

**OPINION OF THE EUROPEAN SYSTEMIC RISK BOARD**

**of 6 September 2022**

**regarding Dutch notification of an extension of the period of application of a stricter national measure based on Article 458 of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions**

**(ESRB/2022/6)**

THE GENERAL BOARD OF THE EUROPEAN SYSTEMIC RISK BOARD,

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

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<sup>1</sup>, and in particular Article 3(2)(j) 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<sup>2</sup>, and in particular Article 458(4) and (9) thereof,

Having regard to Decision ESRB/2015/4 of the European Systemic Risk Board of 16 December 2015 on a coordination framework for the notification of national macroprudential policy measures by relevant authorities, the issuing of opinions and recommendations by the ESRB, and repealing Decision ESRB/2014/2<sup>3</sup>,

Whereas:

- (1) De Nederlandsche Bank (DNB), acting as designated authority for the purpose of Article 458 of Regulation (EU) No 575/2013, notified the European Systemic Risk Board (ESRB) on 8 August 2022 of its intention to extend for an additional period of two years, in accordance with Article 458(9) of that Regulation, the period of application of its existing stricter national measure for credit institutions using the internal ratings-based (IRB) approach in their calculations of regulatory capital requirements.
- (2) The existing stricter national measure, which has been in force since 1 January 2022 concerns risk weights for targeting asset bubbles in the residential property sector (Article 458(2)(d)(iv) of Regulation (EU) No 575/2013). The measure imposes a minimum average risk weight that is to be applied by credit institutions using the IRB approach in relation to their portfolios of exposures to natural persons secured by residential property located in the Netherlands. The minimum average

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1 OJ L 331, 15.12.2010, p. 1.

2 OJ L 176, 27.6.2013, p. 1.

3 OJ C 97, 12.3.2016, p. 28.

risk weight of the portfolio is the exposure-weighted average of risk weights of the individual exposure items. The minimum risk weight of each individual exposure item within the scope of the measure is calculated as follows: (i) a 12 % risk weight is assigned to the portion of the loan not exceeding 55 % of the market value of the property that serves as a collateral; and (ii) and a 45 % risk weight is assigned to the remaining portion of the loan. Loans wholly or partly backed by the Dutch National Mortgage Guarantee) (Nationale Hypotheek Garantie) scheme are not included in the scope of the draft stricter national measure.

- (3) In Opinion ESRB/2020/1 of the European Systemic Risk Board<sup>4</sup>, the ESRB assessed the draft stricter national measure as warranted under the circumstances that existed at the time of the assessment. It was the ESRB's assessment that the draft stricter national measure did not have a negative impact on the internal market that outweighed the financial stability benefits resulting in a reduction of the macroprudential or systemic risk identified.
- (4) Taking into account the opinions provided by the ESRB and the European Banking Authority (EBA) in line with the procedure set out in Article 458 of Regulation (EU) No 575/2013, the European Commission decided on 5 March 2020 not to propose to the Council an implementing act to reject the draft stricter national measure<sup>5</sup>. In the absence of such an implementing act, the draft stricter national measure, the application of which was postponed due to the outbreak of COVID-19, became applicable from 1 January 2022.
- (5) Following a request by DNB to the ESRB under Article 458(8) of Regulation (EU) No 575/2013, the General Board of the ESRB decided on 16 February 2022<sup>6</sup> to include this stricter national measure in the list of macroprudential policy measures which are recommended to be reciprocated under Recommendation ESRB/2015/2 of the European Systemic Risk Board<sup>7</sup>.
- (6) To assess the extension of the period of application of the existing stricter national measure notified by DNB on 8 August 2022, the ESRB's assessment team, referred to in Decision ESRB/2015/4, issued an assessment note which is annexed hereto.

HAS ADOPTED THIS OPINION:

1. The extension of the period of application of the existing stricter national measure applicable in the Netherlands is, under the current circumstances, assessed as justified, suitable, proportionate, effective and efficient. In particular:

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<sup>4</sup> Opinion ESRB/2020/1 of the European Systemic Risk Board of 6 February 2020 regarding Dutch notification of a stricter national measure based on Article 458 of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, available on the ESRB's website at [www.esrb.europa.eu](http://www.esrb.europa.eu).

<sup>5</sup> Commission Decision of 5 March 2020 not to propose an implementing act to reject the proposed national measure notified on 8 January 2020 by the Netherlands under Article 458(4) of Regulation (EU) No 575/2013 of the European Parliament and of the Council (2020) 1214 final, available on the Commission's website at [www.ec.europa.eu](http://www.ec.europa.eu).

<sup>6</sup> Recommendation ESRB/2022/1 of the European Systemic Risk Board of 16 February 2022 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (OJ C 174, 28.4.2022, p.1).

<sup>7</sup> 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).

- (a) the changes in the intensity of macroprudential or systemic risk continue to be of such nature as to pose risk to financial stability at national level;
  - (b) the macroprudential tools set out in Regulation (EU) No 575/2013 and in Directive 2013/36/EU of the European Parliament and of the Council<sup>8</sup> are less suitable or effective than the existing stricter national measure applicable in the Netherlands to deal with the macroprudential or systemic risk identified;
  - (c) the stricter national measure does not entail disproportionate adverse effects on the whole or parts of the financial system in other Member States or in the Union as a whole, thus forming or creating an obstacle to the functioning of the internal market;
  - (d) the issue concerns only one Member State.
2. The stricter national measure does not have a negative impact on the internal market that outweighs the financial stability benefits resulting in a reduction of the macroprudential or systemic risk identified.
3. The attached assessment note entitled 'Assessment of the Dutch notification in accordance with Article 458 of Regulation (EU) No 575/2013 concerning the extension of a stricter national measure for residential mortgage lending' is an integral part of this Opinion.

Done at Frankfurt am Main, 6 September 2022.



*Head of the ESRB Secretariat, on behalf of the General Board of the ESRB*

Francesco MAZZAFERRO

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<sup>8</sup> Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).