

# Compliance report

October 2023

Country-specific Recommendations of the European Systemic Risk Board of 27 June 2019 on medium-term vulnerabilities in the residential real estate sector in Belgium (ESRB/2019/4), Denmark (ESRB/2019/5), Luxembourg (ESRB/2019/6), the Netherlands (ESRB/2019/7), Finland (ESRB/2019/8) and Sweden (ESRB/2019/9), respectively

Annex III

Implementation standards for country-specific Recommendations



**ESRB**

European Systemic Risk Board

European System of Financial Supervision

## Implementation standards for country-specific Recommendations

### Recommendation ESRB/2019/4 (BELGIUM)

Recommendation A			
	Activation of borrower-based measures	Proportionality	Reporting of addressee
<b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee has activated legally-binding borrower-based measures; in order to prevent:                             <ul style="list-style-type: none"> <li>(a) a significant or an increasing share of borrowers taking out new mortgage loans who might not be able to service their debt or maintain consumption following adverse economic or financial conditions or adverse developments in the residential real estate market; or (b) a significant or an increasing share of new mortgage loans, secured by residential real estate, that could result in credit losses on these loans in the event of their default and a subsequent decrease in house prices</li> </ul> </li> <li>• Addressee took into account the position of Belgium in the economic and financial cycles while calibrating and phasing-in such measures</li> <li>• In case the adopted borrower-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Belgium, the relevant decision took into account the characteristics of the borrower-based measures already activated, the initial calibration of those measures and the results of the assessment of vulnerabilities</li> <li>• Addressee ensured effectiveness of the measures in place and minimised any potential for their circumvention or for unintended consequences that could reduce their effectiveness and possibly create risks in other areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner</li> <li>• There is no evidence that the addressee acted in a disproportionate manner.</li> <li>• The addressee has carried out a complete assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat by 31 October 2022 at the latest</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation A.</li> </ul>
<b>Largely compliant (LC)</b> - Actions taken largely implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee has activated borrower-based measures. Such measures largely correspond with outcome of assessments carried out by addressee prior to deciding on an activation of borrower-based measures</li> <li>• In case the adopted borrower-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner</li> <li>• There is no clear evidence that the addressee acted in a disproportionate manner.</li> <li>• The addressee has carried out an assessment of the vulnerabilities related to</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits templates as under "FC", only minor elements are missing</li> </ul>

	<p>identified in Belgium, the relevant decision took to a large extent into account the characteristics of the borrower-based measures already activated, the initial calibration of those measures and the results of the assessment of vulnerabilities</p>	<p>household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation, only minor elements are missing.</p>	
<p><b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification</p>	<ul style="list-style-type: none"> <li>• Addressee has not activated borrower-based measures nor further tightened existing or activated additional macroprudential measures. Assessments carried out by addressees clearly indicate that activating borrower-based measures, further tightening of existing or activating additional macroprudential measures would be disproportionate at this point in time</li> </ul>	<p><b>[NB: unlikely that this grade would be applied]</b></p>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat later than 31 October 2022 but has sufficiently explained the delay</li> <li>• COVID-19 cannot be considered as a reason for the delay</li> </ul>
<p><b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has activated borrower-based measures. However, addressee has not carried out proper assessment prior to activating borrower-based measures or the outcome of such assessment was not taken into account;</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• In case the adopted borrower-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Belgium, the relevant decision took not into account the characteristics of the borrower-based measures already activated, the initial calibration of those measures and the results of the assessment of vulnerabilities</li> </ul>	<p><b>[NB: unlikely that this grade would be applied]</b></p>	<ul style="list-style-type: none"> <li>• Addressee submits templates to the ESRB Secretariat by 31 October 2022 but some essential information is missing</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat later than 31 October 2022 but delay does not prevent ESRB from finalizing its follow-up report.</li> </ul>
<p><b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has carried out assessments, but not yet activated nor tightened any borrower-based measures; decisions to activate/tighten measures are still pending</li> <li>• Addressee identified further vulnerabilities in Belgium but a final decision has not yet been made as to whether measures should be taken</li> </ul>	<p><b>[NB: unlikely that this grade would be applied]</b></p>	<ul style="list-style-type: none"> <li>• Addressee submits templates by 31 October 2022 to the ESRB Secretariat but most of the essential information is missing</li> </ul>
<p><b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has not activated nor tightened any borrower-based measures and has not carried out any assessment</li> <li>• Addressee identified further vulnerabilities in Belgium but does not intend to take any further measures or its</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; addressee does not provide any justification.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates by 31 October 2022 and does not provide any justification for inaction</li> </ul>

	<p>actions are not in line with the nature of the Recommendation.</p>	<ul style="list-style-type: none"> <li>The addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken.</li> </ul>	
<p><b>Inaction insufficiently explained (IE)</b> - No actions were taken and the addressee did not provide sufficient justification</p>	<ul style="list-style-type: none"> <li>Addressee has not activated nor tightened any borrower-based measures and has not carried out any assessment; addressee does not provide for any further justification for inaction</li> </ul>	<ul style="list-style-type: none"> <li>There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate.</li> <li>The addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken. The addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>Addressee does not submit templates by 31 October 2022 and provides justification for inaction which, however, is inadequate</li> </ul>

## Recommendation ESRB/2019/5 (DENMARK)

Recommendation A			
	Activation or tightening of capital-based measures	Proportionality	Reporting of addressee
<p><b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has activated additional or tightened existing capital-based measures.</li> <li>• The measures taken by national authorities ensure the resilience of credit institutions authorised in Denmark in the face of the potential materialisation of systemic risk related to residential real estate which could lead to direct and indirect credit losses stemming from mortgage loans or arising as a consequence of the decrease in consumption by households with housing loans.</li> <li>• Addressee took into account the position of Denmark in the economic and financial cycles while calibrating and phasing-in such measures.</li> <li>• In case of activation or tightening the adopted capital-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Denmark, the relevant decision took into account the characteristics of the capital-based measures already activated or tightened, the initial calibration of those measures and the results of the assessment of vulnerabilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no evidence that the addressee acted in a disproportionate manner.</li> <li>• Addressee has carried out a complete assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat by 31 October 2022 at the latest.</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation A.</li> </ul>
<p><b>Largely compliant (LC)</b> - Actions taken largely implement the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has activated new capital-based measures or tightened existing capital-based measures. Such measures largely correspond with outcome of assessments carried out by addressee prior to deciding on an activation or tightening of capital-based measures.</li> <li>• In case the adopted capital-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Denmark, the relevant decision took to a large extent into account the characteristics of the capital-based measures already activated or tightened, the initial calibration of those measures and the results of the assessment of vulnerabilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no clear evidence that the addressee acted in a disproportionate manner.</li> <li>• Addressee has carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits templates as under "FC", only minor elements are missing.</li> </ul>

		ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation, only minor elements are missing.	
<b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification	<ul style="list-style-type: none"> <li>• Addressee has not activated capital-based measures nor further tightened existing or activated additional macroprudential measures. Assessments carried out by addressee clearly indicate that activating capital-based measures, further tightening of existing or activating additional macroprudential measures would be disproportionate at this point in time.</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates later than 31 October 2022 but has sufficiently explained the delay.</li> <li>• COVID-19 cannot be considered as a reason for the delay.</li> </ul>
<b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has activated or tightened capital-based measures. However, addressee has not carried out proper assessment prior to activating or tightening capital-based measures or the outcome of such assessment was not taken into account.</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• In case the adopted capital-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Denmark, the relevant decision took not into account the characteristics of the capital-based measures already activated, the initial calibration of those measures and the results of the assessment of vulnerabilities</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat by 31 October 2022 but some essential information is missing.</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat later than 31 October 2022 but the delay does not prevent ESRB from finalizing its follow-up report.</li> </ul>
<b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has carried out assessments, but not yet activated nor tightened any capital-based measures; Decisions to activate/tighten measures are still pending.</li> <li>• Addressee identified further vulnerabilities in Denmark but a final decision has not yet been made as to whether measures should be taken.</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits templates by 31 October 2022 to the ESRB Secretariat but most of the essential information is missing</li> </ul>
<b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has not activated nor tightened any capital-based measures and has not carried out any assessment.</li> <li>• Addressee identified further vulnerabilities in Denmark but does not intend to take any further measures or its actions are not in line with the nature of the Recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; addressee does not provide any justification.</li> <li>• Addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates by 31 October 2022 and does not provide any justification for inaction.</li> </ul>

		ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken.	
<b>Inaction insufficiently explained (IE)</b> - No actions were taken and the addressee did not provide sufficient justification	<ul style="list-style-type: none"> <li>• Addressee has not activated nor tightened any capital-based measures and has not carried out any assessment; addressee did not provide for any further justification for inaction.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate.</li> <li>• Addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken. The addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee did not submit templates by 31 October 2022 and provided justification for inaction which, however, is inadequate.</li> </ul>

