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RECOMMENDATION OF THE EUROPEAN SYSTEMIC RISK BOARD

of 9 July 2025

amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures

(ESRB/2025/6)

(C/2025/5113)

THE GENERAL BOARD OF THE EUROPEAN SYSTEMIC RISK BOARD,

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

Having regard to the Agreement on the European Economic Area ([1]), and in particular Annex IX thereof,

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 Board ([2]) and in particular Articles 3 and 16 to 18 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 648/2012 ([3]), and in particular Article 458 thereof,

Having regard to Decision ESRB/2011/1 of the European Systemic Risk Board of 20 January 2011 adopting the Rules of Procedure of the European systemic Risk Board ([4]), and in particular Articles 18 to 20 thereof,

Whereas:

(1) In order to ensure effective and consistent national macroprudential policy measures, it is important to complement the recognition required under Union law with voluntary reciprocity.

(2) The framework on voluntary reciprocity for macroprudential policy measures set out in Recommendation ESRB/2015/2 of the European Systemic Risk Board ([5]) aims to ensure that all exposure-based macroprudential policy measures activated in one Member State ([6]) are reciprocated in other Member States.

(3) Decision of the EEA Joint Committee No 79/2019 ([7]) incorporated Regulation (EU) No 575/2013 into the Agreement on the European Economic Area (EEA Agreement) with effect from 1 January 2020. Regulation (EU) 2021/558 of the European Parliament and of the Council ([8]), which introduced amendments to Regulation (EU) No 575/2013, was incorporated into the EEA Agreement by Decision of the EEA Joint Committee No 145/2024 ([9]). Regulation (EU) 2021/558 is now applicable in Norway.

([1]) OJ L 1, 3.1.1994, p. 3, ELI: http://data.europa.eu/eli/agree_internation/1994/1/oj.
([2]) OJ L 331, 15.12.2010, p. 1, ELI: http://data.europa.eu/eli/reg/2010/1092/oj.
([3]) OJ L 176, 27.6.2013, p. 1, ELI: http://data.europa.eu/eli/reg/2013/575/oj.
([4]) OJ C 58, 24.2.2011, p. 4.
([5]) Recommendation ESRB/2015/2 of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (OJ C 97, 12.3.2016, p 9).
([6]) 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.
([7]) Decision of the EEA Joint Committee No 79/2019 of 29 March 2019 amending Annex IX (Financial services) to the EEA Agreement [2019/2133] (OJ L 321, 12.12.2019, p. 170, ELI: http://data.europa.eu/eli/dec/2019/2133/oj).
([8]) Regulation (EU) 2021/558 of the European Parliament and of the Council of 31 March 2021 amending Regulation (EU) No 575/2013 as regards adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 crisis (OJ L 116, 6.4.2021, p. 25, ELI: http://data.europa.eu/eli/reg/2021/558/oj).
([9]) Decision of the EEA Joint Committee No 145/2024 of 12 June 2024 amending Annex IX (Financial services) to the EEA Agreement [2024/2433] (OJ L, 2024/2433, 3.10.2024, ELI: http://data.europa.eu/eli/dec/2024/2433/oj).

(4) Since 31 December 2020, credit institutions authorised in Norway have been subject to: (a) a systemic risk buffer applicable to exposures located in Norway applied at a rate of 4,5 %, pursuant to Article 133 of Directive 2013/36/EU; (b) a 20 % floor applicable to (exposure-weighted) average risk-weights for exposures to residential real estate located in Norway, pursuant to Article 458(2)(d)(iv) of Regulation (EU) No 575/2013 (applicable to credit institutions using the internal ratings-based (IRB) approach); and (c) a 35 % floor applicable to (exposure-weighted) average risk-weights for exposures to commercial real estate located in Norway, pursuant to Article 458(2)(d)(iv) of Regulation (EU) No 575/2013 (applicable to credit institutions using the IRB approach). These measures are currently included in the list of macroprudential policy measures which are recommended to be reciprocated under Recommendation ESRB/2015/2.

(5) On 19 December 2024, Finansdepartementet (the Norwegian Ministry of Finance), acting as the designated authority for the purposes of Article 458(1) of Regulation (EU) No 575/2013, notified the ESRB under Article 458 of that Regulation of its intention to: (a) extend the 20 % average risk-weight floor applicable to Norwegian residential real estate exposures until 30 June 2025, and to raise it from 1 July 2025 to 25 %; and (b) extend the 35 % floor applicable to Norwegian commercial real estate exposures for two years beyond 31 December 2024. Following a request by the ESRB for clarifications, an updated version of these notifications was received on 13 January 2025. The updated notifications also included a request to the ESRB to continue recommending the reciprocation of the measures, on an individual, sub-consolidated and consolidated basis.

