

29.04.2025

Assessment of CET1 instruments

Dear José,

The Norwegian Ministry of Finance is currently in the process of considering changes in the Act on the capital structure of savings banks. Many savings banks have issued equity certificates which, in line with several other CET1 instruments, were assessed by EBA in 2021/2022. EBA's assessment, as communicated to Finanstilsynet on 9 June 2022, has served as important input in the evaluation of necessary amendments to the Norwegian Act.

On 25 April 2025, the Ministry of Finance requested Finanstilsynet (see attached letter) to ask EBA to elaborate in writing on its understanding of the legal basis for the assessment. I would particularly like to highlight the following paragraphs from this letter (our translation from Norwegian):

"For the Norwegian authorities, it is important to preserve the equity certificate as a well-functioning capital instrument for Norwegian savings banks. The Ministry of Finance is therefore of the view that greater clarity is desirable regarding the legal basis for the EBA's assessment of equity certificates. The CRR imposes different requirements on capital instruments and capital items, respectively, and as stated in the Savings Bank Commission's report and Finanstilsynet's letter to EBA on 3 March 2022, equity certificates are the only equity instruments issued by the savings banks in question, i.e. the equity certificate covers the first and proportionately largest share of losses compared to other issued instruments in line with the wording of Article 28(1)(i) of the CRR."

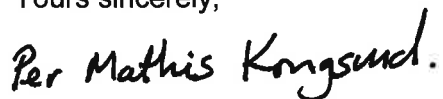
On the basis of the above, Finanstilsynet is requested to ask EBA to clarify in writing its understanding of the regulatory basis for the assessment in the EBA's letter of 9 June 2022 that banks with a low dividend equalisation fund must build up the fund.

It is desirable that any feedback from EBA is presented in a way that can be made public."

With reference to the letter from the Norwegian Ministry of Finance and previous communication between Finanstilsynet and the EBA staff on the matter, I kindly ask EBA to clarify the legal basis for its assessment in the letter of 9 June 2022.

Please let me know if you have any questions or immediate comments to this request. Finanstilsynet is ready to provide EBA with supplementary information if needed.

Yours sincerely,



Per Mathis Kongsrud

Director General

Attachments:

1. Letter from Norwegian Ministry of Finance to Finanstilsynet 25 April 2025 (Norwegian version)
2. Letter from Norwegian Ministry of Finance to Finanstilsynet 25 april 2025 (Unofficial English version)
3. EBAs letter 9 June 2022 on the assessment of Norwegian CET1-instruments
4. Letter to Finance Norway and the Norwegian Savings Banks Association 7 april 2025 concerning request for access to documents (Norwegian version)
5. Letter to Finance Norway and the Norwegian Savings Banks Association 7 april 2025 concerning request for access to documents (unofficial English version)