Recommendation B(1)			
	Monitoring of vulnerabilities and activation or tightening of borrower-based measures (BBMs)	Proportionality	Reporting of addressee
<b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee monitored closely all metrics (household indebtedness, overvaluation of house prices and lending standards) for new mortgages loans over the medium term.</li> <li>• Monitoring of the addressee allowed to assess (i) using loan-level data for new mortgages loans, the ability of borrowers taking out new mortgages loans, to withstand adverse economic or financial conditions or adverse developments in the residential real estate sector; (ii) the sustainability of house prices in Denmark and the potential for their decrease in the event of adverse economic or financial conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no evidence that the addressee acted in a disproportionate manner.</li> <li>• The addressee has carried out a complete assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, and amortisation profiles, with the relevant</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat by 31 October 2022 at the latest.</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B.</li> </ul>

		ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation.	
<b>Largely compliant (LC)</b> - Actions taken largely implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee monitored closely almost all key metrics (household indebtedness, overvaluation of house prices and lending standards).</li> <li>• Monitoring of the addressee allowed to assess (i) using loan-level data for new mortgages loans, the ability of borrowers taking out new mortgages loans, to withstand adverse economic or financial conditions or adverse developments in the residential real estate sector; (ii) the sustainability of house prices in Denmark and the potential for their decrease in the event of adverse economic or financial conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no clear evidence that the addressee acted in a disproportionate manner.</li> <li>• The addressee has carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, and amortisation profiles, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation, only minor elements are missing.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits templates as under "FC", only minor elements are missing.</li> </ul>
<b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification	<ul style="list-style-type: none"> <li>• Addressee had not monitored the key metrics (household indebtedness; overvaluation of house prices and lending standards).</li> </ul> <p>Assessments carried out by addressee clearly indicate that any monitoring would be disproportionate at this point in time.</p>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates later than 31 October 2022 but has sufficiently explained the delay.</li> <li>• COVID-19 cannot be considered as a reason for the delay.</li> </ul>
<b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has only monitored some of the key metrics (household indebtedness; overvaluation of house prices and lending standards).</li> <li>• Monitoring of the addressee did not allowed to assess (i) using loan-level data for new mortgages loans, the ability of borrowers taking out new mortgages loans, to withstand adverse economic or financial conditions or adverse developments in the residential real estate sector; (ii) the sustainability of house prices in Denmark and the potential for their decrease in the event of adverse economic or financial conditions.</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat by 31 October 2022, but some essential information is missing.</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat later than 31 October 2022, but the delay does not prevent ESRB from finalizing its follow-up report.</li> </ul>



<p><b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has carried out the monitoring, but did not specifically monitored key metrics related to the vulnerabilities identified in the residential real estate sector in Denmark (household indebtedness; overvaluation of house prices and lending standards).</li> <li>• Monitoring of the addressee did not allowed to assess (i) using loan-level data for new mortgages loans, the ability of borrowers taking out new mortgages loans, to withstand adverse economic or financial conditions or adverse developments in the residential real estate sector; (ii) the sustainability of house prices in Denmark and the potential for their decrease in the event of adverse economic or financial conditions.</li> </ul>	<p><b>[NB: unlikely that this grade would be applied]</b></p>	<ul style="list-style-type: none"> <li>• Addressee submits templates by 31 October 2022 to the ESRB Secretariat but most of the essential information is missing.</li> </ul>
<p><b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has not monitored vulnerabilities identified in the residential real estate sector in Denmark.</li> <li>• Assessment carried out by the addressee is not in line with vulnerabilities identified in the Danish residential real estate sector.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; addressee does not provide any justification.</li> <li>• The addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, and amortisation profiles, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates by 31 October 2022 and does not provide any justification for inaction.</li> </ul>
<p><b>Inaction insufficiently explained (IE)</b> - No actions were taken, and the addressee did not provide sufficient justification</p>	<ul style="list-style-type: none"> <li>• Addressee has not monitored the vulnerabilities related to household indebtedness, overvaluation of house prices and lending standards. The addressee has not carried out any assessment and did not provide for any further justification for inaction.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate.</li> <li>• The addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, and amortisation profiles, with the relevant ratios being calculated in accordance with Annex IV to</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee did not submit templates by 31 October 2022 and provided justification for inaction which, however, is inadequate.</li> </ul>

		Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken. The addressee provides justification which, however, is inadequate.	
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Recommendation B(2)			
	Tightening of existing borrower-based measures or activation of others	Proportionality	Reporting of addressee
<p><b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has activated additional, or tightened existing, borrower-based measures, based on the results of the monitoring carried out pursuant to point (a) of sub-Recommendation B(1) which provide evidence that a significant or an increasing share of borrowers taking out new mortgage loans might not be able to service their debt or maintain consumption under adverse economic or financial conditions or following adverse developments in the residential real estate market.</li> <li>• Addressee submits an assessment of the vulnerabilities which required to activate additional, or tighten existing, borrower-based measures, as the results of the monitoring carried out pursuant to point (a) of sub-Recommendation B(1) provided evidence that a significant or an increasing share of borrowers taking out new mortgage loans might not be able to service their debt or maintain consumption under adverse economic or financial conditions or following adverse developments in the residential real estate market.</li> <li>• Addressee has carried out an assessment of the position of Denmark in the economic and financial cycle, prior to activating other, or tightening existing, macroprudential measures.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no evidence that the addressee acted in a disproportionate manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat by 31 October 2022 at the latest.</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B.</li> </ul>
<p><b>Largely compliant (LC)</b> - Actions taken largely implement the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has activated additional, or tightened existing, borrower-based measures, based on the results of the monitoring carried out pursuant to point (a) of sub-Recommendation B(1).</li> <li>• Assessment carried out by addressee indicates further need of activating or tightening other borrower-based measures; however, actions taken do largely correspond with outcome of assessments.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no clear evidence that the addressee acted in a disproportionate manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits templates as under "FC", only minor elements are missing.</li> </ul>

<p><b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification</p>	<ul style="list-style-type: none"> <li>• Addressee has not activated additional, or tightened existing borrower-based measures, based on the results of the monitoring carried out pursuant to point (a) of sub-Recommendation B(1).</li> <li>• Assessments carried out by addressee clearly indicate that any activation or tightening of BBM measures would be disproportionate at this point in time.</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates later than 31 October 2022 but has sufficiently explained the delay.</li> <li>• COVID-19 cannot be considered as a reason for the delay.</li> </ul>
<p><b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has activated new BBMs measures or tightened existing BBMs measures. However, addressee has not carried out proper assessment prior to such activation or tightening as requested by sub-recommendation B(1)</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee has activated new BBMs measures or tightened existing BBMs measures. However, such measure is not in line with essential findings of the assessment carried out by sub-Recommendation B(1) (e.g. assessment shows evidence for activating or tightening additional BBMs measures).</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat by 31 October 2022, but some essential information is missing.</li> </ul>
<p><b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has not activated or tightened BBMs measures. Addressee has carried out an assessment prior to decide not to activate or tighten BBMs measures and such decision is not in line with outcome of assessment</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee has activated or tightened BBM measures. However, such measure is not at all in line with outcome of the assessment (e.g., assessment clearly indicates further lowering of LTV ratio).</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> <li>• Addressee submits templates by 31 October 2022 to the ESRB Secretariat but most of the essential information is missing.</li> </ul>
<p><b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has not activated or tightened any BBM measures and has not carried out any assessment or its actions are not in line with the nature of the Recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; addressee does not provide any justification.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates by 31 October 2022 and does not provide any justification for inaction.</li> </ul>
<p><b>Inaction insufficiently explained (IE)</b> - No actions were taken and the addressee did not provide sufficient justification</p>	<ul style="list-style-type: none"> <li>• Addressee has not activated or tightened any BBM measures and has not carried out any assessment; addressee did not provide for any further justification for inaction.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee did not submit templates by 31 October 2022 and provided justification for inaction which, however, is inadequate.</li> </ul>