(6) Recommendation ESRB/2015/2, as amended by Recommendation ESRB/2017/4 of the ESRB ([10]), recommends that the relevant authority activating a macroprudential policy measure should, when submitting a request for reciprocation to the ESRB, propose a maximum materiality threshold below which an individual financial service provider's exposure to the identified macroprudential risk in the jurisdiction where the macroprudential policy measure is applied by the activating authority can be considered non-material. The ESRB may recommend a different threshold if deemed necessary. In accordance with the notifications received, the materiality threshold for reciprocating the risk-weight floor applicable to residential real estate remains at 1 per cent of institutions' gross residential real estate lending to Norwegian customers, corresponding to NOK 37,8 billion as of 30 September 2024. The materiality threshold for reciprocating the risk-weight floor applicable to commercial real estate remains at 1 per cent of gross collateralised commercial real estate lending to Norwegian customers, corresponding to NOK 9,3 billion as of 30 September 2024. Both materiality thresholds should apply on a consolidated, sub-consolidated and individual basis.

(7) Following the request by the Finansdepartementet to the ESRB and in order: (a) to prevent the materialisation of negative cross-border effects in the form of leakages and regulatory arbitrage that could result from the implementation of the macroprudential policy measures applied in Norway; and (b) to preserve a level playing field among EEA credit institutions, the General Board of the ESRB decided to continue to include these measures in the list of macroprudential policy measures which are recommended to be reciprocated under Recommendation ESRB/2015/2.

(8) The reciprocation of macroprudential measures activated by authorities of other Member States, on a consolidated, sub-consolidated and individual basis, irrespective of whether the exposures concerned are held through subsidiaries or branches, or result from direct cross-border lending, limits leakages and regulatory arbitrage, tackles systemic risks and thus promotes the overall effectiveness of macroprudential policy by ensuring that increased risks are addressed not only in the Member State that has introduced the macroprudential measure but also in other Member States where banking groups are exposed to those increased risks. Recognition should therefore also aim to ensure that banking groups exposed to those systemic risks are sufficiently resilient. Therefore, macroprudential measures stemming from a decision to recognise other Member States' macroprudential measures should in general be applied on a consolidated, sub-consolidated and individual basis.

([10]) Recommendation ESRB/2017/4 of the European Systemic Risk Board of 20 October 2017 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (OJ C 431, 15.12.2017, p. 1).

(9) This amendment to Recommendation ESRB/2015/2 does not affect the continuity of recommending the reciprocation of the national macroprudential measures activated by the Norwegian authorities on 31 December 2020, as set out in Recommendations ESRB/2023/1 and ESRB/2024/7. The current amendments to Recommendation ESRB/2015/2 relate primarily to the fact that the level of the risk-weight floor applicable to residential real estate exposures is adjusted and reciprocity is now recommended on an individual, sub-consolidated and consolidated basis. Therefore, the standard three-month transition period following the publication of this Recommendation in the *Official Journal of the European Union* is only applicable to measures, or amendments thereto, that national authorities will adopt to reciprocate both risk-weight floors, including the increase in the average risk-weight floor applicable to Norwegian residential real estate exposures to 25 % from 1 July 2025, on an individual, sub-consolidated and consolidated basis.

(10) Therefore, Recommendation ESRB/2015/2 should be amended accordingly,

HAS ADOPTED THIS RECOMMENDATION:

AMENDMENTS

Recommendation ESRB/2015/2 is amended as follows:

(1) in Section 1, sub-recommendation C(1), the second and third measures under Norway are replaced by the following:

'— a 20 % floor for (exposure-weighted) average risk weights for exposures to residential real estate located in Norway applied in accordance with Article 458(2)(d)(iv) of Regulation (EU) No 575/2013, as applied in Norway until 30 June 2025, which increases to a 25 % floor from 1 July 2025, to credit institutions authorised in Norway using the internal ratings-based (IRB) approach for calculating regulatory capital requirements;

— a 35 % floor for (exposure-weighted) average risk weights for exposures to commercial real estate located in Norway applied in accordance with Article 458(2)(d)(iv) of Regulation (EU) No 575/2013 as applied in Norway, to credit institutions authorised in Norway using the IRB approach for calculating regulatory capital requirements.';

(2) the Annex is amended in accordance with the Annex to this Recommendation.

