

Rome, 2 August 2016

**Decision not to reciprocate a macroprudential measure applied by Belgium
concerning bank exposures to its real estate market,
pursuant to Recommendation ESRB/2016/3 of the European Systemic Risk Board (ESRB)**

Recommendation ESRB/2016/3 of the European Systemic Risk Board (ESRB), issued following a request by the Belgian authorities, recommends that the relevant authorities of the Member States reciprocate a macroprudential measure adopted by the National Bank of Belgium. The measure's objective is to reduce the risks related to retail exposures secured by residential immovable property located in Belgium, and calls for the imposition of a 5-percentage-point increase in risk weights applied by IRB credit institutions to the exposure value of Belgian mortgage loans. The measure, adopted in November 2013 and recently extended to May 2017, is included among those listed in Article 458 of Regulation (EU) No 575/2013 (Capital Requirements Regulation, CRR), subject to specific approval at the European Union level.

The ESRB 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. However, the national authorities can decide to exempt those IRB credit institutions with no material exposures to the Belgian mortgage market and not to reciprocate the measure at all if there are no banks with material exposures.

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. The Bank of Italy will continue to periodically review the exposure of Italian banks to Belgium and will change its decision if the circumstances require it.