## Recommendation B(3)

	Increase of the legally binding minimum down payment requirement	Proportionality	Reporting of addressee
<b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee has increased the legally binding minimum down payment requirement, as the results of the monitoring carried out pursuant to paragraph 1(b) of sub-recommendation B provide evidence that the overvaluation of house prices has increased.</li> </ul> <p>The measures taken by national authorities ensure that collateral for new mortgage loans is sufficient to cover credit losses corresponding to the potential decrease in house prices under adverse economic or financial conditions and to the estimated decrease in house prices in the event of a negative scenario.</p> <ul style="list-style-type: none"> <li>• Addressee submits an assessment that provided evidence that the overvaluation of house prices has increased.</li> <li>• Addressee has carried out an assessment of the position of Denmark in the economic and financial cycle, prior to increasing the existing minimum down payment requirement.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no evidence that the addressee acted in a disproportionate manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat by 31 October 2022 at the latest.</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B.</li> </ul>
<b>Largely compliant (LC)</b> - Actions taken largely implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee has increased the legally binding minimum down payment requirement, based on the results of the assessment carried out pursuant to paragraph 1 (b) of sub-recommendation B.</li> <li>• Assessment carried out by addressee indicates further need of increasing the minimum down payment requirement; however, actions taken do largely correspond with outcome of assessments.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no clear evidence that the addressee acted in a disproportionate manner</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits templates as under "FC", only minor elements are missing.</li> </ul>
<b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification	<ul style="list-style-type: none"> <li>• Addressee has not increased the legally binding minimum down payment requirement based on the results of the assessment carried out pursuant to paragraph 1 (b) of sub-recommendation B.</li> <li>• Assessment carried out by addressee clearly indicate that any increase of the legally binding minimum down payment requirement would be disproportionate at this point in time.</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates later than 31 October 2022 but has sufficiently explained the delay.</li> <li>• COVID-19 cannot be considered as a reason for the delay.</li> </ul>

<p><b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has increased the legally binding minimum down payment requirement. However, the addressee has not carried out proper assessment prior to such increase as requested paragraph 1 (b) of sub-recommendation B.</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee has increased the legally binding minimum down payment requirement. However, such measure is not in line with essential findings of the assessment carried out pursuant to paragraph 1 (b) of sub-recommendation B.</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat by 31 October 2022 but some essential information is missing</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat later than 31 October 2022 but delay does not prevent ESRB from finalizing its follow-up report.</li> </ul>
<p><b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has not increased the legally binding minimum down payment requirement. Addressee has carried out an assessment pursuant to paragraph 1 (b) of sub-recommendation B and such decision is not in line with outcome of assessment.</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee has increased the minimum down payment requirement. However, such increase is not at all in line with outcome of the assessment (e.g., assessment clearly indicates further increase of the minimum down payment requirement).</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<p>Addressee submits templates by 31 October 2022 to the ESRB Secretariat but most of the essential information is missing.</p>
<p><b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has not increased the legally binding minimum down payment requirement and has not carried out any assessment pursuant to paragraph 1 (b) of sub-recommendation B or its actions are not in line with the nature of the Recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; addressee does not provide any justification.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates by 31 October 2022 and does not provide any justification for inaction.</li> </ul>
<p><b>Inaction insufficiently explained (IE)</b> - No actions were taken and the addressee did not provide sufficient justification</p>	<ul style="list-style-type: none"> <li>• Addressee has not increased the legally binding minimum down payment requirement and has not carried out any assessment pursuant to paragraph 1 (b) of sub-recommendation B; addressee did not provide for any further justification for inaction.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee did not submit templates by 31 October 2022 and provided justification for inaction which, however, is inadequate.</li> </ul>
<p><b>Recommendation C</b></p>			
	<p>Policy review with the aim of curbing structural factors that drive vulnerability</p>	<p>Proportionality</p>	<p>Reporting of addressee</p>

<p><b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Denmark as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> <li>• Addressee has, when making policy changes, taken into account the position of Denmark in the economic and financial cycles, so that these measures do not amplify or trigger the materialisation of the accumulated vulnerabilities in the residential real estate sector in Denmark.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no evidence that the addressee acted in a disproportionate manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat by 31 October 2022 at the latest.</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B.</li> </ul>
<p><b>Largely compliant (LC)</b> - Actions taken largely implement the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has largely reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Denmark as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> <li>• Addressee has, when making policy changes, largely taken into account the position of Denmark in the economic and financial cycles, so that these measures do not amplify or trigger the materialisation of the accumulated vulnerabilities in the residential real estate sector in Denmark.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no clear evidence that the addressee acted in a disproportionate manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits templates as under "FC", only minor elements are missing.</li> </ul>
<p><b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification</p>	<ul style="list-style-type: none"> <li>• Addressee has sufficiently explained why he did not carry out a review of its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Denmark as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> </ul>	<p><b>[NB: unlikely that this grade would be applied]</b></p>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates later than 31 October 2022 but has sufficiently explained the delay.</li> <li>• COVID-19 cannot be considered as a reason for the delay.</li> </ul>
<p><b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has partially reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Denmark as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> <li>• Addressee has, when making policy changes, partially taken into account the position of Denmark in the economic and financial cycles, so that these measures do not amplify or trigger the materialisation of the accumulated vulnerabilities in the residential real estate sector in Denmark.</li> </ul>	<p><b>[NB: unlikely that this grade would be applied]</b></p>	<ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat by 31 October 2022 but some essential information is missing</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat later than 31 October 2022 but delay does not prevent ESRB from finalizing its follow-up report.</li> </ul>

<p><b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has somewhat reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Denmark as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> <li>• Addressee has, when making policy changes, not sufficiently taken into account the position of Denmark in the economic and financial cycles, so that these measures do not amplify or trigger the materialisation of the accumulated vulnerabilities in the residential real estate sector in Denmark.</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<p>Addressee submits templates by 31 October 2022 to the ESRB Secretariat but most of the essential information is missing.</p>
<p><b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has not reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Denmark as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; addressee does not provide any justification.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates by 31 October 2022 and does not provide any justification for inaction.</li> </ul>
<p><b>Inaction insufficiently explained (IE)</b> - No actions were taken and the addressee did not provide sufficient justification</p>	<ul style="list-style-type: none"> <li>• Addressee has insufficiently explained why it did not carry out a review of its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Denmark as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee did not submit templates by 31 October 2022 and provided justification for inaction which, however, is inadequate.</li> </ul>

Recommendation ESRB/2019/6 (LUXEMBOURG)

Recommendation B(1)			
	Activation or tightening of non-legally binding borrower-based measures	Proportionality	Reporting by 31 October 2022
<b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee has applied non-legally-binding borrower-based measures in order to prevent:               <ul style="list-style-type: none"> <li>(a) a significant/increasing share of borrowers taking out new mortgage loans who might not be able to service their debt or maintain consumption following adverse economic or financial conditions or adverse developments in the residential real estate market; or</li> <li>(b) a significant/increasing share of new mortgage loans, secured by residential real estate, that could result in credit losses on these loans in the event of their default and a subsequent decrease in house prices.</li> </ul> </li> <li>• Addressee has tightened or activated additional macroprudential measures; Addressee has clearly shown that he has taken into account the characteristics of the borrower-based measures already activated, the initial calibration of those measures and the results of the assessment of vulnerabilities.</li> <li>• Addressee ensured effectiveness of the measures in place and minimised any potential for their circumvention or for unintended consequences that could reduce their effectiveness and possibly create risks in other areas.</li> <li>• Addressee assessed the position of Luxembourg in the economic and financial cycles, in order to determine the appropriate calibration and phasing-in of such measures.</li> <li>• Further tightening or the activation of additional macroprudential measures depends on the choice of the income-related borrower-based measures activated, on the initial calibration of those activated measures and on the results of the assessment of vulnerabilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no evidence that the addressee acted in a disproportionate manner.</li> <li>• The addressee has carried out a complete assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates by 31 October 2022 to the ESRB Secretariat.</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B(1).</li> </ul>
<b>Largely compliant (LC)</b> - Actions taken largely implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee has applied non-legally binding limit that applies to the LTV, DTI and DSTI ratios and maturities.</li> <li>• Assessment carried out by addressee indicates further need of tightening the LTV, DTI and DSTI ratios and maturities; however,</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no clear evidence that the addressee acted in a disproportionate manner. •</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits templates as under "FC", only minor elements are missing.</li> </ul>



	actions taken do largely correspond with outcome of assessments.	The addressee has carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation, only minor elements are missing.	
<b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification	Addressee has not activated/tightened LTV, DTI, DSTI ratios and maturities. Assessments carried out by addressee clearly indicate that any activation/tightening of LTV, DTI, DSTI ratios and maturities would be disproportionate at this point in time.	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates later than 31 October 2022 but has sufficiently explained the delay.</li> <li>• COVID-19 cannot be considered as a reason for the delay.</li> </ul>
<b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has activated/tightened LTV, DTI, DSTI ratios and maturities. However, addressee has not carried out proper assessment prior to the actions.</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee has activated/tighten LTV, DTI, DSTI ratios and maturities. However, such measures are not in line with essential findings of the assessments (e.g., assessment shows evidence for further actions).</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat by 31 October 2022, but some essential information is missing.</li> </ul>
<b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has not activated/tightened LTV, DTI, DSTI ratios and maturities. Addressee has carried out an assessment prior to decide not to activate/tighten LTV, DTI, DSTI ratios and maturities, such decisions are not in line with outcome of assessment.</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee has activated/tighten LTV, DTI, DSTI ratios and maturities. However, such measures are not at all in line with outcome of the assessments (e.g. assessment clearly indicates further actions).</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits templates by 31 October 2022 to the ESRB Secretariat but most of the essential information is missing.</li> </ul>
<b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has not activated/tightened LTV, DTI, DSTI ratios and maturities and has not carried out any assessment or the assessment is not in line with the nature of the Recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; addressee does not provide any justification.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates by 31 October 2022 and does not provide any justification for inaction.</li> </ul>