Done at Frankfurt am Main, 9 July 2025.

The Head of the ESRB Secretariat,
on behalf of the General Board of the ESRB
Francesco MAZZAFERRO

ANNEX

The Annex to Recommendation ESRB/2015/2 is amended as follows:

(1) the second and third measures under Norway are replaced by the following:

'— a 20 % floor for (exposure-weighted) average risk weights for exposures to residential real estate located in Norway applied in accordance with Article 458(2)(d)(iv) of Regulation (EU) No 575/2013, as applied in Norway until 30 June 2025, which increases to a 25 % floor from 1 July 2025 to credit institutions authorised in Norway using the internal ratings-based (IRB) approach for calculating regulatory capital requirements;

— a 35 % floor for (exposure-weighted) average risk weights for exposures to commercial real estate located in Norway, applied in accordance with Article 458(2)(d)(iv) of Regulation (EU) No 575/2013 as applied in Norway, to credit institutions authorised in Norway using the IRB approach for calculating regulatory capital requirements.';

(2) under Norway, the section headed 'I. Description of the measures' is replaced by the following:

'I. Description of the measures

1. With effect from 31 December 2020, Finansdepartementet (the Norwegian Ministry of Finance) introduced three macroprudential measures, namely (i) a systemic risk buffer for exposures located in Norway, pursuant to Article 133 of Directive 2013/36/EU; (ii) a risk weight floor for exposures to residential real estate located in Norway, pursuant to Article 458(2)(d)(iv) of Regulation (EU) No 575/2013 as applied in Norway until 30 June 2025, which increases to a 25 % floor from 1 July 2025; and (iii) a risk weight floor for exposures to commercial real estate located in Norway, pursuant to Article 458(2)(d)(iv) of Regulation (EU) No 575/2013, as applicable to and in Norway.

2. The systemic risk buffer rate is set at 4,5 % and applies to the domestic exposures of all credit institutions authorised in Norway, on a consolidated, sub-consolidated and individual basis.

3. The residential real estate risk weight floor measure is an institution-specific average risk weights floor for residential real estate exposures in Norway, applicable to credit institutions using the IRB approach on a consolidated, sub-consolidated and individual basis. The real estate risk weight floor concerns the exposure-weighted average risk weight in the residential real estate portfolio. Norwegian residential real estate exposures should be understood as retail exposures collateralised by immovable property in Norway.

4. The commercial real estate risk weight floor measure is an institution-specific average risk weights floor for commercial real estate exposures in Norway, applicable to credit institutions using the IRB approach on a consolidated, sub-consolidated and individual basis. The real estate risk weight floor concerns the exposure-weighted average risk weight in the commercial real estate portfolio. Norwegian commercial real estate exposures should be understood as corporate exposures collateralised by immovable property in Norway.';

(3) under Norway, in the section headed 'II. Reciprocation', paragraph 5b is replaced by the following:

'5b. Following the request by the Finansdepartementet, it is recommended that relevant authorities reciprocate both the Norwegian systemic risk buffer measure and the risk weight floors by applying them on a consolidated, sub-consolidated and individual basis, irrespective of whether the exposures concerned are held through subsidiaries or branches or result from direct cross-border lending.';

(4) under Norway, in the section headed 'III. Materiality threshold', paragraph 8, points (b) and (c), are replaced by the following:

'(b) for the residential real estate risk weight floor, the materiality threshold is set at NOK 37,8 billion, which corresponds to 1 % of institutions' gross residential real estate lending to Norwegian customers as at 30 September 2024. The materiality threshold should be assessed on a consolidated, sub-consolidated and individual basis. When assessing it on a sub-consolidated or consolidated basis, all exposures held through branches and direct cross-border lending and through subsidiaries should be included in the calculation of exposures assessed against the materiality threshold;

(c) for the commercial real estate risk weight floor, the materiality threshold is set at NOK 9,3 billion, which corresponds to 1 % of gross collateralised commercial real estate lending to Norwegian customers as at 30 September 2024. The materiality threshold should be assessed on a consolidated, sub-consolidated and individual basis. When assessing it on a sub-consolidated or consolidated basis, all exposures held through branches and direct cross-border lending and through subsidiaries should be included in the calculation of exposures assessed against the materiality threshold.'.