

OPINION OF THE EUROPEAN SYSTEMIC RISK BOARD**of 7 May 2025**

regarding the Norwegian 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
(ESRB/2025/1)

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 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 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) On 10 April 2025, the Norwegian Ministry of Finance (Finansdepartementet), acting as designated authority for the purpose of Article 458 of Regulation (EU) No 575/2013⁵, notified the European Systemic Risk Board (ESRB) in accordance with Article 458(2)(d)(iv) of Regulation (EU) No 575/2013 of its intention to implement a stricter national measure concerning risk weights for targeting asset bubbles in the residential property sector. The measure is intended to apply to domestic residential real estate exposures of all Norwegian institutions using the Internal Ratings Based (IRB) approach.

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

2 OJ L 176, 27.6.2013, p. 1, ELI: <http://data.europa.eu/eli/reg/2012/648/oj>.

3 OJ L 001 3.1.1994, p. 3, ELI: [http://data.europa.eu/eli/dec/1994/1\(1\)/oj](http://data.europa.eu/eli/dec/1994/1(1)/oj).

4 OJ C 97, 12.3.2016, p. 28.

5 Point (a) of paragraph 14 and point (a) of paragraph 14a. of Annex IX to the Agreement on the European Economic Area provides that the terms 'Member State(s)' and 'competent authorities' shall be understood to include, in addition to their meaning in Directive 2013/36/EU and Regulation (EU) No 575/2013, the EFTA States and their competent authorities, respectively.

- (2) The existing national measure consists of a risk-weight floor targeting asset bubbles in the residential property sector that was introduced in response to increased systemic risk driven by high household debt and high housing prices. The notified measure would increase the existing risk-weight floor applicable to the relevant exposures from 20 % to 25 % for the period from 1 July 2025 until 31 December 2026.
- (3) The existing national measure has been in place since 31 December 2020 and was extended once in 2022, and again in 2024. It is currently included in the macroprudential policy measures recommended by the ESRB for reciprocity⁶. The existing measure in its initial form as well as its subsequent extensions until 30 June 2025 fall within the scope of Article 458(10) of Regulation (EU) No 575/2013, which allows Member States to increase risk weights by up to 25 % for a limited duration without the procedural steps laid down in Article 458(4) of that Regulation, provided that certain conditions and requirements are met, so that an Opinion of the ESRB is not required. Accordingly, no Opinion of the ESRB was required in relation to the notifications previously submitted by Finansdepartementet to the ESRB of the initial measure and its extensions. In contrast, based on the notification submitted by Finansdepartementet to the ESRB on 10 April 2025, the proposed stricter national measure that is to apply from 1 July 2025 falls outside the scope of Article 458(10) of Regulation (EU) No 575/2013. Therefore, an Opinion of the ESRB is required in accordance with Article 458(4), second subparagraph, of that Regulation.
- (4) To assess the stricter national measure notified by Finansdepartementet on 10 April 2025, the ESRB's assessment team referred to in Decision ESRB/2015/4 has issued an assessment note, which is annexed hereto,

HAS ADOPTED THIS OPINION:

1. The stricter national measure pursuant to Article 458(2)(d)(iv) of Regulation (EU) No 575/2013 – consisting of the imposition on all credit institutions established in Norway with relevant exposures and which use the IRB approach of an increased risk-weight floor of 25 % applicable to domestic residential real estate exposures from 1 July 2025 until 31 December 2026 – is, under the current circumstances, assessed as justified, suitable, proportionate, effective, and efficient. In particular:
 - (a) the intensity of macroprudential or systemic risk stemming from the residential property sector continues to be of such a nature as to pose a risk to financial stability at national level;
 - (b) the macroprudential tools set out in Regulation (EU) No 575/2013 and in Directive 2013/36/EU of the European Parliament and of the Council⁷ are less suitable or effective than the proposed

⁶ 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).

⁷ 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>).

stricter national measure to be applied in Norway to deal with the macroprudential or systemic risk identified;

- (c) 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 European Economic Area as a whole, thus forming or creating an obstacle to the functioning of the internal market;
 - (d) the issue concerns only one Member State.
2. 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 Norwegian notification in accordance with Article 458 of Regulation (EU) No 575/2013 concerning a stricter national measure for residential mortgage lending' is an integral part of this Opinion.

Done at Frankfurt am Main, 7 May 2025.

A handwritten signature in black ink, reading "Francesco Mazzafferro". The signature is written in a cursive, flowing style.

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

Francesco MAZZAFERRO