		<ul style="list-style-type: none"> <li>• The addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken.</li> </ul>	
<p><b>Inaction insufficiently explained (IE) -</b> No actions were taken and the addressee did not provide sufficient justification</p>	<ul style="list-style-type: none"> <li>• Addressee has not activated/tightened LTV, DTI, DSTI ratios and maturities and has not carried out any assessment; addressee did not provide for any further justification for inaction.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate.</li> <li>• The addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken. The addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee did not submit templates by 31 October 2022 and provided justification for inaction which, however, is inadequate.</li> </ul>

## Recommendation B(2)

	Activation or tightening of legally binding borrower-based measures	Proportionality	Reporting by 31 October 2022
<b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation	<ul style="list-style-type: none"> <li>After the existing legal framework has been amended as referred to in Recommendation A, the Luxembourg national authorities entrusted with the application of borrower-based measures activate legally-binding borrower-based measures to further address the objectives set out in sub-recommendation B(1).</li> </ul>	<ul style="list-style-type: none"> <li>Addressee provides evidence that they have acted in a proportionate manner.</li> </ul>	<ul style="list-style-type: none"> <li>Addressee submits fully completed templates by 31 October 2022 to the ESRB Secretariat.</li> </ul>
	<ul style="list-style-type: none"> <li>Addressee ensured effectiveness of the measures in place and minimised any potential for their circumvention or for unintended consequences that could reduce their effectiveness and possibly create risks in other areas.</li> <li>Addressee assessed the position of Luxembourg in the economic and financial cycles, in order to determine the appropriate calibration and phasing-in of such measures.</li> <li>Further tightening or the activation of additional macroprudential measures depends on the choice of the income-related borrower-based measures activated, on the initial calibration of those activated measures and on the results of the assessment of vulnerabilities.</li> </ul>	<ul style="list-style-type: none"> <li>There is no evidence that the addressee acted in a disproportionate manner.</li> <li>The addressee has carried out a complete assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B(2).</li> </ul>
<b>Largely compliant (LC)</b> - Actions taken largely implement the recommendation	<ul style="list-style-type: none"> <li>Addressee has imposed the current legally binding limit that applies to the LTV, DTI and DSTI ratios and maturities.</li> <li>Assessment carried out by addressee indicates further need of tightening the LTV, DTI and DSTI ratios and maturities; however, actions taken do largely correspond with outcome of assessments.</li> </ul>	<ul style="list-style-type: none"> <li>Addressee provides evidence that they have acted in a proportionate manner.</li> <li>There is no clear evidence that the addressee acted in a disproportionate manner.</li> <li>The addressee has carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this</li> </ul>	<ul style="list-style-type: none"> <li>Addressee submits templates as under "FC", only minor elements are missing.</li> </ul>

		Recommendation, only minor elements are missing.	
<b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification	Addressee has not activated/tightened LTV, DTI, DSTI ratios and maturities. Assessments carried out by addressee clearly indicate that any activation/tightening of LTV, DTI, DSTI ratios and maturities would be disproportionate at this point in time.	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates later than 31 October 2022 but has sufficiently explained the delay.</li> <li>• COVID-19 cannot be considered as a reason for the delay.</li> </ul>
<b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has activated/tightened LTV, DTI, DSTI ratios and maturities. However, addressee has not carried out proper assessment prior to the actions</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee has activated/tighten LTV, DTI, DSTI ratios and maturities. However, such measures are not in line with essential findings of the assessments (e.g., assessment shows evidence for further actions).</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat by 31 October 2022, but some essential information is missing.</li> </ul>
<b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has not activated/tightened LTV, DTI, DSTI ratios and maturities. Addressee has carried out an assessment prior to decide not to activate/tighten LTV, DTI, DSTI ratios and maturities, such decisions are not in line with outcome of assessment.</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee has activated/tighten LTV, DTI, DSTI ratios and maturities. However, such measures are not at all in line with outcome of the assessments (e.g., assessment clearly indicates further actions).</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits templates by 31 October 2022 to the ESRB Secretariat but most of the essential information is missing.</li> </ul>
<b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has not activated/tightened LTV, DTI, DSTI ratios and maturities and has not carried out any assessment or the assessment is not in line with the nature of the Recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; addressee does not provide any justification.</li> <li>• The addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates by 31 October 2022 and does not provide any justification for inaction.</li> </ul>

		with the functioning of the actions undertaken.	
<b>Inaction insufficiently explained (IE) -</b> No actions were taken and the addressee did not provide sufficient justification	<ul style="list-style-type: none"> <li>• Addressee has not activated/tightened LTV, DTI, DSTI ratios and maturities and has not carried out any assessment; addressee did not provide for any further justification for inaction.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate.</li> <li>• The addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken. The addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee did not submit templates by 31 October 2022 and provided justification for inaction which, however, is inadequate.</li> </ul>

Recommendation C			
	Policy review with the aim of curbing structural factors that drive vulnerability	Proportionality	Reporting of addressee
<b>Fully compliant (FC) -</b> Actions taken fully implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee has reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Luxembourg as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> <li>• Addressee has, when making policy changes, taken into account the position of Luxembourg in the economic and financial cycles, so that these measures do not amplify or trigger the materialisation of the accumulated vulnerabilities in the residential real estate sector in Luxembourg.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no evidence that the addressee acted in a disproportionate manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat by 31 October 2022 at the latest.</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation C.</li> </ul>
<b>Largely compliant (LC) -</b> Actions taken largely	<ul style="list-style-type: none"> <li>• Addressee has largely reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Luxembourg as a source of systemic risk as they provide incentives for</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits templates as under "FC", only minor elements are missing.</li> </ul>

<p>implement the recommendation</p>	<p>households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</p> <ul style="list-style-type: none"> <li>• Addressee has, when making policy changes, largely taken into account the position of Luxembourg in the economic and financial cycles, so that these measures do not amplify or trigger the materialisation of the accumulated vulnerabilities in the residential real estate sector in Luxembourg.</li> </ul>	<ul style="list-style-type: none"> <li>• There is no clear evidence that the addressee acted in a disproportionate manner.</li> </ul>	
<p><b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification</p>	<ul style="list-style-type: none"> <li>• Addressee has sufficiently explained why he did not carry out a review of its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Luxembourg as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates later than 31 October 2022 but has sufficiently explained the delay.</li> <li>• COVID-19 cannot be considered as a reason for the delay.</li> </ul>
<p><b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has partially reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Luxembourg as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> <li>• Addressee has, when making policy changes, partially taken into account the position of Luxembourg in the economic and financial cycles, so that these measures do not amplify or trigger the materialisation of the accumulated vulnerabilities in the residential real estate sector in Luxembourg.</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat by 31 October 2022 but some essential information is missing</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat later than 31 October 2022 but delay does not prevent ESRB from finalizing its follow-up report.</li> </ul>
<p><b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has somewhat reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Luxembourg as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> <li>• Addressee has, when making policy changes, not sufficiently taken into account the position of Luxembourg in the economic and financial cycles, so that these measures do not amplify or trigger the materialisation of the accumulated vulnerabilities in the residential real estate sector in Luxembourg.</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<p>Addressee submits templates by 31 October 2022 to the ESRB Secretariat but most of the essential information is missing.</p>
<p><b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has not reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Luxembourg as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; addressee does not provide any justification.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates by 31 October 2022 and does not provide any justification for inaction.</li> </ul>

<p><b>Inaction insufficiently explained (IE) -</b> No actions were taken and the addressee did not provide sufficient justification</p>	<ul style="list-style-type: none"><li>• Addressee has insufficiently explained why it did not carry out a review of its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Luxembourg as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li></ul>	<ul style="list-style-type: none"><li>• There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate.</li></ul>	<ul style="list-style-type: none"><li>• Addressee did not submit templates by 31 October 2022 and provided justification for inaction which, however, is inadequate.</li></ul>
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## Recommendation ESRB/2019/7 (NETHERLANDS)

