



## Notification template for Article 131 CRD – Other Systemically Important Institutions (O-SII)

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Emailing this template to the above-mentioned addresses constitutes an official notification, no further official letter is required. In order to facilitate the work of the notified authorities, please send the notification template in a format that allows electronically copying the information.

1. Notifying national authority	
1.1 Name of the notifying authority	Norwegian Ministry of Finance
2. Description of the measure	
2.1 Concerned institution or group of institutions	DNB ASA (5967007LIEEXZX78M803) Kommunalbanken AS (I7ETN0QQO2AHZZGHJ389) Nordea Eiendoms kreditt AS (549300TTWFTM3HRP0618) The measure is applied at the highest level of consolidation.
2.2 Level of the buffer applied	DNB Bank ASA: 2.0 % Kommunalbanken AS: 1.0 % Nordea Eiendoms kreditt AS: 1.0 %
2.3 Name of the EU ultimate parent institution	DNB ASA and Kommunalbanken AS are the ultimate parent institutions. Nordea Bank Abp (529900ODI3047E2LIV03) is the EU ultimate parent institution of Nordea Eiendoms kreditt AS.
2.4 Names of subsidiaries	DNB Bank ASA (549300GKFG0RYRRQ1414)
3. Timing of the measure	
3.1 Timing of the Decision	The final decision will be made by the Ministry of Finance after the notification procedure has been completed.
3.2 Timing of the Publication	The final decision will be announced as soon as it is made by the Ministry of Finance.
3.3 Disclosure	The decision will be announced in a press release on the Ministry's website. Letters to the institutions concerned, as well as this notification, will be published together with the press release.

<b>3.4 Timing of Application</b>	In accordance with the notification submitted in November 2020, the buffer requirements already apply for DNB Bank ASA and Kommunalbanken AS. For Nordea Eiendoms kreditt AS, the buffer requirement will apply from 30 June 2022.
<b>3.5 Phasing in</b>	N/A
<b>3.6 Review of the measure</b>	Pursuant to Norwegian law, the measure is reviewed annually. The next revision will be undertaken in 2022.
<b>4. Reason for O-SII identification and activation of the O-SII buffer</b>	
<b>4.1 Scores of concerned institution or group of institutions, as per EBA guidelines on the assessment of O-SIIs (Article 131.3)</b>	<p>DNB:</p> <ul style="list-style-type: none"> <li>a. Size 3 054</li> <li>b. Importance 3 056</li> <li>c. Complexity 5 157</li> <li>d. Interconnectedness 4 197</li> </ul> <p>Overall score: 3 866</p> <p>Kommunalbanken:</p> <ul style="list-style-type: none"> <li>a. Size 581</li> <li>b. Importance 8</li> <li>c. Complexity 518</li> <li>d. Interconnectedness 1048</li> </ul> <p>Overall score: 539</p> <p>Nordea Eiendoms kreditt:</p> <ul style="list-style-type: none"> <li>a. Size 319</li> <li>b. Importance 161</li> <li>c. Complexity 15</li> <li>d. Interconnectedness 193</li> </ul> <p>Overall score: 172</p> <p>Please see the enclosed Excel-file for other institutions' scores.</p>
<b>4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)</b>	<p>In December 2019, the Ministry adopted a new regulation on the procedure and criteria for identifying and designating systemically important institutions in Norway, implementing Article 131 of the CRD IV. As a general rule, an institution shall be designated as systemically important and required to hold an O-SII buffer of <b>2 %</b> if it has:</p> <ul style="list-style-type: none"> <li>a) total assets corresponding to at least 20 per cent of Mainland Norway's GDP, or</li> <li>b) a share of the Norwegian lending market of at least 10 per cent.</li> </ul> <p>Moreover, an institution shall be designated as systemically important and required to hold an O-SII buffer of <b>1 %</b> if it has:</p> <ul style="list-style-type: none"> <li>a) total assets corresponding to at least 10 per cent of Mainland Norway's GDP, or</li> <li>b) a share of the Norwegian lending market of at least 5 per cent.</li> </ul> <p>Both criteria are mentioned as optional indicators in the EBA guidelines on the assessment of O-SIIs.</p> <p>Pursuant to the Norwegian regulation, institutions may also be designated as systemically important on the basis of, inter alia, their size, scope of operations in Norway and other countries, complexity, role in the financial infrastructure and their interconnectedness with the rest of the financial system. The EBA guidelines on the assessment of O-SIIs are used to assess these matters.</p>

