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Subject: CET1 eligibility – assessment of instruments issued by Norwegian savings banks

Dear Per,

Thank you for your letter dated 29 April 2025.

The EBA is, under Article 26 (3) of Regulation (EU) 575/2013 (CRR), tasked to establish, maintain and publish, on the basis of information received from competent authorities, a list of all forms of capital instruments in each Member State that qualify as CET1 instruments (the CET1 list).

Following information from Finanstilsynet, the Norwegian equity certificates were included in the CET1 list in December 2022.

However, substantial compliance with Article 28(1)(i) of the CRR could not be confirmed during the assessment of the equity certificates due to the complex financial structure consisting in a distinction between equity certificates and ownerless capital that results in multilayered capital classes not directly foreseen in the CRR and also having regard to the implications of a low share of dividend equalisation fund compared to such ownerless capital. As set out in the EBA's CET1 monitoring report[1] (paragraph 77) complex financial structures can increase the risk of non-compliance with CET1 requirements.

The EBA performs the assessments of CET1 instruments through its internal governance developing guiding principles that aim at ensuring high quality of own funds, harmonisation and substantial convergence across the Union and the EEA. The role of the national competent authority of the Member State concerned, the Finanstilsynet in this case, is key in these collective interactive processes that involve careful iterations and discussions among supervisors at multiple levels, from the level of

[1] EBA Report on the monitoring of CET1 instruments issued by EU institutions - update.pdf

the relevant sub-group to the level of the Standing Committees and finally to the EBA's Board of Supervisors.

Against this background, the EBA considered necessary that the concerned institutions in Norway progressively increased their dividend equalisation fund over time, in particular when this was at a level significantly lower than the ownerless capital.

Please note that the EBA has never to date exercised its discretion, under Article 26(3) last subparagraph of the CRR, to remove CET1 instruments from the list, mainly due to the efficiency of this multi-level and consensual assessment process involving technical and economic assessments through collaboration among supervisors, and to the close cooperation of the EBA with the competent authorities concerned, which mobilised corresponding resources and put in place subsequent efforts to implement the actions needed to ensure the high quality and substantial convergence of own funds in the Union and the EEA.

We remain ready to support you further in this regard.

Yours sincerely,

José Manuel Campa