Recommendation B(1)			
	Tightening of borrower-based measures	Proportionality	Reporting of addressee
<b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee lowered the current legally binding limit that applies to the LTV ratio, thus ensuring that collateral for new mortgage loans is sufficient to cover credit losses corresponding to the potential decrease in house prices under adverse economic or financial conditions.</li> <li>• Addressee has assessed the position of the Netherlands in the economic and financial cycles in order to determine an appropriate calibration and phasing-in of such measures prior to lowering the existing limits that apply to the loan-to-value (LTV) ratio.</li> <li>• Lowering of LTV fully matches outcome of assessment carried out by addressee.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no evidence that the addressee acted in a disproportionate manner.</li> <li>• Addressee has carried out a complete assessment of the vulnerabilities related to pockets of overvaluation of house prices and the collateralisation of new and existing mortgage loans, including the distribution of new mortgage loans according to their LTV ratios, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board , together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat by 31 October 2022 at the latest.</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B(1).</li> </ul>
<b>Largely compliant (LC)</b> - Actions taken largely implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee has lowered the current legally binding limit that applies to the LTV ratio.</li> <li>• Assessment carried out by addressee indicates further need of lowering the LTV ratio; however, actions taken do largely correspond with outcome of assessments.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no clear evidence that the addressee acted in a disproportionate manner.</li> <li>• Addressee has carried out an assessment of the vulnerabilities related to pockets of overvaluation of house prices and the collateralisation of new and existing mortgage loans, including the distribution of new mortgage loans according to their LTV ratios, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board , together with the functioning of the actions undertaken. Systemic Risk Board , together with the functioning of the actions undertaken, having regard to</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits templates as under "FC", only minor elements are missing.</li> </ul>



		the objectives of this Recommendation, only minor elements are missing.	
<b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification	<ul style="list-style-type: none"> <li>• Addressee has not lowered LTV ratio. Assessments carried out by addressee clearly indicate that any lowering of LTV ratio would be disproportionate at this point in time.</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates later than 31 October 2022 but has sufficiently explained the delay</li> <li>• COVID-19 is not a reason for the delay</li> </ul>
<b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has lowered LTV ratio. However, addressee has not carried out proper assessment prior to lowering of LTV ratio</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee has lowered LTV ratio. However, such measure is not in line with essential findings of the assessments (e.g., assessment shows evidence for further lowering of LTV ratio).</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat by 31 October 2022 but some essential information is missing</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat later than 31 October 2022 but delay does not prevent ESRB from finalizing its follow-up report</li> </ul>
<b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has not lowered LTV ratio. Addressee has carried out an assessment prior to decide not to lower LTV ratio, such decision is not in line with outcome of assessment</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee has lowered LTV ratio. However, such measure is not at all in line with outcome of the assessments (e.g. assessment clearly indicates further lowering of LTV ratio).</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits templates by 31 October 2022 to the ESRB Secretariat but most of the essential information is missing.</li> </ul>
<b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has not lowered LTV ratio and has not carried out any assessment or its actions are not in line with the nature of the Recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; addressee does not provide any justification.</li> <li>• Addressee has not carried out an assessment of the vulnerabilities related to pockets of overvaluation of house prices and the collateralisation of new and existing mortgage loans, including the distribution of new mortgage loans according to their LTV ratios, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates by 31 October 2022 and does not provide any justification for inaction</li> </ul>

<p><b>Inaction insufficiently explained (IE)</b> - No actions were taken and the addressee did not provide sufficient justification</p>	<ul style="list-style-type: none"> <li>• Addressee has not lowered LTV ratio and has not carried out any assessment; addressee did not provide a justification for inaction or given justification was inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate.</li> <li>• Addressee has not carried out an assessment of the vulnerabilities related to pockets of overvaluation of house prices and the collateralisation of new and existing mortgage loans, including the distribution of new mortgage loans according to their LTV ratios, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board , together with the functioning of the actions undertaken. The addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee did not submit templates by 31 October 2022 and provided justification for inaction which, however, is inadequate.</li> </ul>
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Recommendation C			
	Activation of capital-based measures	Proportionality	Reporting of addressee
<p><b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has activated capital-based measures.</li> <li>• The measures taken by national authorities ensure the resilience of credit institutions authorised in the Netherlands in the face of the potential materialisation of systemic risk related to residential real estate which could lead to direct and indirect credit losses stemming from mortgage loans or arising as a consequence of the decrease in consumption by households with housing loans.</li> <li>• Addressee took into account the position of the Netherlands in the economic and financial cycles while calibrating and phasing-in such measures.</li> <li>• In case the adopted capital-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in the Netherlands, the relevant decision took into account the characteristics of the capital-based measures already activated, the initial calibration of</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no evidence that the addressee acted in a disproportionate manner.</li> <li>• Addressee has carried out a complete assessment of the vulnerabilities related to pockets of overvaluation of house prices and the collateralisation of new and existing mortgage loans, including the distribution of new mortgage loans according to their LTV ratios, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board , together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat by 31 October 2022 at the latest.</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation C.</li> </ul>

	those measures and the results of the assessment of vulnerabilities.		
<b>Largely compliant (LC)</b> - Actions taken largely implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee has activated capital-based measures. Such measures largely correspond with outcome of assessments carried out by addressee prior to deciding on an activation of capital-based measures.</li> <li>• In case the adopted capital-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in the Netherlands, the relevant decision took to a large extent into account the characteristics of the capital-based measures already activated, the initial calibration of those measures and the results of the assessment of vulnerabilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no clear evidence that the addressee acted in a disproportionate manner.</li> <li>• Addressee has carried out an assessment of the vulnerabilities related to pockets of overvaluation of house prices and the collateralisation of new and existing mortgage loans, including the distribution of new mortgage loans according to their LTV ratios, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation, only minor elements are missing.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits templates as under "FC", only minor elements are missing.</li> </ul>
<b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification	<ul style="list-style-type: none"> <li>• Addressee has not activated capital-based measures nor further tightened existing or activated additional macroprudential measures. Assessments carried out by addressees clearly indicate that activating capital-based measures, further tightening of existing or activating additional macroprudential measures would be disproportionate at this point in time.</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates later than 31 October 2022 but has sufficiently explained the delay.</li> <li>• COVID-19 is not a reason for the delay.</li> </ul>
<b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has activated capital-based measures. However, addressee has not carried out proper assessment prior to activating capital-based measures or the outcome of such assessment was not taken into account.</li> </ul> <p><b>Or</b></p> <ul style="list-style-type: none"> <li>• In case the adopted capital-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in the Netherlands, the relevant decision took not into account the characteristics of the capital-based measures already activated, the initial calibration of those measures and the</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat by 31 October 2022 but some essential information is missing.</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat later than 31 October 2022 but delay does not prevent ESRB from finalizing its follow-up report.</li> </ul>

	results of the assessment of vulnerabilities.		
<b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has carried out assessments, but not yet activated nor tightened any capital-based measures; decisions to activate/tighten measures are still pending.</li> <li>• Addressee identified further vulnerabilities in the Netherlands, but a final decision has not yet been made as to whether measures should be taken.</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits templates by 31 October 2022 to the ESRB Secretariat but most of the essential information is missing.</li> </ul>
<b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has not activated nor tightened any capital-based measures and has not carried out any assessment.</li> <li>• Addressee identified further vulnerabilities in the Netherlands but does not intend to take any further measures or actions are not in line with the nature of the Recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; addressee does not provide any justification.</li> <li>• Addressee has not carried out an assessment of the vulnerabilities related to pockets of overvaluation of house prices and the collateralisation of new and existing mortgage loans, including the distribution of new mortgage loans according to their LTV ratios, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board , together with the functioning of the actions undertaken.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates by 31 October 2022 and does not provide any justification for inaction.</li> </ul>
<b>Inaction insufficiently explained (IE)</b> - No actions were taken, and the addressee did not provide sufficient justification	<ul style="list-style-type: none"> <li>• Addressee has not activated nor tightened any capital-based measures and has not carried out any assessment; addressee did not provide a justification for inaction or given justification was inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate.</li> <li>• Addressee has not carried out an assessment of the vulnerabilities related to pockets of overvaluation of house prices and the collateralisation of new and existing mortgage loans, including the distribution of new mortgage loans according to their LTV ratios, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board , together with the functioning of the actions undertaken. The addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee did not submit templates by 31 October 2022 and provided justification for inaction which, however, is inadequate.</li> </ul>

## Recommendation D

	Policy review with the aim of curbing structural factors that drive vulnerability	Proportionality	Reporting of addressee
<b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee has reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Denmark as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> <li>• Addressee has, when making policy changes, taken into account the position of Denmark in the economic and financial cycles, so that these measures do not amplify or trigger the materialisation of the accumulated vulnerabilities in the residential real estate sector in Denmark.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no evidence that the addressee acted in a disproportionate manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat by 31 October 2022 at the latest.</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B.</li> </ul>
<b>Largely compliant (LC)</b> - Actions taken largely implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee has largely reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Denmark as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> <li>• Addressee has, when making policy changes, largely taken into account the position of Denmark in the economic and financial cycles, so that these measures do not amplify or trigger the materialisation of the accumulated vulnerabilities in the residential real estate sector in Denmark.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no clear evidence that the addressee acted in a disproportionate manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits templates as under "FC", only minor elements are missing.</li> </ul>
<b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification	<ul style="list-style-type: none"> <li>• Addressee has sufficiently explained why he did not carry out a review of its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Denmark as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates later than 31 October 2022 but has sufficiently explained the delay.</li> <li>• COVID-19 cannot be considered as a reason for the delay.</li> </ul>
<b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has partially reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Denmark as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat by 31 October 2022 but some essential information is missing</li> </ul> <p style="text-align: center;">Or</p>

