

**RESTRICTED**

The European Systemic Risk Board  
The European Central Bank  
The European Banking Authority  
The European Commission  
The European Council  
The National Bank of Belgium

De Nederlandsche Bank N.V.  
Financial Stability Division

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Handelsregister 3300 3396

Re:

**Reciprocation of NBB measure for residential mortgage lending**

Dear colleagues,

With this letter, De Nederlandsche Bank N.V. (DNB) notifies the European Systemic Risk Board (ESRB), the European Central Bank, the European Banking Authority, the European Commission, the European Council and the National Bank of Belgium (NBB) of its decision to recognise the NBB measure for residential mortgage lending adopted in accordance with Article 458 of the Capital Requirements Regulation (CRR). This measure institutes a 5 percentage point add-on to the risk weights for Belgian residential mortgages for banks under Belgian law that use the IRB approach as notified to the ESRB on 1 April 2014.<sup>1</sup>

**Date**  
23 December 2014

**Our reference**  
2014/2128232

**Handled by**  
Jon Frost  
Shahin Kamalodin

**Enclosure(s)**

Shortly after the NBB decision, DNB decided in accordance with Art. 458 sub. 5 of the CRR to apply the measure for mortgages on residential real estate issued through Belgium located branches of Dutch banks. The measure will in principle be applied as long as the NBB measure is in place including any prolongations based on Art. 458 sub. 9 of the CRR.

The impact of the measure is very small, because the activities of branches of Dutch Banks in Belgium are limited. Most activities of Dutch banks in Belgium are performed through subsidiaries, which already fall under NBB supervision for capital requirements and hence the NBB measure. Nonetheless, DNB finds reciprocity important on principle so as to bolster the effectiveness of macroprudential measures, and ensure that the level playing field between branches and subsidiaries is not unduly distorted. In this context, to further enhance policy effectiveness, a future CRR/CRD IV revision should consider broadening the reciprocity requirement in Art. 458 CRR to also cover cross-border bank lending.

For future notifications, it would be helpful if the ESRB secretariat could develop a standard template for notifying all relevant authorities in an efficient, simultaneous manner.

If you have any further questions regarding this decision, please let me know.

Kind regards,



Aerd Houben  
Director, Financial Stability Division – De Nederlandsche Bank N.V.

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<sup>1</sup> See the [ESRB assessment](#).