ESRB
European Systemic Risk Board
European System of Financial Supervision

ECB-PUBLIC

OPINION OF THE EUROPEAN SYSTEMIC RISK BOARD

of 16 February 2022

regarding the existing O-SII buffer pursuant to Article 131 and the Belgian notification of the setting of a systemic risk buffer rate pursuant to Article 133 of Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions

(ESRB/2022/2)

THE GENERAL BOARD OF THE EUROPEAN SYSTEMIC RISK BOARD,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board[1], and in particular Article 3(2)(j) thereof,

Having regard to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC[2], and in particular Article 131(5a) and (15), and Article 133(4), (5) and (12) thereof,

Having regard to Decision ESRB/2015/4 of the European Systemic Risk Board of 16 December 2015 on a coordination framework for the notification of national macroprudential policy measures by relevant authorities, the issuing of opinions and recommendations by the ESRB, and repealing Decision ESRB/2014/2[3],

Whereas:

(1) The Nationale Bank van België/Banque Nationale de Belgique (NBB/BNB), acting as the designated authority for the purpose of Article 133 of Directive 2013/36/EU, notified the European Systemic Risk Board (ESRB) on 11 January 2022 of its intention to require certain institutions to maintain a systemic risk buffer (SyRB) of Common Equity Tier 1 capital, in accordance with Article 133 of that Directive.

(2) The SyRB rate will apply to nine domestic credit institutions, two of which are subsidiaries whose respective parent entities are established in another Member State or other Member States. It will target specific internal ratings-based (IRB) retail exposures to natural persons secured by residential immovable property for which the collateral is located in Belgium. The SyRB is expected to remain in place until the targeted risks materialise or disappear.

1 OJ L 331, 15.12.2010, p. 1.
2 OJ L 176, 27.6.2013, p. 338.
3 OJ C 97, 12.3.2016, p. 28.

(3) It is anticipated that the SyRB rate will enter into force on 1 May 2022 and replace an existing stricter national measure, which was adopted under Article 458 of Regulation (EU) No 575/2013 of the European Parliament and of the Council[4] and will expire on 30 April 2022. The stricter national measure under Article 458 of Regulation (EU) No 575/2013 imposes a macroprudential risk weight adjustment on all domestic credit institutions that use the IRB approach and whose retail exposures to natural persons are secured by residential immovable property for which the collateral is located in Belgium.

(4) The SyRB will apply in combination with the buffer relating to other systemically important institutions (O-SIIs) (hereinafter the 'O-SII buffer') applied in Belgium, and will be cumulative with the O-SII buffer that applies to the subset of exposures to which the SyRB rate is intended to apply. The sum of the SyRB rate and the O-SII buffer rate to which some of the institutions affected by the SyRB will be subject will be higher than 5% for this subset of exposures and for each of the institutions that fall within the scope of the measure,

HAS ADOPTED THIS OPINION:

1. The setting of an SyRB rate applicable in Belgium by the NBB/BNB is, under the current circumstances, assessed as justified, proportionate, effective and efficient.
2. Since the setting of an SyRB by the NBB/BNB, in combination with the O-SII buffer to which some of the institutions are already subject, would lead to a cumulative SyRB and O-SII buffer higher than 5% for a subset of exposures and for each of the O-SIIs that falls within the scope of the measure, the cumulative buffer rate is, under the current circumstances, assessed as proportionate and effective for each of the institutions that falls within the scope of the measure.
3. The SyRB rate does not have a negative impact on the internal market that outweighs the financial stability benefits resulting in a reduction of the macroprudential or systemic risk identified.
4. The attached assessment note entitled 'Background note on a measure taken in Belgium pursuant to Article 133 and Article 134(5) of the CRD' is an integral part of this Opinion.

Done at Frankfurt am Main, 16 February 2022.

Francesco Mazzaferro

Head of the ESRB Secretariat, on behalf of the General Board of the ESRB

Francesco MAZZAFERRO

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[4] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).