	<p>cause excessive growth in house prices and mortgage debt</p> <ul style="list-style-type: none"> <li>• Addressee has, when making policy changes, partially taken into account the position of Denmark in the economic and financial cycles, so that these measures do not amplify or trigger the materialisation of the accumulated vulnerabilities in the residential real estate sector in Denmark.</li> </ul>		<ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat later than 31 October 2022 but delay does not prevent ESRB from finalizing its follow-up report.</li> </ul>
<p><b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has somewhat reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Denmark as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> <li>• Addressee has, when making policy changes, not sufficiently taken into account the position of Denmark in the economic and financial cycles, so that these measures do not amplify or trigger the materialisation of the accumulated vulnerabilities in the residential real estate sector in Denmark.</li> </ul>	<p><b>[NB: unlikely that this grade would be applied]</b></p>	<p>Addressee submits templates by 31 October 2022 to the ESRB Secretariat but most of the essential information is missing.</p>
<p><b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has not reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Denmark as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; addressee does not provide any justification.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates by 31 October 2022 and does not provide any justification for inaction.</li> </ul>
<p><b>Inaction insufficiently explained (IE)</b> - No actions were taken and the addressee did not provide sufficient justification</p>	<ul style="list-style-type: none"> <li>• Addressee has insufficiently explained why it did not carry out a review of its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Denmark as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee did not submit templates by 31 October 2022 and provided justification for inaction which, however, is inadequate.</li> </ul>

## Recommendation ESRB/2019/8 (FINLAND)

Recommendation B(1)			
	Application of non-legally binding borrower-based measures	Proportionality	Reporting of addressee
<b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee has applied non-legally binding borrower-based measures in order to prevent a significant or an increasing share of borrowers taking out new mortgage loans who might not be able to service their debt or maintain consumption following adverse economic or financial conditions or adverse developments in the residential real estate market</li> <li>• Addressee ensured effectiveness of the measures in place and minimised a potential for their circumvention or for unintended consequences that could reduce their effectiveness and possibly create risks in other areas</li> <li>• Addressee assessed the position of Finland in the economic and financial cycles, in order to determine the appropriate calibration and phasing-in of such measures prior to activating income-related borrower-based measures</li> <li>• Addressee has taken into account all loans which are to be serviced by households from their income, regardless of the form of the loans (i.e., treating loans to housing companies as household debt) when activating or calibrating income-related borrower-based measures</li> <li>• Addressee has taken into account the characteristics of the borrower-based measures already activated, the initial calibration of those measures and the results of the assessment of vulnerabilities when tightening existing macroprudential measures or when activating additional macroprudential measures</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner</li> <li>• There is no evidence that the addressee acted in a disproportionate manner</li> <li>• The addressee has carried out a complete assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation</li> <li>• Addressee ensured effectiveness of the measures in place and minimised any potential for their circumvention or for unintended consequences that could reduce their effectiveness and possibly create risks in other areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat by 31 October 2022 at the latest</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B(1)</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B(1)</li> </ul>
<b>Largely compliant (LC)</b> - Actions taken largely implement the recommendation	<p>Assessment carried out by addressee indicates further need of activating or tightening other borrower-based measures; however, actions taken do largely correspond with outcome of assessments.</p>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner</li> <li>• There is no clear evidence that</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits templates as under "FC", only minor elements are missing</li> </ul>

	<p>or</p> <p>Addressee considers the application of non-legally binding borrower-based measures. Such measures have not been activated yet but in final stages of approval. All necessary assessments have been carried out.</p>	<p>the addressee acted in a disproportionate manner</p> <ul style="list-style-type: none"> <li>The addressee has carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation, only minor elements are missing.</li> </ul>	
<p><b>Sufficiently explained (SE) -</b> No actions were taken but the addressee provided sufficient justification</p>	<ul style="list-style-type: none"> <li>Addressee has not yet activated non-legally binding borrower-based measures but has shown clear evidence that such measures were not necessary to prevent a significant or an increasing share of borrowers taking out new mortgage loans who might not be able to service their debt or maintain consumption following adverse economic or financial conditions or adverse developments in the residential real estate market.</li> <li>Assessments carried out by addressee clearly indicate that any activation or tightening of BBM measures would be disproportionate at this point in time.</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> <li>Addressee submits fully completed templates later than 31 October 2022 but has sufficiently explained the delay</li> <li>COVID-19 cannot be considered as a reason for the delay.</li> </ul>
<p><b>Partially compliant (PC) -</b> Actions taken only implement part of the recommendation</p>	<ul style="list-style-type: none"> <li>The necessary assessments have been carried out indicating need for non-legally binding borrower-based measures. However, such measures have not been implemented yet.</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>Addressee has activated new measures or tightened existing measures. However, addressee has not carried out proper assessment prior to such activation or tightening</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>Assessment carried out by addressee indicates further need of activating or tightening other borrower-based measures; certain deficiencies affect the adequacy of the implementation, without resulting in a situation where the</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> <li>Addressee submits templates to the ESRB Secretariat by 31 October 2022 at the latest but some essential information is missing</li> </ul>



	given recommendation has not been acted upon.		
<b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation	<ul style="list-style-type: none"> <li>Some of the assessments have been carried out. Non-legally binding borrower-based measures have not been activated yet, procedure for activation has not been initiated.</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>Addressee submits templates to the ESRB Secretariat by 31 October 2022 but most of the essential information is missing.</li> </ul>
<b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation	<ul style="list-style-type: none"> <li>Absence of any measures by national supervisory authorities to implement the sub-recommendation or the measures do not address the content of the sub-recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>There is evidence that the addressee acted disproportionately; addressee does not provide any justification.</li> <li>The addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken.</li> </ul>	<ul style="list-style-type: none"> <li>Addressee did not submit templates to the ESRB Secretariat by 31 October 2022 and does not provide any justification for inaction.</li> </ul>
<b>Inaction insufficiently explained (IE)</b> - No actions were taken and the addressee did not provide sufficient justification	<ul style="list-style-type: none"> <li>Absence of any measures by national supervisory authorities to implement the sub-recommendation or the measures do not address the content of the sub-recommendation. Addressee provides justification which, however, is inadequate</li> </ul>	<ul style="list-style-type: none"> <li>There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate.</li> <li>The addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken. The addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>Addressee did not submit templates to the ESRB Secretariat by 31 October 2022 and provided justification for inaction which, however, is inadequate.</li> </ul>

## Recommendation B(2)

	Activation or calibration of legally binding income-related borrower-based measures	Proportionality	Reporting of addressee
<p><b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation</p>	<ul style="list-style-type: none"> <li>• After the existing legal framework has been amended as referred to in Recommendation A, the Finnish national authorities entrusted with the activation or calibration of income-related borrower-based measures activate or calibrate, respectively, legally binding income-related borrower-based measures to further address the objectives set out in sub-recommendation B(1)</li> <li>• Such activation or calibration of legally binding borrower-based measures is necessary to further prevent a significant or an increasing share of borrowers taking out new mortgage loans who might not be able to service their debt or maintain consumption following adverse economic or financial conditions or adverse developments in the residential real estate market.</li> <li>• After the activation of the income-related borrower-based measures, their further tightening or the activation of additional macroprudential measures may be needed to address the vulnerabilities identified in Finland; this will depend on the choice of the income-related borrower-based measures activated, on the initial calibration of those activated measures and on the results of the assessment of vulnerabilities.</li> <li>• Addressee assessed the position of Finland in the economic and financial cycles, in order to determine the appropriate calibration and phasing-in of legally binding income-related borrower-based measures prior to activating such measures.</li> <li>• Addressee has taken into account all loans which are to be serviced by households from their income, regardless of the form of the loans (i.e., treating loans to housing companies as household debt) when activating or calibrating income-related borrower-based measures.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner</li> <li>• here is no evidence that the addressee acted in a disproportionate manner</li> <li>• The addressee has carried out a complete assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation.</li> <li>• Addressee ensured effectiveness of the measures in place and minimised any potential for their circumvention or for unintended consequences that could reduce their effectiveness and possibly create risks in other areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat by 31 October 2022 at the latest</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B(2)</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B(1)</li> </ul>
<p><b>Largely compliant (LC)</b> -</p>	<ul style="list-style-type: none"> <li>• Addressee has activated legally binding income-related borrower-</li> </ul>		<ul style="list-style-type: none"> <li>• Addressee submits completed templates to the ESRB Secretariat by</li> </ul>