	<p>Per year-end 2020, the three institutions had the following scores on the two main criteria:</p> <p>DNB: Total assets as share of Mainland Norway's GDP: 84.9 % Share of the Norwegian lending market: 25.2 %</p> <p>Kommunalbanken: Total assets as share of Mainland Norway's GDP: 16.3 % Share of the Norwegian lending market: 5.5 %</p> <p>Nordea Eiendomskreditt: Total assets as share of Mainland Norway's GDP: 9.0 % Share of the Norwegian lending market: 5.1 %</p>
<b>4.3 Supervisory judgement</b>	N/A
<b>4.4 Calibrating the O-SII buffer</b>	<p>Until 31 December 2019, the regulation's general rule stated that a 2 % add-on in the systemic risk buffer requirement (SRB) should apply for institutions with 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.</p> <p>As discussed in section 4.2, the proposed O-SII buffer is differentiated based on the degree of systemic importance. That is, while institutions which meet the previous criteria (general rule) should be subject to an O-SII buffer of 1 %, the O-SII buffer should be 2 % for institutions scoring at least twice as high on the same objective criteria. Such differentiation is deemed appropriate due to the fact that the largest institution is almost six times larger than the next institution.</p>
<b>4.5 Effectiveness and proportionality of measure</b>	Systemically important institutions have an especially significant role in Norwegian financial system, and for the Norwegian economy. The aim of higher capital requirements for such institutions is to increase their loss-bearing capacity, and thus reduce the risk of the institutions' running into difficulties that can have a severe impact on the financial system and the real economy.
<b>5. Cross-border and cross-sector impact of the measure</b>	
<b>5.1 Assessment of cross-border effects and the likely impact on the internal market (Recommendation ESRB/2015/2)</b>	The measure will promote domestic financial stability in Norway by increasing the resilience of the most important domestic institutions in the financial system. The measure is not expected to have negative consequences on the functioning of the single market.
<b>5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State</b>	The measure is not expected to contribute to leakages or regulatory arbitrage within the Norwegian financial system.
<b>6. Combinations and interactions with other measures</b>	
<b>6.1 Combinations between G-SII and O-SII buffers (Article 131.14)</b>	Nordea Eiendomskreditt AS is a subsidiary of Nordea Bank Abp, which is subject to an O-SII buffer of 2 % at the consolidated level. The new O-SII buffer

	requirement of 1 % for Nordea Eiendoms kreditt AS will apply at the individual level only.
<b>6.2 Combinations with SRB buffers</b> <b>(Article 131.14 + Article 133.5)</b>	All Norwegian institutions using the Advanced IRB Approach (and systemic institutions not using the Advanced IRB Approach) are currently subject to a 4.5 % systemic risk buffer (SRB) requirement for domestic exposures, which has been effective from 31 December 2020. For non-systemic institutions not using the Advanced IRB Approach, the SRB buffer rate will be 3 % for all exposures until 31 December 2022. The O-SII and SRB buffers are cumulative.  Both the O-SII buffer and the SRB are applied at the highest consolidation level.  DNB Bank ASA, Kommunalbanken AS and Nordea Eiendoms kreditt AS are all currently subject to the 4.5 % SRB requirement.
<b>6.3 O-SII requirement for a subsidiary (Article 131.8)</b>	See section 6.1.
<b>6.4 Interaction with other measures</b>	No other measures are used to address the same risks.

<b>7. Miscellaneous</b>	
<b>7.1 Contact person(s) at notifying authority</b>	Tormod Fauske Tho, Advisor Phone: +47 22 24 45 11 / +47 22 24 4521 E-mail: <a href="mailto:tho@fin.dep.no">tho@fin.dep.no</a>
<b>7.2 Any other relevant information</b>	N/A