

# RECIPROCIETY OF THE MACROPRUDENTIAL MEASURE APPLIED BY THE FINANSDEPARTEMENTET



27 AUG. 2021

In compliance with Recommendation ESRB/2015/2 of the European Systemic Risk Board (ESRB) of 15 December 2015, as amended by Recommendation ESRB/2021/3 of 30 April 2021, published in the *Official Journal of the European Union* on 11 June 2021, adoption of reciprocity of the macroprudential measures imposed by the Norwegian macroprudential authority was approved by decision of the Board of Directors of the Banco de Portugal on 10 August 2021, as follows: the introduction, in accordance with Article 133 of Directive 2013/36/EU, of a 4.5% systemic risk buffer applicable to credit institutions authorised in Norway (except for credit institutions that do not use the advanced IRB approach, which are subject to a rate of 3% until 31 December 2022 and 4.5% thereafter) and the application, in accordance with Article 458(2)(d)(vi) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, of a 20% average risk weight floor for residential real estate exposures and 35% average risk weight floor for commercial real estate exposures to credit institutions authorised in Norway, which use the internal ratings based (IRB) approach.

Given that the first measure imposed by the Norwegian macroprudential authority is provided for in CRD IV, transposed into Portuguese law by Decree Law No 157/2014 of 24 October 2014 amending the Legal Framework of Credit Institutions and Financial Companies, reciprocity will be operationalised through the adoption of the same measure, i.e. through the imposition of a 4.5% systemic risk buffer rate for exposures of Portuguese banks to Norway, either directly or through branches located in Norway, except for credit institutions that do not use the advanced IRB approach, which are subject to a rate of 3% until 31 December 2022 and 4.5% thereafter.

As the other two measures imposed by the Norwegian macroprudential authority are provided for in the CRR, reciprocity will be operationalised through the adoption of the same measure, i.e. by imposing a specific 20% average risk weight floor for residential real estate exposures located in Norway and a specific 35% average risk weight floor for commercial real estate exposures located in Norway, addressed to Portuguese institutions using the internal ratings based approach and with exposures to Norway, either directly or through branches located in Norway.

This decision enters into force as of the date of its publication and will remain in force for as long as the measure applied by the Norwegian macroprudential authority is in place, including any revisions under Article 458(9) and Article 133(10) of CRD IV.

For further details, an analysis was published simultaneously with this decision, describing the Norwegian macroprudential authority's rationale for imposing the measures, as well as the Banco de Portugal's analysis.