application of an existing stricter national measure, in accordance with Article 458(2), point (d)(iv), of that Regulation.
- (2) It is proposed that the extension of the period of application of the existing stricter national measure will start on 30 September 2025 and apply for a period of two years from that date or until the macroprudential or systemic risk ceases to exist. The measure concerns risk weights for targeting systemic risks stemming from corporate exposures secured by commercial and residential real estate in Sweden. The proposed extension of its period of application will consist, in particular, of the extension of the period of application of the currently applicable average risk-weight of 35% which applies at the portfolio level for corporate exposures secured by commercial properties, and of the

1 OJ L 331, 15.12.2010, p. 1, ELI: <http://data.europa.eu/eli/reg/2010/1092/oj>.

2 OJ L 176, 27.06.2013, p. 1, ELI: <http://data.europa.eu/eli/reg/2012/648/oj>.

3 OJ C 97, 12.03.2016, p. 28.

currently applicable average risk-weight floor of 25% which applies at the portfolio level for corporate exposures secured by residential properties.

- (3) The existing stricter national measure applies both on an individual and consolidated basis to all credit institutions authorised in Sweden using the Internal Ratings-Based (IRB) approach for calculating regulatory capital requirements and aims to deal with systemic risks that are linked to the commercial real estate sector, which is highly leveraged and cyclically sensitive.
- (4) In Opinion ESRB/2023/3⁴, the ESRB assessed the existing stricter national measure targeting corporate exposures secured by commercial and residential property in Sweden as warranted under the circumstances at the time of the assessment. The measure was considered justified, suitable, proportionate, effective and efficient, and it became applicable on 30 September 2023 for a period of two years. In addition, it was the ESRB's assessment that the stricter national measure did not have a negative impact on the internal market that outweighed the financial stability benefits resulting in a reduction of the macroprudential or systemic risk identified.
- (5) The proposed extension of the period of application of the existing stricter national measure is expected to preserve the risk weights on Swedish commercial real estate exposures at the calibrated floors of 35% for commercial properties and 25% for residential properties. This calibration reflects both the losses that could arise under severe but plausible stress scenarios and the capital levels considered adequate to cover these risks. The measure contributes to maintaining a sufficient loss-absorbing capacity in the affected banks.
- (6) To assess the proposed extension of the period of application of the existing stricter national measure notified by Finansinspektionen on 30 April 2025, the ESRB's Assessment Team referred to in Decision ESRB/2015/4 issued an assessment note, which is annexed hereto,

HAS ADOPTED THIS OPINION:

1. The extension of the period of application of the stricter national measure adopted pursuant to Article 458(2), point (d)(iv), of Regulation (EU) No 575/2013, applicable to all credit institutions authorised in Sweden using the IRB approach, consisting of: (i) an average risk-weight floor of 35% applied at the portfolio level for corporate exposures secured by commercial properties, defined as properties physically located in Sweden for rent in commercial purposes to generate a rental income (such as offices, stores, warehouses, industrial and hotel properties), and (ii) an average risk-weight floor of 25% applied at the portfolio level for corporate exposures secured by residential properties, defined as apartment buildings physically located in Sweden, owned for commercial purposes to generate rental income, where the number of residential units exceeds three, is, under the current circumstances, assessed as justified, suitable, proportionate, effective and efficient. In particular:
 - (a) the changes in the intensity of macroprudential or systemic risk are of such a nature that they pose a risk to financial stability at national level;

4 Opinion ESRB/2023/3 of the European Systemic Risk Board of 9 June 2023 regarding Swedish notification of a stricter national measure based on Article 458 of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions, available on the ESRB's website at www.esrb.europa.eu.

- (b) Articles 124 and 164 of Regulation (EU) No 575/2013 and Articles 133 and 136 of Directive 2013/36/EU of the European Parliament and of the Council⁵ are less suitable and effective to address the identified risks to financial stability, in particular taking into account the relative effectiveness of those measures;
 - (c) the proposed extension of the period of application of the stricter national measure does not entail disproportionate adverse effects on the whole or parts of the financial system in other Member States or in the Union as a whole and thus does not form or create an obstacle to the functioning of the internal market;
 - (d) the issue concerns only one Member State.
2. The proposed extension of the period of application of the stricter national measure does not have a negative impact on the internal market that outweighs the financial stability benefits resulting in a reduction of the macroprudential or systemic risk identified.
3. The attached assessment note entitled 'Assessment of the Swedish notification concerning the extension of the period of application of a stricter national measure for residential property and commercial immovable property, in accordance with Article 458 of Regulation (EU) No 575/2013' is an integral part of this Opinion.

Done at Frankfurt am Main, 27 May 2025.



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

Francesco MAZZAFERRO

5 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/EC (OJ L 176, 27.6.2013, p. 338, ELI: <http://data.europa.eu/eli/dir/2013/36/oj>).