<p>Actions taken largely implement the recommendation</p>	<p>based measures. Such measures largely correspond with outcome of assessments carried out by addressee prior to deciding on an activation of legally binding borrower-based measures.</p> <ul style="list-style-type: none"> <li>In case the adopted legally binding income-related borrower-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Finland, the relevant decision took into account the results of the assessment of vulnerabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Addressee provides evidence that they have acted in a proportionate manner</li> <li>There is no clear evidence that the addressee acted in a disproportionate manner</li> <li>The addressee has carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation, only minor elements are missing.</li> </ul>	<p>31 October 2022, but some non-essential information is missing</p>
<p><b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification</p>	<ul style="list-style-type: none"> <li>Addressee has not yet activated legally binding borrower-based measures but has shown clear evidence that such measures were not necessary to prevent a significant or an increasing share of borrowers taking out new mortgage loans who might not be able to service their debt or maintain consumption following adverse economic or financial conditions or adverse developments in the residential real estate market.</li> <li>Assessments carried out by addressee clearly indicate that any activation or tightening of BBM measures would be disproportionate at this point in time.</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> <li>Addressee submits fully completed templates later than 31 October 2022 but has sufficiently explained the delay.</li> <li>COVID-19 cannot be considered as a reason for the delay.</li> </ul>
<p><b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation</p>	<ul style="list-style-type: none"> <li>Addressee has activated borrower-based measures. However, addressee has not carried out assessment as set out in recommendation prior to activating borrower-based measures or the outcome of such assessment was not taken into account.</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>In case the adopted capital-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Finland the relevant decision took</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> <li>Addressee submits templates to the ESRB Secretariat by 31 October 2022, but some essential information is missing.</li> </ul>

	not into account the results of the assessment of vulnerabilities.		
<b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation	Addressee has identified further vulnerabilities but has not yet activated any further measures or tightened existing measures. Final decisions are, however, still pending	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>Addressee submits templates to the ESRB Secretariat by 31 October 2022 but most of the essential information is missing.</li> </ul>
<b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation	Addressee has identified further vulnerabilities but has decided to not activate any further measures or to tighten existing measures, or: its actions are not in line with the nature of the Recommendation.	<ul style="list-style-type: none"> <li>There is evidence that the addressee acted disproportionately; addressee does not provide any justification</li> <li>The addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken.</li> </ul>	<ul style="list-style-type: none"> <li>Addressee did not submit templates to the ESRB Secretariat by 31 October 2022 and does not provide any justification for inaction.</li> </ul>
<b>Inaction insufficiently explained (IE)</b> - No actions were taken and the addressee did not provide sufficient justification	<ul style="list-style-type: none"> <li>Absence of any measures by national supervisory authorities to implement the sub-recommendation or the measures do not address the content of the sub-recommendation. Addressee provides justification which, however, is inadequate</li> </ul>	<ul style="list-style-type: none"> <li>There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate.</li> <li>The addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken. The addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>Addressee did not submit templates to the ESRB Secretariat by 31 October 2022 and provided justification for inaction which, however, is inadequate.</li> </ul>

## Recommendation ESRB/2019/9 (SWEDEN)

Recommendation A			
	Policy review with the aim of curbing structural factors that drive vulnerability	Proportionality	Reporting of addressee
<b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee has reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Sweden as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt.</li> <li>• Addressee has, when making policy changes, taken into account the position of Sweden in the economic and financial cycles, so that these measures do not amplify or trigger the materialisation of the accumulated vulnerabilities in the residential real estate sector in Sweden.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no evidence that the addressee acted in a disproportionate manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat by 31 October 2022 at the latest.</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation A.</li> </ul>
<b>Largely compliant (LC)</b> - Actions taken implement almost all of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has largely reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Sweden as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt.</li> <li>• Addressee has, when making policy changes, largely taken into account the position of Sweden in the economic and financial cycles, so that these measures do not amplify or trigger the materialisation of the accumulated vulnerabilities in the residential real estate sector in Sweden.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no clear evidence that the addressee acted in a disproportionate manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits templates as under "FC", only minor elements are missing.</li> </ul>
<b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification	<ul style="list-style-type: none"> <li>• Addressee has sufficiently explained why it did not carry out a review of its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Sweden as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt.</li> </ul>	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates later than 31 October 2022 but has sufficiently explained the delay.</li> <li>• COVID-19 cannot be considered as a reason for the delay.</li> </ul>

<p><b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has partially reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Sweden as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt.</li> <li>• Addressee has, when making policy changes, partially taken into account the position of Sweden in the economic and financial cycles, so that these measures do not amplify or trigger the materialisation of the accumulated vulnerabilities in the residential real estate sector in Sweden.</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat by 31 October 2022 but some essential information is missing.</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>• Addressee submits templates to ESRB Secretariat later than 31 October 2022 but delay does not prevent ESRB from finalizing its follow-up report.</li> </ul>
<p><b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has somewhat reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Sweden as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt.</li> <li>• Addressee has, when making policy changes, not sufficiently taken into account the position of Sweden in the economic and financial cycles, so that these measures do not amplify or trigger the materialisation of the accumulated vulnerabilities in the residential real estate sector in Sweden.</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> <li>• Addressee submits templates by 31 October 2022 to the ESRB Secretariat but most of the essential information is missing.</li> </ul>
<p><b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has not reviewed its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Sweden as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; addressee does not provide any justification.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates by 31 October 2022 and does not provide any justification for inaction.</li> </ul>

<p><b>Inaction insufficiently explained (IE)</b> - No actions were taken and the addressee did not provide sufficient justification</p>	<ul style="list-style-type: none"> <li>• Addressee has insufficiently explained why it did not carry out a review of its policies with the aim of curbing the structural factors that have driven the vulnerabilities identified in Sweden as a source of systemic risk as they provide incentives for households to take on excessive mortgage debt, or cause excessive growth in house prices and mortgage debt.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates to the ESRB Secretariat by 31 October 2022 and provides justification for inaction which, however, is inadequate.</li> </ul>
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<b>Recommendation B(1)</b>			
	Monitoring of the RRE risk framework	Proportionality	Reporting of addressee
<p><b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee ensures that closely monitors vulnerabilities related to household indebtedness and overvaluation of house prices over the medium term, including, inter alia, by: a) assessing – using loan-level data for new mortgage loans – the ability of borrowers taking out new housing loans to withstand adverse economic or financial conditions or adverse developments in the residential real estate market; and b) assessing potential credit losses on existing mortgage portfolios, as well as potential second-round effects on financial stability in the event of adverse economic or financial developments.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no evidence that the addressee acted in a disproportionate manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat by 31 October 2022 at the latest.</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B(1).</li> </ul>
<p><b>Largely compliant (LC)</b> - Actions taken implement almost all of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee ensures that closely monitors RRE vulnerabilities with only minor/non-essential deviations or addressee clarifies whether it is planned to establish a monitoring framework.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no clear evidence that the addressee acted in a disproportionate manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits completed templates to the ESRB Secretariat by 31 October 2022 but some non-essential information is missing.</li> </ul>
<p><b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification</p>	<ul style="list-style-type: none"> <li>• Addressee has not yet established an RRE monitoring framework.</li> </ul>	<p><b>[NB: unlikely that this grade would be applied]</b></p>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates later than 31 October 2022 but has sufficiently explained the delay.</li> <li>• COVID-19 cannot be considered as a reason for the delay.</li> </ul>
<p><b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation</p>	<p>[NB: unlikely that this grade would be applied]</p>	<p><b>[NB: unlikely that this grade would be applied]</b></p>	<ul style="list-style-type: none"> <li>• Addressee submits templates to the ESRB Secretariat by 31 October 2022, but some essential information is missing.</li> </ul>

<b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation	[NB: unlikely that this grade would be applied]	<b>[NB: unlikely that this grade would be applied]</b>	<ul style="list-style-type: none"> <li>• Addressee submits templates to the ESRB Secretariat by 31 October 2022 but most of the essential information is missing.</li> </ul>
<b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation	<ul style="list-style-type: none"> <li>• Addressee did not establish an RRE monitoring framework; addressee did not provide timeline for planned establishment of the monitoring framework; addressee does not provide for any further justification for inaction.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; addressee does not provide any justification.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates to the ESRB Secretariat by 31 October 2022 and does not provide any justification for inaction.</li> </ul>
<b>Inaction insufficiently explained (IE)</b> - No actions were taken and the addressee did not provide sufficient justification	<ul style="list-style-type: none"> <li>• Addressee did not establish an RRE monitoring framework; addressee did not provide timeline for planned establishment of the monitoring framework; addressee provides justification for inaction which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates to the ESRB Secretariat by 31 October 2022 and provides justification for inaction which, however, is inadequate.</li> </ul>

