

Rome, 28 June 2016

**Identification by Italy of 'material third countries' pursuant to  
Recommendation ESRB/2015/1 of the European Systemic Risk Board (ESRB)**

In December 2015 the European Systemic Risk Board (ESRB) adopted Recommendation ESRB/2015/1 to standardize decisions by individual Member States on the countercyclical capital buffer (CCyB) to be applied to exposures to non-EU countries ('third countries'). The Recommendation provides that the designated national authorities identify annually the third countries to which their domestic banking sectors are materially exposed and monitor the risks stemming from excessive credit growth towards these countries.

To this end the Bank of Italy has identified the following material third countries for Italy: Russia, Turkey and the United States. Since they have already been identified by the ESRB as material for the entire European Union and are monitored by the ESRB itself, the Bank of Italy further determined not to carry out any direct monitoring of the risks associated with these countries.

The identification of the three countries was made in accordance with the criteria laid down in Decision ESRB/2015/3 and used by the ESRB to identify the third countries material to the European Union. The assessment, which took account of all the countries to which Italian banks are exposed, examined three indicators in relation to each third country as shares of the Italian banking system's total exposures: a) original exposures; b) risk-weighted assets; c) exposures at default. On the basis of the data available at the end of 2015, the countries that were identified as material are those for which at least one of the indicators amounted to or exceeded 1% in each of the last two quarters and on average in the last eight quarters.