

Rome, 20 December 2018

Decision not to reciprocate a macroprudential measure applied by Belgium concerning banks' exposures to its real estate market, pursuant to Recommendation ESRB/2018/5 of the European Systemic Risk Board (ESRB)

Recommendation ESRB/2018/5 of the European Systemic Risk Board (ESRB) recommends the authorities of the Member States of the European Union to reciprocate a macroprudential measure adopted by the National Bank of Belgium on 30 April 2018. The objective of the measure is to reduce the risks related to retail exposures secured by residential immovable property located in Belgium, and calls for the imposition of a risk-weight add-on on such exposures for banks using the Internal Ratings Based (IRB) approach. The add-on is composed of: a) a flat risk-weight add-on of 5 percentage points; and b) a further proportionate increase of 33 per cent.

The Recommendation asks the national authorities to reciprocate the Belgian measure by applying a similar add-on to Belgian mortgage loans issued by IRB credit institutions established in their respective jurisdictions. The Recommendation allows national authorities to exempt banks whose exposures are less than €2 billion and not to reciprocate the measure if all banks have exposures below that threshold.

Italian banks have no branches in Belgium and their cross-border exposures to households resident in Belgium are negligible. Therefore, the Bank of Italy has decided not to reciprocate the Belgian measure; however, it will continue to carry out periodic reviews on the exposures of Italian banks to Belgium and will change its decision if circumstances so require.