<b>Recommendation B(2)</b>			
	Tightening of existing borrower-based measures or activation of others	Proportionality	Reporting of addressee
<b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee has tightened existing borrower-based measures, or activated others, if the results of the monitoring carried out pursuant to point (a) of sub-Recommendation B(1) provide evidence that a significant or an increasing share of borrowers taking out new housing loans might not be able to service their debt following an adverse economic or financial development.</li> <li>• Addressee has carried out an assessment of the position of Sweden in the economic and financial cycle, prior to activating other, or tightening existing, macroprudential measures.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no evidence that the addressee acted in a disproportionate manner.</li> <li>• Addressee has carried out a complete assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat by 31 October 2022 at the latest.</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B(2).</li> </ul>



<p><b>Largely compliant (LC)</b> - Actions taken implement almost all of the recommendation</p>	<ul style="list-style-type: none"> <li>Assessment carried out by addressee indicates further need of activating or tightening other borrower-based measures; however, actions taken do largely correspond with the outcome of assessments.</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>Addressee considers the application of borrower-based measures. Such measures have not been activated yet but in final stages of approval. All necessary assessments have been carried out.</li> </ul>	<ul style="list-style-type: none"> <li>Addressee provides evidence that they have acted in a proportionate manner.</li> <li>There is no clear evidence that the addressee acted in a disproportionate manner.</li> <li>Addressee has carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation, only minor elements are missing.</li> </ul>	<ul style="list-style-type: none"> <li>Addressee submits completed templates to ESRB Secretariat by 31 October 2022, but some non-essential information is missing.</li> </ul>
<p><b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification</p>	<ul style="list-style-type: none"> <li>Addressee has not yet activated borrower-based measures but has shown clear evidence that such measures were not necessary to prevent a significant or an increasing share of borrowers taking out new mortgage loans who might not be able to service their debt or maintain consumption following adverse economic or financial conditions or adverse developments in the residential real estate market</li> <li>Assessments carried out by addressee clearly indicate that any activation or tightening of BBM measures would be disproportionate at this point in time.</li> </ul>	<p><b>[NB: unlikely that this grade would be applied]</b></p>	<ul style="list-style-type: none"> <li>Addressee submits fully completed templates later than 31 October 2022 but has sufficiently explained the delay</li> <li>COVID-19 cannot be considered as a reason for the delay.</li> </ul>

<p><b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation</p>	<ul style="list-style-type: none"> <li>Necessary assessments have been carried out indicating need for borrower-based measures. However, such measures have not been implemented yet</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>Addressee has activated new measures or tightened existing measures. However, addressee has not carried out proper assessment prior to such activation or tightening.</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> <li>Addressee submits templates to the ESRB Secretariat by 31 October 2022 at the latest but some essential information is missing</li> </ul>
<p><b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation</p>	<ul style="list-style-type: none"> <li>Some of the assessments have been carried out. Borrower-based measures have not been activated yet, procedure for activation has not been initiated.</li> </ul>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> <li>Addressee submits templates to the ESRB Secretariat by 31 October 2022 but most of the essential information is missing.</li> </ul>
<p><b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation</p>	<ul style="list-style-type: none"> <li>Absence of any measures by national supervisory authorities to implement the sub-recommendation or the measures do not address the content of the sub-recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>There is evidence that the addressee acted disproportionately; addressee does not provide any justification</li> <li>Addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken.</li> </ul>	<ul style="list-style-type: none"> <li>Addressee does not submit templates to the ESRB Secretariat by 31 October 2022 and does not provide any justification for inaction.</li> </ul>

<p><b>Inaction insufficiently explained (IE)</b> - No actions were taken and the addressee did not provide sufficient justification</p>	<ul style="list-style-type: none"> <li>• Absence of any measures by national supervisory authorities to implement the sub-recommendation or the measures do not address the content of the sub-recommendation. Addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate</li> <li>• Addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken. The addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates to the ESRB Secretariat by 31 October 2022 and provides justification for inaction which, however, is inadequate.</li> </ul>
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Recommendation B(3)			
	Activation or tightening of capital based measures	Proportionality	Reporting of addressee
<b>Fully compliant (FC)</b> - Actions taken fully implement the recommendation	<ul style="list-style-type: none"> <li>• Addressee has tightened existing, or introduced other, capital-based measures in order to ensure sufficient capital for mortgage loans granted by credit institutions authorised in Sweden, if the results of the monitoring carried out pursuant to point (b) of sub-Recommendation B(1) provide evidence that potential credit losses on existing mortgage loans in the event of adverse economic or financial conditions or adverse developments in the residential real estate market, as well as credit losses on other loans as a consequence of the decrease in consumption by households with housing loans, have increased due to cyclical, economic and financial factors.</li> <li>• Addressee has carried out an assessment of the position of Sweden in the economic and financial cycle, prior to activating, or tightening existing, macroprudential measures.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner</li> <li>• There is no evidence that the addressee acted in a disproportionate manner</li> <li>• Addressee has carried out a complete assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this Recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat by 31 October 2022 at the latest.</li> <li>• Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B(3).</li> </ul>
<b>Largely compliant (LC)</b> - Actions taken implement almost all of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has activated borrower-based measures. Such measures largely correspond with the outcome of assessments carried out by addressee prior to deciding on an activation of capital-based measures.</li> <li>• In case the adopted borrower-based measures were further tightened, or additional capital-based measures were needed to address the vulnerabilities identified in Sweden, the relevant decision took into account the results of the assessment of vulnerabilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee provides evidence that they have acted in a proportionate manner.</li> <li>• There is no clear evidence that the addressee acted in a disproportionate manner.</li> <li>• Addressee has carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee submits completed templates to the ESRB Secretariat by 31 October 2022, but some non-essential information is missing.</li> </ul>

		functioning of the actions undertaken, having regard to the objectives of this Recommendation, only minor elements are missing.	
<b>Sufficiently explained (SE)</b> - No actions were taken but the addressee provided sufficient justification	<ul style="list-style-type: none"> <li>• Addressee has not yet activated borrower-based measures but has shown clear evidence that such measures were not necessary to prevent a significant or an increasing share of borrowers taking out new mortgage loans who might not be able to service their debt or maintain consumption following adverse economic or financial conditions or adverse developments in the residential real estate market.</li> <li>• Assessments carried out by addressee clearly indicate that any activation or tightening of capital-based measures would be disproportionate at this point in time.</li> </ul>	[NB: unlikely that this grade would be applied]	<ul style="list-style-type: none"> <li>• Addressee submits fully completed templates to the ESRB Secretariat later than 31 October 2022 but has sufficiently explained the delay</li> <li>• COVID-19 cannot be considered as a reason for the delay.</li> </ul>
<b>Partially compliant (PC)</b> - Actions taken only implement part of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has activated borrower-based measures. However, addressee has not carried out assessment as set out in recommendation prior to activating capital-based measures or the outcome of such assessment was not taken into account.</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>• In case the adopted borrower-based measures were further tightened, or additional capital-based measures were needed to address the vulnerabilities identified in Sweden the relevant decision did not take into account the results of the assessment of vulnerabilities.</li> </ul>	[NB: unlikely that this grade would be applied]	<ul style="list-style-type: none"> <li>• Addressee submits templates to the ESRB Secretariat by the 31 October 2022 but some essential information is missing.</li> </ul>
<b>Materially non-compliant (MN)</b> - Actions taken only implement a small part of the recommendation	<ul style="list-style-type: none"> <li>• Addressee has identified further vulnerabilities but has not yet activated any further measures or tightened existing measures. Final decisions are, however, still pending.</li> </ul>	[NB: unlikely that this grade would be applied]	<ul style="list-style-type: none"> <li>• Addressee submits templates to the ESRB Secretariat by the 31 October 2022 to the ESRB Secretariat but most of the essential information is missing.</li> </ul>

<p><b>Non-compliant (NC)</b> - Actions taken are not in line with the nature of the recommendation</p>	<ul style="list-style-type: none"> <li>• Addressee has identified further vulnerabilities but has decided to not activate any further measures or to tighten existing measures. Addressee actions are not in line with the nature of the Recommendation.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; addressee does not provide any justification.</li> <li>• Addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates to the ESRB Secretariat by 31 October 2022 and does not provide any justification for inaction.</li> </ul>
<p><b>Inaction insufficiently explained (IE)</b> - No actions were taken and the addressee did not provide sufficient justification</p>	<ul style="list-style-type: none"> <li>• Addressee has identified further vulnerabilities but has decided to not activate any further measures or to tighten existing measures and provided justification for inaction which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• There is evidence that the addressee acted disproportionately; the addressee provides justification which, however, is inadequate</li> <li>• Addressee has not carried out an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, and maturities, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken. The addressee provides justification which, however, is inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>• Addressee does not submit templates to the ESRB Secretariat by 31 October 2020 and provides justification for inaction which, however, is inadequate.</li> </ul>